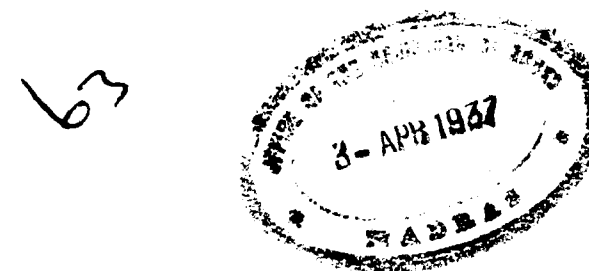


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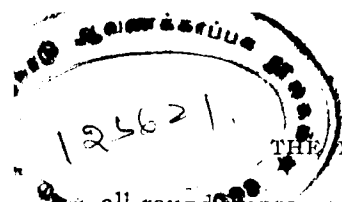
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Editorial Notes.

Mr. Darling's Hopeful Message.

Anything coming from Mr. M. L. Darling merits the respectful attention of co-operators all over the country. We are therefore sure that the address which he delivered recently at Lucknow as President of the U. P. Co-operative Conference and which we have published elsewhere in this number, will be read with the greatest interest and with considerable profit by co-operators in this province. One is glad to note that while Mr. Darling is as much aware of the shortcomings of the co-operative movement in India as anybody else, he nevertheless takes a hopeful and optimistic view of its future. Ten years ago, he pointed out, the movement in the U. P. was generally believed to be withering. But now, due to the hard systematic spade work so patiently and unostentatiously done by Mr. Kharegat and continued with devotion by Mr. Vishnu Sahay, he said, it was no longer so 'but sap is running again and fresh shoots are appearing', though much dead wood has still to be cut away. By 'shoots' he meant the 300 odd cane supply societies, which have recently come into existence in the Provinces and which supply cane to sugar factories, and some 350 better living societies which have a varied programme of rural reconstruction. He also referred to the fact that the majority of the societies not under liquidation were showing

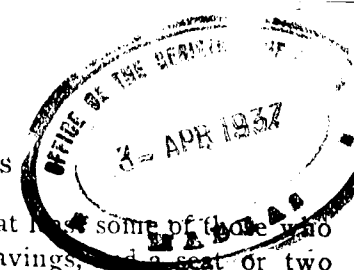


all-round improvement, so that in course of time they could well be expected to become normal good societies. More inspiring still was the relation of his personal experience in setting right societies in a tahsil in the Punjab, where every kind of imprudence had been committed. "Out of about 250 societies, over 200 were in class D and under threat of liquidation, and less than 50 in class A, B, or C. I and others laboured there for over three years and when I left there was little evidence of change, but at the end of 10 years the position was completely reversed: over 200 societies were in class A, B or C, and less than 50 in class D." The moral is, if the right principles are applied with energy, devotion and patience, no province, whether U. P. or Madras, need despair. This hopeful message from one who has had so much experience of co-operative societies in India and who has studied the movement on the spot in many other lands, ought to be very welcome to the departmental and other workers in our province who are engaged in the difficult and often unpleasant task of rectifying societies. Indeed, instances are not wanting in our own province of patient and devoted work showing very gratifying results. Five or six years ago, owing not only to imprudence but the practice of fraud on a large scale, the societies in the South Kanara district were in a very bad way, and it was feared that the Central Bank would have to face a very heavy loss. But despite the continuance and deepening of the depression, the patient and steady labours of the Central Bank authorities and of other co-operators have pulled the societies out of the morass and the district now occupies an honoured place among the districts of this province. So none need despair.

Credit Needs an Ally.

Mr. Darling then examined the state of co-operative credit in our country and expressed his conviction that in Indian villages it could not yet stand on its own legs but required the support of some ally which would either prevent waste, or increase resources or secure punctual repayment of loans. In other words, credit should not be supplied by itself but only in combination with thrift or marketing or some other obligation to practise better living by co-operative methods. In order to emphasize thrift, he would favour the re-naming of societies as 'thrift and credit' societies instead of merely 'credit' societies. He pointed out that unlike in western European countries the societies in India were composed almost entirely of borrowers, which was a very undesirable feature. This should be

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corrected by trying to get into the society at least some of those who would not be borrowers but depositors of savings, and a seat or two may be reserved for such persons on the managing committee. One difficulty in our opinion in the way of such desirable persons joining the societies at present is the prevalence of unlimited liability. With heavy overdues and the likelihood of unlimited liability being enforced at not a distant date, no sensible person who is not in urgent need of borrowing from the society could be expected to join it, though he may otherwise be willing to help it. In Japan unlimited liability has been recently replaced by law with limited or reserve liability. A similar step is, we think, urgently needed in our country. Mr. Darling observed that in the co-operative societies of Gosaba, Sir Daniel Hamilton's famous estate in the Sundarbans, recoveries of dues were very satisfactory on account of the linking of marketing with credit. This has been recognised in our province and efforts are now being made wherever possible to link up credit societies with loan and sale societies. Though the latter are making steady progress, they are rather handicapped for want of business talent in their managing committees. This defect, we trust, will get rectified in course of time. Judged by the experience of Salem, which is described by Mr. T. Adinarayana Chettiar in an article in this number, and of some other districts, the combination of credit and marketing promises to be quite fruitful of good results in the future.

Credit and Better Living.

With regard to the third ally, rural reconstruction, which may include anything that improves a village, from a school to a manure pit, Mr. Darling's suggestion is that a better living society should be started first in a village for improving farming, reducing expenditure on marriages, funerals and other social functions, for promoting education among children and adults and for other similar objects, and only if the better living society succeeds in the village, should a credit society be started there. Mr. Darling was formerly of the view that if credit on co-operative lines was supplied to start with, better living would follow. But now he thinks the better living society should precede the credit society. We should think that his former view, at least so far as this province is concerned, is the more practical one. When we advise a villager to follow better methods of farming or to reduce his expenditure on social functions, we should also enable him to adopt our advice by supplying the credit he needs for it. The defect in the past has been that either no such advice was

tendered, or where it was tendered no steps were taken to enforce its adoption. We agree with Mr. Darling that one of the allies, if not all three of them, should be there to support credit. But the allies and credit should be supplied at the same time.

Official Control and Training.

Mr. Darling justified the greater official control over societies provided recently by legislative enactments in some provinces. But he made his position clear by saying that this control should be exercised in a good measure only over societies of D or C class, that it should be considerably lessened in the case of B class societies and that it should not be thought of at all in the case of A class societies. If official control were of the right type and if it was exercised only to save a society or to secure its improvement, no objection would be taken to it in any quarter. But the trouble is, the control often amounts to mere interference, is not confined to bad societies nor to the degree that is just necessary, and sometimes appears to be dictated by considerations other than the needs of the society. It is to be hoped that the spirit of Mr. Darling's advice will be borne in mind by the officials in different provinces.

It was to be expected that he would emphasize the importance of the training of staff and the education of members. We believe his advice was responsible for the Government of India's special grant of Rs. 15 lakhs for the purpose. He was outspoken in condemning the practice of almost all provinces of appointing Registrars without sufficient training, and in some cases without any training at all. In our province the defect is sought to be rectified by appointing an I. C. S. officer as an Additional Joint Registrar for a short period and giving him training in co-operative principles and practice during that period. After training he reverts to general duty. The idea apparently is that in the I. C. S. cadre, from which the Registrar has to be recruited under existing rules, there should be several officers with some training from among whom a selection could be made at the proper time. No doubt something could be said in favour of this idea, but we think it will be better if the selection of a future Registrar is made early and he is given continuous theoretical and practical training with some administrative duties to perform, before he is called upon to assume the office of the Registrar—as was done in the case of Messrs. C. Strickland, Darling and others in the Punjab.

Consolidation of Holdings.

On consolidation of holdings Mr. Darling was eloquent. In a village recently visited by him in the Punjab, he said, 700 fields had been reduced to 71 and the average area of a field raised from two-fifths of an acre to 4 acres. On account of the reduction of so many boundaries, the headman of the village had declared, 'there is no more fighting and going to court: faction has ceased and there is unity and good fellowship.' Consolidation had increased the income of the villagers by 10 to 25 per cent. The benefits were so clear in the Punjab that applications for starting consolidation societies were pouring in. Consolidation was not now confined to the Punjab but had extended to the Central Provinces and the United Provinces, though in the latter adequate staff had not been provided. 'In my judgment,' said Mr. Darling, 'if all the ordinary measures of rural reconstruction were put into one scale and consolidation of holdings into the other, consolidation would outweigh the others.' We are afraid that in our province no serious examination of the need and scope for consolidation has yet been made. After a superficial enquiry, or without any, we are holding on to the belief that consolidation is not needed in South India. But if it has spread in the Central Provinces, where 500,000 acres have so far been consolidated against 700,000 acres in the Punjab, it is time we seriously re-examined the question. We suggest that the Provincial Bank and some of the Central Banks should start an enquiry in some typical villages and the results made available to others.

Clearance of Prior Debts.

In his presidential address at the All-Travancore Co-operative Conference held at Parur recently, Diwan Bahadur K. Deivasikhamani Mudaliar strongly advised the co-operators of the State to desist from advancing loans for the clearance of prior debts. This advice was necessary because even in 1935-36 out of a total amount of Rs. 5.88 lakhs advanced to agricultural societies, more than Rs. 3 lakhs was for the purpose of clearing the prior debts of their members. 'Small loans for small men for small periods for agricultural purposes,' he said, should constitute the main business of rural credit societies. He further recommended the restriction of the individual borrowing power to Rs. 250. We hope this advice will be heeded. Coming from him, it has behind it the experience of thirty years and of past mistakes. In the early days the clearance of prior debts was indeed considered by everybody to be a more important object of

rural societies than the financing of cultivation. But the growth of overdues, aggravated by the depression, opened our eyes and now most of us have come to the conclusion that it is neither safe nor possible for ordinary credit societies to attempt the freeing of their members from prior indebtedness. The problem of overdues is perhaps not very pressing in the Travancore State, because the extent to which a member is financed there by his society is only by Rs. 27 on an average, while the corresponding figures for Bombay, Madras and Mysore are Rs. 175, 113 and 103 respectively. If the member there had been financed to the same extent as elsewhere and if the societies had depended upon the central banks to the same extent as in Madras and Bombay, the need for restricting the loans of societies to short term ones would perhaps have been realised there also by this time. However, the State will do well to benefit by the experience of others.

Regarding rural reconstruction, which is now so much in the air, Mr. Deivasikhamani Mudaliar had something to say by way of warning. Firstly, he said, the work should be done by the villagers themselves and not by an outside agency, whether paid or honorary. Secondly, it should be either self-supporting, that is, it should be financed by the increased income of the villagers resulting from it, or a portion of the taxes collected in the village should be made available for it. Thirdly, the problem of rural improvement should be tackled from all sides, that is, improved methods of cultivation, preservation of manure, marketing facilities, co-operative credit, sanitation, educational facilities etc., should all be attended to at the same time as far as possible. On the lines of this advice, we fear, very few places will be in a position to start any rural uplift work.

Sugar Excise Duty.

The enhancement of the excise duty on Indian sugar from Rs. 1-5-0 to Rs. 2-0-0 per cwt. is bound to entail much hardship both on the manufacturer and on the producer of sugarcane. Owing to the policy of protection followed by our country, the change that has occurred during the last five years in the production of sugar both in this country and Java, from where we were getting most of our import of sugar, is almost unbelievable. According to the *Statistical Year Book of the League of Nations* for 1935-36, the quantity of sugar produced in India and Java in 1929-30 was 16.8 and 29.1 million quintals respectively. In 1934-35 the figures had changed

into 31.0 and 4.95 million quintals respectively? The estimated figure for India in 1935-36 was 36.0, whereas there was no change for the better in the figure for Java. In other words, during the last five years, India has increased its production from 17 to 36 million quintals and Java has had to reduce its production from 29 to 5 million quintals.

Sir James Grigg, the Finance Member, in justifying the enhancement of the excise duty, said in his budget speech that in 1930-31 the custom duty on sugar alone fetched an income to Government of Rs. 10½ crores and that the whole of it had now practically gone, while the excise duty prevailing hitherto had brought in only about Rs. 2½ crores. The enhanced duty he estimated would bring in a revenue of Rs. 115 lakhs. Sir James claimed further that this enhancement would benefit the industry also—both the manufacturer and the cane-grower. His argument was that as already there was over-production of sugar in India, this enhancement would send out of business the weak and inefficient manufacturer, and thus benefit him. He also added: "For the same reason I believe the effect on the cultivator will also be beneficial, for it is no advantage to him to be induced to grow cane for supply to a precarious manufacturer who cannot be relied on to take the crop off his hands." One wishes Sir James had been content with putting forward the argument of financial necessity and had not spoken of the benefits to the manufacturer and the cultivator in the strain in which he did. Not even a child will be taken in by such arguments. On the other hand, as Sir T. Vijiaraghavachariar stated in a press interview, many factories will have to close down or suspend work in the next working season, with the inevitable result that the cultivator would lose the most profitable outlet for his cane. In the United Provinces, Bihar and elsewhere a large number of co-operative societies have been organised with the object of supplying cane to the nearest factories, and if any of them suspend work, it will be a great calamity to the societies concerned. In our province some co-operative sugar factories have been started and financed with co-operative moneys. Being in the early stages they are by no means strong and efficient, though in the course of a few years they would no doubt become so. There is no statesmanship in ignoring the difficulties of these concerns, which came into existence as a result of the encouragement deliberately given them by a protectionist policy.

Harijan Sevak Sangh.

In 1935-36 under the auspices of the All-India Harijan Sevak Sangh 36 co-operative societies were functioning in different provinces. Their total membership is not given in the report of the Sangh, but the amount of loans advanced to the members was about Rs.1,40,000. The main object of these societies was to rescue municipal sweepers from the clutches of the money lenders. In some provinces like our own where special societies for municipal employees have already been organised, there was no need for the Harijan Sevak Sangh to do so. Its best societies are found in Sind and in Assam where Rs.70,000 and Rs.34,000 were advanced respectively to the members of 5 societies in each province. Only in one or two cases are the municipalities co-operating with the Sangh by deducting the dues of the members from their pay. There is no reason why the practice should not be general. Municipalities should welcome the good influence which the Sangh can exercise over their sanitary staff and not be suspicious of it. These societies, though few in number compared with the extensive operations of the Sangh, are however working efficiently, there being no cases of default or bad debts. This is due to the almost religious interest taken by the workers of the Sangh in the welfare of the members of the societies. We hope there will be a further extension of the Sangh's co-operative activity in the current year.

Reserve Bank's Report.

Several co-operators have enquired of us as to where they could get the report of the Agricultural Credit Department of the Reserve Bank of India, which was recently submitted to the Government of India. In view of this fact and the importance which those concerned with the management of central and urban banks are bound to attach to the report, we propose to publish it in full in the next issue or two. Our comments and the views of any leading co-operators we may receive meanwhile will also be published with the report.

Trade Unions and the Co-operative Movement in the U. S. A.*

A LESSON TO INDIA.

One of the severest handicaps under which the Indian worker is labouring is the crushing burden of indebtedness. Various remedies have been suggested for affording him relief, of which the most important has been the supply of co-operative credit. It is true that co-operation is steadily forging ahead in India, but the principles of co-operative credit have made little progress among the masses of the industrial workers in this country. Much could be achieved in the direction of relieving the workers from the clutches of the money-lending Bania or Pathan, if the trade union movement of the country were to take a live interest in the economic welfare of the workers, in addition to watching the interests of labour as a class. The necessity for the development of trade union activities in this direction has been stressed by the Whitley Commission in the following remarks:

"Most unions are at present hampered by having too limited a scope and too few activities. There is a disposition to regard a union as a mere agency for securing benefits from employers, and to overlook the valuable work that can be done in the way of mutual help. A widening of the sphere of activity is most desirable, both because much is left undone that trade unions can do and because it will strengthen the movement to find, and even to create activities in which the members can participate. The selection of fresh activities must depend on local circumstances and will vary from province to province and from industry to industry. . . . An extension of the co-operative movement by the agency of trade unions seems to offer a genuine opportunity in some centres. The provision of co-operative credit and the maintenance of co-operative stores, if properly managed, would advance the economic position of the members."

That trade union movements in other countries, notably in the U. S. A., have already recognised the importance of the co-operative

*This article has been sent to us for publication by the Director, International Labour Office, Indian Branch, New Delhi.

movement in their efforts to improve the condition of workers and, indirectly, to consolidate their position on a firmer basis, is proved by the notes published from time to time by the International Labour Office in its journal "Co-operative Information," which is devoted to the review of the progress of the co-operative movement all over the world. A recent note appearing in the "Co-operative Information" reproduces the following message sent by Mr. William Green, President of the American Federation of Labour, to the American Congress of the Co-operative League, held in October last at Columbus, Ohio :

"There is real danger in the United States, where powerful interests are constantly seeking to keep wages at the lowest possible level, that the co-operative movement may become merely the means of helping low-paid workers to exist on a mere pittance. Wage standards must be buttressed by strong trade union organisations, if co-operators are to have income to spend in their stores.

Our Convention of 1917 made a basic point when it stated that the trade union and the co-operative movement are "twin remedies." They must go hand in hand. Living standards must be raised both by wage increases and by the savings of consumer co-operation.

The co-operative movement can do much to build up its alliance with labour by insisting that the goods sold in co-operatives are manufactured under fair labour standards, by demanding the union label and by encouraging employees of co-operatives to organise in unions.

The American Federation of Labour is ready to work with any constructive movement for consumers' co-operation. We realise what co-operation can mean to wage-earners and are anxious to see a strong and lasting movement built up in this country."

Another instance of the recognition by the trade union movement of the importance to the worker of the co-operative movement, also reported in "Co-operative Information" is provided by the prominence given to the latter movement in the agenda of the 56th Annual Convention of the American Federation of Labour which was held recently in Florida. The Executive Committee of the Federation presented to the Convention a report on consumers' co-operative societies in which, after giving some data on the

importance of the consumers' co-operative movement in the United States, states :

"Labour welcomes the growth of this movement. We are well aware of the benefit it can bring to workers, not only by returning to them profits of the middlemen and preventing many of the wastes in our system of distribution which add to the price paid by the worker, but also because consumer control of distribution will mean a guarantee of quality in the goods sold. In looking to the future growth of the movement, we feel that closer co-operation between organized labour and the consumers' co-operative movement is essential."

The two foundation stones of the co-operative movement, the report points out, are sound business management and education of the members. As regards the extent of the benefits accruing to the members, the report states :

"In addition to retail stores, the credit union is a form of co-operative which has brought immense benefits to its members. There are today about 5,200 credit unions in the United States with 1,000,000 members and \$ 100,000,000 in savings. These credit unions perform a two-fold function by furnishing (1) a safe investment for share-holders, and (2) a means of borrowing money at an interest rate lower than through other mediums for this type of loan.

The labour movement should work in close alliance with the movement for the consumers' co-operatives and credit unions, so that co-operation may be fortified by strong labour organization and union members may be assured honest value when they spend their wages and may increase their purchasing power by eliminating waste and middlemen's profits. It is significant that to-day 58 per cent out of every dollar spent by the worker for need goes to middlemen and processors. A large portion of this 58 per cent can be returned to workers through consumers' co-operation."

The International Labour Office, it will be remembered, is keenly interested in co-operation and maintains a service, the function of which is to keep in touch with the latest developments in the co-operative movement throughout the world.

Cottage Industries in North Arcot District.

BY MR. K. NARAYANASWAMI MUDALIAR,

Deputy Registrar of Co-operative Societies, Vellore.

I give below a brief account of the working of cottage industries in this district and examine the scope for the development of such industries.

Weaving. Next to agriculture the most important occupation in this district is weaving. The total population of the district is 22,66,989 as per the latest census figure, of which the population of the weaving and dyeing castes may be roughly estimated at 80,000. Though cotton weaving forms by far the most important occupation in a majority of them, yet carpet and rattan weaving, blanket weaving and silk weaving are also extensively done by them. The Sengunthars are the most numerous of the weaving castes and they produce only common cotton cloths worn by the people. The Saliyas and Senivars interweave silk, while Pattanulkars make fabric entirely of silk and imitation silk. The important weaving centres in the district are Walajapet, Takkolam, Minnal, Guruvarahapettai, Sholinghur, Pallikonda, Gudiyatham, Arni, Wandiwash and Cheyyar. In Takkolam, Minnal and Guruvarahapettai yarn is obtained from merchants from Madras and from the local Nagari market. Cotton cloths are mainly manufactured in these places and sold in the adjoining parts like Conjeevaram, Madras, and Chingleput. In Arni and Cheyyar silk sarees are manufactured in abundance and sold by merchants through their agents in several parts of the Presidency.

Carpet and Rattan Weaving. This kind of weaving is extensively undertaken at Walajahpet. Next to the Vellore Central Jail, woollen carpets are manufactured in largest quantities in this centre. Though they are not superior in quality to those made at Bangalore, yet they are cheaper in prices and can stand better and longer wear. The Muhammadan weavers residing in these parts are capable of producing the best types if made to order. The wool is generally obtained from Gudiyatham and Palmaner of Chittoor district. Besides woollen carpets, tent carpets and Jamakanas are also produced in large quantities. The price of these carpets is moderate and the design and workmanship can satisfy the tastes of the public. In several villages of the Natrampalli area large quantities of country Kamblis are manufactured by the local weavers and they are exported to several

parts of the district and also to Bangalore. These are used mainly for bedding purposes, and each Kambili costs on an average one rupee. Rattan weaving is also done by the Muhammadans of Walajahpet but this industry now experiences a lull due to want of financial help and trade depression. If adequate financial help is given there is ample scope for the development of this industry in these parts.

Mat Weaving. Next comes mat weaving. This is extensively done by the Labbais and Musalmans of Wandiwash. These mats are made of reed called Kore which grows by the side of rivers and water channels. It is generally cultivated in wet lands and requires like paddy, a good and constant supply of water. The cultivation of Kore is more paying than paddy and the reed is produced in large quantities at Wandiwash. Mats of various and attractive patterns and designs are manufactured, from the ordinary coarse mats to the finest variety. Coloured mats are generally costlier than ordinary ones and are generally purchased during ceremonial functions. They are largely exported to Madras and other adjoining districts and find a good market.

Brass metal work. The chief centres at which brass metal work is extensively undertaken are Vellore and Arcot. This industry is mainly confined to Kammalars who are otherwise known as Visvakarmas. Brass pots and other vessels commonly used for household purposes are manufactured, and these are made of thick sheet of brass bought from Madras. These Kammalars generally work on advances received from the traders who sell them either in their shops or send them in carts to be hawked in the streets of towns and villages. Apart from the wages that these workmen get, the entire profits of the business are now enjoyed by these middlemen capitalists. If these men can be combined together and a co-operative society started, there is ample scope for the development of this type of industry. I am investigating the possibilities of organising a co-operative society for these men at Arcot.

Basket Making. This industry is mostly carried on by Koravas who manufacture them throughout the day from out of bamboos and date-palm leaves. Both men and women are always found to be busy with this work, and especially during the period April to July, there is a large demand for these products at Vellore for exporting mangoes to distant places all over India and outside it. This industry affords the means of subsistence to a large number of people at Vellore and its immediate neighbourhood.

Pottery. Pottery industry is also extensively carried on in all parts of the district. At Karigiri in Gudiyatham taluk, a superior quality is produced and there is a large demand for it. Goblets butter dishes and flower pots of all descriptions and shape are made for various prices. There is a large demand for these articles especially during Pongal and other ceremonial festive seasons. The finer products of this industry produced at Karigiri are even exported to distant places and the workmanship is much appreciated.

Leather Tanning. This business is chiefly in the hands of Labbais of the Arcot and Gudiyatham taluks. Arundhatiyars also do this business. There are a good many tanneries throughout the district where the hides are tanned and the tanned leather is exported to several districts. Besides, large quantities of leather goods are also manufactured at Vellore and exported to distant places like Bangalore and Tinnevely as well as the adjoining districts of South Arcot and Madras. Muhammadan capitalists, mostly Labbais, are engaged in this trade and employ a large number of Arundhatiyars who work under their direction and control and receive wages for the work turned out by them.

Button Manufacture. Buttons of various patterns and designs are manufactured at Tirupanagadu, a village 10 miles off Conjeevaram. Buttons are chiefly made out of bones, Semmaram, Palmaram and Sandal wood. This industry affords a sort of subsidiary occupation to many young men of the locality. It was only recently that a co-operative society was organised and registered for this purpose so that an impetus may be given to the furtherance of this industry. The society is doing useful work and gives employment to about a dozen lads of the village. There is a paid Instructor who looks after the work.

The above are the main cottage industries now in existence in the district, though there are several smaller industries which afford a means of livelihood to a number of poor ryots. Most of these industries are now in the hands of small capitalists who employ and exploit the labourers and the skilled artisans. For want of financial aid, these men could not combine themselves into organisations, manufacture things and enjoy the profits among themselves. To ward off this exploitation and to see that the fruits of labour are enjoyed by the labourers themselves, these industries should be brought into the fold of co-operation.

Thanks to the formation of the Madras Provincial Handloom Weavers' Co-operative Society, a number of primary weavers' societies have been started in this district. There are at present 8 weavers' societies in the district in the following places.

1. Walajah Ganesar Weavers' Co-operative Society.
2. Takkolam Weavers' Co-operative Society.
3. Pallikonda Weavers' Co-operative Society.
4. Guruvahapettai Weavers' Co-operative Society.
5. Gudiyatham Weavers' Co-operative Society.
6. Minnal Weavers' Co-operative Society.
7. Sathuvachary Weavers' Co-operative Society.
8. Sholinghur Weavers' Co-operative Society.

To give an impetus to the weaving industry and to ameliorate the condition of the weavers, there should be steady and constant supply of yarn to these societies, besides sufficient financial support. It is also necessary that a wide and favourable market is found for the sale of the finished products to ensure continuous employment for these weavers. This aspect of the question requires to be tackled very effectively and if this is done there is immense scope for the good working of these societies and with it for the betterment of the condition of the weavers and the weaving industry.

The Walajah Ganesar Weavers' Co-operative Society, situated at Walajah, has now undertaken to extend its sphere of activity to rattan weaving and carpet weaving. There is ample scope for the development of this industry in this town and there are efficient workmen available who are ready to join this society and work it up. Efforts are being taken both by the department and the non-officials to make the institution a success. A co-operative society to improve the condition of the leather workers of Vellore has also been organised and started recently. It has commenced its work only from November 1936 and its working is closely watched.

There are still some other fields to which the benefits of co-operation will have to be extended. It must also be admitted that for co-operation to flourish in any field of activity there should be members who are loyal to the institution and willing to take up the work and do it successfully. Apart from this, all these institutions require adequate financial support in their infant stages to cover up their initial expenses towards propaganda and marketing.

With adequate financial help and supply of good human material, I am hopeful that these industries will flourish and their development will be assured.

Interest and Sale of Property.

REGISTRAR'S CIRCULAR, BI-4663/36, dated 29-3-1936.*

BY MR. P. K. SRINIVASA RAGHAVA ACHARYA, B. A.

By his circular under consideration the Registrar has been pleased to direct officers subordinate to him to allow interest upto the date of confirmation of the sale, where proceedings are taken against immovable properties. The circular is here reproduced for easy reference.

"In execution proceedings taken either under rule XXII of the rules framed under the Madras Co-operative Societies Act, 1932, or under the Madras Co-operative Land Mortgage Banks Act, 1934, where immovable property is sold, the sale is confirmed only after 30 days from the date of sale. The question has been raised as to whether the creditor has to be allowed interest upto the date of sale or the date of payment of the purchase money, or the date of confirmation of the sale.

(2) Sub-rule (b) of rule 11 of order XXXIV, schedule I of the Civil Procedure Code permits the court to allow interest on the decretal amount upto the date of realisation or actual payment. It is argued that the term 'date of realisation or actual payment' is only the date of confirmation of sale. This view is supported by decisions of courts.

(3) The date of sale is not considered, as on that date the whole of the purchase money which has to be distributed is not available for the purpose. The date of payment of the purchase money is also not considered, as the purchase money is available for distribution only in the event of the ultimate confirmation of the sale. For, at any time before the confirmation of the sale the debtor or any person interested in the property may apply for a reversal of the sale and if the sale proceeds are made available to the creditor, he runs the risk of being called on to refund the sum to the purchaser as soon as the sale is reversed.

(4) The earliest date on which the sale proceeds are available for distribution is only the date of confirmation of the sale. Interest must, therefore, be paid to the creditor upto the date of confirmation of the sale. This is the principle underlying section 84 of the Transfer of Property Act.

INTEREST AND SALE OF PROPERTY

(5) Sale officers under the Madras Co-operative Societies Act, 1932 and the Madras Co-operative Land Mortgage Banks Act 1934, and the Deputy and Sub-Deputy Registrars in independent charge are, therefore, requested to allow interest upto the date of confirmation of the sale when execution proceedings are taken against immovable property."

Sub-rule (b) to rule 11 of order XXXIV to which reference is made says that the court may allow subsequent interest upto the date of realisation or actual payment at such rate as the court deems reasonable. This rule has been introduced to give statutory authority for allowing interest beyond the date of the preliminary decree. In this rule it should be noted the term 'actual payment' has been used to denote voluntary payment by the judgment-debtor. The term 'realisation' has been used to denote realisation through court by coercive process. Hence this rule means that the court can allow interest upto the date on which the sum due is realised by coercive process, or when the judgment-debtor of his own accord pays the sum due. It is reasonable and it is the practice in civil courts that where payment is made by the judgment-debtor interest is calculated up to the date on which such payment is made. The difficulty seems to rise only where amounts are collected by court through sale of immovable property. In such cases the Registrar has directed that interest has to be calculated till the date on which the sales are confirmed.

The practice prevailing in civil courts is to calculate interest only till the date of sale. In A. I. R. 1932 Calcutta 555 this practice has received judicial approval. At page 557 col. 1 the High Court is pleased to observe, "We agree with the learned Judge in holding that it was not possible for the decree-holder on the date of application for execution to calculate the dues upto the date to be fixed for sale; as the Judge has pointed out *in every execution case interest is calculated by the court upto the date fixed for sale*, and the amount is inserted in the sale proclamation and if the sale is adjourned, further interest upto the date fixed again is also realised at the time of the sale. There can be no doubt that when the amount for the recovery of which the sale is ordered has to be stated in the sale proclamation, an account has to be taken of the amount due to the decree-holder by virtue of the decree sought to be executed *with interest due upto the date of sale.*" It also stands to reason as to why interest should be calculated only upto the date of sale. In cases where sales are

* The Circular referred to was published in this Journal in May, 1936.

confirmed long after they are held and such delay is not due to any fault of the defaulter, it is both unfair and improper to make the defaulter suffer.

The circular says that the date of realisation or actual payment is the date of confirmation of the sale. It is stated therein that the view is supported by decisions of courts. As far as the Madras High Court is concerned the rulings are clear that this is not the correct position. The Registrar of Co-operative Societies, Madras, is bound by the rulings of the Madras High Court. In cases where decree-holders are permitted to bid at auction and set off the purchase amount towards their dues under the decree, the Madras High Court has held in XXXVIII Law Weekly 579 that the sum is to be deemed to have been realised the moment the sale is concluded. At page 580 reference is made to a judgment of Ramesam, J. in 1930 M.W.N. 568 and it is observed, "In his view when a decree-holder has been given permission to bid and set off and when, as in the case under notice, the amount of the successful bid is less than the decree amount, the whole of the set off must be deemed as made on the date of sale and the whole of the amount must be deemed to have been received or realised *eo instanti* the sale is made." This view must in my opinion and with respect, be taken as the correct one. Ordinarily, under rule 81 of order XXI the successful bidder has to pay a deposit of 25 per cent of his bid immediately on his being declared a purchaser, but if the purchaser is the decree-holder and is entitled to set off the purchase money under rule 72, then the court may dispense with the requirements of the rule. Normally there will be such dispensation in which case, as soon as the decree-holder is declared the purchaser, the set off must be taken as having been made, and section 73 will give no benefit to other decree-holders who apply for rateable distribution after the conclusion of the sale, however soon after its conclusion their applications may be made. In XLII M.L.W. 564 at 567 the same High Court is pleased to observe, "Where there has been a set off of the nature described, the assets are realised within the meaning of section 73 on the date of the sale itself." It has been so held in Ramaraju vs. Lakshmiah (1931 M. 103) where it was pointed out, "The whole of the amount must be deemed to have been received or realised *eo instanti* the sale is made"—a view that has also been adopted in Sait Punamchand Chatrabhan vs. Satyanandam. (XXXVIII Law Weekly 579).

There is also another reason as to why interest should be allowed only till the date of sale. In cases where immovable properties are

sold, purchasers in court auction of those properties are entitled to them from the date of purchase and not from the date on which such sales are confirmed. (1933. A.I.R. 482.) Rulings to the contrary of the Allahabad High Court are not, it is respectfully submitted, laying down correct law in view of the decision of the Madras High Court referred to. Now that the Act has been so amended as to make the Registrar of Districts 'courts', Registrars are bound to follow the rulings of the Madras High Court to which they are subordinate, in preference to rulings of the other High Courts. (Please *vide* I.L.R. XLVIII Madras, XLVIII Madras 693, XLVII M. L. J. 840, 50 M. L. J. 674, and 1923 All 231.) The Board of Revenue has been held to be subordinate to the High Court. (LV M.L.J. 798.)

Hence it is necessary that the Registrar of Co-operative Societies, Madras, should amend the circular under reference so as to bring it in conformity with the well recognised practice prevailing in civil courts in this Presidency.

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Co-operative Marketing

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

The co-operative sale of agricultural produce is not altogether new to our co-operators. Some societies like that of Koilpatti have worked with a fair amount of success. Tirupur has built up its trading society on a substantial basis. Both the above societies are concerned with cotton. Nellore, Madura and some other centres have been helping the ryot in marketing paddy. But paddy marketing seems to bristle with difficulties, as it must be the case with crops which are confined to internal trade, as opposed to ground-nuts and cotton which are commercial crops moving towards the ports.

The marketing of fruits, vegetables and perishables generally is comparatively a new thing. Thanks to the example set by the Upper India Kulu growers, who send fruits almost daily in waggon-loads to the farthest corners of the country, and to the increasing habit of fruit-eating among our people, a new vista is opening up to the cultivators or producers of such stuff as betel leaves, bananas, mangoes, oranges, cream and ghee. The buses are already playing a part in the quick transport of potatoes and vegetables from Nilgiris and vegetables and chillies from Salem, Coimbatore etc.

The registration of the Provincial Co-operative Marketing Society is an indication of the Department's genuine interest in the marketing of perishables. The society has not yet begun to function in earnest and when it does, it will be a real blessing to many. For instance, the annual turnover of the betel leaves trade in the south of Salem district alone comes to 13 lakhs of rupees and of plantain from three stations on the S. I. R. in Trichinopoly District is about Rs. 5 lakhs. But so far one can claim definite success as regards the marketing of ground-nuts and cotton. Credit must be given to Mr. J. C. Ryan, M.A., the then Deputy Registrar of South Arcot, for having made a beginning there. The turnover this year has already exceeded Rs. 2 lakhs.

The late Dewan Bahadur R. Ramachandra Rao, C.S.I. conceived of marketing on a bigger scale for the Salem District; but he was stricken down with a serious illness.

The South Arcot system, being the pioneer in the Province, is worth serious study at the hands of co-operators. The ryot, who agrees to sell his produce in the *auction rooms* of the sale society, takes an advance of Rs. 10 to Rs. 20 per acre of ground-nuts as the land is 'dry' or 'wet'. He executes a bond agreeing to take his produce to the sale society's godown. The field is inspected from time to time by the supervisor in charge of the society. When the produce is brought down to the society's godown, it is disposed off chiefly by auction, as in Rasipuram, Salem, Anekapally (jaggery), Gadag (in South Maharashtra), or by negotiation or generally by auction and sometimes by negotiation, as in Hubli. If the cultivator finds the current price too low and thinks he can wait against a rise, he pledges the produce in the sale society's godown and receives an advance upto, say, 70 per cent of the market-price. But generally the cultivator is satisfied with the price, for, at the society's auctions, there is keen competition and the prices are satisfactory. In Rasipuram, Salem, Tirupur and Gadag, the latest prices are daily *posted* publicly and the weight of the maund being fixed either by Government under the "Commercial Crops Marketing Act" (as in Tirupur) or by arrangement (a general agreement) as in Salem, Rasipuram etc., the cultivator is assured of correct weight. The cultivator is also saved many illegal exactions as "Dharmam," generous samples etc. and an unconscionably high rate of commission or brokerage. The saving to the ryot has been calculated (by two years' experience in Salem district) to be Rs. 3 per *pothy* of cotton of 280 lbs. and Re. 1 per *kandagam* of ground-nuts (100 Madras measures).

But the chief recommendation of this scheme of "controlled credit" (the phrase now on everybody's lips) is the fact that the ryots are now really looking upon the co-operative movement, wherever sale societies are actually flourishing, as a real friend, whereas when the movement was confined solely to the credit side, the co-operative Supervisor or Inspector was looked upon as an unwelcome visitor like a tax-gatherer or Plague Inspector.

I can bear personal testimony to the fact that when we visit a village where the Salem Central Bank has made crop-advances on a large scale, we are greeted with a welcome of satisfaction, and brightness beams from the faces of ryots when the latest auction prices are discussed. Even from the pure banking point of view, the remarkable thing is that when the crop advances are realised out of

the sale proceeds of the stuff sent for auction (usually weekly on fixed days) and the balance handed over to the ryot, a good portion of the old dues (the notorious *overdues*) is willingly repaid. It is yet too early to give correct figures of collection of overdues by this method of controlled-credit; but in a couple of years, I am sure the Departmental reports will bear ample testimony to this aspect of the movement.

In Salem District the activity is but two years old. The oldest society, Rasipuram, has to its credit already a turnover of more than Rs. 2 lakhs. It deals with cotton and ground-nut, and also supplies select seeds and daily requirements of the ryots such as food grains, kerosene oil, matches, cattle-food etc. In Rasipuram the Central Bank has been lucky not only in having an excellent and devoted staff but also in winning the keen and genuine interest of the leading non-officials of the place. The method of sale is by auction and the auctions are well attended. Recently, with the help of a Government grant of Rs. 5,000 and a Government loan of Rs. 10,000 a big godown is being built. The society paid a dividend of 6½ per cent per annum last year and an attractive bonus to those who sold their stuff through the sale society, on the correct co-operative principle of "according to the amount of stuff brought to the sale society." In 1936 it has made larger profits (Rs. 1,600) and hopes to increase its rate of bonus when the profits are divided next month.

The Salem sale society is just six months old. Within the first few weeks of its working it handled ground-nuts to the extent of half a lakh of rupees. Cotton is just coming in and it is confidently expected that the turnover will go up to some lakhs. Already the young society has given a tone to the market which was hitherto marred by unfixed standard of weighment, unauthorised and mamool fleecings and arbitrary fixing of prices and a high rate of commission. The 'open' auctions have not only created confidence in the cultivator but also won the respect of the "mandis"—not a small matter when it is remembered that the Salem market is a famous one with a compact and united body of prosperous merchants, who have a live "Merchants' Association" etc.

In both Rasipuram and Salem, the co-operative principle of strictly and regularly excluding the trader or middlemen is enforced.

The third experiment which is being tried in Salem is 'capturing the shandy'. The sale society puts up a temporary office in the

midst of the shandy; and a reliable balance and a board show the standard of weight and the day's price-current. The cotton or ground-nut or other stuff is brought to the society's premises in the shandy. Each ryot's crop is auctioned out to the mill-owners and other buyers who flock to the shandy on the usual auction system. The first shandy has already given us a lakh as output and we are gradually extending to other shandies. The beginning is promising. Apart from other advantages, the deceitful weighments by the itinerant buyers of small bundles, who prowl about every shandy with a bag of copper coins round the waist and a Salter's spring balance on their shoulders, will soon become a memory. The spring balance is said to have one further merit: by altering the length of the spring a shortage of 2 to 4 lbs. per small bundle can be manipulated.

Cultivation advances to the tune of Rs. 35,000 have been made by the Salem Central Bank at the rate of Rs. 10 per acre for cotton in the area served by the Salem sale society. The fields are inspected periodically not only by the Departmental staff and the Deputy Registrar but also by the Central Bank staff who have to maintain a field register and note the state of the crop from time to time.

Each centre has an "agent" of the sale society, who collects the small bundles of the crop in a temporary godown and carts the same to the society's headquarters. A triplicate receipt book is left with the agent who promptly gives a temporary receipt to the ryot, sends the duplicate with the cart to the sale society and retains the triplicate part with himself. This will be helpful in calculating the small commission of Rs. 0-1-6 per *pothy*, which has been fixed as agents' remuneration. It is expected the total commission during the cotton season will make up a decent honorarium to the agents.

I have visited villages after villages with the Deputy Registrar and can bear testimony to the new hope and new expectations that I see unmistakably on the faces of the ryots. The directors of the sale societies are taking keen interest and attend all the meetings at a considerable sacrifice of time and convenience, nay, they seem to take a pride in the work, the like of which I have not seen these thirty years when we were confined to the credit-side of the movement merely.

The next step is 'grading' and 'preparation' for the market. The ground-nut kernels have to be selected, i.e., the unripe and wet stuff has to be rejected. The good stuff has to be pooled and decorticated and sold 'direct' to the shipper. The cotton has to be examined (as regards strain,) ginned, pressed and sold to the mills or exporters. This is, however, in the future and it is hoped it will be in the near future.

The ryots are already bringing in other stuff besides cotton and ground-nuts to our sale societies such as paddy, chillies, food-grains etc., and one and all admit that the prices secured at the sale society's auctions are profitable to the ryots. Quantities of excellent ghee are sent by the local sale society every week to the Provincial Marketing Society at Madras.

The present Registrar has taken considerable pains to study the working of the society on the spot and there is reason to believe he is well impressed with the work that is going on.

The greatest advantage is the fact that a large and increasing acreage is being sown with select and tested seeds supplied by the Agricultural Department. The district has been favoured with Rs. 18,000 out of the Government of India Special Grant for the construction of godowns and when the series of godowns are completed several centres in the district will have decent buildings for housing the varied co-operative activities in the centre.

The district is also peculiarly happy in having as its Collector a gentleman who has made the prosperity of the ryot his chief concern and who brings to his task real patriotism and a broad outlook as the result of a study of conditions in progressive countries in the west.

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Conferences.

MR. DARLING'S PRESIDENTIAL ADDRESS AT THE U. P. CO-OPERATIVE CONFERENCE.

The following is the presidential address delivered by Mr. M. L. Darling, C.I.E., I.C.S., Financial Commissioner, Punjab, at the 21st session of the United Provinces Co-operative Conference held at Lucknow on the 30th and 31st January, 1937:—

"It is just nine years since I had the privilege of addressing a conference in Lucknow. That was a conference of economists. I felt then of doubtful standing as I am at best only an amateur economist. Today I feel a little less insecure, for I can, I hope, claim to be a co-operator. But even so, it was with considerable diffidence that I accepted the invitation to preside over your annual conference, an honour of which I am deeply sensible. I accepted, partly because I have certainities with your provinces—a near relative was one of your Lieutenant-Governors and a yet nearer is still amongst you—and partly because I belong to a generation which saw the birth of the co-operative movement in India, and as such I have something to say in regard to both its past and its future. It is nearly 22 years since I started my first society, a central bank on the edge of Bikaner. Some of you no doubt can claim an even longer association with the movement, and probably most of you are in closer association with it now than I am, since co-operation is only one of the many subjects that I have to deal with in my present appointment. I fear, therefore, that I can no longer claim to speak with the authority of one actually working in the field, but one claim I would in all modesty make, namely, that I have been rooted and grounded in the basic principles of the movement; and in these days—I now look beyond India—when the still frail bark of co-operation is in almost equal danger from the Charybdis of communism and the Scylla of fascism, it is more than ever necessary to hold fast to these principles if we are to avoid shipwreck.

The movement in the U. P.

But before looking forward, let us very briefly review the past in these provinces. I suppose that no one would deny that ten years ago your movement showed every sign of withering, and I hear many speak as if this was still the case. I can assure you that if I shared this opinion, I should not be here today. It is true that there is still much dead wood to be cut away, but sap is running again and fresh shoots are

appearing. Let me give you a few examples. Over 300 societies have been started for the supply and sale of cane, and about 350 for the very varied purposes of rural reconstruction, and membership last year increased by 16 per cent. On the financial side, though you have still 1,250 societies in liquidation, the owned capital of your societies is 62 per cent. of their total working capital, which is well above the average for the whole of India; and last year the banks affiliated to your Co-operative Union collected 58 per cent. of their total demand as against 45 per cent the year before, and the number of societies with overdue interest fell from over 1,000 to less than 800. This is not the record of a moribund movement, and that your movement is slowly but surely recovering is largely due to the hard systematic spade work patiently and unostentatiously done by Mr. Kharegat on lines admirably laid down by the Oakden Committee, and also to the fact that this work is being pressed forward, with the assistance of many of you here, by your present Registrar, Mr. Vishnu Sahay, who has thrown himself into his difficult task with the energy and faith that are the mark of the true co-operator.

If this work of regeneration can be brought to successful issue, as I believe it will, you will have achieved something of importance not merely to these provinces but to the whole of India. I say this because, when I went round India two years ago, I found that yours was not the only province where the movement was in difficulties and in disrepute. I was constantly asked whether there was any possibility of reviving it and my answer was invariably 'yes' provided that certain things were done. I said this, partly because of the faith that was in me, and partly because I had myself once tried to revive the movement in a tahsil where every possible imprudence had been committed. Out of about 250 societies, over 200 were in class D and under threat of liquidation, and less than 50 in class A, B or C. I laboured there with others for over three years and when I left there was little evidence of change, but at the end of 10 years the position was completely reversed; over 200 societies were in class A, B or C, and less than 50 in class D. When I came to your provinces, I found the same process at work though on a much larger scale, and what I saw strengthened my belief that, if the right principles are applied with energy, devotion and patience, no province need despair. I believe that there is a psychological justification for this. The main concern of co-operation is with economic need, but if its only concern were with this, failure might well spell despair. But co-operation is more than an economic movement: it touches the things of the spirit, and when the spirit is touched the most surprising things may happen. It is as when one sinks a well and reaches what the Punjabi calls "*Sucha pani*"—pure water. There are, I believe, signs in many villages that you are reaching "*Sucha pani*."

The Reserve Bank Report.

Now let us take a wider view and look beyond the boundaries of the Provinces. The Reserve Bank has recently submitted a valuable and suggestive report to the Government of India, in which it has commented critically upon the state of co-operative credit in India, and has made it sufficiently clear that it will not be able to render material assistance to the movement until it has put its house in order. Some of us may think that the report makes no great attempt to discriminate between the areas where the movement is sound and those where it is unsound, and that it does not make sufficient allowance for the features that distinguish co-operative from ordinary commercial banking, but obviously any criticism coming from the highest banking authority in India must be treated with great respect and most carefully pondered. The chief point emphasized is that our credit societies are clogged with overdues and their members bogged in debt, and that, until both evils are remedied, the Reserve Bank will not be able to help us on the credit side with anything more substantial than advice. This raises a large and difficult question which I do not propose to discuss here, but I may perhaps be permitted a few reflections upon the working of our credit system, which is far the most important branch of the movement, embracing as it does nearly 80,000 out of the 90,000 societies in British India.

The credit movement in India.

In judging our present position, it must be remembered that the economic blizzard through which the world has just passed has had a shattering effect upon every form of agricultural credit, whether regulated on commercial or on co-operative lines, and that whether we look to India, Europe or America, there has been an almost complete paralysis of repayment followed, in India at least, by severe restriction of credit. Making, however, full allowance for this, we must, I fear, admit that the co-operative credit movement has not answered early expectations. Almost wherever I went, I found it struggling to recover its dues, financing its members only in part, too rarely able to free them from the burden of debt, and in some areas strewn with the wreckage of error and storm. The extent of this varied greatly from province to province, and in some the effects were more due to storm than to error. I found it difficult, however, to resist the conclusion that, in the Indian village, co-operative credit cannot yet stand on its own legs, except perhaps in a period of rising prices. It requires the support of some ally which will either prevent waste, or increase resources, or secure punctual repayment of loans. Much the best ally for this purpose is thrift, for thrift will prevent waste, and may even increase resources. Thrift and credit, therefore, should always go hand in hand, but in India for the most part they have been only the barest acquaintances. This is shown by the fact

that two years ago the amount saved per member in the form of shares and deposits was in no province more than Rs. 34 and in two it was less than Rs. 10. In your Provinces it was Rs. 25.

Thrift.

It may be said that the villager is too poor or too indebted to save. This may be true of the large number, but in my experience there are in many villages a few men who are entirely free of debt and in a position to put something by, and these men rarely join the local society. The reason they generally give is—"We do not need to borrow." No one has ever pointed out to them that they have as much to gain by joining a society as those who borrow, for they can become depositors and get interest on their savings, and they can also lay up store for an evil day. An obvious weakness in our credit societies is the comparative absence of depositors. "In few things" says the MacLagan Report "is the finance of Co-operation in India so markedly distinguished from that of western Europe as in the small proportion of deposits held by primary societies." All pressure requires some counterpoise, and in the village society the pressure to borrow, which may otherwise be irresistible, requires the counterpoise of the depositor, who is likely to keep a stricter watch on the business of the society than the borrower. My advice to you therefore is, do your utmost to get into your credit societies those who are free of debt; and, wherever good men of this type are available, make it your aim to have at least one of them on the society's managing committee. And, further, by way of emphasizing the need for thrift as well as credit, I would suggest, as I believe your Registrar has also suggested, that you should follow the example of Germany and call your credit societies "Thrift and Credit Societies." We have done this in the Punjab, and though some may say "What's in a name?" I think it a useful reminder of what should be the main object of the credit movement.

Marketing

Another ally that would serve credit well if it could be linked to its service, is co-operative marketing. Sir Daniel Hamilton's large estate in the Sunderbans provides an example of what I mean. He has organized his several hundred tenants into credit and marketing societies, and the marketing society is authorized to repay the credit society whatever members owe it by deducting the amount from the sale proceeds of their produce. The result is excellent recoveries and very few overdues. This could doubtless be done in other estates where the landlord was prepared to take the lead and give his tenants the necessary stimulus, and I mention it because Oudh with its many landlords offers a fertile field for experiments of this kind. Whether it can be done amongst small peasant

proprietors is more doubtful. Madras is, I believe, trying the experiment and Gujarat in Bombay has done wonders with cotton. You, too, are busy developing co-operative marketing in connection with your cane societies, and there is general agreement that, if co-operative marketing could be strongly developed, it would be of the greatest service to co-operative credit. But there are great difficulties, and when the other day we discussed the question in a conference at Delhi, it was clear that little progress could be made until produce could be graded and pooled, and to this the small-scale production prevalent in India presents a most formidable obstacle.

Rural Reconstruction.

Apart from marketing and thrift, credit's only possible ally is rural reconstruction, by which I mean anything that will help to improve the village from a school to a manure pit. For some years you have been trying the experiment of linking the two together, and what I saw two years ago in your two districts of Benares and Partabgarh made me wonder whether re-construction should not come first and credit second: that is to say, when co-operation is brought to a village, whether we should not first of all form a Better Living society to improve farming, and reform social customs, and give education to both young and old, and, only if this succeeds, start a credit society. In the Punjab credit has always preceded reconstruction, and I remember that, when the question of reversing the process came up for discussion nine or ten years ago, I felt that no change should be made, because a credit society touched the whole of a man's economic life and was more likely, therefore, than a Better Living society to draw people together for their common purposes. But the intelligent villager is now prepared to consider many more changes than he was ten years ago, and consequently Better Living societies have a much wider scope and offer a much better means of testing a village's capacity for co-operative credit. Moreover, our experience since the fall in prices shows that the need for credit is much less than used to be supposed. In the Punjab, therefore, opinion is veering round to the view that re-construction should be taken up first, or at least hand in hand with credit.

Control.

Even if credit can be successfully linked with thrift, marketing or reconstruction, it will take time to do this for the movement as a whole. Meanwhile, the need for close departmental control, in the case of societies that are not fully co-operative, will continue. In societies that are fully co-operative, control should be left largely, if not entirely, to the societies themselves; but in others—alas, the large majority—control and assistance are needed, and the less co-operative societies are in function and spirit, the greater the need. What, therefore, is

required is a system of control carefully graduated according to development. In some provinces this is difficult owing to the very large number of societies, usually well over 50 per cent classified as C. In the Punjab about 12,000 societies are in this class and in Madras over 8,000. It can hardly be believed that all these societies require the same measure of control. I would therefore sub-divide them into two classes. In the lower class, I would exercise a close control over all lending and borrowing, combining this, however, with systematic teaching directed to securing a society's promotion as soon as possible to the upper class. In the latter, the control should be less, and much less again in class B, until class A is reached, when there should be no control at all beyond the annual audit. It may be urged that departmental control is not in harmony with the pure gospel of co-operation. But it is to be remembered that only A and B societies can be regarded as co-operative in the real sense of the word. The rest are in *statu pupilaris*, that is, at school, and should be treated accordingly, but always with reference to their position in the school.

Training of the staff.

The necessity for a larger measure of control has been frankly recognized in the more recent provincial Co-operative Societies Acts, particularly in the Bihar and Orisa Act of 1935. The corollary of increased control is an increase in Government's responsibility for the welfare of the movement. It follows that it is more than ever incumbent upon local governments to staff their co-operative departments in such a way that control will be exercised with knowledge and discretion, and for this purpose it is essential that in every province the co-operative staffs should be properly trained. Thanks to the foresight of Messrs. Calvert and Strickland the Punjab can, I think, claim to have recognized this necessity in practical fashion before any other province in India, and an interesting result of this is that our annual class for Inspectors was attended last year by men from five other provinces, and next year we are expecting an official from as far west as Cyprus. When you started re-organizing your movement, you paid us the compliment of introducing our system, with suitable modifications, into these provinces. The result was that, when I went round India, your provinces were amongst the very few which could claim to have a properly trained staff. Thanks, however, to the generosity of the Government of India and notably to Sir James Grigg, who was quick to seize the importance of the point, a grant of Rs. 15 lakhs has been made available for co-operative training and teaching. But, in my opinion, the full effect of this grant will be lost if the Registrar himself is not properly trained. Too often in the past—and there are few provinces that can show a white sheet in this respect—men have been appointed Registrar after only a few weeks' training, and sometimes with

no training at all. Yet committee after committee have stated in emphatic terms that the Registrar should have at least six months' training before appointment. In my own case it was over two years before I even officiated as Registrar for any length of time. To put an untrained man at the head of the movement, with not even a banking expert to advise him, has always seemed to me dangerous, and in provinces where lakhs of members and crores of rupees are involved, it is almost suicidal.

Teaching of members.

But something more than training is required if we are ever to have an organic movement working with its own mind and beating with its own heart. The members must be taught the elements of co-operative principle and practice. The importance of this can hardly be exaggerated; yet with over 2½ million members in our agricultural societies and not more than 10 or 20 per cent of them literate, it is a task of great magnitude and difficulty; and it would have been impossible at present to attempt it on any scale without the assistance of the Government of India, to which I have already alluded. In provinces where the staff is largely untrained, teaching must be postponed until there are trained men available to teach, and in all provinces it will probably be wise to differentiate, in regard to the nature of the teaching given, between those who are running the society and the ordinary members. In the Punjab, classes are being widely held for the former with the most promising results. For secretaries each class lasts 8 days, and for members of committee 3 days, and in many places the classes are so popular that attendance runs to 50 or 100. Not only are such obvious things taught as the duties of members, the best way to effect recoveries and diminish expenditure, but there is also much discussion of local problems and difficulties, with results that are often of a most practical character. In two Sikh societies the members took an oath in their *Gurdwara* to pay promptly what they owed and make others do the same, and in another village a small landowner was stopped from spending too much on a marriage by the remonstrances of the class. Instances like these could be multiplied.

Prosperity and Debt.

The cardinal point that most members have to learn is the use of money. The improvidence of the Indian peasant is proverbial, yet many people, in talking about agricultural credit, speak as if his greatest need were a plethora of cheap money. If this were so, it would be comparatively easy to satisfy it, for wherever the movement is sound, large surplus funds are available and could be lent cheaply to the cultivator. And why are they not lent? Simply because he cannot be depended upon to use them wisely and repay them punctually. The problem of agricultural credit is, indeed, not to find more money for the peasant but

to teach him to use it economically and productively. Fifteen years ago, as the result of what I saw in the irrigated tracts of the Punjab when prices were high, I came to the conclusion that prosperity and debt were closely allied, and that the more prosperous a tract was to-day, the more indebted it would be to-morrow—simply because most cultivators borrow, as much because they can as because they must. Two years ago I found that Berar, Eastern Bengal, and Lower Burma were more or less examples of the same fatal propensity; which suggests that my conclusion applies not only to the Punjab but to the whole of India.

Character and Finance.

From this springs another conclusion of equally wide application, namely, that character and finance are intimately allied. In the Punjab I have again and again found peasants of the most modest means able to borrow at 12 per cent. on their mere personal security, and the reason invariably given me for this by their creditors was that they could be trusted to repay punctually. I found the same in other provinces, the best example perhaps being the case of a small holder in the Carnatic who even after the fall in prices had been able to borrow at 6 per cent. In Austria some years ago, I found a large number of land mortgage banks carrying on an extensive mortgage business with little more than short term deposits, and able to do so without serious risk simply because the Austrian peasant was a good dealer. It follows that the key to a sound system of credit does not lie, as some would have us believe, in the hands of the Reserve Bank but in those of the people themselves, or at least of those who are prepared to teach them the importance of such simple virtues as punctuality, honesty and thrift; and it is because co-operation is at present the only effective organization for teaching these virtues that it has a unique importance in the field of agricultural credit.

The Lowering of Interest Rates.

In this field co-operation can point to at least one signal achievement, and I mention this because it is frequently attacked as if it had achieved nothing. In most parts of India the *common* rate of interest for an unsecured loan to a cultivator with any security of tenure varies from 18 to 25 per cent. and everywhere compound interest is charged. Yet in Madras, Bombay and the Punjab, those who join a credit society now need not pay more than about 9 per cent. simple interest; and when a society has been functioning reasonably well for ten years or so, the rate is usually not more than 6 or 7 per cent., and in the Punjab after 20 years it is often less than 5 per cent. This means that, though debt may not have been reduced, it carries a much lower rate of interest than it did and to a much larger extent represents value actually

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received. Let me give you an illustration of what I mean. One of our Debt Conciliation Boards last year scaled down claims of Rs. 10 lakhs to about Rs. 6 lakhs. I asked the members how much of these Rs. 10 lakhs had actually been borrowed. They could only guess but none of them, and one was a moneylender, put it at much over Rs. 2 lakhs. This would mean that more than three quarters of the amount claimed represented interest. Such a position would be impossible with a co-operative society, however bad. Something solid, therefore, has been achieved in the sphere of credit. In this sphere co-operative societies have one great advantage over commercial banks—they have not to distribute large dividends. In time, therefore, any good society, however small, can hope to lend at a cheaper rate than the largest commercial bank, however good. But where co-operation is weak, rates are still disproportionately high. For instance two-thirds of your societies charge 15 per cent—a rate that I must frankly say seems to me almost usurious. And in this connection it is to be remembered that the only satisfactory way in which a society can temper the wind to the sworn lamb in these days of low prices is to reduce its rate of interest to the lowest possible limit compatible with financial stability.

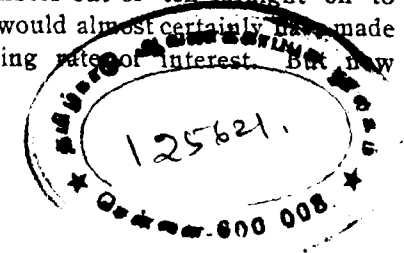
Just now I spoke of improvidence as if it were the peculiar characteristic of the Indian peasant. In his way the landlord is every bit as bad. If there is a difference between the two, it is that the landlord is extravagant and the peasant improvident. Nothing struck me more when I had occasion to examine the Loan Offices of Bengal, than the fact that only a very small proportion of the many crores advanced by them to large landowners and others appeared to have been used for productive purposes. In foolish and wasteful borrowing the landlord sometimes seems an even greater offender than the peasant, without too the extenuating circumstance of necessity. In this very province of Oudh, would it have been necessary to pass the Encumbered Estates Act had your landlords in general managed their estates with prudence?

Restriction of Advances to Cultivation Finance.

Borrowing for unproductive purposes is so widespread and inveterate a habit in this country and so opposed to all canons of sound banking that it is a question whether credit societies should not restrict themselves to cultivation loans. Ten years ago this would have been impossible, for a refusal on the part of a society to advance for any purpose conceived to be necessary such as a marriage, a funeral or a case in the courts, would have sent nine members out of ten straight off to the moneylender, and the moneylender would almost certainly have made an advance at some more or less crippling rate of interest. But now

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credit is so restricted that moneylenders are chary of lending and the fall in prices has made things so uncomfortable for the borrower that it is not quite so difficult as it was to dissuade the more sensible from resort to the moneylenders, nor are they quite so prone to incur extravagant expenditure on marriages and funerals as they were before the fall in prices. The position, therefore, to-day is more favourable than it was to the restriction of advances, and so important is it to teach the cultivator to differentiate between productive and unproductive expenditure that personally I should welcome experiments in this direction. The Reserve Bank suggests that loans should be strictly limited to cultivation finance, but I am doubtful whether this is possible; for, as the Calvert Committee remarked in their report, "non-cultivation loans are necessary for the business of the cultivator and must be provided for in any system of rural credit that is intended to cover the business of the country. We shall all agree, however, that the greatest care is necessary in giving non-cultivation loans, and that almost everywhere in India more care requires to be taken. A possible *via media* might be, in the case of C class societies, to pitch the borrowing limits of both members and society so low that non-cultivation loans would be impossible without special sanction.

Non-credit societies.

Another possible change I have already suggested, namely; that re-construction or better living should be taken up before credit, or at least go hand in hand with it. Whatever our views may be about this, I think no one will deny that many more non-credit societies are required if we are to have a well-balanced movement in India. I am not going to bother you with figures, but two years ago the Punjab and Bengal were the only two provinces where non-credit societies exceeded a thousand. Twenty years ago the moneylender was so powerful that we all felt that our first object must be to free the cultivator from his domination, and that this was the best way of increasing the cultivator's income and raising his standard of living, since it would mean less borrowing and far lower rates of interest. But we did not realize sufficiently the cultivator's voracious capacity for borrowing and his persistent tendency to default. The fall in prices, which also we could not anticipate, has laid these two weaknesses painfully bare and compels us, I think, to view the problem of raising his standard of living from a somewhat different angle. Even before the fall in prices we had started marketing societies to procure him better prices for his produce, arbitration societies to protect him from the ruinous cost of litigation, better living societies to reduce extravagant expenditure on social ceremonies, cattle breeding societies to increase his income from cattle, and above all societies to consolidate his small and greatly scattered holdings.

Consolidation of holdings

I say 'above all', because where, as in many parts of India, holdings are badly fragmented, their consolidation is an indispensable condition of agricultural progress. One has merely to see the map of a village before and after consolidation to realize this. Only last week I saw a village which had just been consolidated. 700 fields had been reduced to 71, with an average area of 4 acres each against two fifths of an acre before; each was marked out with four-anna boundary marks, and each had been given access to a road wide enough for a bullock cart. In addition, five old wells had been repaired and brought into use, 42 plots had been set aside for new houses to relieve the congestion due to a growing population, and an acre had been ear-marked for a playground. The mere marking of each field with boundary marks—impossible when there were 700 fields—was a revolutionary change, for, as the headman said, "there is no more fighting and going to court: faction has ceased, and there is unity and good fellowship." In the Punjab we have now consolidated about 7,00,000 acres, and the benefits are so clear that applications are pouring in from villages willing to pay eight or ten annas an acre for this new lease of life. So striking indeed are the benefits that, in my judgment, if all the ordinary measures of rural reconstruction were put into one scale and consolidation of holdings into the other, consolidation would out-weight the others, because it facilitates every kind of progressive measure and there is no other way in which the cultivator's income can be so quickly increased. No one could possibly put this increase at less than 10 per cent. and many put it as high as 25 per cent.

As long as consolidation was being done only in the Punjab, it might be said that it was due to some peculiar feature of the province. It was a great satisfaction to me, therefore, when I visited the Central Provinces, to find that nearly 5,00,000 acres had been consolidated there in a few years at a cost of only 4 annas an acre, all of which had been paid by the villagers concerned. I rejoice now to learn that you, too, have 82 societies; but where we have 224 Sub-Inspectors at work, you have only two. If I may say so, this is not enough for provinces like yours, and if there is any advice that I can give you to-day in the conviction that it is sound, it is to press upon the Government that will shortly take office the necessity of extending this immensely valuable work much more rapidly than at present. And I would say the same to every province in India where fragmentation is bad. Incidentally, too, I would point out—witness the 224 Sub-Inspectors in the Punjab—that consolidation opens out a useful new avenue of employment for the matriculate.

Agricultural Debt.

There is another advantage I would claim for consolidation. By increasing income it should provide an effective means for reducing the burden of agricultural debt, of which we rightly hear so much now-a-days; rightly because, where it is heavy, it paralyses all efforts at progress. Various measures are being tried to mitigate the burden. Several provinces are attempting to control the moneylender and regulate interest rates by law; others have set up Conciliation Boards to adjust the claims of debtor and creditor, and most, your own amongst them, have started mortgage banks for the repayment of old debt. These and the other measures adopted may be justified, if they require justification, by the urgency of the crisis through which we have been passing, but they leave untouched the fundamental question—how is the improvident Indian cultivator, once cleared of debt, to be prevented from getting into debt again? There seem to me only two ways of doing this. One is to make it impossible for him to borrow in future, and the other is to teach him to borrow wisely, and meanwhile to control his borrowing. The first is impracticable, and the other is only possible with a co-operative system of credit. I have no time to elaborate this here, but, if true, it follows that co-operation is the only lasting remedy for debt.

But, like all lasting remedies, it is not a quick remedy. Great patience is needed, and patience is at present an unfashionable virtue. Five-year plans are popular enough, but who is prepared to support a 25-year plan? Yet this is the very least that is needed to build up the habits of mind and character which are the only sure foundation for a system of cheap and abundant credit. In the absence of a proper system of rural education, these are habits which co-operation alone can teach on any general scale; and if anyone doubts whether even co-operation can teach them, let him visit a district, as I did last week, where it has been vigorously at work for 20 years. There he will find shares and deposits running into lakhs and thousands of members who now owe the money-lender nothing.

Co-operation and Rural Reconstruction.

If Co-operation is the best means for dealing with debt, it is also the best single means for reconditioning the village. Here again I have no time to substantiate this, but after what I have seen in different parts of India—and I have seen something inspiring in almost every province—I am convinced that those who scorn shop window effects and wish their schemes to be for the real good of the peasant will more and more find themselves obliged to invoke the co-operative principle. There are two reasons for this. The first is that reconstruction will not thrive for long, unless there is some organization in the village itself to keep it going,

and a co-operative society provides this organization better than anything else except perhaps a village Panchayat. The second is that, if an appreciable number of India's 7,00,000 villages is to be touched to any effect, the people themselves will have to contribute the major part of the cost. In the past I have seen many villages where the people, acting together, have spent large sums upon some project near their heart, such as a temple or mosque. There may be comparatively few villages where this is possible to-day, though I can think of a district in the Punjab where in the last 3 years Rs. 1½ lakhs have been spent by the people in hard cash upon improving the water-supply and the sanitation of their villages. If, however, the depression has affected the peasant's purse, it has not affected his labour. This he can always employ upon improving his village merely at the expense of the large leisure that an uncertain rainfall gives him in many parts of India. In saying this, I do not speak as a visionary but as one who has seen the remarkable improvements effected in many villages in different parts of India by this means. But nowhere had it been done on an individualistic basis. If, therefore, the Indian peasant's lot is to be permanently improved, some kind of collectivist basis will be necessary, and for India the best form of collectivism is co-operation."

THE ALL-TRAVANCORE CO-OPERATIVE CONFERENCE.

The eighth session of the All-Travancore Co-operative Conference was held at Parur for three days commencing from the 8th February last under the chairmanship of Diwan Bahadur K. Deivasikhamani Mudaliar, retired Joint Registrar of Co-operative Societies, Madras. Mr. A. M. Varki, Principal, Union Christian College, Alwaye, as chairman of the reception committee welcomed the delegates. Sir C. P. Ramaswami Iyer, Dewan of Travancore, who was expected to open the conference but was unable to do so on account of other engagements, sent a message which was read by Mr. M. Govinda Pillai, Registrar of Co-operative Societies. Over 2,000 delegates from all parts of Travancore attended the conference. Mr. N. Satyanarayana, one of the Secretaries of the Madras Provincial Co-operative Union, also attended the conference. Messages wishing the conference success were also received among others from Mr. Basheer Ahmed Khan, Secretary, All-India Co-operative Institutes' Association, Sir M. Krishna Nair, ex-Dewan of Travancore, Sir Mirza Ismail, Dewan of Mysore and the Registrars of Co-operative Societies of Madras and Mysore.

REGISTRAR'S ADDRESS.

The proceedings of the conference commenced with the flag-hoisting ceremony performed by Mr. Govinda Pillai. In the course of his speech he said that the State had at present as many as 1,766 societies with a

membership of 2½ lakhs, a working capital of Rs. 91½ lakhs and a reserve fund of Rs. 10½ lakhs. He also pointed out some of the defects of the movement, such as the granting of loans without considering the repaying capacity of the borrower, the lack of co-operative education, the issue of loans for clearing prior debts, exploitation by big industrialists, machinations of the unemployed and lastly the expansion of the credit movement without corresponding expansion on the non-credit side.

DEWAN'S MESSAGE.

The Registrar then read the following message from Sir C. P. Ramaswami Iyer :—

“The movement in Travancore was initiated at the instance of Sir P. Rajagopalachari, the most notable of whose services to the public lay in the direction of stimulating co-operative enterprise. Co-operation in India and especially in Travancore was the result of deliberate Government policy and was not really started in response to any widespread popular demand. There is no gainsaying the fact that even now co-operative societies and co-operators in general in Travancore look to Government for assistance in many directions in which spontaneous local effort is a prime requisite. It was obvious in connection with the progress of the new Bill that the people of the State look for more rather than less activity on the part of the Government in relation to the organisation. The comparative unpopularity of arbitrations as contrasted with the freedom of resort to civil courts is a phenomenon due to the same reasons. Moreover, there is a tendency not confined to Travancore alone to regard the movement as an agency for the obtaining of easy loans and not for development of agriculture and cottage industry. The improvement of marketing by co-operative methods of grading and sale has not yet become a feature of the movement.

Need for Remodelling Taluk Banks.

The various taluk banks which admit individuals and societies as members are not, generally speaking, in a sound condition and allow a terrible accumulation of overdues. A remodelling of the taluk banks and even of the Apex Bank is, in my opinion, a matter of urgency. Although rural indebtedness was sought to be combated by co-operation, yet, as it happened, co-operative societies were not able to relieve the tension inasmuch as the funds of the agricultural societies were locked up in long-term loans. Non-agricultural societies and non-credit movements are not making as much headway as they should, although I regard it as a very fortunate sign of the times that colleges and schools are appreciating the advantage of store societies, the most important of which is run in connection with the Maharaja's College of Science.

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One of the most hopeful aspects of the present situation is the success of the poultry and dairy societies and of the Co-operative Life Insurance Scheme. I attach special importance to co-operation as a means of avoiding fragmentation by reason of the operation of the family and social laws, and I trust that agricultural and cocoanut farming on a co-operative basis will be taken up as an essential part of co-operative enterprise. No better method can be devised for enabling Travancore to compete with other producers on an equal footing.

My message may not be very optimistic in tone but surely it is better to be alive to our difficulties and the obstacles in our path rather than to be too facile in our hopes. It is because I regard co-operation as the best possible means of contributing to our agricultural and industrial progress that I am tempted to utter these words. At the same time I feel it my duty to make an appeal to all the people in Travancore to realise the gravity and the importance of the problem and put their shoulders to the wheel and to work in complete concord and mutual trust without which this movement and its several developments, cannot evolve as they have triumphantly evolved elsewhere—in places like Belgium, Holland and Denmark—where it has been proved that co-operation can be a most powerful instrument for the building up of national prosperity even where natural resources are not abundant.”

WELCOME ADDRESS.

Mr. Varki in the course of his address referred to the progress of the movement in the State and the set back it received on account of the present economic crisis. He said that in 34-35 their societies numbered 1767 with a total membership of 2,23,760 and the working capital of these societies was Rs. 87,65,215. The Punjab which had made the greatest progress in British India had only 29 members for every 1000 of the population, while Travancore had 44. While membership might therefore be considered satisfactory, the working capital per member was not, for while it was Rs. 175 in Bombay, Rs. 113 in Madras, Rs. 127 in Baroda, Rs. 103 in Mysore and Rs. 55 in Cochin, it was only Rs. 27 in Travancore. The speaker was of opinion that the working capital was a far more reliable test of the strength of the movement than the number of members.

It was a matter for great regret, he said, that in spite of the movement working in our country for the last three decades it had not reached the class—the small farmer in the country—for whom it could do the greatest service. To the people who were members of the societies at present the small advantages which they offered were not sufficiently attractive to look upon it as a vital factor to improve their economic welfare. The illiteracy of the poverty-stricken masses was no doubt the greatest obstacle for the expansion of the movement, but he was of opinion that

it was a thing which could easily be bridged over, provided there were enough disinterested workers, to take the message of co-operation to them and get them interested in it.

PRESIDENTIAL ADDRESS.

Mr. Deivasikhamani Mudaliar in the course of his presidential address observed that the issue of loans by co-operative societies to redeem prior debts was greatly responsible for the increase of overdues and that it was not a phenomenon confined to Travancore alone. Unless there was a revision in the methods of business, and the limitations of agricultural credit societies were thoroughly realised, he was of opinion, that the present unsatisfactory state of affairs was bound to continue.

Referring to the functions of rural credit societies he observed :

"It is hardly realised that the primary agricultural credit societies are intended mostly for advancing short-term, seasonal credit for purely agricultural or productive purposes so that the agriculturists can carry on their industry without borrowing elsewhere and repay the loans after they dispose of their produce. Small loans for small men for small periods for agricultural purposes—these constitute the main business of the ordinary credit societies in the countryside. If either in your State or British India the working of agricultural credit societies has to be improved, they have gradually to eliminate the grant of loans for the discharge of prior debts. That should be the function of another agency altogether, well-equipped for its task and better managed by men with considerable business experience than our ordinary villagers.

There is no knowing when the depression will cease and conditions improve. Such difficult times as those through which we have been passing call for remedial measures and a just adjustment of the relations between creditors and debtors ; they also warrant a suitable reconstruction of the co-operative movement. The debtors are in need of relief, and so far as co-operative societies are concerned, we can do our best to reduce the incidence of the indebtedness of members to societies by showing them certain concessions. They may take the following forms : waiver of penal interest on all overdue loans, reduction in the ordinary rate of interest charged on all outstanding loans or future loans, extension or refixation of the period of payment of loans and scaling down of debts."

Speaking about the revision of business methods he suggested that loans should be issued only for short-terms for current agricultural operations, that loan applications should be scrutinised by central banks with special reference to the repaying capacity of the borrower and that

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the individual maximum borrowing power should be fixed at Rs. 250. He also endorsed the suggestions made by the Reserve Bank authorities for regulating the credit of the agriculturists *viz.*, (1) the limitation of the total future liability of agriculturists, (2) prohibition of borrowing from more than one source, and (3) bringing the agriculturist money-lender within the purview of enactments prohibiting or restricting the transfer of agricultural land.

Referring to the problem of agricultural indebtedness and the means of mitigating the same, he said :

"The incidence of rural indebtedness has considerably increased owing to the fall in the prices of agricultural produce and of land. The volume of indebtedness by itself need not cause alarm ; but it is the nature of indebtedness that provokes thought and anxiety. It has been held by responsible committees and commissions of enquiry that most of our rural credit is unproductive and ancestral. That is why the Royal Commission on Agriculture in India has suggested the framing of a suitable Rural Insolvency Act in order to simplify the procedure in this regard and to make the agriculturist start a fresh lease of life. Land mortgage banks have been started on a co-operative basis for providing long-term credit to the agriculturists at cheap rates of interest mostly for the discharge of prior debts. Madras is making considerable headway in this direction. I have no first-hand knowledge of the working of your State land mortgage bank, but I trust that you are proceeding on sound lines. For a State like yours, there seems to be no need to elaborate the machinery for long-term mortgage credit as we have done in Madras. One bank for the whole State may perhaps suffice for your requirements, and if the bank can utilise the agency of the Revenue Department, I think the business can be carried on cheaply and effectively.

In spite of the steps that may be taken to reduce the rural debt, the position may not improve unless on the one side measures are taken to prevent the agriculturist from borrowing again and, on the other to create subsidiary sources of income. The income from land now in terms of the present agricultural prices is hardly enough to meet the interest charges and the instalment of principal of a loan taken, say, from a co-operative society. In my opinion, the situation needs to be met partly by intensive agriculture and partly by industrialisation. With the progress in science and the production of things on a mass scale, it seems futile to expect that the cottage industries should be so developed as to give a subsidiary income to the agriculturists. We tried to develop some of the cottage industries on co-operative lines, but our experience has proved that it is not possible to achieve the desired end. Major industries should be developed in the country ; cottage industries may also be

side by side encouraged, provided certain restrictions are imposed on the factory industry. The cultivable area should be increased as well as the yield of it and irrigational facilities should be amply provided by the State. Again, transport facilities and marketing of agricultural produce should be developed. The problem is so vast that it should be tackled as a whole and tackled from all sides.

It is being increasingly realised that co-operative credit alone may not be of very great help to the ryots unless it is linked up with marketing. Enquiries have shown that there is a certain amount of waste in the present marketing methods and the circumstance that the village money-lender is also more often a merchant and a middleman is a great handicap to the profitable marketing or sale of the produce by the ryots. If the waste can be eliminated or minimised, the agriculturists can be assured of a fair or reasonable price for their produce. Co-operative sale societies may be started in important marketing centres and the agriculturists can be induced to hold their produce immediately after harvest when prices are generally depressed, pledge it with the sale societies, take loans on the security of it and dispose off the produce when the market is favourable. The operations of the sale societies should be linked up with the ordinary credit societies working in the area."

Speaking about rural reconstruction he was of opinion that no rural rural uplift could be a lasting thing unless the villages themselves were trained to undertake the work. If outside agencies were depended upon, whether official or non-official and however keen they might be, the work was likely to come to a close, the moment those agencies were withdrawn. Therefore village panchayats should be developed and the villagers should be made to take interest in all rural activities. Mr. Mudaliar deprecated the tendency existing at present of co-operators concentrating their attention only on consolidation and rectification without providing for gradual expansion of the movement, as it was bound to come a stand-still if no efforts were made to organize new societies. He was quite happy to find that women's co-operative societies were making steady progress but he warned the co-operators not to start credit societies for women unless they were employed in productive enterprises and had a steady income of their own. Lastly he observed that co-operation like all other rural uplift activities was intended to promote 'better farming, better business and better living' and those present at the conference would be doing a great service to their fellowmen, if they could by common endeavour through co-operation promote the aim.

Resolutions.

The following were some of the resolutions passed at the conference:

1. Resolved to constitute an Advisory Board as suggested by the Devadhar Committee as early as possible, with all the

central co-operative organisations like the Central Institute and the Central Bank being represented.

2. Resolved to request the Government to bring into effect the recommendations of the Devadhar Committee regarding the Land Mortgage Bank or to see that co-operators are represented on the Board of the existing Bank.
3. Resolved to request the Travancore Co-operative Institute to prepare and submit a scheme of rural reconstruction to the Government in view of the fact that latter have decided to take up rural reconstruction work from first Chingom 1113 and also to request the Government to give financial help to such co-operative organisations in the State which are already doing rural work until the Government's scheme is put into force.
4. The conference strongly condemns the attitude of the Government for having given the contract for publishing the "Economic Journal" to an individual and requests the Government to hand over it back to the Institute.
5. The conference requests the Government to give preference to non-official co-operative employees in the matter of recruitment to co-operative service.
6. The conference resolved to celebrate in the State on the 17th November 1940 the Silver Jubilee of the starting of the co-operative movement in Travancore.
7. The conference resolved that the interest charged on loans from the Central Bank and the primary societies should not exceed 5 per cent and 6 or 6½ per cent respectively and that the practice of realising penalty should be abolished.

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(Continued from last Number.)

1st September 1936.

Extent of relief granted by the Special Loans Officers under the Agriculturists' Loans Act.

*251 Q.—Mr. A. B. Shetty: Will the Hon. the Member for Revenue be pleased to state—

(a) the number of districts and villages in which Special Loans Officers were working in 1935-36;

(b) the number and amount of loans sanctioned;

(c) the amount of indebtedness relieved;

(d) the districts in which Special Loans operations are proposed to be undertaken in 1936-37 and the amount allotted for the same; and

(e) whether the Loans Officers experience any difficulty in debt conciliation methods?

A.—(a) During the year 1935-36 Special Loans Officers were working in the undermentioned firkas in the Chingleput and East Godavari districts:—

District.	Taluk.	Firkas.
Chingleput	... Madurantakam	... Madurantakam.
do	... Conjeevaram	... Uttiramerur.
East Godavari	... Ramachandrapur	... Alamuru.
do	... Rajahmundry	... Rajanagaram.

The Government have no information as to the number of villages in each of these firkas.

(b) & (c) A statement * is annexed.

(d) The attention of the Hon. Member is invited to the answer to clause (a) of question No. 15. A sum of Rs. 20 lakhs has been provided in the Budget Estimate for the current year for the grant of these loans.

(e) No special difficulties have been brought to the notice of the Government.

*Statement showing the number and amount of loans sanctioned by the Special Loans Officers in the East Godavari and Chingleput districts from 1st November 1935 to 31st July 1936.

District.	Number of cases accepted.	Amount of loan sanctioned.	Amount disbursed upto 31st July 1936.	Percentage of the amounts in columns (3) and (4) to the amount* of debt legally due.
(1)	(2)	(3)	(4)	(5)
Chingleput	254	Rs. 1,23,337	Rs. 98,340	76 per cent.
East Godavari	271	95,590	91,200	84 „

* The exact amounts of debts legally due in the cases accepted by the Special Loans Officers are not available.

CO-OPERATION IN LEGISLATIVE COUNCIL

Loans advanced under the Agriculturists' Loans (Amendment) Act.

*252 Q.—Mr. V. T. Arasu: Will the Hon. the member for Revenue be pleased to state—

(a) the total amount that has been distributed as loans to the agriculturists of the Presidency up to date after the passing of the amendment to the Agricultural Loans Act; and

(b) the respective amounts distributed in each of the districts of the Presidency?

A.—(a) & (b) A statement * is annexed.

Rao Sahib V. I. Muniswami Pillai:—“May I know whether the operation of the Agricultural Loans Amendment Act will be extended to the Nilgiris?”

The Hon. Sir Charles Souter:—“In course of time, yes, Sir.”

Training of young men in agriculture as a measure of relieving unemployment.

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

(a) the Government's proposals to solve the unemployment problem among agricultural communities;

(b) whether there are any proposals to train unemployed young men from among the landed class in short agricultural course;

(c) if so, what the qualifications fixed for the candidates are;

(d) the reasons for fixing the same; and

(e) what allotment is made towards this?

A.—(a) Unemployment among agriculturists is only seasonal. The Government have no proposals immediately under consideration to find work for them during the off-season.

(b) Yes.

Answer to question 252.

*Statement showing the amount of loans disbursed up to 15th August 1936 for the relief of indebtedness under the Agriculturists' Loans Act as recently amended.

	Rs.
1. Chingleput	1,01,550
2. East Godavari	1,04,110
3. Salem	5,320
4. South Kanara	160
5. Trichinopoly	580
6. Kurnool	2,860
7. Kistna	20,980
Total	2,35,560

- (c) The minimum qualification prescribed is a pass in the Secondary School-Leaving Certificate Examination.
- (d) A line had to be drawn somewhere as the scheme is intended as an experiment at finding a solution for the problem of unemployment among the educated classes.
- (e) It is proposed to provide Rs. 9,000 for the purpose.

Mr. P. V. Krishnayya Choudari:—"In view of the poverty of the people, are the Government prepared to evolve any scheme for creating some work in the off-season for the agriculturists?"

The Hon. Mr. P. T. Rajan:—"Government will just tell the people what cottage industries could be taken up by them if they wanted to supplement their income."

Mr. T. S. Ramaswami Ayyar:—"May I know whether the Government's plan to educate a few people, spending Rs. 9,000 will only make the educated unemployed a separate class of agricultural unemployed?"

The Hon. Mr. P. T. Rajan:—"I do not think so, because this is only an attempt to give some relief to those who require help and who are unemployed."

Mr. G. Rameswara Rao:—"May I know whether S. S. L. C. as the minimum qualification is a very constant factor or whether discretion is given to any officer to give exemptions?"

The Hon. Mr. P. T. Rajan:—"As far as I know, S. S. L. C. is the minimum qualification fixed for the present."

Mr. K. Koti Reddi:—"May I know whether Government are aware that the sons of agricultural communities whom Government want to help in this way are more desirous of entering Government service and do not want to go back to the land?"

The Hon. Mr. P. T. Rajan:—"Training will be given only to those who wish to go and improve their lands, and not to those who want to enter service."

Mr. K. Koti Reddi:—"May I know how the Government are going to relieve unemployment by this means then?"

The Hon. Mr. P. T. Rajan:—"To the extent we can."

2nd September 1936.

Nominations to the directorate of the land mortgage banks.

*307 Q.—Mr. K. S. Sivasubrahmanya Ayyar:—"Will the Hon. the Minister for Public Works be pleased to state—

(a) whether it is a fact that nominations to the directorate of land mortgage banks are made as a rule in all cases;

(b) if the answer to (a) be in the affirmative, why they have not been made in some cases;

CO-OPERATION IN LEGISLATIVE COUNCIL

(c) whether the Government exercise the power of nominations only in special circumstances; and

(d) if so, what they are?

A.—(a), (c) & (d) Nominations are not made by the Government in any case. The President of the Central Land Mortgage Bank and the Registrar of Co-operative Societies make such nominations.

(b) Government have no information but have called for a report.

Proposal to raise the maximum limit of lending by land mortgage banks in individual cases.

*308 Q.—Mr. K. S. Sivasubrahmanya Ayyar:—"Will the Hon. the Minister for Public Works be pleased to state—

(a) whether the Government propose to increase the power of the land mortgage banks to lend to a maximum of Rs. 10,000 in all cases from the present limit of Rs. 5,000;

(b) if not, under what conditions banks are invested with such powers;

(c) whether any rules have been prescribed for the same; and

(d) if so, what they are?

A.—(a) No.

(b) The Registrar of Co-operative Societies has been authorized to permit primary land mortgage banks in select areas to enhance the maximum amount to Rs. 10,000. Such loans should ordinarily be granted only if the banks concerned hold at the time of sanctioning the loan a sufficiently large amount of liquid assets to meet the immediate or anticipated requirements from small borrowers.

(c) No.

(d) Does not arise.

Imposition of life insurance by Land Mortgage Banks as a condition for the grant of loans exceeding Rs. 5,000.

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

(a) whether it is a fact that persons who are desirous of taking a loan of more than Rs. 5,000 from the Co-operative Land Mortgage Banks are insisted on taking up life insurance policy for a like amount.

(b) if so, what the principles underlying it are; and whether a copy of the order or circular issued by the Government or by the departmental heads or by the Central Land Mortgage Bank in this behalf will be placed on the table;

(c) whether the primary banks have been consulted in the matter of introducing such a condition ; if not, why not ;

(d) whether it is a fact that such a condition works hardship in many a deserving case, and whether any representations have been received from the Land Mortgage Bank at Pollachi, or elsewhere, explaining the difficulties experienced by such a condition ; and

(e) in what way the said representations have been disposed of ; and whether a copy of the order passed in the matter will be placed on the table ?

A.—(a) The Government understand that applicants for loans of over Rs. 5,000 are required to take out a life insurance policy, though not for like amount.

(b) Greater risk is involved in bigger loans and should, it was considered by the Registrar of Co-operative Societies, be covered by an additional security. A copy of the Registrar's circular (*omitted—Ed.*) is appended.

(c) No.

(d) & (e) No specific case of hardship has come to the notice of the Registrar. It is reported that none of the applications for loans above Rs. 5,000 have been rejected merely on this ground. Representations were received by the Registrar from the Pollachi and the Kulittali banks. In the former case he declined to relax the general rule. The representation of the latter bank is under his consideration.

Mr. K. A. Nachiyappa Gounder :—" With reference to answer to clause (a), may I know what is the amount that has been stipulated with regard to life insurance ?"

The Hon. Mr. P. T. Rajan :—" No amount has been specified; people asking for a loan of more than Rs. 5,000 are asked to take a life insurance policy."

Mr. K. A. Nachiyappa Gounder :—" With reference to answer to clause (c), may, I ask why the primary banks were not consulted in such an important matter? "

The Hon. Mr. P. T. Rajan :—" I must ask the Registrar."
(*concluded.*)

Reviews.

I

Why the Village Movement. By Mr. J. C. Kumarappa. Published by the Hindusthan Publishing Co. Ltd., Rajahmundry. Pages 92. Price As. 8.

The Hindusthan Publishing Company, though registered under the Companies Act, is not a profit-seeking concern. It has been started with the laudable object of providing useful knowledge of a general kind to the masses in English and in Telugu. With it are connected some well known public men of Andhra like Mr. K. Nageswara Rao and Dr. Pattabhisitaramayya. It proposes to bring out a series of low-priced publications. Aware of the difficulties of such undertakings, we earnestly hope that it will have a long life and fulfil its purpose.

Mr. Kumarappa is the Organiser and Secretary of the All-India Village Industries Association, started by Mahatma Gandhi and having its office at Wardha. The sub-title of the little book is 'A plea for a new economic order in India.' Mr. Kumarappa has tried to explain the economic philosophy on which the Village Industries Association is based. Modern industry of the western type, aiming at large scale production, involves the employment of large capital, complicated machinery, specialised management and concentration in cities. It may lead to conflict with foreign countries in the struggle for raw materials and markets. It benefits disproportionately the suppliers of capital and the management, and reduces the workers to the position of wage slaves and arrests the growth of personality in them. It leads to over-production, unemployment, extreme luxury and want. The way to escape from such consequences is to spread industry in the villages, to attach greater value to man than to money, to concentrate on the production of goods needed by everybody and not only by the well-to-do few, and to depend mainly on the internal as opposed to the external market. This is what the Village Industries Association seeks to do.

Co-operators are quite familiar with the evils of the capitalistic order. The object of the co-operative movement is to save society from those evils. It substitutes the motive of service for that of profit. It sets its face absolutely against exploitation of every kind—of one man by another and of one nation by another. Mr. Kumarappa's plea for a new economic order will therefore find very willing ears in co-operators.

A feature of the book is the characterisation of western civilisation as of the " pack type " and of eastern civilisation as of the ' herd type.' Some carnivorous animals like the wolf combine in packs for the purpose

of hunting; but many herbivorous animals form themselves into herds for the purpose of defence. In the hunting stage human society was comparable to the pack, but in the agricultural stage it became like the herd. Eastern nations like the Indians and the Chinese have spent long centuries in the agricultural stage, while the western nations have had a short transition from the hunting stage. Therefore in their political, social and economic organisation, the western nations show the characteristics of the pack—aggressiveness and exploitation while the eastern nations show those of the herd—protection for every section of society. Mr. Kumarappa has indeed carried this idea very far. We can only say it is but an analogy, it is plausible but not convincing and quite immaterial for the purpose of the book.

V. V. S.

II

Athmanathan (A social co-operative drama). By Messrs. K. V. Seshu Aiyar and K. Venkatarathnam. (Printed at the Victoria Press, Coimbatore.) Price As. 8.

Co-operators in general have come to realise that the education of the people in the principles and ideals of the movement is a *sine quo non* for the development of co-operation on healthy lines. In spite of such a consensus of opinion on the necessity for education, there seems to be no agreement regarding the method to be adopted for the diffusion of knowledge about co-operation among the masses. With the very low percentage of literates in the country, it is not possible just at present to place at the disposal of the people much literature on the subject. Lectures, in their own way, have their effects but in most cases the success depends on the personality of the lecturer and even then it has only an ephemeral interest. But the drama which appeals both to the intellect and the imagination of the audience is the best method suited to the conditions in India.

The authors of *Athmanathan* deserve to be congratulated on their attempt to convey the ideals of the movement through a drama. It is a simple story of village life depicting forcibly the evils of intemperance, ruinous and extravagant expenditure and the virtues of co-operation. Athmanathan is the arch opponent of the movement in the village and exercises his influence as a wealthy landlord of the place in dissuading the people from joining the movement. In domestic life, his wife, Sarojini, pleads without effect for thrift and industry. But self-opinionated and perverse as Athmanathan is, he discards his wife and falls a victim to the seductive charms of his concubine, Mohana. Mohana, the pimp

Saravana Ayyar and the two money-lenders of the locality amongst themselves complete the utter ruin of Athmanathan. He wakes up too late to the rank insincerity of his fair weather friends and seek refuge in his wedded wife, who with the usual devotion and attachment of a good Hindu wife, comes to his rescue by placing unreservedly at his disposal the fruits of her thrift and industry.

The hero of the drama, Athmanathan, the sinner and the profligate, becomes a convert to co-operation and repents for his follies of the past. In Ravindranath Mudaliar we find an apostle of co-operation and a practical worker for the resuscitation of villages. The incidents, humorous interludes and characterisation are interwoven in the texture of the drama dexterously with a view to grip the attention of the audience till the end of the drama. I am sure that public patronage will be forthcoming to encourage the authors and others in similar attempts to carry the gospel of co-operation to every household.

T. K.

III

Rural Reconstruction. By Mr. N. G. Apte, B.Ag. Published by S. R. Rajaguru & Co., Poona. Pages 91. Price Rs. 1-8-0.

This is a collection of papers written at intervals, some of which were read at conferences. The writer says that they would not have been put together in book form but for the desire of the publishers. Prof. V. G. Kale, from whom the publishers were able to get an introduction for the book, says, "In writings like those of Mr. Apte, literary defects and deficiencies in the expression of ideas, are best ignored. Some of his generalisations may also be open to objection. But his keenness in recording and publishing his impressions and results of practical work is commendable." Any claim which the writer may have on the attention of the reader is due to the fact that he was connected with rural reconstruction centre conducted by the Deccan Agricultural Association at Khed-Shivapur near Poona, and that he has made some village surveys. In his enthusiasm for increasing the villager's income, he ridicules the idea of starting of schools or doing propaganda against drink. At one place he boldly asserts that out of a rupee which the consumer pays, the cultivator gets only 6 annas, transport costs 2 annas and the middleman gets 8 annas! His ideas are ill-baked and his conclusions are ill-tested.

V. V. S.

News and Notes.

In the death of Mr. C. Gopaliah, Manager of the Rasipuram Co-operative Union, at the early age of 31, the Salem District Urban Bank has lost one of its most valuable hands, and the Rasipuram area one of its best workers in the cause of co-operation and rural uplift. He was one of the young men who were inspired and trained by the late Dewan Bahadur R. Ramachandra Rao for rural uplift work in Salem district and was perhaps more responsible for the success of his scheme for the intensive development of Rasipuram area than any other worker. At the time the scheme was started there were some 35 credit societies in Rasipuram taluk and though their working capital was about Rs. 2 lakhs, they were mostly in a moribund condition and the overdues amounted to nearly Rs. 50,000. But now there are some 60 societies in the area, most of which are full of life and activity, with a working capital of about Rs. 4 lakhs, of which only Rs. 12,000 is overdue. When some years ago the experiment of complete prohibition was tried in a part of the Rasipuram area under the guidance of Mr. Ramachandra Rao, no one was more enthusiastic than Mr. Gopaliah in carrying out the programme of intensive propaganda, organisation of *bhajan*s and the provision of counter attractions, which included the supply of wholesome warm food at a nominal cost, than was Mr. Gopaliah. Co-operation, like other causes, depends for its success more on the devotion of those who work in obscurity than of those that are in the lime light. Hence it is incumbent on those who manage co-operative institutions to show their appreciation of their workers in a tangible manner.

The portrait of Rao Bahadur A. Rajabadar Mudaliar was unveiled by Mr. M. Giriappa, Joint Registrar of Co-operative Societies on the 28th February last at the premises of the Co-operative Central Bank, Conjeevaram.

His Excellency the Marquess of Linlithgow recently saved six cows of the best Indian breed from the butcher and presented them to the Delhi Goushala. Such acts appeal specially to Indian sentiment and endear His Excellency to Indians of all classes.

Perhaps as a result of the marketing surveys conducted by the Government of India sometime ago, a Bill was introduced into the Legislative Assembly on the 15th February last by Sir B.S. Bajpai "to provide for grading and marketing of agricultural produce" and the same was passed without much discussion as it was very modest in its scope.

Presiding over the Ali-Travancore Agricultural Conference held at Parur on the 10th February last, Mr. C. K. Parameswaran Pillai, retired

Judge of the Travancore High Court, observed that no conferences would serve any useful purpose unless the educated and intelligent men took to agriculture as their profession and tried to improve the production of the agriculturists.

Sir Percy Rothera, former Agent of the South Indian Railway, unveiled on the 13th February last the portrait of the late Mr. M. Alexandar Muirhead, C.I.E., in the new premises of the South Indian Railway Co-operative Credit Society at Trichinopoly. The late Mr. Alexandar Muirhead was the first president of the society and was largely responsible for the conversion of the Loan Fund, as it was originally called, into a co-operative society.

During the last co-operative year the membership of the Coonoor Co-operative Urban Bank rose from 1080 to 1229, its share capital from Rs. 26,996 to Rs. 33,209 and its deposits from Rs. 72,878-9-0 to Rs. 1,03,707-14-0. Loans to the extent of Rs. 1,13,565 were issued in the year and Rs. 90,797 was recovered towards repayment of loans. The Bank worked at net profit of Rs. 1,595-11-0.

A thrift society for the ladies of Ellore in West Godavari district was organised recently in the presence of the Registrar of Co-operative Societies and the Collector of the district. Respectable ladies of the town are said to be taking a keen interest in the working of the society. It is the first of its kind in those parts.

The directors of the Madras Kachaleswarar Division Co-operative Bank took vigorous action during the last co-operative year against the defaulting members and collected arrears. In spite of it, however, the overdues increased from 14 to 25 per cent under principal and from 12 to 15 per cent under interest. The membership of the Bank increased from 639 to 678, while the deposits fell from Rs. 80,256-6-0 at the beginning of the year to Rs. 72,521-1-0 at the end of the year. A sum of Rs. 86,692 was issued as loans and Rs. 88,375 was collected. The working of the Bank during the year resulted in a net profit of Rs. 3,538-1-0.

His Excellency Sir John Anderson, Governor of Bengal, paid a visit to Sir Daniel Hamilton's "Co-operative Commonwealth" at Gosaba in Sunderbans on the 16th of the last month. In an address of welcome presented to His Excellency by Sir Daniel Hamilton, reference was made to the keen interest which the Government was taking in rural uplift work. His Excellency went round the whole 'Commonwealth' including its stores, zemindary kutchery, central bank, rice mills, rural reconstruction institute, agricultural farm and weaving factory—all founded on co-operative basis and was much pleased with the work done there.

The membership of the Trivandrum Co-operative Urban Bank increased during the last co-operative year from 2034 to 2521 and its share capital from Rs. 63,525 to Rs. 79,250. There was also an increase of about Rs. 42,000 in the deposits of the Bank; loans were issued to the extent of Rs. 69,675 and Rs. 41,617 were collected towards their repayment. During the year under report the Bank purchased a site and constructed a building for the location of its office. In the matter of deposits, members etc., it is second only to the Central Co-operative Bank in the State. The Bank earned a net profit of Rs. 5,683-9-5 during the year.

The Secretary of the West Godavari District Co-operative Central Bank informs us that there are at present six loan and sale societies in the district, which issued loans to the extent of Rs. 4,42,765 during the last co-operative year. Though this year they are facing keen competition from the local commercial banks, it is expected that these societies would issue loans at least to the extent of Rs. 7 lakhs. By reducing the lending rate to 5 per cent they have compelled the commercial banks, including the Imperial Bank, to reduce their rates of interest to the same level.

A conference of the Supervisors of the Trichinopoly District Co-operative Central Bank was held on the 10th and 11th January last at Trichinopoly under the chairmanship of Dewan Bahadur T. M. Narayanaswami Pillai, President of the Bank. Some members of the executive committee of the Bank and the local Deputy Registrar, Mr. M. R. Bhupati, took part in the conference and gave valuable suggestions to the supervisors on such topics as co-operative law, the revision of property statements, investigation of title of properties etc.

A table published in "The Shop Assistant" shows that the wages received by the employees of co-operative societies are higher than those received by employees of capitalist firms, the difference ranging from 10s. a week in the case of a boy of 17 years to 23s. 6d. a week in the case of a young man of 21.

At the end of a 10,000 miles trip through Canada and the United States, Mr. Robert Murray, former member of Parliament, director of the Scottish Co-operative Wholesale Society and editor of the "Scottish Co-operator," is reported to have stated at New York that Scotland had the highest percentage of co-operators in the world—with 8,29,000 families or almost 75 per cent of the population enrolled as members of co-operative societies.

A co-operative society has been started in Tokyo, Japan, the object of which is to supply meals to its members at their houses. Each member

has to deposit with the society a sum of 25 yen (a yen is now worth about 12 annas) to be entitled to the service. The society charges 7 sen (100 sen = 1 yen) for a morning meal, 9 sen for a midday meal and 10 sen for an evening meal. It is said that though the meals are very cheap, due regard is paid to the latest requirements of nutrition. Though the society was but recently started its membership has already reached 2,000 and is expected to go upto 5,000 soon.

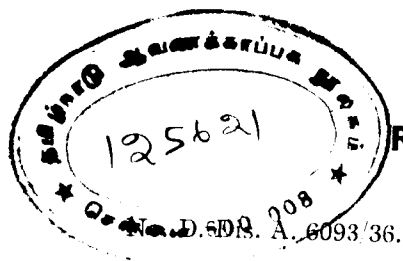
Writing on 'The case for Co-operative Insurance' in the *Bengal Co-operative Journal*, Mr. Bijoynarayan Sen says that an examination of the working of certain big life insurance companies revealed the fact that their income was approximately divided as follows:

Management and Share-holders	...	40 per cent.
Policy-holders	...	35 "
Interest funds	...	25 "

"We have, therefore," says he, "to find out an institution which does not feed the managing agents, which has not to declare big dividends to share-holders and in which the policy-holders have not to pay a penalty for their desire to insure. This is co-operative insurance."

There was an increased turnover, both in money value and goods, in 1936 in the wholesale societies of Great Britain, Switzerland, Holland, Denmark, Czechoslovakia and the U. S. A. over the corresponding figures of 1935. There are no wholesale societies in our country, but in our greatest distributive society, the T. U. C. S., there was an increase in the sale of goods and in the profits of the society but a fall in the value of sales from Rs. 9.36 lakhs in 1935 to Rs. 8.83 lakhs in 1936. It is gratifying note that during the last seven half-years the society has worked at a steady profit, the average for the last five half-years being about Rs. 8,500. We congratulate the directors of the T. U. C. S. on this achievement.

One Mr. Cahill, a solicitor and member of the London Co-operative Society—which has a membership of about 600,000 and a share capital of about £7,000,000—objected to a part of the society's profits being spent for the political purpose of getting members of the Co-operative Party elected to Parliament and to local boards, and filed a suit for a declaration that such expenditure was *ultra vires*. After about two years, the case was decided recently by Judge Luxmore of the Chancery Division of the High Court, who expressed the opinion that the expenditure was not opposed to the provisions of the Industrial and Provident Societies Acts and the Friendly Societies Acts, which govern co-operative societies in England, and that it was in accordance with the rules of the society. The law in India is rather different and more clearly restricts the application of the profits of societies to educational and charitable purposes.



Registrar's Circulars.

I

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, dated 6th February 1937.

T. AUSTIN ESQ., I.C.S.,
Registrar of Co-operative Societies.

*Subject :—*Central Banks—Issue of loans to primary societies—Need for obtaining encumbrance certificates for properties mortgaged by members of societies—Instructions—Issued.

*Ref. :—*Registrar's Memorandum A. 6093/36 dated 16-10-36.

In the Registrar's memorandum quoted, the need for obtaining encumbrance certificates for properties mortgaged by members of primary societies was pointed out to the Central Banks, and it was suggested that it would be desirable if encumbrance certificates were insisted upon by the banks when either the amount of loan exceeded Rs. 200 or the period was beyond two years. The Banks were requested to offer their views while several banks agreed with the suggestion; others have reported a different practice existing in their district. The practice in some banks has been to insist upon encumbrance certificates for all mortgage loans irrespective of the amount or period, while in others the certificates are required when the amount or period of loan exceeds a certain limit. Though the practice is not uniform in the districts, it is observed that the banks do all agree on the need for obtaining the encumbrance certificates in respect of mortgage loans subject to certain conditions. The Registrar desires that the banks should follow as a general rule, the suggestion that the certificates should be insisted upon when either the amount of mortgage loan exceeds Rs. 200 or the period is more than 2 years; but where central banks feel sincerely that the existing practice which may be slightly at variance with the rule commended now gives security to the funds lent, there is no necessity to alter it.

II

No. R. Dis. 8372/36.

Dated 24th February 1937.

*Subject :—*Stamp duty—Acquittances of employees of the Co-operative Societies—Members or Non-members—Whether exempt from stamp duty.

There is a general impression that acquittances of employees of Co-operative Societies, whether members or non-members, are exempt from stamp duty. Recently the Registrar consulted the Board of Revenue on this point. The opinion of the Board is given below for information and guidance.

2. Deputy Registrars and Sub-Deputy Registrars are requested to see that the co-operative societies in their districts are instructed accordingly.

Opinion of the Board of Revenue.

"All the pay acquittances given employees of societies who are not members, are not exempt from stamp duty. If the employee, concerned, is an 'officer' as defined in Section 2 (e) of the Co-operative Societies Act, he is of course exempt. If he is neither an officer nor a member, stamp duty should be collected."