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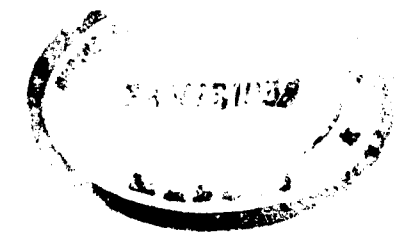
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Editorial Notes.

Debt Relief Bill.

We have published in this number the Debt Relief Bill as it emerged from the Assembly. In the Legislative Council no amendment at all was passed. The Bill was pushed through both the Assembly and the Council with very great speed. It was taken up by the Council so soon after it was passed by the Assembly that the members of the Opposition legitimately complained they had had no time even to know what changes had been made in it by the Assembly. Their request for the postponement of the consideration of the Bill even by one or two days was not granted. Most people do not see why there should have been so much hurry about passing the Bill. Nothing would have been lost if some time were taken; on the other hand, a feeling of soreness would have been avoided. In his concluding speech in the Council the Premier expressed regret for having made an inroad on the rights of the members by refusing to give them reasonable time to consider the Bill and said that he was obliged to do so for certain reasons. Whatever they may be, we think the time asked for ought to have been given. It was, however, graceful on the Premier's part to express regret for what has happened.

The Premier also referred to the criticism that the Bill gave relief to all agriculturists alike, without taking into consideration who were able to pay their debts and who were not. His defence was that

Coimbatore Housing Scheme.

On the 21st of January the Hon. Mr. Giri inaugurated a co-operative housing scheme at Coimbatore, which he considered so important that he described the day of its inauguration as a Red Letter Day in the history of this province. It is a scheme for the housing of labour, mostly mill labour, in which the State, the public, the employers and the beneficiaries all take part in a co-operative spirit and on co-operative lines. Under the scheme one or more co-operative housing societies will be organised, in which shares may be taken not only by the labouring classes who are to be the beneficiaries, but also the employers and the general public. Like other housing societies, these will take loans from Government to the extent of four times the paid up share capital, the Government making it a matter of its policy to find money to the required extent. The beneficiaries will become the owners of the houses in the course of twenty to thirty years. The employers and the public are invited to help the scheme by subscribing the share capital required for getting the Government loan. The societies will of course be managed by boards on which the beneficiaries, the employers and the Government will be represented in a reasonable proportion.

Its Superiority.

As a labour leader of experience Mr. Giri showed a proper appreciation of the scheme and thanked Mr. T. A. Ramalingam Chettiar, who is primarily responsible for this scheme, for having given him the opportunity to inaugurate it. Housing conditions, he observed, influenced the birth and death rates and efficiency of labour. In large industrial cities it was easy enough to find employment but not dwellings. The co-operative way was a *via media* between two schools of thought, one of which advocated the provision of houses by private enterprise and the other by the State entirely. The State, as owner of railways and some employers as owners of mills etc. had to some extent provided houses in our country for their workers. But this provision interfered to a greater or less extent with the freedom of the workers to bargain with their employers or to go on strike even for a just cause, because there was always the threat of eviction. In the present co-operative scheme there was no such threat, and it had the advantage of securing for the worker, a house of his own in old age. It was long his ambition to do something for the housing of workers and he was very happy that now as a member of Government it was given him to do something substantial in that direction.

He appealed to insurance companies to invest their funds in housing schemes for workers and also advised the latter to insure their lives so that in the event of unexpected death the houses may be secured for the families. He also appealed to the Coimbatore Municipality to give all the facilities it could in the matter of roads, lights, water, sanitary arrangements etc. and expressed the hope that similar schemes would be started in other industrial centres.

Mr. Ramalingam Chettiar's suggestion.

In the speech which he made on the occasion, Mr. Ramalingam Chettiar, who is an employer with a co-operative outlook, pointed out that under this scheme the state was contributing four-fifths and the employers only one-fifth or less of the cost of housing the workers. At present some of the workers come for work from six or seven miles. If they were enabled to live in Coimbatore itself, both the employers and the workers would benefit thereby. The scheme possessed also the advantage of bringing on a common platform the representatives of employers and workmen, which would lead to a better understanding of each other in other fields as well.

In this connection he made a moving appeal to capitalists to share the profits of industry with the workers. Employers and workers were now opposed to each other, and the constant strife between them and their mutual distrust were doing great harm to industry as a whole. At present there were three agencies in industry—shareholders, managing agents and labourers. A basic remuneration for each should be agreed upon. He would suggest 6 p.c. dividend to shareholders and Rs. 1,000 per month to the managing agents as the upper limit. After these charges were met the profits of industry should be divided equally between the shareholders and the managing agents on the one hand and the labourers on the other. Such an arrangement would secure stability and put an end to the strikes, which had become constant.

Production First.

We commend this suggestion to the earnest attention of both employers and workers. The greatest drawback in the economic life of our country is the low *per capita* production of wealth, which is responsible for the astounding poverty of our people. Arrangements for better distribution of wealth are no doubt necessary, but they will not be of much avail unless the total wealth produced is very much

the basis of the Bill was not conciliation or voluntary agreement, and therefore the debtor's ability to pay need not be considered. He said further that conciliation had not worked successfully in this province. We are unable to agree with the Premier on either of these points. We do not think that a fair trial has been given to the Conciliation Act which the last Legislative Council passed at the instance of Mr. T. A. Ramalingam Chettiar. If proper Conciliation Boards had been constituted and their work encouraged as is done in the Central Provinces, we have no doubt that conciliation would have succeeded in our province also. The special officers appointed by Government to disburse loans under the Agricultural Loans Act were able to effect a good deal of conciliation. So it cannot be said that conciliation has failed here. But the success or failure of conciliation does not affect the principle that relief should be given only to those who deserve it. The Premier said, "It would be impossible to ascertain the ability of the debtor to pay. It would not be possible for the courts to decide whether a man could pay or not. The law like a steam roller should move evenly in this matter." This is far from convincing. The Moratorium Bill had put an upper limit—payment of Rs. 400 as land revenue—to the class of agriculturists to be benefited by it. A similar provision (though, in our opinion, not so high a limit), could easily have been made in this Bill if the Government were so minded. Its absence is a vital defect. Another serious defect is the power which the Government has taken to itself of altering and fixing the rate of interest from time to time by mere notification in the Official Gazette. One cannot help wishing that these defects had been removed.

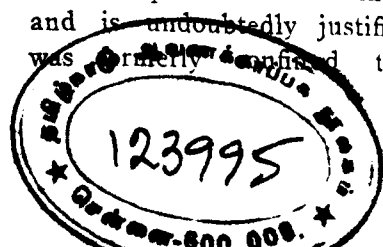
Improvements.

It will be admitted that the Bill was considerably improved by the Select Committee and during its passage in the Assembly. It has been divided into chapters and the wording improved. What was one section dealing with rent has been expanded into a chapter of three sections. A few substantial changes also have been introduced. A difference is recognised between debts incurred before the 1st October 1932 and those incurred later. All interest on the former, outstanding on the 1st October 1937, is wiped out, but on the latter, interest upto 5 per cent simple is allowed. This distinction was adopted at the instance of Professor P. J. Thomas and is undoubtedly justifiable. The principle of "Damdupat" was correctly applied to cases of compound interest and

to cases of simple interest exceeding 9 per cent. Now it is made applicable to all debts incurred before the 1st October 1932. As we had ourselves advocated this change, we welcome it heartily. Debts of Rs. 3,000 and less due to women owning no property other than their dwelling houses, jewellery and personal belongings, are exempted from the scope of this legislation. But a proposal to extend this exemption to debts due to orphans was unfortunately negatived. Wages due to rural labourers are similarly exempted. In the original Bill, loans due by agriculturists to companies having more than 500 shareholders were exempted; but in its final form, loans due to companies or Scheduled Banks carrying 9 per cent interest and less only are exempted. These are changes in the direction of helping the poor or reasonable creditor. One in the opposite direction is this. The original Bill provided that anyone paying under the Madras Local Boards Act profession tax on an income of Rs. 600, or property or house tax on non-agricultural land or houses having a rental value of more than Rs. 600, was not an agriculturist. Now this exclusion is confined to those who are assessed to pay these taxes by union panchayats and not other local boards. The amendment, however, is not of much consequence.

Co-operators' opportunity.

At the end of his speech in the Legislative Council the Premier appealed to its members to forget the offence he had given them by the procedure he had followed and to give to the Bill in the country greater support than they had given it in the house. We hope this appeal will be responded to not only by the Councillors but also by all others who have not been able to approve the Bill whole-heartedly. It is the special duty of co-operators to explain the provisions of the Bill to people at large and to see that its benefits reach the greatest number. A direct effect of this legislation on land mortgage banks and on credit societies will be to extend their scope for usefulness. After the scaling down of debts by this Bill more people will be eligible to obtain long term loans from land mortgage banks than hitherto and benefit by them. Moneylenders hereafter will not be as ready to finance agriculture as hitherto and therefore agriculturists will have to look up to co-operative credit societies to a greater extent than hitherto. It is all for their own good. Co-operators should gladly seize the opportunity for service which this new piece of legislation has placed in their hands and benefit their fellow villagers, if they do not wish to fail in their duty.



increased. For this the intelligent co-operation of all the three factors mentioned by Mr. Chettiar is absolutely necessary. Such co-operation will be forthcoming only if the co-operative spirit is cultivated by all the three factors. During the last few months there has been quite an epidemic of strikes in our province and Mr. Giri has been most unsparing in going about and settling them. These strikes are perhaps due to a vague feeling among workers that with a popular Government in office their chances of getting better wages and conditions are improved. It is a natural feeling and one need not quarrel with it. But it is also a fact that strikes interrupt production and decrease the wealth that is sought to be distributed on better lines. Labour should therefore understand that production comes first and distribution later. Mr. Giri has been emphasising this fact sufficiently in his utterances, but we are afraid that people who are in immediate charge of labour organisations and the labourers themselves have not grasped its importance sufficiently. We cannot wish better than that the message of Coimbatore as given by Mr. Chettiar should travel to every part of our country and be acted upon. In the meantime we hope that housing schemes similar to the Coimbatore one will be initiated in Madras and other industrial centres by the Co-operative Department.

The Handloom Weavers' Provincial Society.

The work of the Madras Handloom Weavers' Provincial Co-operative Society is difficult and varied, like that of the Marketing Society, for which the movement in our province does not possess men with the required experience. Nevertheless, it is very necessary work and we should have patience enough to grope our way. The Provincial Weavers' Society organises societies of weavers in important weaving centres, gives them subsidies for meeting their monthly running expenses, arranges for the supply of yarn to them from the mills at wholesale rates standing guarantee for the payment of dues, issues loans or cash credits at a cheap rate of interest to the affiliated societies for purchasing yarn and for other requirements, runs an Emporium at Madras and sale depots at Calicut, Madura, Bezwada and other places, advertises the products of its member societies at exhibitions, gives them technical advice, makes representations to Government on their behalf and serves them in other directions. At present it is financed out of the special grant made by the Government of India, but it will never lack support from the Government or the public so long as it proves beneficial by its activities.

During 1936-37 the membership of the society increased from 98 to 128 and the share capital from Rs. 16,400 to Rs. 19,450. There are three classes of members—individuals, firms and societies. The first and third classes increased from 47 to 58 and 43 to 62 respectively, while the other class remained stationary at 8. The society is in need of more share capital and public support. On the advice of the Registrar it has recently introduced a B class of shares of the value of Rs. 5 each, the value of the A class share being Rs. 50 each, and has thrown open the membership to Central Banks and other co-operative institutions. It was rather anomalous that while individuals and firms could become members of this society, co-operative societies other than those of weavers could not join it. The society can make real progress and take root in the province only with the co-operation of the Central Banks. We hope therefore that every effort will be made to enlist their support. During the year under report it gave subsidies ranging from Rs. 10 to Rs. 50 per month to 52 member societies, the amount disbursed being nearly Rs. 16,000 against Rs. 3,371 disbursed among 31 societies in the previous year. It extended its guarantee for the supply of yarn from 19 to 41 societies, and in addition gave loans and cash credits to 31 societies. The rate of interest on the latter was reduced from 6 to 4 per cent. The sanction of the Government has been obtained for installing a calendaring plant at Madras and a sizing machine was installed at Melapalayam in Tinnevely district. It is reported to have worked well and steps are therefore being taken to instal such machines in other suitable centres. The 62 societies affiliated to the Provincial Society had a membership of 3,375. They bought during the year goods worth Rs. 2.25 lakhs and sold goods to the value of Rs. 2.44 lakhs. While about half the number of societies worked at a profit, the others worked at a loss.

With the special help which the present Government has given to the handloom industry by passing the Sale of Cloth Bill, with the grant of the Government of India and with the genuine and deep sympathy of the public for the handloom weaver, the atmosphere is very favourable for the growth of the Provincial Society and its affiliated societies. We are not sure that sufficient propaganda is being made by the directors and other officers of the society. Publicity and advertisement are essential factors for success even in co-operative business. We trust the society will realise its present opportunity and forge rapidly ahead.

Provincial Bank's Common Good Fund.

The Madras Provincial Co-operative Bank sets apart every year 7½ per cent of its net profit as Common Good Fund and spends it for educational and other charitable purposes. During the last ten years it has been devoting the major part of this fund for the promotion of co-operative education and propaganda, through the Provincial Co-operative Union. Indeed but for the substantial help which the Bank is giving it, the Union would not have been in a position to function even tolerably, as the contributions from its affiliated societies are very small and, unlike some other Provincial Institutes, it gets no grants from Government except for the limited purpose of conducting training classes. In addition to a grant for meeting the general expenses of the Union, the Bank gave a special grant for conducting rural centres for some eight years. From last year the money that was being spent on them is diverted for supplementing the grant of the Government of India for educating the members and panchayatdars of primary societies throughout the province. Last month the Bank made grants amounting to Rs. 14,750 from its Common Good Fund. Of this amount Rs. 12,000 was given for co-operative education—Rs. 10,000 to the Provincial Co-operative Union for general purposes and for the education of members and panchayatdars, Rs. 1,000 for the publication of vernacular literature on co-operation and Rs. 1,000 towards meeting the expenses of Mr. K. C. Ramakrishnan's European tour for studying co-operation. The balance was given to philanthropic institutions like the Ramakrishna Students Home, the Avvai Home, the Harijan Sevak Sangh etc. Education and propaganda being the greatest need of the co-operative movement in our country at present, we congratulate the Provincial Bank on following an enlightened policy of devoting the best part of its Common Good Fund for that purpose.

Redemption of Debentures of Land Mortgage Banks

BY N. SUNDARARAMA SASTRI, M.A., M.Sc.,

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The question of creating 'a sinking fund on a scientific basis' for the redemption of debentures floated by the Madras Co-operative Land Mortgage Bank has been engaging the attention of the Government and the co-operators of this province for some time past. The Government have been advised by their financial experts to insist on such a fund as a condition for guaranteeing the principal and interest on debentures floated by the Bank. But the co-operators have been opposing this measure mainly on the ground that it necessitates an increase in the present rate of interest paid by the borrower. They propose to create a 'Debenture Redemption Fund' as an alternative to the 'Sinking Fund' and they claim that the former would meet the requirements of the Government, without throwing any additional burden on the borrower. But the Government seem to be against this proposal, as they find certain defects in the actual working of this method. It is, however, possible to find a method which incorporates in itself the requirements of both without the disadvantages of either. In this paper it is proposed to examine these different methods of providing for the redemption of debentures.

Method of Amortisation.

'Amortisation is repayment of a debt in a series of equal periodic payments which include both interest on principal outstanding, and a part of the principal.' As the repayments are made, part of the principal is gradually repaid, the interest charges on outstanding principal gradually decrease and hence an increasing part of the instalment payment goes for the reduction of principal. In the earlier years of the loan a greater part of the payment goes towards the repayment of the interest and a smaller part for the principal, and in the later years a smaller part for interest and the greater part for the principal.

The Madras Central Land Mortgage Bank has been lending to the primary land mortgage banks according to this method. If P is the principal, r the rate of interest per rupee per annum and n years the period of loan, the annual instalment is given by

$$A = Pr \times \frac{(1+r)^n}{(1+r)^n - 1}$$

The present rate of interest charged on these loans is 4% and columns 2 and 3 in Table I in appendix give the distribution of the instalment amount at the end of each year of the period for a loan of Rs. 1,000 repaid in 20 annual instalments.

Debenture Redemption Fund.

So far the Bank has been redeeming debentures to the extent of the principal collected by it, and the particular debentures in any series to be redeemed are selected by 'lots'. But in recent months the authorities of the Bank have found that this system of annual repayment of part of the debentures is not quite popular with the investors as they expect to have a fixed income in the form of interest for a definite period keeping the principal amount intact. Hence they (the Bank) propose to keep all the debentures current for at least a part (say 10 years) of the period. But every year the Bank will be receiving part of the principal amount they lent. This they propose to put by in what they call the Debenture Redemption Fund. From Table I it will be clear that by the end of the period the total collections into this fund will be equal to principal, and hence there will be no difficulty in redeeming the debentures. But this method assumes that during the period of the loan the money accumulated in the debenture redemption fund earns interest at the rate at which debentures are floated. If the actual yield is less than this amount there will be loss to the Bank, and if it is greater, the Bank earns some profit on this account.

Sinking Fund.

A sinking fund in general is a fund accumulated for the purpose of meeting some obligation which falls due on some future date. In the case of long term investments like gilt edged securities and debentures, the investor desires to have a fixed income on his capital for a definite period. The interest is to be paid once or twice a year. He takes interest periodically and the principal is paid in a lump sum at the end of the period. Hence the borrower has to set apart each year a certain sum which accumulates by the end of the period to the principal amount. This annual instalment depends upon the expected rate of yield on the investments of the sinking fund. If P is the required amount at the end of n years, and r the expected rate of interest, then S the annual instalment of the sinking fund is given by

$$S = \frac{Pr}{(1+r)^n - 1}$$

In addition to this, the Bank has to pay every year an amount Pr as interest to the debenture holder. Hence the net annual payment is

$$Pr + \frac{Pr}{(1+r)^n - 1} = Pr \times \frac{(1+r)^n}{(1+r)^n - 1}$$

The amount S depends upon the rate of interest on the sinking fund. It was proposed by the Government that this should be $\frac{1}{2}$ per cent less than the rate of interest on debentures, as the net yield after deducting taxes, providing for depreciation of securities, etc., is not likely to be more than this amount.

Margin available for the Central Land Mortgage Bank at the current rates of interest.

At present the Central Land Mortgage Bank is floating debentures at 3 per cent and lending to the primary land mortgage banks at 4 per cent according to equated instalment method (*i.e.* amortisation scheme). On a principal of Rs. 1,000 it receives an annual instalment of Rs. 73.583. Out of this amount, it has to pay the debenture holders their interest and principal. So far the Central Land Mortgage Bank has been taking an interest of 1 per cent on outstanding principal for its revenues and redeeming debentures out of the balance of principal left with it. But in future the Bank does not propose to redeem any debentures for at least ten years from the date of issue.

Naturally the Bank has to create a sinking fund or try some other method of investment. If the C.L.M.B. adopts the suggestion of the Reserve Bank, it will have to create a sinking fund on the assumption that it will yield interest at $\frac{1}{2}$ per cent. less than the debenture rate, *i.e.*, at $2\frac{1}{2}$ per cent. The sinking fund to be provided for a debenture of Rs. 1,000 on the basis of $2\frac{1}{2}$ per cent. yield is 39.147. If out of the balance of 43.583 after paying the interest to the debenture holders, it invests 39.147 in the sinking fund, the balance left for the working is only 4.436 for every 1000 of loan granted. The authorities feel that this margin will not be sufficient to meet the establishment charges, pay and allowances of Government officers, etc. Hence they recommend that the rate of interest should be raised by $\frac{1}{2}$ per cent., that is to $5\frac{1}{2}$ per cent., so that the margin will increase to 9.436 which will be adequate for these purposes.

Working of the Debenture Redemption Fund at present.

Table No. I in the appendix shows the working of the debenture redemption method. Column 1 gives the principal outstanding at the beginning of each year, column 2 gives the principal paid at the

end of each year and column 3 interest paid at the end of the year, column 4 gives interest on the principal received and invested which is expected to yield $2\frac{1}{2}$ per cent. per annum, column 5 gives the total interest received by the Central Land Mortgage Bank both from primary land mortgage banks and the investments of principal. Out of this amount the Bank has to pay an interest of Rs. 30 to the debenture holders. From column 1 we find that by the end of 20 years the accumulated principals grow up to Rs. 1000 and hence there will be no difficulty to pay the debenture holders the principal. From column 7 we find that if the investments give a return of 3 per cent. the balance for C.L.M.B. left at the end of each year reduces from Rs. 10 in the first year to Rs. 0.707 in the last year. But if we refer to column 6 we find that the margin left for the C. L. M. B. is Rs. 10 per 1000 in the first year and it gradually decreases to 4.669 at the end of 10 years if the interest earned on investments is only $2\frac{1}{2}$ per cent. By the end of 15 years the margin reduces to less than Re. 1 per 1000 and from the 16th year the interest to be paid will be greater than the interest available and this deficit increases to Rs. 3.940 by the end of the 20th year. Hence the Bank will not only have no money for the working expenses but will also default in paying interest to the debenture holders, or it has to pay it from its capital and reserves. But if the Bank begins to redeem debentures from the 11th year there will be no danger of deficits though the margin goes on diminishing. This difficulty arises on account of the fact that in early years according to the amortisation scheme, it receives more interest and less principal. This larger amount received as interest the Bank spends for the establishment charges *etc.*, and the balance which will be shown as profits will be distributed for dividend *etc.*, after setting apart 25 per cent. of the net profits for reserve fund. In the later years, when the amount received as interest grows less and less, the money will not be sufficient to meet the charges. If the sinking fund method is adopted a fixed amount of Rs. 0.4436 per cent. at the present rate of interest (or '9436 if the rate of interest is raised by $\frac{1}{2}$ per cent.) is available every year and hence this difficulty will not arise.

An Alternative Scheme.

It has already been pointed out that if a sinking fund is instituted the margin will not be sufficient to meet current expenses and hence the rate of interest has to be raised. But this will be a heavy burden on the ultimate borrower. Now the ultimate borrower is

paying at 5 per cent. to the primary banks and the latter at 4 per cent. to the C. L. M. B. according to the amortisation scheme. In future the C. L. M. B. may pay to the Trustee's account an annual instalment on amortisation method at 3 per cent. Out of this amount the debenture holders may be paid Rs. 30 as interest, and the balance of principal remaining may be invested. The equated amount at 3 per cent. is 67.216 per 1000. If the C. L. M. B. receives an amount of Rs. 73.583 and pays an amount of Rs. 67.216, it will have a balance of Rs. 6.367 per 1000 for its working expenses. At this rate on a business of one crore of rupees, it earns an amount of nearly Rs. 64,000 and this with interest on its present reserves and share capital, *etc.*, which amounts to nearly Rs. 27,000 will be more than sufficient for meeting the charges and for obtaining a decent amount of profits to build up reserve fund and declare dividend *etc.* The main drawback of this method is that unless the money invested by the Trustee fetches interest at 3 per cent he would not have enough money to pay interest to the debenture holders in the later years, as in the case of the Debenture Redemption Fund. But to meet this situation the Central Land Mortgage Bank can guarantee to the Trustee interest at 3 per cent. and if in any year he gets less, that amount may be made a first charge on the revenues of the Bank. Thus the interest of the debenture holders can be safe guarded and as this is done every year before the profits are declared, the C.L.M.B. knows its own position. Table II in appendix gives the amount to be so paid every year by the C.L.M.B. if the Trustee's account gets an interest of $2\frac{1}{2}$ per cent. only. Column 1 again gives the outstanding principal of each year, column 2 principal amount paid at the end of each year into the Trustee's account, column 3 interest on outstanding amount at 3 per cent, column 4 interest on outstanding amount at $2\frac{1}{2}$ per cent and column 5 the balance the Central Land Mortgage Bank may have to make good. The margin for the Central Land Mortgage Bank according to this method is Rs. 6.367 on 1,000 every year and if no debenture is redeemed till the end of the whole period the maximum amount the Central Land Mortgage Bank may have to make good is 4.674 and hence instead of a deficit of Rs. 3.940 per 1000 according to debenture redemption method, it will at least have a balance of Rs. 1.693 per 1000 even in the last year.

Advantages of the new scheme over the sinking fund method.

It may at once be pointed out that the new scheme is no more than a simple assumption that the sinking fund earns an interest of

3 per cent per annum. Theoretically, it is true. But the practical advantages are that there will be a larger margin and interest rate need not be raised. We have assumed that the Bank receives an interest of $2\frac{1}{2}$ per cent on sinking fund. But we are now on the rock bottom level for interest rates and there are signs of the rates hardening. Hence the principal amounts that the Bank receives in future may be able to earn interest at higher rates. Also we now assume that the money will be invested in G. P. Notes, fixed deposits, etc., which yield interest at $2\frac{1}{2}$ per cent. At present levels the Government securities are giving a net yield of 3 per cent and if we promise a slight premium, or even without it, there may be people who may be anxious to sell debentures in the market. Hence by means of market operations or by investments, the Bank may be able to get this 3 per cent yield. Moreover, at least at the end of 10 years, we can redeem debentures. Hence whatever loss the Bank may sustain will be within these 10 years and not afterwards. Even in the worst case, *i.e.*, assuming that the Bank gets an interest of only $2\frac{1}{2}$ per cent, up to the 10th year there will be a margin of $6.367 - 2.133 = 4.234$ per 1000. The margin in the earlier years is greater, and if reserves are built from the profits of earlier years, these reserves and the interest will certainly suffice to meet the working expenses. The only difficulty may be that there may not be decent profits to declare good dividends in periods of low rates of interest. If the borrowers who form the bulk of the share-holders have to choose between a lower rate of interest on loans and prospects of only a smaller dividend, and a higher rate of interest and larger dividends, it will be quite plain that they prefer the former course to the latter. The main advantage of this method is that whereas for sinking fund we presume a lower rate on investments and if the yield is higher that will be reserved in the sinking fund which will be available only at the end of 20 years; in the new scheme, we will be paying only when there is actually a deficit, and in these years only profits will be less and in other years, the profits will not be reduced.

Is the margin sufficient?

It has already been pointed out that in the 10th year, according to the present calculations there will be a margin of at least 4.234 per 1000. In subsequent years there will be no fear of loss of interest on investments because if the market rate is less than the debenture rate, debentures to the extent of the outstanding principal can be redeemed. Then there will be a clear margin of 6.367 for the

Bank. If the market rate is higher, the Bank can invest the money and make larger profits. Hence even in the worst year, on a total loan amount of one crore, the Bank gets a margin of at least Rs. 42,000. It must be remembered that this one crore is the gross amount lent, but not the outstanding amount, and as the business is expanding at the rate of nearly 40 lakhs per year, the gross amount in 10 years will easily be 4 crores, and the margin of the Bank will be 1,68,000. Even on a conservative estimate (*i.e.* assuming loss on investment throughout the period) the margin available for the Bank even at the end of 10 years will be at least 42,000 and if we add 27,000 which is the present income on capital, reserve fund, *etc.*, the total will be sufficient to meet establishment charges and keep some reserves even in lean years. Moreover the Bank is earning about 1 lakh of rupees on the loans of previous years, and though this amount gradually diminishes in future years and in next ten years, it is bound to yield more than Rs. 60,000 per annum. With all these amounts decent Reserves can be built and the yield on the own funds of the Bank increases very much in the next decade. It may be insisted that no dividend should be declared unless Rs. 15,000 are invested in the Reserve Fund every year; and as has been pointed out, the prospect of no dividend will be preferred to that of the raise in the rate of interest. Of course this discussion applies only to the existing state of affairs.

Principal outstanding in the different accounts.

Another difficulty that may be pointed out by the Government is that if the Bank adopts either the debenture redemption method or the amortisation method, less principal may be paid to the Trustee in earlier years and so, if some loans fail after some time, the Government may have to bear greater responsibilities. Table III in appendix shows the amount in each of the funds at the end of each year. Column 1 gives the amount according to "sinking fund", column 2 according to the "amortisation scheme" and column 3 according to the "debenture redemption fund." Column 4 gives the difference between 1 and 2 and column 5 difference between 1 and 3. It will be seen that these differences increase year by year till the end of the 11th year. Afterwards they gradually become less and less till by the end of the 20th year all the three funds show the same amount *viz.*, the face value of the debentures. Even in the year of maximum difference, the difference between the amount in the sinking fund and the Trustee's account is only Rs. 12 per 1,000 or 1.2 lakhs for a crore. This amount is not much when compared with the capital and reserves of the Bank and the Government need not be

afraid of any losses on that account. Moreover, the lands are valued at a conservative estimate and a loan of 50 per cent. of the value only is granted. These lands are revalued every year and if there is any deficit, that amount is collected from the borrower. By the end of 11 years nearly 50 per cent. of the money borrowed would have been repaid. Hence the loan will be only 25 per cent. of the value of the land, and hence no apprehension need be felt for the realisation of these amounts.

Throughout the above discussions, the possibility of the advance payments of principal and their effect on the profits has not been discussed, because it is a factor which is common to all the methods.

Table No. I.

Year.	Principal outstanding at the beginning of each year.	DISTRIBUTION OF ANNUAL INSTALMENT.		Interest earned on Debenture Redemption Fund @ 2½%	Total Interest.	Balance after paying interest @ 3%	Balance if interest on the Fund is 3%
		Principal.	Interest.				
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	1000.000	33.583	40.000	...	40.000	10.000	...
2	966.417	34.927	38.656	0.840	39.496	9.496	9.6642
3	931.490	36.325	37.260	1.713	38.973	8.973	9.3149
4	895.167	37.777	35.806	2.621	38.427	8.427	8.9517
5	857.390	39.287	34.296	3.565	37.861	7.861	8.5739
6	818.103	40.809	32.724	4.547	37.271	7.271	8.1810
7	777.244	42.493	31.090	5.569	36.659	6.659	7.7724
8	734.751	44.193	29.390	6.631	36.021	6.021	7.3475
9	690.558	45.961	27.622	7.736	35.358	5.358	6.9056
10	644.597	47.799	25.784	8.885	34.669	4.669	6.4460
11	596.798	49.711	23.872	10.080	33.952	3.952	5.9680
12	547.087	51.700	21.883	11.323	33.206	3.206	5.4709
13	495.387	53.768	19.815	12.615	32.430	2.430	4.9539
14	441.619	55.919	17.664	13.959	31.623	1.623	4.4162
15	385.700	58.155	15.428	15.357	30.785	0.785	3.8570
16	327.545	60.481	13.102	16.811	29.913	-0.087	3.2755
17	267.064	62.901	10.682	18.323	29.005	-0.995	2.6706
18	204.163	65.417	8.166	19.896	28.062	-1.938	2.0416
19	138.746	68.099	5.550	21.531	27.081	-2.919	1.3875
20	70.713	70.755	2.828	23.232	26.060	-3.940	0.7071

Table No. II.

Year.	Principal outstanding at the beginning.	Principal accumulated in trustee's a/c at the end.	Interest on accumulated Principal		Difference.
			@ 3%	@ 2½%	
	Rs.	Rs.	Rs.	Rs.	Rs.
1	1000.000	37.216	...	...	...
2	962.784	75.549	1.117	0.930	0.187
3	924.451	115.031	2.266	1.889	0.377
4	884.969	155.698	3.451	2.876	0.575
5	844.302	197.585	4.671	3.892	0.779
6	802.415	240.729	5.928	4.940	0.988
7	759.271	285.167	7.222	6.018	1.204
8	714.833	330.939	8.555	7.129	1.426
9	669.062	378.082	9.928	8.273	1.655
10	621.918	426.641	11.343	9.452	1.891
11	573.359	476.656	12.799	10.666	2.133
12	523.344	528.172	14.300	11.916	2.384
13	477.828	581.233	15.845	13.204	2.641
14	418.767	625.886	17.437	14.531	2.906
15	364.114	692.179	19.077	15.897	3.180
16	307.821	750.160	20.765	17.304	3.461
17	249.840	890.881	22.505	18.754	3.751
18	190.119	871.394	24.297	20.247	4.050
19	128.606	934.752	26.142	21.785	4.357
20	65.248	1000.011	28.043	23.369	4.674

Table No. III.

At the end of the year.	Sinking Fund I.	Amortisation Fund II.	Deb. Redmn. Fund III.	Difference between I and II.	Difference between I and III.
	Rs.	Rs.	Rs.	Rs.	Rs.
1	39.147	37.216	33.583	1.931	5.564
2	79.273	75.549	68.510	3.724	10.763
3	120.402	115.031	104.835	5.372	15.567
4	162.559	155.698	142.612	6.861	19.947
5	205.770	197.585	181.899	8.185	27.871
6	250.061	240.729	222.758	9.332	27.303
7	295.460	285.167	265.251	10.293	30.209
8	341.994	330.938	309.444	11.056	32.550
9	389.691	378.082	355.405	11.609	34.286
10	438.580	426.641	403.204	11.939	35.376
11	488.692	476.656	452.915	12.036	36.777
12	540.056	528.172	504.615	11.884	35.441
13	592.704	581.233	558.383	11.471	34.321
14	646.669	635.886	614.302	10.783	32.367
15	701.983	692.179	672.457	9.804	29.526
16	758.680	750.160	732.938	8.520	25.742
17	816.794	809.881	795.839	6.913	20.955
18	876.361	871.394	861.256	4.967	15.105
19	937.417	934.752	929.289	2.665	8.128
20	999.999	1000.011	1000.004	...	...

Controlled Credit Scheme in the Co-operative Movement.

BY RAO BAHADUR M. GIRIAPPA, B.A.

Joint Registrar of Co-operative Societies, Madras.

As it is, the rural societies have large amounts of overdues against their members. Decrees are taken against the members and these decrees are executed. In very many cases, the member is not to blame for the overdues. The average ryot is honest. If he has money to pay, he will certainly pay. But he cannot pay. What is the reason? The fault lies not so much with the members as with the system under which he works. He is a creature of circumstances beyond his control. He wants money for his agricultural requirements, he applies for it through his co-operative society, the panchayet members take some time to consider his loan application, because they have to consider it along with those of others which would come in later, then a consolidated loan application is prepared and sent to the union. There it takes some time. The delay here would depend upon the governing body members. It is then passed on to the financing bank, where generally there is not much delay. The result is that the ryot does not get the loan actually when he wants it and when the loan does come too late, he does not decline but takes it and misapplies it. Naturally, he is unable to repay his dues in time and the result is overdues. If the ryot is to be benefited and if the societies' overdues are to be reduced, it is necessary that the credit system should be revised, or rather, it is desirable to introduce the controlled credit scheme.

Under this scheme, the members not only get the money in time but also apply it to the land. The controlled credit scheme does not stop with the reform of the credit system in rural credit societies. It links the rural credit societies with the sale societies and land mortgage banks for reasons which I shall explain below.

It is not enough if a ryot merely borrows money and applies it to the land. It is necessary that he should be enabled to repay his loans by being able to sell his produce to the best advantage. As it is, a ryot does not know when to sell his produce and where to sell it. The merchant comes to his very door, tempts him with the cash ready in his hands; and lured by the cash, he falls into the trap. It is only after he receives his cash, he finds that he has not received enough to

enable him to pay the dues to his co-operative society with interest thereon. He wants some money for his kist and domestic requirements and he has again to borrow. Because he has not been able to pay the societies' dues, the society shuts the door against him and he borrows from a money-lender at high rates of interest. The creditor comes and knocks at his door and asks him to pay at least the interest, if not the principal. He is not anxious to collect the principal and he wants it to continue. The member executes another promote for the principal and interest also, if he cannot pay the interest. This debt is piled against him and so it goes on and on until he is bereft of his landed property. If the ryot is to be benefited, he should also be relieved of his debt. Otherwise, all the income that he gets out of the cheap loan from the credit society and good marketing through the loan and sale society will only go to swell the pockets of the money-lender and the ryot will be none the better for all the trouble. For the success of the controlled credit scheme it is necessary therefore that the ryots should be tackled on all sides. It is clear, therefore, that there are 3 aspects of the controlled credit scheme.

1. Credit.
2. Marketing.
3. Prior indebtedness.

Credit.

I shall now take up credit. The basis of the whole scheme is the rural credit society. It is necessary first that the credit society should be resuscitated. If any area is to be taken up for the controlled credit scheme, that area should first be surveyed. The existing credit societies in the area should be revived and proper persons with a genuine desire to work for the welfare of the ryots should be brought in as panchayatdars, because, under the controlled credit scheme, a lot of work will be thrown on the panchayat members. If the panchayat members are not active or vigilant, the controlled credit scheme will fail. The members of societies selected for the controlled credit scheme should also be good. They should be persons with a good record behind them. But merely on the ground that they have defaulted, they should not be denied the benefit of the controlled credit scheme. It may be due to causes beyond their control. If they have a genuine desire to improve their lot by hard work, they should be taken in. In districts where the controlled

credit scheme is at work, even the past debts of members long overdue have been recovered. Besides resuscitating societies, as I have said above, new societies should be formed, if necessary.

As regards the crops to be handled, it may be said that the controlled credit scheme works better and produces better results in the case of commercial crops such as cotton and groundnut, because they have a ready market and offer a higher margin of profit to the members. There is no objection to handle food crops also, if there is a large surplus for sale.

When this is done, the supervising staff should go round the area, preferably with the Agricultural Demonstrator, well in advance of the cultivation season and ascertain from the societies how many acres each member proposes to cultivate under cotton or groundnut as the case may be. An estimate should then be prepared of the requirements of each member for his cultivation expenses, regard being had to the fact that ordinarily one acre of cotton does not require more than Rs. 10 for cultivation expenses and one acre of groundnut more than Rs. 15. It is very necessary that the requirements of each member are estimated accurately so that there may not be any over-financing. After having got the applications from members for the requisite amounts, the rural credit societies should then proceed to sanction the loans. They should also take an agreement from each member who wants the loan that he will market his produce only through the neighbouring loan and sale society. The loan applications of all the societies in the area should then be sent to the financing bank for sanction. If the loan applications have been scrutinised by the departmental staff, the non-official staff and also the agricultural staff, there is no necessity to send this application to the union, unless the bank wants it. The loan sanctioned by the financing bank should be in the nature of a cash credit so as to enable the President or Secretary to draw it in instalments during each stage of cultivation. As it is, the loan sanctioned by the bank is remitted to the society in a lump sum and it is disbursed to the members in a lump sum who misapply it generally. It is with a view to prevent misapplication of loans that the loans sanctioned should be allowed to be operated upon as a cash credit.

When the cultivation season starts, the departmental staff, the supervising staff, and the Agricultural Department staff should go

round the whole area and find out the amount actually required by the members during the first stage of cultivation. When they go round the second time for the disbursement of the second instalment, they should verify whether the loan already disbursed has been properly applied by each of the members and so they should continue to work until the last instalment is paid.

The ryot requires money not merely for cultivation expenses but also for his other expenses such as the payment of kist and urgent domestic expenses. Generally one or two instalments fall due before the produce is harvested. Having given him the money for his cultivation expenses, it is not desirable that the society should drive him to the doors of the money-lender for money for the first or second instalment of kist or domestic expenses. The amount actually required for such purposes should also be ascertained by the supervising staff. Such loans should also be given by the village credit societies up to the extent of 40 per cent of the market value of the standing crops which will mature for harvest within one month. These loans should be given by the credit societies on the pledge of standing crops and also on personal security. The kist amount should be paid by the central bank or by the society direct to the Taluk Treasury lest it should be misapplied by the members. Financing of the ryot by the credit society will stop here.

Marketing.

The next stage of finance comes in when the produce is harvested. The ryot wants money to pay the balance of his instalments of kist. It is then that the ryot will go and sell his produce for whatever he can get. It is this that should be prevented by sale societies. Sale societies are generally organised at odd centres. This is not desirable. The headquarters of sale societies should be at the market centres especially in the case of commercial crops. It is here that the ryot has to bring his produce for sale, unless he is tempted by the village dealer to sell his produce at his very door. If a sale society is started at the market centre, the ryot can be induced to bring his produce to the sale societies' godowns, and there he should be allowed to hold up his produce for a better market, the accommodation required by him for his kist being given by the sale societies on the pledge of the produce in its custody. Now that all the central banks are interesting themselves in the marketing of the ryots' produce, it is necessary that the members should be made to avail themselves of such advantages. The central banks are

lending money at very low rates of interest to the loan and sale societies, such rates being generally 1 per cent lower than the rate charged to credit societies. The Provincial Bank has taken the lead in the matter and has been making grants to the loan and sale societies through central banks to enable them to maintain an establishment so as to reduce their working expenses and enable them to lend money without any big margin for themselves. With all these facilities offered by the central banks and the Provincial Bank, it should be possible for the loan and sale societies to be of real service to the struggling ryots. If the ryot is to benefit out of the loan he borrows from the credit society, he should be persuaded to bring his produce to the loan and sale society's godowns and not part with his produce to the village dealer for whatever he can get. The average ryot is shy and is reluctant to take his produce to the market centres. Propaganda should therefore be done by the supervisory staff to persuade him to bring his produce to the godowns of the loan and sale societies. If once he gets the benefit, he will continue to bring his produce.

Loan and sale societies generally confine themselves merely to the loaning on the pledge of produce. They do not arrange to market the produce. It is again credit here. It is necessary that the sale societies should do marketing as well, if they are to be of real benefit to their members. They should put the ryot into touch with the bazaar price and advise him as to the best possible time to sell his produce. They should give him also the correct weight or measure of his produce. No doubt the ryot is the best judge of his own interests and he should have the option to sell, whenever and wherever he likes. But it is the duty of the loan and sale society to put him into touch with the day to day market quotations, particularly in the case of the commercial crops, so as to enable him to sell his produce at the maximum price; otherwise the scheme will fail in its purpose. When the produce is sold, the loan and sale society should collect not only its own dues but also the dues of the credit society, of which it should have a list and pass on the amount due direct to the central bank which has financed the society. The whole of the sale proceeds should not be paid either to the member or to the credit society, because, in the one case, it is possible that the member will misapply the money and not pay his dues to the society, while in the other case it is possible that the President or the Secretary of the society will not pay the dues to the financing bank

but use it for relending or other purposes. Any surplus left over out of the surplus produce may be paid to the member in cash. It is only when the member gets a large surplus out of the sale proceeds of his produce that he will realise the benefits of the sale societies, and if the sale societies function successfully, the members would get more money by the sale of their crops.

It is not enough if the controlled credit scheme begins with the reform of the credit system and ends with marketing. It is necessary also that it should be linked to the land mortgage bank as well, so as to enable the ryot to borrow at low rates of interest and liquidate his debts to the sowcars or other creditors. It is only then that he can enjoy the fruits of his labour. Freed from the clutches of the moneylender, he will be a free agent to sell his produce in the open market with considerable facility and with great advantage to himself.

It will thus appear that the controlled credit scheme is a huge task requiring the aid of a large and active supervisory staff, but it cannot be denied for a moment that it is worth the trouble involved. If a ryot is to be benefited, he should be handled on all sides. His troubles are to be studied and remedies found, his needs are to be studied and money found for them. But it must be said that the scheme can only help those that can help themselves. If a ryot is hopelessly in debt, if he is lazy and improvident, no scheme on earth can help him. The scheme is an honest attempt to capitalise labour and character. Districts which have tried this controlled credit scheme have found it to be a success and not only are the current overdues reduced but even the prior debts long overdue are being reduced bit by bit. It is necessary, therefore, that this scheme is tried in all districts. For the success of this scheme, it is necessary that the rural credit societies, the central banks, the Departmental staff and the Agricultural Departmental staff should all combine; and if all these agencies are out for the improvement of the economic condition of the ryot, I do not see why they should not combine, and if they combine, I do not see why the ryot should not make more money. With more money in his pockets, gladness will be surging up in his heart; he will improve his home and with the improvement in each home, the countryside will improve. Rural Reconstruction will then have started.

The Chidambaram Co-operative Paddy Sale Society.

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

It gives immense satisfaction to read the first report of the working of this new society from 23-11-36 to 23-11-37. Unlike most other co-operative sale societies in the province dealing in paddy, which have been generally unsuccessful owing to heavy incidental charges for the borrowers to cart the paddy to the society, to provide gunny bags and to pay godown charges *etc.*, besides the interest charged on the loans taken by them, this new type of the paddy sale society in Chidambaram has, by a very sensible arrangement, minimised the carting charges and dispensed with the necessity to provide gunnies and pay godown charges, securing adequately, however, the paddy pledged for the loan. It has established a number of branches or centres in localities within easy reach of the borrowing ryots to deliver their pledged paddy and has placed each centre in charge of a responsible committee of 3 to 5 members of well-to-do circumstances residing in the area who have undertaken in a philanthropic spirit to look after the paddy secured for loans and furnished indemnity bonds to the society in respect of the security. The paddy is stored in the open in the form of "Ser" so common in village parts and the society has insured it against fire. A common watch is provided at a comparatively cheap cost which all the borrowing members together bear, the incidence of the charge on this account being but nominal for each individual. The first report of the society discloses that it operated in all centres during the year, advancing loans aggregating to Rs. 34,898-8-0 of which Rs. 33,049-8-0 was recovered during the year, leaving a balance of Rs. 1,849 on unsold paddy and that the ryots who borrowed such loans realised a total profit of Rs. 5,336 which works to an average percentage of 16 on the total sales. The profit in one village was as high as 40 per cent. and in no case was the profit less than 10 per cent. The society deserves to be heartily congratulated on the results of its working. What gives even greater satisfaction is the fact that the society has been most lucky in securing for its management no less personalities than Dr. B. V. Narayanaswamy Naidu, M.A., B. Com., Bar-at-Law, Professor of Economics in the Annamalai University as President and Mr. N. Ganapathy Pillai, B.E., Retired Engineer, as Vice-President and also several other leading persons of note.

This society serves as a beacon-light in the co-operative movement for the method of securing to the ryots the highest possible profits in the sale of their paddy and ought to give a great stimulus to the extensive paddy growing areas of the province to adopt similar methods and secure similar profits. It would be well worth the time and energy of leading co-operators of other parts of the province to try the experiment in their own districts after studying locally, if necessary, the details of the working of the Chidambaram society. I beg to offer my heartfelt congratulations and pay my humble tribute to the management of this unique society for the intelligent practical guidance and valuable lead they have given. May their laudable example be followed by other leaders in the province, which is the greatest need of the day for the co-operative movement.

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L. A. Bill No. 10 of 1937.

(As passed by the Assembly)

A Bill to provide for the Relief of indebted Agriculturists in the Province of Madras

Whereas it is expedient to provide for the relief of indebted agriculturists in the Province of Madras; It is hereby enacted as follows :—

CHAPTER I.—PRELIMINARY

1. This Act may be called the Madras Agriculturists Relief Act, 1938. Short title.
2. It extends to the whole of the Province of Madras. Extent.
3. In this Act, unless there is anything repugnant in the subject or context, Definitions.

(i) 'person' means an individual and includes an undivided Hindu family, a marumakkattayam or aliya-santana tarward or tavazhi, but does not include a body corporate, a charitable or religious institution or an unincorporated company or association;

(ii) 'agriculturist' means a person who—

- (a) has a saleable interest in any agricultural or horticultural land in the Province of Madras, not being situated within a municipality or cantonment, which is assessed by the Provincial Government to land revenue (which shall be deemed to include peshkash and quit-rent), or which is held free of tax under a grant made, confirmed or recognized by Government; or
- (b) holds an interest in such land under a landholder under the Madras Estates Land Act, 1908, as tenant, ryot or under-tenure holder; or
- (c) holds an interest in such land, recognized in the Malabar Tenancy Act, 1929; or
- (d) holds a lease of such land from any person specified in sub-clause (a), (b) or (c) or is a sub-lessee of such land:

Provided that a person shall not be deemed to be an 'agriculturist' if he—

Madras Act
I of 1908.

Madras Act
XIV of 1930.

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(A) has in either of the two financial years ending 31st March 1938 been assessed to income-tax under the Indian Income-tax Act, 1922, or under the income-tax laws of any Indian State, or foreign government; or

Act XI of 1922.

(B) has within the two years immediately preceding the 1st October 1937 been assessed to profession-tax on a half-yearly income of more than three hundred rupees derived from a profession other than agriculture under the Madras District Municipalities Act, 1920, the Madras City Municipal Act, 1919, the Cantonments Act, 1924, or any law governing municipal or local bodies in any other Province in British India, any Indian State or any foreign State in India, or under the Madras Local Boards Act, 1920, in a panchayat which was a union before the 26th August 1930; or

Madras Act V of 1920.
Madras Act IV of 1919.
Act II of 1924.

Madras Act XIV of 1920.

(C) has within the two years immediately preceding the 1st October 1937, been assessed to property or house tax in respect of buildings or lands other than agricultural lands, under the Madras District Municipalities Act, 1920, the Madras City Municipal Act, 1919, the Cantonments Act, 1924, or any law governing municipal or local bodies in any other province in British India or any Indian State, or under the Madras Local Boards Act, 1920, in a panchayat which was a union before the 26th August 1930, provided that the aggregate annual rental value of such buildings and lands, whether let out or in the occupation of the owner, is not less than Rs. 600; or

Madras Act V of 1920.
Madras Act IV of 1919.
Act II of 1924.

Madras Act XIV of 1920

(D) is a landholder of an estate under the Madras Estates Land Act, 1908, or of a share or portion thereof in respect of which estate, share or portion any sum exceeding Rs. 500 is paid as peshkash or any sum exceeding Rs. 100 is paid as quit-rent, jodi, kattubadi, poruppu or the like, or is a janmi under the Malabar Tenancy Act, 1929, who pays any sum exceeding Rs. 500 as land revenue to the Provincial Government.

Madras Act I of 1908.

Madras Act XIV of 1930.

L. A. BILL NO. 10 OF 1937

Explanation.—The annual rental value of any building or land for the purposes of proviso (C) shall—

- (1) where the assessment is based on the annual rental value, be deemed to be such value;
- (2) where the assessment is based on the capital value, be deemed to be five per cent of the capital value; and
- (3) in any other case, be deemed to be the value ascertained in the prescribed manner;

(iii) 'debt' means any liability in cash or kind, whether secured or unsecured, due from an agriculturist, whether payable under a decree or order of a civil or revenue court or otherwise, but does not include rent as defined in clause (iv), or kanartham' as defined in section 3 (i) (1) of the Malabar Tenancy Act, 1929;

(iv) 'rent' means rent as defined by the Madras Estates Land Act, 1908, or rent or michavaram as defined by the Malabar Tenancy Act, 1929, or quit-rent, jodi, kattubadi, poruppu or the like, payable to the landholder of an estate as defined by the Madras Estates Land Act, 1908, whether a decree or order of a civil or revenue court has been obtained therefor or not, and includes interest payable thereon but does not include costs incurred in respect of the recovery thereof through a civil or revenue court or the share of the land cess recoverable by the landholder under section 88 of the Madras Local Boards Act, 1920; and

(v) 'creditor' includes his heirs, legal representatives and assigns.

4. Nothing in this Act shall affect debts and liabilities of an agriculturist falling under the following heads:—

- (a) any revenue, tax or cess payable to the Provincial Government or any other sum due to them, by way of loan or otherwise;
- (b) any revenue, tax or cess payable to the Central Government or any other sum due to them, by way of loan or otherwise;

Certain debts and liabilities not to be affected.

Madras
Act VI of
1932.

- (c) any tax or cess payable to any local authority or any other sum due to them, by way of loan or otherwise;
- (d) any debt contracted on the security of house property alone in a municipality, a cantonment, or a panchayat which was a union before the 26th August 1930;
- (e) any liability in respect of any sum due to any co-operative society, including a land mortgage bank, registered or deemed to be registered under the Madras Co-operative Societies Act, 1932, or any debt due to any corporation formed in pursuance of an Act of Parliament or of any special Indian law or Royal Charter or Letters Patent;
- (f) any liability arising out of a breach of trust;
- (g) any liability in respect of maintenance whether under decree of court or otherwise;
- (h) any debt or debts due to a woman on the 1st October 1937 who on that date did not own any other property, provided that the principal amount of the debt or debts did not exceed rupees three thousand.

Explanation.—For the purpose of this clause, the house in which the creditor woman lived, or any furniture therein, or her household utensils, wearing apparel, jewellery, or such like personal belongings shall not be regarded as property.

- (i) Any wages due to an agricultural or other rural labourer.

Provided that where the liabilities mentioned in clause (e) arise by reason of an assignment to the co-operative society, such assignment has taken place before the 1st October 1937 or is an assignment to such society of a loan granted by a co-operative society.

Special Pro-
vision for
undivided
Hindu fami-
lies, etc.

5. Where an undivided Hindu family other than a marumakkattayam or aliyasantana tarwad or tavazhi is assessed to the taxes specified in provisos (A), (B) and (C) to section 3 (ii), or falls within the category of persons specified in proviso (D) to the same section, no person who was a member of the family on the 1st October 1937 shall

be deemed to be an agriculturist for the purposes of this Act except section 13.

Sons and
descendants
of non-agri-
culturist
members
of Hindu
families to
be non-agri-
culturists.

6. Where in an undivided Hindu family other than a marumakkattayam or aliyasantana tarwad or tavazhi which is an "agriculturist" within the meaning of section 3 (ii), any member of the family is not an agriculturist, then notwithstanding anything contained in section 3 (ii), none of his sons and descendants in the male line shall be deemed to be an agriculturist for the purposes of sections 7 to 12 and 19 to 27 of this Act.

CHAPTER II—SCALING DOWN OF DEBTS AND

FUTURE RATE OF INTEREST.

Debts
payable by
agricultu-
rists to be
scaled down.

7. Notwithstanding any law, custom, contract or decree of court to the contrary, all debts payable by an agriculturist at the commencement of this Act, shall be scaled down in accordance with the provisions of this Chapter.

No sum in excess of the amount as so scaled down shall be recoverable from him or from any land or interest in land belonging to him; nor shall his property be liable to be attached and sold or proceeded against in any manner in the execution of any decree against him in so far as such decree is for an amount in excess of the sum as scaled down under this Chapter.

Provision
for debts
incurred
before 1st
October
1932.

8. Debts incurred before the 1st October 1932 shall be scaled down in the manner mentioned hereunder, namely:—

- (1) All interest outstanding on the 1st October 1937, in favour of any creditor of an agriculturist whether the same be payable under law, custom or contract or under a decree of court and whether the debt or other obligation has ripened into a decree or not, shall be deemed to be discharged, and only the principal or such portion thereof as may be outstanding shall be deemed to be the amount repayable by the agriculturist on that date.
- (2) Where an agriculturist has paid to any creditor twice the amount of the principal whether by way of principal or interest or both, such debt including the principal, shall be deemed to be wholly discharged.

- (3) Where the sums repaid by way of principal or interest or both fall short of twice the amount of the principal, such amount only as would make up this shortage, or the principal amount or such portion of the principal amount as is outstanding, whichever is smaller, shall be repayable.
- (4) Subject to the provisions of sections 22 to 25, nothing contained in sub-sections (1), (2) and (3) shall be deemed to require the creditor to refund any sum which has been paid to him, or to increase the liability of a debtor to pay any sum in excess of the amount which would have been payable by him if this Act had not been passed.

Explanation.—Where a debt has been renewed or included in a fresh document in favour of the same creditor, the principal originally advanced by the creditor together with such sums, if any, as have been subsequently advanced as principal shall alone be treated as the principal sum repayable by the agriculturist under this section.

9. Debts incurred on or after the 1st October 1932 shall be scaled down in the manner mentioned hereunder, namely:—

- (1) Interest shall be calculated up to the commencement of this Act at the rate applicable to the debt under the law, custom, contract or decree of Court under which it arises or at five per cent per annum simple interest, whichever is less and credit shall be given for all sums paid towards interest, and only such amount as is found outstanding, if any, for interest thus calculated shall be deemed payable together the principal amount or such portion of it as is due.

Provided that any part of the debt which is found to be a renewal of a prior debt shall be deemed to be a debt contracted on the date on which such prior debt was incurred, and if such debt had been contracted prior to the 1st October 1932, shall be dealt with under the provisions of section 8.

- (2) Subject to the provisions of sections 22 to 25, nothing herein contained shall be deemed to require the creditor to refund any sum which has been paid to him or to increase the liability of the debtor to pay any sum in excess of the amount which would have been payable by him if this Act had not been passed.

Exceptions.

10. (1) The provisions of sections 8 and 9 shall not apply to any person who, though an agriculturist as defined in section 3 (ii), did not on the 1st October 1937, hold an interest in, or a lease or sub-lease of, any land as specified in that section.

(2) Nothing contained in sections 8 and 9 shall affect—

- (i) any mortgage by virtue of which the mortgagee is in possession of the property mortgaged, where no rate of interest is stipulated as due to the mortgagee, or
- (ii) any liability for which a charge is provided under section 55, clause (b) of the Transfer of Property Act, or
- (iii) any liability in respect of any sum due to any public company as defined in the Indian Companies Act, 1913, or to any scheduled bank as defined by section 2 (e) of the Reserve Bank of India Act, 1934, if the interest payable in respect of the liability is not more than nine per cent per annum.

11. Where a debt payable by an agriculturist includes any sum decreed as costs by any Court, or sums lawfully expended by a mortgagee or other person in order to preserve the property mortgaged, such sum or sums shall be recoverable in addition to the sum recoverable under the provisions of sections 8 and 9.

12. All debts which have been scaled down under the provisions of this Act shall, so far as any sum remains payable thereunder, carry from the date up to which they have been scaled down interest on the principal amount due on that date at the rate previously applicable under law, custom, contract or otherwise:

Provided that it shall not in any case exceed $6\frac{1}{2}$ per cent per annum simple interest, that is to say, one pie

Provisions as to costs, etc., in certain cases

Rate of interest payable by agriculturists on old loans.

Provision for debts incurred on or after 1st October 1932.

per rupee per mensem simple interest, or one anna per rupee per annum simple interest.

Rate of interest payable by agriculturist on new loans.

13. In any proceeding for recovery of a debt, the court shall scale down all interest due on any debt incurred by an agriculturist after the commencement of this Act, so as not to exceed a sum calculated at $6\frac{1}{4}$ per cent per annum, simple interest, that is to say, one pie per rupee per mensem simple interest, or one anna per rupee per annum simple interest :

Provided that the Provincial Government may, by notification in the Official Gazette, alter and fix any other rate of interest from time to time.

Explanation.—For the purposes of this section, the definition of 'agriculturist' in section 3 (ii) shall be read as if—

- (i) in proviso (A) to that section, for the expression "the two financial years ending 31st March 1938," the expression "the two financial years ending on the 31st March immediately preceding the date on which the debt is incurred" were substituted; and
- (ii) in provisos (B) and (C) to that section, for the expression "the two years immediately preceding the 1st October 1937," the expression "the two years ending on the 31st March or the 30th September (whichever is later) immediately preceding the date on which the debt is incurred" were substituted.

14. Notwithstanding anything contained in section 3 (ii) and subject to the provisions of sections 5 and 6, where in a Hindu family, whether divided or undivided, some of the members liable in respect of a family debt are not agriculturists while others are agriculturists, the creditor shall notwithstanding any law to the contrary, be entitled to proceed—

Separation of share of debt in particular cases.

- (a) against the non-agriculturist member or members and his or their share of the family property, to the extent only of his or their proportionate share of the debt; and
- (b) against the agriculturist member or members and his or their share of the family property, to the extent only of his or their proportionate share of the debt which shall be scaled down in accordance with the provisions of this Act.

CHAPTER III.—ARREARS OF RENT.

Madras Act I of 1908.
Madras Act XIV of 1930

15. (1) All rent payable by an agriculturist to a landholder or an under-tenure holder under the Madras Estates Land Act, 1908, or to a janmi or intermediary under the Malabar Tenancy Act, 1929, which has accrued for the fasli year 1345 and prior faslis and which is outstanding on the date of the commencement of this Act shall be deemed to be discharged whether the rent be due as such or whether a decree has been obtained therefor :

Conditional discharge of arrears of rent due to landholders etc.

Provided that where the person liable to pay rent (hereinafter in this section referred to as 'tenant') does not, on or before the 30th September 1939, pay up all arrears of rent accrued in respect of any holding for faslis 1346 and 1347, the arrears of rent for fasli 1345 and prior faslis which were outstanding in respect of the same holding on the date of the commencement of this Act shall be deemed to be discharged only in the same proportion as the rent due for faslis 1346 and 1347 which is paid up by the ryot or tenant bears to the rent due for those two faslis :

Provided further that no tenant shall be entitled to the benefit of this section unless he shall have paid in respect of the holding, the rent due for fasli 1347 on or before the 30th September 1938.

Madras Act XIV of 1930

Explanation.—In cases governed by the Malabar Tenancy Act, 1929, any reference to a fasli year in this Chapter shall be deemed to be a reference to the agricultural year as defined in the Malabar Tenancy Act, 1929, which contains the greater part of the fasli year.

Madras Act XIV of 1930

Illustrations.—(a) A ryot or tenant is in arrear at the commencement of this Act in respect of rent for a particular holding for fasli 1345 and prior faslis in the sum of Rs. 500 and is in arrear on that date in respect of rent for the same holding for faslis 1346 and 1347, the rent for each fasli being Rs. 100. Within the 30th September 1938 he pays the rent for fasli 1347 and within 30th September 1939, he pays the rent for fasli 1346. The arrears of rent of Rs. 500 which were outstanding at the commencement of this Act will be deemed to be discharged.

(b) A sum of Rs. 500 representing the arrears of rent in respect of a particular holding for fasli 1345

THE MADRAS JOURNAL OF CO-OPERATION

and prior faslis and the rents for faslis 1346 and 1347 for that holding are in arrear and outstanding at the commencement of this Act, the rent for each fasli being Rs. 100. The ryot or tenant pays the landholder within 30th September 1938 the rent for fasli 1347 but fails to pay within the 30th September 1939 any portion of the rent for fasli 1346. Only a sum of Rs. 250, or one half of the rent of faslis prior to and inclusive of fasli 1345 will be deemed to be discharged.

(c) In the same case, the ryot or tenant does not pay the landholder within the 30th September 1938 the whole of the rent for fasli 1347. No portion of the arrears for fasli 1345 and prior faslis is discharged, and the ryot loses the benefit of this section.

(d) In the same case, the ryot or tenant pays the landholder within the 30th September 1938 the rent for fasli 1347, but pays within the 30th September 1939 only Rs. 50, being half the rent for fasli 1346. He has thus paid Rs. 150 out of Rs. 200 being the rent of both the faslis 1346 and 1347, before 30th September 1939. A sum of Rs. 375, or three-fourths of the rent of faslis prior to and inclusive of fasli 1345 will be allowed to be discharged.

(2) Nothing contained in sub-section (1) shall be deemed to effect a discharge of arrears of rent which accrued due for fasli 1345 if proceedings for the recovery of such arrears stood stayed by an Act of the Legislature or by an order of a Court or if such proceedings, if instituted, would have stood so stayed. But the arrears of rent for fasli 1345 shall not be recoverable until the 30th September 1938 or if the rent for fasli 1347 is paid before that date, until the 30th September 1939.

Madras Act
I of 1908.

(3) Notwithstanding anything to the contrary in any agreement or in section 64 of the Madras Estates Land Act, 1908, any payment of rent made by a tenant after the commencement of this Act shall be credited towards the rent due by him for fasli 1347 in the first instance and for fasli 1346 in the next instance, and not towards the rent due for any previous fasli.

(4) Every tenant shall be at liberty to pay into Court any amount towards the rent due or claimed to be due by him for faslis 1347 or 1346 or both and thereupon the Court shall, after notice to the landholder, under-tenure holder,

janmi or intermediary, as the case may be, apply the provisions of this Act and determine whether the whole or only a portion of the rent for the faslis aforesaid has been paid by the tenant, and also the extent of the remaining liability, if any, of the tenant for rent under the provisions of this Act.

Explanation.—For the purposes of this sub-section, 'Court' shall mean the Collector referred to in section 206 (1) of the Madras Estates Land Act, 1908, or the Court referred to in section 3 (b) of the Malabar Tenancy Act, 1929, as the case may be.

Madras Act
I of 1908.

Madras Act
XIV of 1930

16. Notwithstanding anything contained in this chapter, a landholder or an under-tenure holder under the Madras Estates Land Act, 1908, or a janmi or intermediary under the Malabar Tenancy Act, 1929, shall be entitled to recover, in addition to any sum recoverable by him under section 15—

Landholder
to be en-
titled to
recover
landoess and
costs.

Madras
Act I of 1908
Madras Act
XIV of 1930.

Madras Act
XIV of 1930.

- (a) the land cess, if any, paid by him and recoverable under section 88 of the Madras Local Boards Act, 1920 ;
- (b) the land revenue and water cess, if any, paid by him to the Provincial Government which the tenant was bound to pay by virtue of any law, custom, contract or decree of court governing the tenancy ; and
- (c) the costs awarded to him in any decree for rent obtained by him.

Madras Act
I of 1908.
Madras Act
XIV of 1930.

17. Notwithstanding anything contained in the Madras Estates Land Act, 1908, or the Malabar Tenancy Act, 1929, or in any law of limitation or procedure in force for the time being, no suit or execution proceedings in respect of arrears of rent accrued for fasli 1345 or any prior fasli which, under the existing law, would become barred between the 1st October 1937 and the 30th September 1938, shall be so barred and the landholder, under-tenure holder, janmi or intermediary, as the case may be, shall be entitled to file a suit or institute execution proceedings for recovery thereof, on or before the 31st December 1938 ; and in cases where the rent due for fasli 1347 has been paid before the 30th September 1938, the period of limitation for any suit or execution proceedings for the recovery of any arrears of rent which, under the existing law, would become barred

Extension of
limitation
for suits,
etc., for rent
in certain
cases.

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between the 1st October 1937 and the 30th September 1939, shall stand extended until the 31st December 1939 :

Provided that where on the 31st December 1938 or the 31st December 1939, as the case may be, an application under sub-section (4) of section (15) is pending in any Court, the period of limitation prescribed by this section shall stand extended until the expiry of a period of two months from the date of the order on such application.

CHAPTER IV.—PROCEDURE AND MISCELLANEOUS.

18. (1) Where a decree is passed against an agriculturist in a suit filed on or after the 1st October 1937, the Court shall allow only such costs as would have been allowable if the suit had been filed for the amount of the debt as scaled down in accordance with the provisions of this Act, and where in any such case a decree has been passed before the commencement of this Act, the Court shall, on application by the agriculturist, amend the decree accordingly.

(2) Nothing in sub-section (1) shall apply to any suit instituted on or after the 1st October 1937 and before the commencement of this Act in respect of a claim which would be barred by limitation before the 1st April 1938.

Amendment
of certain
decrees.

19. Where before the commencement of this Act, a Court has passed a decree for the repayment of a debt, it shall, on the application of any judgment-debtor who is an agriculturist or in respect of a Hindu joint family debt, on the application of any member of the family whether or not he is the judgment-debtor or on the application of the decree-holder, apply the provisions of this Act to such decree and shall, notwithstanding anything contained in the Code of Civil Procedure, 1908, amend the decree accordingly or enter satisfaction, as the case may be :

Provided that all payments made or amounts recovered, whether before or after the commencement of this Act, in respect of any such decree shall first be applied in payment of all costs as originally decreed to the creditor.

Stay of
execution
proceedings.

20. Every court executing a decree passed against a person entitled to the benefits of this Act, shall on application, stay the proceedings until the court which passed the decree has passed orders on an application made or to be made under section 19 :

Provided that where within 60 days after the application for stay has been granted the judgment-debtor does

Provision
as to costs
in certain
cases.

Act V of
1908.

Adjudica-
tions in
insolvency.

Special
provision in
the case of
certain
sales of
movable
property.

Sales of
immovable
property
to be set
aside in
certain
cases.

L. A. BILL NO. 10 OF 1937

not apply to the court which passed the decree for relief under section 19 or where an application has been so made and is rejected, the decree shall be executed as it stands, notwithstanding anything contained in this Act to the contrary.

Explanation.—The expression “the court which passed the decree” shall have the same meaning as in the Code of Civil Procedure, 1908.

Act V of
1908.

21. Nothing contained in this Act shall apply to the debts payable by any person who has been adjudicated an insolvent, if prior to the coming into force of this Act, a dividend has been declared out of his assets. If a dividend has not been so declared, this Act shall apply to the debts payable by such person if he would have been an agriculturist within the meaning of this Act but for his adjudication in insolvency.

22. Where, in execution of any decree, any movable property of an agriculturist has been sold on or after the 1st October 1937, any judgment-debtor may apply to the court for an order that the provisions of section 8 or 9, as the case may be, and of sections 11 and 12 be applied to the decree, and the court, shall, if satisfied that the applicant is an agriculturist entitled to the benefits of those sections, apply the same and order the decree-holder to refund any sum received by him on or after the 1st October 1937 in excess of the amount to which he would have been entitled if the property had not been sold :

Provided that no such order shall be made without notice to the decree-holder and without affording him an opportunity to be heard in the matter.

23. Where in execution of any decree any immovable property, in which an agriculturist had an interest, has been sold or foreclosed on or after the 1st October 1937, then, notwithstanding anything contained in the Indian Limitation Act, 1908, or in the Code of Civil Procedure, 1908, and notwithstanding that the sale has been confirmed, any judgment-debtor, claiming to be an agriculturist entitled to the benefits of this Act, may apply to the court within 90 days of the commencement of this Act to set aside the sale or foreclosure of the property, and the court shall, if satisfied that the applicant is an agriculturist entitled to the benefits of this Act, order the sale or foreclosure to be set

Act IX of
1908,
Act V of
1908.

aside, and thereupon the sale shall be deemed not to have taken place at all:

Provided that no such order shall be made without notice to the decree-holder, the auction purchaser, and other persons interested in such sale or foreclosure and without affording them an opportunity to be heard in the matter.

24. Where a sale is set aside under the preceding section, a purchaser shall be entitled to an order for repayment of any purchase money paid by him against the person to whom it has been paid:

Consequential provision on setting aside of sale.

Provided that no poundage shall be payable in respect of any such sale and provided further that where poundage has been collected the court shall direct the same to be refunded.

25. All alienations of immovable property made by an agriculturist debtor on or after the 1st October 1937 shall be invalid as against every creditor whose sale in execution or foreclosure decree has been set aside under section 23 or who became entitled to rateable distribution of the proceeds of such sale under section 73 of the Code of Civil Procedure, 1908.

Alienations by debtor.

26. Any creditor may apply to the Collector of the district in which the creditor believes his debtor to have been or to be assessed to income-tax in terms of proviso (A) to section 3 (ii) or to profession, property or house tax under the Cantonments Act, 1924, in terms of provisos (B) and (C) to that section, for information as to the above facts and the Collector shall thereupon ascertain such information and grant to such creditor a memorandum in the prescribed form as to whether the debtor has been so assessed to income-tax or to profession, property or house tax. Such memorandum shall be received in every court as evidence of the facts stated therein.

District Collector to furnish information as to certain facts.

27. Any creditor may apply to the executive authority of a municipality, the president of a local board or the Revenue Officer of the Corporation of Madras for information as to whether his debtor was or is assessed to profession, property or house tax in terms of provisos (B) and (C) to section 3 (ii), and the executive authority, President or Revenue Officer shall thereupon grant to such creditor a certificate in the prescribed form as to whether the debtor named in the application has been so assessed to profession,

Executive authorities of local bodies to furnish information as to certain facts.

property or house tax. Such certificate shall be received in every court as evidence of the facts stated therein.

28. (1) The Provincial Government may make rules for carrying into effect the purposes of this Act.

Power to make rules.

(2) In particular and without prejudice to the generality of the foregoing power, the Provincial Government may make rules—

- (a) in regard to any matter which is required to be prescribed by this Act;
- (b) prescribing the form of, and the fees to be paid in respect of, applications under this Act; and
- (c) for removing any difficulty in giving effect to the provisions of this Act.

(3) All rules made under this section shall be consistent with the provisions of this Act. They shall be published in the Official Gazette and upon such publication shall have effect as if enacted in this Act.

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Mr. K. C. Ramakrishnan on His European Tour.

[Mr. K. C. Ramakrishnan, M.A., who along with Mr. A. G. Sherlekar of Indore, represented India at the recent International Co-operative Congress at Paris, was entertained by the Madras Provincial Co-operative Union on his return from Europe. The following is a summary of the speech made by him on the occasion.]

I am much obliged to the President of the Provincial Co-operative Union for his personal kindness to me. I should also express, in public, my deep gratitude to the authorities of the Madras Provincial Co-operative Bank for their handsome grant from the Common Good Fund towards the expenses of my tour in Europe. I should have, I must confess, felt the weight of gratitude a little less if the grant had been made by the Provincial Co-operative Union, under the auspices of which I believe I may claim to have done a little service to the movement, instead of from the Provincial Bank, which I cannot claim to have served in any manner. I know only too well the helpless position of the Union in respect of finance and its perpetual dependance on the generosity of the Bank. It is a situation which the thinking co-operators cannot contemplate with equanimity. Unions in European countries are few of them financially independent, but they do not depend on any one central institution so much. Contributions to them come from different branches of the movement, and their journals are very widely circulated, and their staff and equipment are ampler. Our Union, which utilises every rupee of its income carefully, deserves much greater support from all co-operators.

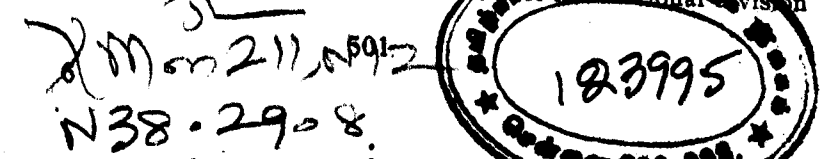
The 15th International Co-operative Congress, held at Paris last September, which I was deputed to attend along with Mr. A. G. Sherlekar of Indore by the All-India Co-operative Institutes' Association, was certainly an event of great importance in the co-operative world. There were nearly 500 delegates from 25 countries. But the vast majority of them were representatives of consumer's co-operative organisations affiliated to the International Co-operative Alliance which holds the Congress once in three years. Some of the delegates no doubt came from countries like Denmark, France and Holland, noted more for agricultural than consumer's co-operatives; but most of them represented the latter, except perhaps in the case of France. Judged by the subjects discussed at the Congress and the attitude of the speakers, the impression that it was essentially a gathering of consumers would not be incorrect. Delegates from countries like India, Japan, Palestine and a few other countries felt that their problems, particularly credit, received no attention at the Congress.

MR. K. C. RAMAKRISHNAN ON HIS EUROPEAN TOUR

I did enjoy the discussions on consumers' co-operation, having been myself connected with the management of our biggest consumers' society—the T. U. C. S. And I believe that there is great scope, at any rate a great need, for the development of the store movement among our growing industrial and urban population—along with the growth of the Trade Union movement and the rise in wages that are bound to come. Even in agricultural countries there is scope for the development of stores or trading unions, as organised in the days of Mr. Hemingway. Here again, it is not merely better personnel but higher income and higher standard of living among the agriculturists that are required to make the store successful, even as it is in Denmark and other agricultural countries. I shall not here enter into the discussion whether further specialisation in agriculture or the ideal of the self-sufficiency so much preached in India will promote progress.

There is no denying that our more immediate problems relate to credit for agriculture and cottage industries and the processing and marketing of agricultural produce and the products of small scale industries. The co-operative outlook that is commonly developed in India is that of the producer, often opposed to that of the consumer, so strong in the International Congress. Consumers' organisations all over Europe have been hostile to the restrictions imposed on production, import and marketing of agricultural produce by Governments; while agricultural co-operatives have generally benefited by them and some are anxious to retain such adventitious aids. In spite of such recent developments, consumers' co-operatives including the International Alliance have shown a desire to treat with the agricultural co-operatives and hence national and international Inter-Co-operative Relations Committees have been set up to reconcile the interests of both, apparently conflicting but not necessarily so. A report that had already been published in 1935 was circulated among delegates; and more might soon be published by the International Inter-Co-operative Relations Committee. It is with not a little pleasure that I stood up to support that part of the report of Mr. A. J. Cluet and his resolution which related to the development of the International Co-operative Wholesale Society which has been already established and which is expected to work in conjunction with agricultural and productive organisations of the world. We may indeed look forward to this new organisation for support in respect of marketing some of the products of the growing number of sale societies organised in India both for agricultural produce and the products of cottage industries.

I felt bound, however, to enter a caveat at the report and resolution submitted on behalf of the Central Committee of the International Alliance to the Congress on the subject of International Exchange. The report appeared to have too much on the ideal of international division



of labour and unrestricted free trade and the resolution wanted the Congress to declare itself against all forms of protection, direct and indirect. We in India had been agitating for half a century to get some measure of protection for our promising young manufactures, and there are few thinking Indians, co-operators or others, who would give up the mild duties imposed in the name of 'discriminating protection' on a few manufactured goods. To give them up might mean throwing out of employment, or depressing the wages of workers who were not wanted on land. If the world, in the eyes of the International Co-operative Alliance, had become over-industrialised, we in India are over-ruralised, and we have been anxious to work for a balance between agriculture and industry. My suggestion to introduce the word indiscriminate, before 'protection' had no chance of acceptance in an assembly so full of consumers' co-operatives.

More than all the discussions at the Congress and the splendid excursions arranged for the delegates by the Reception Committee of enthusiastic French Co-operators, I should value the personal contacts we were able to establish with some of the delegates who were intimately connected with the co-operative movement in different countries. They were of great help to us, Mr. A. G. Sherlekar and myself, when we visited in succession the co-operative institutions in France, England, Ireland, Belgium, Holland, Denmark, Czechoslovakia, Austria and Switzerland. They were not only willing but anxious to help us and we were introduced by them to some leading co-operators who did not attend the Congress. I saw almost all the central institutions and the prevailing types of consumers' agricultural and industrial producers' societies in the above countries. This is not the occasion to speak of the different types and give my impressions of them. I propose to do so in the pages of the "Madrass Journal of Co-operation" and the "Indian Co-operative Review". I only wish to say here that as regards the predominant type we have in India, the agricultural credit society, one does not hear very much of such societies in Europe. There are no doubt a large number of credit societies, but they seem to play quite a subordinate part; they are there to help the other co-operative ventures—processing and marketing of agricultural products. In Ireland credit societies are a failure, it is confessed. In countries like Holland and Denmark, the local processing and marketing societies command such an amount of confidence, that there is no difficulty in getting all the funds needed locally, so that the Central Bank finds itself unable to use up all the deposits it attracts. One hears little of the failure of local credit societies there—seldom does any one borrow for unproductive purposes. Indeed, in countries noted for Animal Husbandry and Horticulture, with yields more frequent than in the case of cereal crops, the demand for credit cannot be great. It is worthwhile attempting such comparative studies in the Study Circles that the Provincial Co-operative Union is endeavouring to organise.

Reviews.

"SADHYAMA"—A CO-OPERATIVE PLAY.

BY DEWAN BAHADUR V. BHASHYAM AIVANGAR.

The Tamil co-operative play, "Sadhyama" ("Is it possible?"), published recently, is of sorrowful interest, as its author, Mr. T. L. R. Chandran, I.C.S., who was a promising co-operative officer has since been snatched away by the cruel hand of death, while yet in the prime of life. Education through the eye is said to be better than education through the ear, but a play, which when enacted educates by both, is the best. We, therefore, welcome this attempt at popularising co-operation by means of a small social play, which can be easily put on the stage.

The idea of the play might have originated on reading the work of Upton Sinclair, "Co-op. A Novel of Living Together" which was noticed in these pages last year. The play, however, is far simpler and quite naturally only touches the essentials of the subject. It must have been intended just to create an initial interest in co-operation in the minds of persons unacquainted with the movement, and to show roughly how people can join together and with good will, honesty and industry alone, without the need for much capital in the shape of money, solve the problem of unemployment. The play will surely serve this purpose.

Typical characters have been introduced into the play both to interest the reader or spectator and to make out the necessity and advisability of co-operation. And they are cleverly sketched. Raman, belonging to a poor family, is an M. A. in Economics, with College and University medals to his credit and also a research scholar. But he cannot procure a job to maintain himself and his family, "communal rotation" contributing to keep him out of public service. He starts the idea of co-operation at a casual gathering of class mates and friends at the beach, while discussing a convocation address which did not deal with "educated unemployment." Various remedies, ranging from communism to pure Government action, are suggested and discussed, but Raman's exposition of co-operation carries the day, though not without a dissentient voice from Krishnaswami, who supports capitalism.

Sundaram, son of a Zamindar and an England returned Barrister, who does not find his profession congenial, supports the idea and the friends set to work at once. Of these is Raman's unmarried sister, Sundari, also. She is a graduate with a noble ideal—that of social, and especially Harijan, service. They take the help of other qualified persons, including Ananda Rao, a bank accountant, who got into financial difficulty and having been forsaken by his erstwhile friends, wanted to end his life by drowning himself in the sea, but was saved in time by Raman and his friends. They start various concerns, like lunch-home,

washing house, firewood depot, tailoring shop, bee-keeping, repair workshop and bakery, on co-operative basis, and all or most of these concerns are successful and profitable. Sundaram convinces his father, who had by extravagance involved himself in debts, of the need and benefits of co-operation and introduces it among the ryots of his Zamindari estate, who appreciate the advantages reaped by them from it.

The influences which hinder co-operation are not omitted in the play. Krishnaswami, who espoused capitalism at the first meeting of the friends, made indecent overtures to Sundari at the end of a dance given by her in the Co-operative Hotel, and when they were rejected contemptuously, gathered the forces of disorder and created trouble, which resulted in violence against Ananda Rao; but love conquers hate and wins over the repentent Krishnaswami to the cause of co-operation. The play ends with this success and the joining of Sundaram and Sundari in sacred wedlock and universal happiness.

We may invite attention to a few minor defects. Although there may not be much objection to the admixture of common English words and expressions in a play of this sort, it would have been better if the admixture were more sparing. Not only words and expressions but whole sentences in English have been introduced in the dialogues, with the result that it was found necessary to put them down in that language itself and to explain their meaning in Tamil within brackets. This has led to confusion. A list of characters might have been prefixed with advantage and print mistakes of which there are many, might have been minimised, if not avoided altogether. These defects may be set right if the book goes into a second edition.

The play will be found useful and helpful to advance the cause of co-operation.

CO-OPERATION IN TRAVANCORE.

(1935-36—M. E. 1111.)

During the year under report the number of societies decreased slightly from 1,767 to 1,766 and their membership from 2,23,760 to 2,20,458, but the working capital increased from Rs. 87.6 lakhs to Rs. 92.0 lakhs. Seventeen new societies were registered of which 12 were non-credit societies. Of these one was a cattle breeding society, one for the collection and sale of butter-milk, butter and other milk products, one was a rural reconstruction society, one a women's thrift society, one a women's production and sale society, and one a better living society.

While the working capital of the societies increased, the total turnover of all societies decreased from Rs. 185 lakhs to Rs. 155 lakhs, the main factor being the shrinkage in the transactions of the Central Bank by about Rs. 25 lakhs.

REVIEWS

The percentage of overdues continued to increase from year to year in respect of both principal and interest. At the end of the year under report the percentages were:

	Principal.	Interest.
Central Bank ...	63	62
Agricultural Societies ...	79	77
Non-agricultural Societies.	65	64

There is practically no difference between the percentages of principal and interest in respect of any of the three classes of societies and unlike other parts of South India the overdues in non-agricultural societies are surprisingly high.

With such a high percentage of overdues in respect of interest it is no wonder that the Travancore Central Bank worked at a loss of nearly Rs. 1 lakh. This is indeed the third year of its working at a loss. Formerly, interest accrued but not collected was being taken into account in calculating the profits of the Bank. This was rightly stopped some four years ago. Unless the Bank takes special steps to collect its overdue interest, it cannot hope to work at a profit or pay a dividend to its share-holders.

The women of the west coast of South India enjoy a higher social status and are more highly educated than their sisters in any other part of India. They are reported to be taking an active part in the promotion of co-operation in the Travancore State. There were 9 societies exclusively for them, of which one was a store for stocking and selling cloth, one combined credit, weaving and the sale of cloth, one was a milk supply society and the others were thrift and credit societies.

The Registrar points out that the greatest need of the movement in the State is the education of the members of primary societies in the elementary principles and methods of co-operation. He pleads for a special grant for this purpose like the grant made by the Government of India to the various British Provinces.

V. V. S.

CO-OPERATION IN AJMER-MERWARA.

During the co-operative year 1935-36, in the small administrative province of Ajmer-Merwara, the number of societies of all kinds increased from 735 to 752, the number of individual members in them from 21,230 to 21,935 and the total working capital from Rs. 52.79 lakhs to Rs. 54.04 lakhs. These figures for the small area of the province give it a very high place among the provinces of India in regard to the spread of the co-operative movement. It is a matter for congratulation that in spite of the continued economic depression and of unfavourable rainfall, it was possible to record all round progress during the year.

There were 3 central banks and 4 banking unions. The former between them had a membership of 759 individuals and 705 societies,

while the latter had no individuals and 229 societies. The total number of societies in the province being 752, it is obvious that a number of societies are members of both banks and unions, and a certain amount of overlapping seems to prevail. The loans due by societies to the central banks amounted Rs. 12.16 lakhs, while those due to the banking unions amounted only to Rs. 1.75 lakhs. The former had attracted as deposits more than Rs. 10 lakhs from the public, whereas the latter had done so only to the extent of Rs. 1 lakh. The existence of the latter therefore does not appear to be warranted.

There were two central societies for purposes other than credit. One was a Supply Union and the other a Commission Shop. The former supplied goods to the value of Rs. 2,437 and the latter did business only to the extent of Rs. 557. So both of them were very undeveloped.

The total number of agricultural societies was 617, of which 22 were land mortgage banks with limited liability, 570 were credit societies with unlimited liability and the remaining 25 miscellaneous societies, of which as many as 17 were Fodder Storage societies. During the year under report about 3,800 maunds of fodder were stocked with them and about 2,600 maunds drawn from them by the members. The efficiency of societies is judged in this province by the percentage which recoveries bear to loans; those showing 42.1, 17.9, 7.0 and 1.8 per cent recoveries being classed as A, B, C and D respectively. The recovery of all societies was 8.4. The amounts given as overdues for limited and unlimited societies form less than 1 per cent. but obviously they cannot be compared with the figures of Madras, Bengal and other provinces, where the overdues are calculated on a different basis. The lending rate varied from 7½ to 10 per cent in the case of land mortgage banks and from 9 to 12½ per cent in the case of unlimited liability societies.

Non-agricultural societies numbered 123, of which 57 were credit societies with limited liability, 25 credit societies with unlimited liability, 2 purchase and sale societies and 37 miscellaneous societies. But 24 out of the 37 of the miscellaneous group were thrift and savings societies, which might well be classed with credit societies. Of the 57 credit societies with limited liability, 24—those in Ajmer and Nazirabad circles—had an average membership of more than 100, while the remaining 33 which were in Beawar circle had an average membership of only 10. The 24 societies of Ajmer and Nazirabad circles appear to have been the only urban societies. Their transactions as well as deposits from members were considerable. The other societies were quite insignificant.

Among non-agricultural non-credit societies, special mention should be made of the Nazirabad Shahar Safai Society, which appears to be a Sweepers' society taking on contract the work of cleaning the town; the Kayasth Educational Society which appears to have been serving as a sort of insurance society for financing the education of the children and dependents of its members, and the Rajaputana Salt Sources Co-operative Labour and Savings Society, which appears to be a labour society for collecting and transporting salt from the Sambhar Lake. The information given in the Registrar's report about these societies is very meagre. Co-operators outside the province would have very much appreciated an ampler account of them.

The Registrar has made out a strong case for increasing the staff of inspectors and auditors.

V. V. S.

News and Notes.

On Mr. S. S. Krishnan Chettiar, President, Rasipuram Co-operative Union, Salem District, the title of Rao Saheb was conferred by Government on the New Year Day. This is about only honour found in this year's list, conferred on a co-operator of our province for co-operative work.

The services of Mr. S. Nithyanandham, M.A., Sub-Deputy Registrar, Trichinopoly, have been lent to the Pudukottah State for conducting a survey of the co-operative movement there and to suggest lines of improvement.

A Sugar Cane Growers' Co-operative Union was started in the last week of January at Hospet to administer the subsidy granted by the Government from out of the sugar excise duty. Mr. B. Ananthachariar, M.L.A., is its president and Dr. R. Naganna Gaud, M.Sc., Ph. D., its secretary.

The Department of Industries, Madras, opened some time ago a centre at Ayodhyapatnam in Salem District for teaching tappers how to make jaggery from the fresh juice of the coconut trees. The centre has now been closed and another opened near Salem to teach palmyra jaggery making. About half a dozen jaggery co-operative societies have been started. They borrow from the District Bank and make advances to the tappers and sell the jaggery produced by them through the Salem Co-operative Sale Society. A special Thrift Inspector has been appointed to promote thrift among the weavers.

A conference of the ryots of the Banganapalli State in Kurnool District was held on the 20th January last with the object of reviving rural cottage industries by means of co-operative societies. Mr. Humayun Mirza, Dewan, (son of Sir Mirza Ismail of Mysore) presided. The formation of a Co-operative Cottage Industries Association was resolved upon and a large number of shares were subscribed on the spot.

The membership of the Adi Andhra Co-operative Society, Krishnampet, Madras, consisting chiefly of Municipal sweepers, increased during 1936-37 from 47 to 64. Originally a credit society, it collected all the dues from its members and paid off its loans to the central bank and requested liquidation, on account of the profession tax being imposed upon it some years ago by the Corporation of Madras. It, however, was not actually liquidated but kept legally alive. After the tax was taken off, it revised its activities two years ago—not, however, to give loans but to purchase rice in bulk and at a small margin to supply it to the members on one to two months' credit. In 1936-37 it purchased rice for Rs. 3,725 and sold it for Rs. 4,031. All the members purchase their rice from the society and have been quite regular in their payments. They are also making a small recurring deposit with the society. It worked at a profit of Rs. 164-14-0, which is very moderate. The example of this humble society deserves to be followed by many prouder ones.

The report of Vinayashram in Bapatla Taluk, Guntur District, which is directed by Mr. G. Sitarama Sastri, for the years 1936 and 1937 shows that its activities in various directions progressed satisfactory and that it received good support from the public. It was one of the rural centres recognised by the Provincial Co-operative Union and receiving a grant from it until last June, when the Union stopped grants to all centres. The object of the Ashram is to promote the ideals of simple life and social service taught by Mahatma Gandhi. Its energies are devoted very largely to the promotion of rural industries, in particular spinning, rice pounding, making palmyra jaggery, malt, tape, buttons, Ayurvedic medicines etc. Its workers rendered notable service to the people of Bapatla Taluk when it was struck by cyclone in November 1936. The Provincial Bank was good enough to give it a grant of Rs. 500 last month from its Common Good Fund.

Presiding over the Silver Jubilee Celebration of the Kasargod Town Bank, Rao Bahadur M. Giriappa, Joint Registrar, pointed out that there were three pit-falls to be guarded against by the Urban Banks. The first pit-fall was faction. Everyone had his politics, it was true, but it was most important that politics or the factions spirit should not be carried into the society. The second was 'greed for power' and the third, the advent of money-lenders. These latter often contrived to become presidents or secretaries of urban banks, issued loans to their private clientele and transferred all their bad debts to the societies, and then left them to mend their affairs as best they could. Mr. Giriappa did well to stress the third pit-fall in particular.

During the Hon'ble Mr. V. V. Giri's recent visit to Coimbatore, a conference of the representatives of loan and sale societies took place in the premises of the District Urban Bank. Mr. T. A. Ramalingam Chettiar presided over it. The Minister and the Joint Registrar were present at the conference. Mr. Ramalingam Chettiar pleaded for greater co-ordination between land mortgage banks and loan and sale societies. He advised the latter to pursue more businesslike methods and to advance crop loans. He expected a great development of the co-operative movement as a result of the present debt relief legislation. Mr. Giri observed that it was a pleasure to him to attend this conference and that he would consider sympathetically its resolutions including the suggestion for the appointment of Junior Inspectors.

Speaking recently at Coimbatore, Rao Bahadur M. R. Ramaswami Sivan, retired Principal of the Agricultural College, advocated the formation of agricultural colonies for the benefit of the educated unemployed. He said that at Lyallpur in the Punjab, which he had visited recently, graduate farmers had been able within a short period of five years not only to recoup the capital they had invested in the farms but also to own good houses and sufficient live-stock and to earn about Rs. 140 a month. In Madras where

irrigation facilities similar to those in the Punjab did not prevail, an income of Rs. 100 per month may not be possible, but of Rs. 50 he felt confident. Statistics showed that about 24 million acres of cultivable land was available in Madras and it should be possible to establish several colonies successfully. He urged the appointment of a special colonisation officer to promote such colonies.

The Government of Orissa propose to enact very soon legislation on the lines of the Madras Act to promote land mortgage banks in Orissa.

At a conference of the weavers of Bijapur district held during the Christmas week a resolution was passed urging the Bombay Government to introduce, as in Madras, a Sale of Cloths Bill. Another resolution asked for a subsidy to the handloom industry for providing good silk and cotton yarn to the weavers.

According to a recent press telegram about 800 organisers, after undergoing training in village life, have been appointed by the Government of United Provinces to develop economic and cultural life in the province. In each district rural development associations are also constituted to supervise and direct the work in the villages. About ten thousand villages will be attended to.

By giving a subvention of Rs. 7,000 to the Central Co-operative Land Mortgage Bank of Mysore, the Government of the State have made it possible for the latter to reduce its lending rate to primary banks from 7 p. c. to 6 p. c. and their rate to the ultimate borrower from 8 p. c. to 7 p. c. The Government have also appointed a special staff of six Inspectors to help the land mortgage banks. There used to be considerable delay hitherto in examining the applications as that work was entrusted to ordinary co-operative Inspectors who had other duties to perform. Such delay will be obviated hereafter. The minimum amount of loan is also reduced from Rs. 500 to Rs. 300. These various steps should make loans from land mortgage banks more popular than hitherto.

In 1936-37, its second year, the Cochin Co-operative Land Mortgage Bank, Trichur, had a vigorous life. Its membership rose from 984 to 1187, which shows that a wide public is taking interest in its work. It floated debentures for Rs. 6 lakhs at 4 p. c. interest in July 1937. In a few hours four times the required amount was subscribed. As in Madras and elsewhere, the debentures enjoy Government guarantee in respect of both principal and interest. The Bank charges 6 p. c. interest on its loans. During last year it was able to meet most of its expenses from its own earnings and drew only to a small extent upon the contribution which has been made by Government for meeting the expenses of the first few years.

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During the co-operative year 1936-37 the number of land mortgage banks in the Central Provinces and Berar increased from 10 to 12 and since the close of the year 3 new banks have been started. The jurisdiction of a bank is generally a whole district, as otherwise it is found that the bank does not have sufficient business to meet its working expenses. As yet there is no separate central land mortgage bank. The C. P. and Berar Provincial Co-operative Bank is functioning as the Central Bank for the present. It has so far issued debentures for 4 lakhs—at 3¾ p. c. for 1 lakh and at 2½ p. c. for 3 lakhs. Loans are given to the primary banks at 5 p. c. and by them to the members at 7 p. c. but a rebate of ½ p. c. is allowed on punctual repayments both to the banks and to their members. To meet the losses incurred by some of the banks, Government granted a subsidy of about Rs. 3,500. A Land Mortgage Banks Act was passed during the year.

"A recent meeting of the Hungarian Merchants' Association passed a resolution demanding that teachers and other public servants should be prohibited from taking part in the administration and management of Co-operative Societies, on the ground that their trade was damaged by co-operative propaganda. At the request of the Movement's leaders the Government has re-affirmed previous decisions on this question, which lay down that public officials are free to accept the office of president, committee member or auditor of any Co-operative Society affiliated to the "Hangya" the National Central Credit Society or the Provincial Central Co-operative Creamery. They may also act as manager, book-keeper or cashier in such societies, provided that these functions do not interfere with their official duties and that the County Board and Home Office give their approval."

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LIST OF SOCIETIES REGISTERED AND LIQUIDATED

List of Societies Registered in December 1937.

Serial No.	Name of the Societies.	District.
1	The Tummapala Sugar Cane Growers' Co-operative Society.	... Vizagapatai
2	The Pippara Sreerama Co-operative Thrift and Credit Society.	... E. Godava
3	The Adivinekkalam Sree Radhakrishna Co-operative Society.	... Kistna.
4	The Singalaur Padmasali Weavers' Co-operative Society	... "
5	The Tadigadapa Ansari Co-operative Credit Society.	... "
6	The Kotturu Audi Andhra Co-operative Society.	... "
7	The Vavilala Sree Krishnaraya Co-operative Society.	... "
8	The Koduru Sree Rama Co-operative Society.	... "
9	The Madduru Sree Rama Co-operative Society.	... "
10	The Gudur local board schools students' store Co-operative Society.	... Nellore.
11	The Kandukur Weavers' Co-operative Sale Society.	... "
12	The Parlapalli alias Kylasanadheswarapuram Co-operative Society.	... Chittoor.
13	The Thulukkanchoolai Co-operative Society.	... Madras.
14	The Thiruvencatapuram Co-operative Credit Society.	... "
15	The Tirur Co-operative Better Living Society.	... Chinglept
16	The Kannadi Co-operative Credit Society.	... South Arc
17	The Elavarasampattu Co-operative Credit Society.	... "
18	The Pudupathur Co-operative Credit Society.	... Tanjore.
19	The Kuttalam Co-operative Stores C. S. Ltd.	... "
20	The Kivalur Co-operative Credit Society.	... "
21	The Thogamalai Handloom Weavers' Co-operative Purchase and Sale Society.	... Trichinop
22	The Puttuthakka Sri-Balasubramania Weavers' Sale Society, Ltd.,	... N. Arcot.
23	The Nayakanpatti Konga Moopars' Co-operative Society.	... Salem.
24	The Periapudur Nadars Co-operative Society.	... "
25	The Virugalpatti Pudur Co-operative Society.	... Coimbat
26	The Palatholuvu Kasipalayam Co-operative Credit Society.	... "
27	The Kannapuram Weavers' Co-operative Sale Society.	... Malabar.
28	The Vadavanur Agricultural Improvements Society, Ltd.,	... "

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List of Societies Liquidated in November 1937.

Serial No.	Names of the Societies.	District.	Date of Liquidation.
1	Velayuthanpalayam Co-operative Society ...	Coimbatore.	4-11-1937
2	Biravolu Panchama Co-operative Society ...	Kurnool ...	"
3	Semmanpallam Co-operative Society.	Trichy ...	10-11-1937
4	Zemin Kalumangalam Co-operative Society ...	" ...	12-11-1937
5	Walajabad Taluk District Board Teachers Co-operative Society ...	N. Arcot ...	"
6	Zemin Marudur Co-operative Society.	Trichy ...	"
7	Pullode Co-operative Society ...	Malabar ...	18-11-1937
8	Pandicode Co-operative Society ...	" ...	"
9	Poondla Co-operative Society ...	Guntur ...	"
10	Inavole Mat-makers Co-operative Society ...	" ...	"
11	Musalikunta Co-operative Society ...	Chittoor ...	"
12	Madras Co-operative Sugar Marketing Society ...	Madras ...	"
13	Uruvakonda High School Co-operative Stores ...	Anantapur ...	25-11-1937
14	Agaram Co-operative Society ...	Trichy ...	26-11-1937
15	Ramavaram Co-operative Society ...	E. Godavari.	29-11-1937

List of Societies Liquidated in December 1937.

Serial No.	Names of the Societies.	District.	Date of Liquidation.
1	Chandalur Christian Co-operative Society ...	Nellore ...	1-12-1937
2	Eravangudi Co-operative Society ...	Trichy ...	"
3	Mannargudy Co-operative Loan and Sale Society ...	Tanjore ...	6-12-1937
4	Mulangudy Co-operative Society ...	" ...	"
5	Sankhavaram Adi-Andhra Co-operative Society ...	E. Godavari.	"
6	Panchali Co-operative Society ...	Vizagapatam.	7-12-1937
7	Ramasastri Spinners' and Weavers' Co-operative Society ...	Kistna ...	8-12-1937
8	Atikalagunda Co-operative Society ...	Kurnool ...	"
9	Sree Durga Co-operative Building Society ...	Kistna ...	21-12-1937
10	Pillapalayam Co-operative Society ...	Trichy ...	"
11	Kulaikkarai Co-operative Society ...	Tanjore ...	22-12-1937

Market News.

[The following statement was supplied to us for publication by the Madras Provincial Co-operative Marketing Society, Ltd.]

Madras Market prices as on 8-2-38.

	Rs.	A.	P.
1 Chillies (Pettai) per candy of 500 lbs.	112	0	0
" (Guntur) "	94	8	0
" (Bezwada) "	98	0	0
2 Garlic (Tiruppur-Calcutta) "	45	0	0
3 Onions (Bellary) "	13	8	0
4 Potatoes (Ooty) Kidney Uru "	20	0	0
" " Rasi "	18	0	0
" " Podi "	16	0	0
" Bangalore and Malur Kidney Uru. per candy of 500 lbs.	19	0	0
" " Round rasi " "	17	0	0
" " Podi " "	15	0	0
5 Jaggery (Ambur and Vellore) A class new per candy of 500 lbs.	26	4	0
" " A old "	21	0	0
" " B "	17	8	0
6 Sathugudi oranges (Kodur) per 105 fruits Big	8	1	0
" " " Medium	6	9	0
7 Sapotas per 105 fruits Big	2	1	0
" " " Medium	1	5	0
" " " Small	0	13	0
8 Plantains (Bangala) per 6 bunches Big	5	8	0
" " " Medium	4	8	0
" " " Small	4	0	0
9 Ghee (Rasipuram) per tin of 11½ visces	19	9	0
Ghee per tin of 12 visces (available in the market)	18	8	0
10 Butter-Tenali special per tin of 12 visces	15	0	0
" -Gudivada special "	14	8	0
" Ordinary "	13	12	0
11 Lime fruits per 1050 Big	6	0	0
" " Small	4	0	0
12 Soapnuts per candy of 500 lbs.	38	8	0
13 Ginger green per maund of 25 lbs.	2	0	0
14 Pepper (office) 1 maund of 25 lbs.	4	1	0
" (Bedagi) "	6	6	0

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		Rs.	A.	P.
15	Yam (1 maund of 25 lbs.) ...	0	8	0
16	Tamarind (Bangalore) per candy of 500 lbs. A quality...	24	8	0
	" (Chittoor and Vellore) " " ...	19	4	0
	" " " B " ...	14	0	0
17	Brown sugar (per candy of 500 lbs.) ...	25	0	0
18	Kamala oranges (Nagpur) per 105 fruits Big size ...	2	5	0
	" " " Medium ...	1	13	0
	" " " Small ...	1	5	0
19	Corairnder seeds (Cuddapah) per candy of 500 lbs. ...	42	0	0
	" (Guntur) " ...	33	4	0
	" (Rajahmundry) " ...	36	12	0
20	Green Chillies per maund of 25 lbs. ...	1	0	0
21	Brinjals per maund of 25 lbs. ...	0	12	0
22	Hill plaintains per 1000 Big size ...	10	0	0
	" " " Medium ...	8	0	0
	" " " Small ...	5	0	0
23	Handpounded raw rice (Molakulukulu) per bag of 32 Madras measures ...	8	4	0
24	Milled raw rice (Molakulukulu) per bag of 32 Madras measures ...	7	12	0
25	Hair oil produced by the Viziavada Co-operative Better Living Society, Ltd. Bezwada ...	0	9	0
26	Honey from Dindigul Co-operative Society per lb. ...	6	0	0
27	Ginger preserve produced by the Mangalore Ladies Thrift Loan and Sale Society per 1 lb. bottle ...	1	2	0
28	Tiruppathur dholl 3½ measures ...	1	0	0
29	Tomatoes 1 maund of 25 lbs. Big size red colour ...	0	12	0
	" " " Medium " ...	0	8	0
	" " " Small white colour ...	0	6	0

Government Order.

DEVELOPMENT DEPARTMENT.

G. O. No. P. 110 dated, 10th July 1938.

Co-operative Societies Act 1932—Rules Disputes—Period of limitation—Rule XV Amendments Confirmed.

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

AMENDMENTS.

In rule XV of the said rules :—

(i) after sub-rule (1), the following sub-rule shall be inserted namely :—

“(1.. A) The period of limitation for referring a dispute touching the business of a registered society to the Registrar under sub-section (1) of section 51 of the Act shall be regulated by the provisions of the Indian Limitation Act, 1908 (IX of 1908) as if the dispute were a suit and the Registrar a Civil Court :—

Provided that a dispute between (i) the society or its Committee, and (ii) any past committee, any past officer, past agent or past servant, or the nominee, heirs or legal representatives of any deceased officer, deceased agent or deceased servant of the society, shall be referred to the Registrar within two years from the date on which the act or omission with reference to which the dispute arose, took place ; and

(ii) in sub-rule (2), for the words ‘ such a reference, ’ the words, figure and brackets “ a reference under sub-rule (i) ” shall be substituted.

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