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Editorial Notes.

Multi-purpose Society for Alamur.

The starting of the first multi-purpose society in our province on the lines suggested in the Bulletin of the Reserve Bank, and in a place so well known for co-operation as Alamuru, would have been a very important event by itself for co-operators of this province. Its importance was further enhanced by the speech made on the occasion by the Hon. T. Mr. Prakasam, Revenue Minister. We have published it elsewhere in this issue. While warmly congratulating Mr. N. Satyanarayana of Alamuru for starting this society without asking for any help from Government, Mr. Prakasam declared that he had made the establishment of multi-purpose co-operative societies an essential feature of a scheme of village autonomy what he had placed before the Cabinet. He then explained how in his opinion the only way to set right the co-operative movement in this province was to make the multi-purpose society the foundation and to build on it the Branch Banking Union which would look after a group of village societies affiliated to it, the Union itself being under the direction of the Apex Bank. We shall presently examine these ideas in some detail.

Meanwhile we welcome the starting of the multi-purpose society at Alamuru as it is likely to prove a valuable experiment. It is started by one of our most devoted, resourceful and energetic co-operators, and in an area which has shown a peculiar aptitude for co-operation. In pre-depression years the co-operative movement steadily grew in the area and enriched with its spirit the entire life of the villages to such an extent that Alamuru became well known over the whole country. But after the depression there has been a great set back; there is contraction in membership and transactions, some societies have become moribund and the whole movement has got into a sad state. We understand that the main reason for this change of affairs is the enforcement some years ago of unlimited liability in one or two important cases. It made people anxious to leave the societies, and where they could not leave them, to put a stop to their transactions as the safest course to follow. It may be a mistaken or wrong attitude, but it is there. While they fight shy of unlimited liability, they have no objection to join or work any co-operative institution based on limited liability such as the land mortgage bank, the loan and sale society or the multi-purpose society. The advantage which the multi-purpose society offers over others is that, as it serves several villages and includes different kinds of business, it will be in a position to employ competent staff. We are not at all sure that multi-purpose societies will escape jealousy, faction and other evils any more than credit societies, or that they will work more efficiently than the much simpler credit societies. What may be true of Alamuru cannot be said to the true of all other areas. In many places unlimited liability is working well and some societies are doing valuable non-credit work in addition to providing credit. In other areas loan and sale societies have made a very good beginning. Obviously in such areas the multi-purpose society should not be introduced, lest there should develop unhealthy competition between it and the existing societies. But it is desirable that in suitable areas it should be tried as an experiment for people to watch and profit by it. We therefore welcome the starting of the multi-purpose society at Alamuru.

Autonomy Scheme.

We wish Mr. Prakasam had spoken in greater detail about the Village Autonomy scheme which he has placed before the Cabinet for consideration. All that he has told us is that the establishment of the multi-purpose co-operative society is an essential part of the scheme, that the cultivator should be enabled to get the money required by him for his purposes within his own area and that he should also be enabled to settle all his disputes, civil and criminal, through village panchayats as far as possible. Whether there is to be a single panchayat in a village, charged with the duty of managing the co-operative society as well as of settling disputes, looking after

roads, irrigation, public health etc. and also with the collection of revenues; or whether there would be separate bodies in charge of separate duties; or whether instead of a separate panchayat for each village there would be only one panchayat for the whole group of villages included in the area of a multi-purpose co-operative society—is not made clear. Without such essential details one cannot form an opinion of the feasibility or otherwise of the scheme.

Branch Banking Unions.

Of his idea of the reconstruction of the co-operative movement with the multi-purpose society as the foundation, Mr. Prakasam spoke in sufficient detail. For a group of villages within convenient distance of each other there is to be a multi-purpose co-operative society. It will supply funds for all productive purposes, will arrange for the marketing of the agricultural produce and the products of cottage industries, will arrange for the purchase of all agricultural and domestic requirements of the villagers, will advise them on all matters relating to their economic welfare and will also settle all disputes among them. There will be ten or fifteen such societies in a taluk and they will be formed into a Branch Banking Union. This Union will serve as a central bank, a trading union and a supervising union for the societies affiliated to it. With regard to its constitution there is much confusion. It is spoken of as a branch of the Apex Bank—hence the name Branch Banking Union—and at the same time as a registered society with its own membership. It cannot obviously be both at the same time. Again, we are told that 'it must limit its membership to co-operative societies only' and at the same time that 'it should be open to the members of the societies to become individual members of the Union'. If the Banking Union is to be a registered society with its own individual and society members, how will it be an improvement upon the existing Central Banks? On the other hand, being a much smaller institution than the Central Bank, it cannot be expected to work as efficiently as the latter. That is the experience of several provinces and Indian States. At any rate, one of the objects of reform contemplated by Mr. Prakasam, namely, the reduction of intermediaries between the Apex Bank and the ultimate borrower, will not be achieved by the substitution of the Banking Union for the Central Bank.

Branch or Union?

To speak of a Banking Union as a branch of the Apex Bank appears to us to be a contradiction in terms. A branch of the Apex

Bank cannot have its own members or constitution or be a separate registered body. The Apex Bank cannot bind itself to open a separate branch for each taluk nor take up various kinds of activities irrespective of business considerations. A branch, where it is started, is no doubt to be assisted by an advisory committee consisting of prominent co-operators of the area served by it. But an advisory committee will feel no responsibility either for sanctioning or collecting loans. In Bombay Presidency, some areas are served by central banks and some by branches of the Apex Bank. The superiority of the latter either for economy or efficiency does not appear to have been established. We are not aware that the ultimate borrower obtains money more cheaply under the branch system than under the central bank system. The branch system would certainly be less democratic and, we should say, less co-operative than the other. Suppose that for the sake of argument the branch system is conceded to be better, what is to happen to the present central banks? Will the Apex Bank be prepared to take over all the liabilities and doubtful assets of all of them? The central banks may not all of them agree to go out of existence, and certainly it would not be to the good of the movement that some of them, which are among the most efficient central banks in the whole country, should cease to exist. We have also to remember the fact that threats and persuasion from the highest quarters have not yet succeeded in bringing about what is a much simpler matter than changing the whole credit structure, the amalgamation of the four central banks in East Godavari district into one or two. To carry out a reform will always be more difficult than to formulate it. But of course it is essential to think out and enunciate reforms. Therefore the sooner Mr. Prakasam's scheme is made available for public discussion the better, if it has obtained the general approval of the Government.

Prohibition in Salem.

The report of Mr. A. F. W. Dixon, I.C.S., Collector of Salem, on the working of the Prohibition Act in Salem district upto the end of January last is very gratifying. From every point of view the experiment has been a greater success than expected. The money saved from drink is now being spent by those who were moderate drinkers on food and consequently there is a marked improvement in the health of themselves and their families. Cash savings are not much in evidence yet, though some success has attended the efforts of co-operative societies in promoting thrift through Hundi boxes.

The scavangers of Salem town, who were entirely in the clutches of two moneylenders on account of drink and into whose hands they used to pay all their monthly earnings, are now reported to be quite free from debt and making cash purchases of their requirements. Perhaps the most convincing evidence is that of the Managing Director of the Rajendra Spinning Mills at Salem, which employs over 2,000 workers and works in two shifts. Mr. Dixson says:

> "He reports that one of the difficulties in pre-Prohibition days was that most of the workers were very irregular in their attendance, several machines having to be stopped during night shifts. A month after Prohibition had been introduced, the attendance of the labourers had become regular and the required number of skilled labourers for the purpose of running the mill both night and day were available. In pre-Prohibition days quarrels were frequent in the night and the Managing Director never got an undisturbed night's rest, having frequently to get up and pacify fighting labourers. These quarrels have now ceased and the machines are much better looked after. Production has increased and expenditure decreased. The outturn has actually doubled since Prohibition came into force. Prohibition is particularly beneficial to the women in the mills. They were sickly, dirty and clad in rags. Now every woman has 2 or 3 sarees, most of them have petticoats and 50 per cent of them wash daily. Their financial position has also improved, they have redeemed their jewels which they had mortgaged due to extravagance. Children are better clad and cleaner. Dwelling houses have improved and lights have been introduced into houses which were formerly unlit."

What greater justification does Prohibition need?

One is glad that Mr. Dixon reports that the position of tappers does not cause any anxiety, at any rate for the present. They are tapping sweet toddy and making jaggery out of it. A number of co-operative societies have been formed in the district for promoting the production and sale of palmyra jaggery, and a good many more will be started by the Special Development Officer, Mr. J. C. Ryan, who has been drawn from the Co-operative Department. Mr. Dixon estimates that 75 per cent of the old tappers are now employed in collecting sweet toddy and that the remaining 25 per cent have either left the district or taken to cooly work. Provided there is no great fall in the price of jaggery, Mr. Dixon is of opinion that these tappers should be economically as well off as in pre-Prohibition days.

Being so favourable to Prohibition, the report might raise a doubt about its reliability in some minds. It is therefore gratifying that Sir Muhammad Usman, Leader of the Opposition in the Legislative Council, who had known Mr. Dixon very well during his long tenure of office as Member of Government, declared in the Council that Mr. Dixon was not the man to suppress unpleasant facts if he had found them, for the sake of expediency.

From October this year Prohibition will be introduced in the districts of Chittoor and Cuddapah which form an area contiguous to Salem. We trust it will prove as successful there as in Salem.

Co-operative Societies and Contracts.

Some years ago just before the Madras Co-operative Milk Supply Union began to supply milk to the Government hospitals in Madras, the Government were paying 3 annas 10 pies per pint to the contractors. Then the Milk Supply Union came in, offered milk to the Government at a considerably lower rate and at the same time paid a higher rate to its milkmen members. It thus distributed between Government and the milkmen the profits which the middlemen contractors were making for themselves, and benefited both the consumer and the producer. The displaced contractors were of course very angry with the Union, created all sorts of troubles for it and at one time brought about a strike among the milkmen, which resulted in the Union having to pay damages to Government to the extent of Rs. 10,000. The Union however continued to get the contract from Government, though in competition with the contractors it had continually to accept lower and lower rates. At present it is supplying milk to Government at 1 anna 11 pies per pint. At the time when Government were paying 3 annas 10 pies per pint, or 12 annas per Madras measure ($3\frac{1}{8}$ pints = 1 Madras measures), the general public in Madras City were able to get it for 8 annas per measure. The price at present is 6 annas for both Government and the public. It is thus easy to see how much the Government have gained by getting their milk supply from the Union. We understand the contractors are quoting still lower rates with a view to deprive the Union of its contract. The Government will perhaps expect the Union to accept the contractors' rate, but we suggest that a better course would be for the Government to ascertain what would be a fair rate than to be guided merely by competition. When the rate is lowered the person who really suffers is the producer milkman. He will always get less from the middleman contractor that from the co-operative society. Is

it right for the State to allow this poor producer to be exploited? We think not, and therefore suggest that it should examine and find out for itself what would be a fair rate and offer it to the Milk Supply Union.

At Madura, the Madura Co-operative Sale Society has taken the contract from the Municipality for the disposal of the city rubbish and night soil which it is selling to its agriculturist members in the surrounding villages as manure and which it is also trying to convert into compost under the expert advice of the Agricultural Department. We understand there is a move on the part of interested persons to deprive the society of its contract. We wish to point out to the Municipality that what the society is doing is a public service, that it is helping the city to give back something to the villagers for the many services which they do to the city, and therefore the Municipality should look at the question from a higher standpoint than one of mere contract-bidding. Co-operative societies are public utility associations, fostered by the State at considerable expense as a means of improving the moral and material condition of the country. Through them society is seeking to escape from the evils which inevitably result from an unrestricted operation of the soulless principle of competition. Public bodies like Municipalities and Departments of Government have therefore a moral duty to give them every encouragement. They should not be deceived by tricks of competition and should look to the ultimate rather than to the immediate good. It is far from our intention to preach. We have only pointed out some considerations which are very legitimate for public bodies.

The M. & S. M. Railway Employees' Society. 69

The M. & S. M. Railway Employees' Co-operative Urban Bank is the biggest credit society in this province. During 1936-37 its membership increased from 18,424 to 19,015, its share capital from Rs. 8.54 lakhs to Rs. 9.42 lakhs, the loans outstanding with members from Rs. 35.0 lakhs to Rs. 40.1 lakhs and the reserve fund from Rs. 2,84,766 to Rs. 3,11,439. The most noticeable feature of the society is the institution of a Mutual Retirement Benefit Fund, amounting on the 30th of June last to nearly Rs. 15 lakhs, subscribed by 3,700 members. Like the Triplicane Stores, it recently changed its by-law relating to the general body, so that its meetings are now attended by duly elected representatives, at the rate of one for each hundred and a fraction thereof, from certain defined areas. The first meeting of the general body under the new by-law was held on the 27th November last. The report of its proceedings reveals trends which deserve to be noted by the general co-operator.

Last year the society formulated a very good housing scheme for the benefit of its members, which we had the pleasure to commend in February 1937. It was also approved by the Registrar of Co-operative Societies, who in order that it might be brought into operation advised the society to amend its by-laws by including in the objects of the society the provision of houses to members. The scheme attracted wide attention and enquiries were received from distant places like Assam. When it came up before the general body for approval and amendment of by-law as recommended by the Registrar, it was opposed and even the motion to refer the scheme to a select committee for report was defeated by a majority. The reasons put forward by the opponents were that already, owing to various reductions, members were getting only a few annas on pay day, that the houses could be constructed only in urban or semi-urban areas, and such like, and they overlooked the fact that it was a voluntary scheme giving facilities for those who wanted them and were in a position to pay for them.

Another important decision of the general body was to reduce the rate of interest on loans to members from 1 pie to ¾ pie per rupee per month, that is, from 6¼ per cent. to 4 11/16 per cent. The Chairman of the society pointed out that owing to the reduction of the rate of interest to 6¼ per cent. in November 1936, the net profits of the society during the year under report were considerably reduced and that if they reduced it further to 4 11/16 per cent., they would not only be unable to pay a reasonable dividend on share capital, but would be compelled by the provision in their by-laws to reduce the interest on the Mutual Retirement Benefit Fund, the contributions to which are made over a series of 15 to 20 years, to 3 per cent. He pointed out further that while those members who had taken loans from the society, though forming a large majority, had contributed to the funds of the society only Rs. 14.6 lakhs, the non-borrowers, mostly thrifty members, had contributed as much as Rs. 22.2 lakhs, and that the society ought rather to encourage than discourage them. Though his reasoning was perfectly sound, the majority of the general body voted in favour of the reduction against his advice. Another decision of the general body was to turn down an Insurance

Scheme which had been approved by a previous general body and been favourably reported upon by a Sub-Committee.

The unfortunate trend of these decisions is to restrict facilities for thrift and increase facilities for borrowing. The loans taken by the members of this society cannot be for productive purposes, as they are all Railway employees. They will only help them to live beyond their means habitually or be extravagant on occasions. Obviously there is great need for the education of the members in the elementary principles of co-operation. The society has an accumulated Common Good Fund of more than Rs. 32,000. It will do well spend a part of it on the co-operative education of its members. It is the habit of some societies not to use the Common Good Fund from year to year but to accumulate it. We do not think it is a healthy one. The first charge on it should be education and propaganda. It is unfortunate that the highly educated members of large urban societies should be even more ignorant of co-operative principles than the unlettered members of rural societies. As for the reduction in the rate of interest on loans, it involves an amendment of the by-laws and the Registrar will no doubt give due weight to the considerations urged by the Chairman of the society before approving the amendment.

General Bodies and Managing Committees.

We hope the Registrar's circular, printed elsewhere in this number, recommending the addition of a new sentence to the model by-law relating to the powers of the general body, will be welcomed by the societies. As pointed out by the Registrar, it happens often enough that the general body upsets a decision of the managing committee though taken by it in virtue of the authority vested in it by the by-laws. The general body does not do so with any intention of expressing want of confidence in the managing committee, but only in exercise of a general over-riding power believed by it to be vested in it as the supreme authority. There is need to inform the general body that while it is free to choose its managing committee and is competent to change its personnel whenever it thinks it necessary, it must allow the managing committee to function and not interfere with it at pleasure. The addition suggested by the Registrar does not deprive the general body of any right or previlege now enjoyed by it or confer a new right on the managing committee.

t only makes the relative position of the two bodies more explicit ind clearer than at present, in order that the working of the societies nay be better.

Remedy worse than disease.

The secretary of a supervising union suggests in a communication to us the amendment of the Co-operative Societies Act so as to prohibit one person being the President of two or more co-operative nstitutions, on the analogy of the Local Boards Act which prohibits a person being the President of two Local Boards. In support of his view he gives the following illustration:

> "The question of reducing the lending rate of interest to the primary societies cropped up at a meeting of the Board of Directors of a Central Bank. The directors, representing the various unions, pleaded for a substantial reduction of the lending rate of interest to 5 per cent or so, to the primary societies, while the President who happens to be the President of a union as well, raised a strong plea against such reduction. While it may in a way be justified from an administative point of view, yet his position as President of both the Central Bank and the union is found to be so strikingly anamalous that in his anxiety to safe-guard the interests of the one, he had perforce to betray the interests of the other."

If the President could be said to have betrayed the interests of the union, the directors who voted for the reduction of the rate of interest could be said to have betrayed the interests of the central bank of which they were directors. We do not see how a distinction could be made between them and the President, who were all representatives of unions. If our correspondent's theory of conflicting interests be pressed a little further, no borrowing society could be a member of a lending bank, and our co-operative organisation itself would be impossible. In the co operative movement we do not think of narrow separate interests but the interest of the community as a whole. The President was as much entitled to his view as the other directors to their view, and neither need be considered to have betrayed the interests of either the central bank or the primary societies.

This apart, the remedy suggested by the correspondent is worse than the disease. Offices in co-operative institutions are elective and if any office-bearer is found to betray the interests of a society he can under the by-laws be removed from office. If we do not have the courage or are too lazy to take the course laid down in the by-laws, we are not fit to conduct democratic institutions. We should guard ourselves against the tendency to ask the State to do for us a thing which we can and ought to do for ourselves.

Co-operation in Madras and Elsewhere*

BY MR. T. AUSTIN, I.C.S.

Registrar of Co-operative Societies, Madras.

Co-operation is such a simple and ordinary term that it hardly seems to require a definition. Men have been used to work together from the earliest times in all walks of life and not a day passes without our hearing of some co-operative partnership in politics, commerce, industry or social work. For this reason, the definition of co-operation, from my point of view, is not too easy, but it will be clearer if we look at it historically and I am permitted to refer to a few elementary facts about the economic effects of the industrial revolution of the 19th century when the use of machinery ushered in a new era in economic history. Machinery could be put up only by rich capitalists, who could, by reason of their resources, command labour and other raw materials. The result, as you all know, was concentration of labour in industrial areas, migration of the agricultural population from rural parts to new urban centres and a new classification of society. The increasing wealth and power that came with the progress of machinery into the hands of the industrial magnates put them in a vantage position as compared with the labourers; and it was then that co-operation was sought by the poorer members of society to be an ally against capitalism and to create for themselves a new organisation and through it new strength.

Thus, co-operation as it appeared in the 19th century was a new force in economics. It was the answer to capitalism and was an association necessarily based on equality among the members. If there should be equality in the partnership it is equally necessary that those who joined should do so by their own free will. Compulsory co-operation is a contradiction in terms. It also follows from the very nature of economic co-operation that the results of these combined efforts should be shared by all on terms of equality. Putting all these ideas together one can say, whatever be the origin of co-operation, that when it is applied as a mode of business organisation, it should be a voluntary association of human beings based on terms of equality for the economic well being of the members.

One of the eminent writers on co-operation, Holyoake, has defined it as a "voluntary concert with equitable participation and

* A paper read before the Rotary Club, Madras.

control among all concerned in any enterprise". Anyhow, the fundamental ideas of equality, voluntary association and democratic participation are perfectly clear and these ideas should be applied as a touch-stone by anybody who wants to examine whether an association is really co-operative, but precisely for this reason pseudo-co-operation is bound to thrive to a great extent unless the expert's eye can scan and discern true from false co-operation.

Since the 19th century, the so-called Industrial Revolution as it developed in various directions all over the world brought in its train varied problems in commerce and industry. The enlargement of markets, and the distance between the consumer and the prime producer have necessiated consumers' co-operative societies on the one side and producers' societies on the other. The need for re-habilation of agriculture as opposed to industry has created an insistent demand for co-operative credit, while the ever-increasing desire for better farming, better business and better living has brought in new types of co-operative organisations like building societies, cattle breeding societies, insurance societies and such like. There is no aspect of human activity that cannot be touched by co-operation.

In India, co-operation began with the credit side and Germany is noted for the first experiments in co-operative credit. Schulze, a kind of country court Judge in Delitzch in Germany, and Raiffeisen, a Burgomaster in the Rhineland, were the two German apostles of co-operation. Both worked for substantially the same goal but from two directly opposite points. Schulze started with a sort of provident fund—his idea being to help the humbler trading classes. Next he organised a co-operative association for the purchase in common of raw material, helping such people as joiners and shoemakers of the neighbourhood. Finally came the credit associations for the co-operative supply of money built up of members' share deposits. Schulze's sole idea was to help the humbler middle classes, who had employment for capital but no capital, to get sufficient brought within their reach. Schulze made no attempt to interfere in people's private life or educate them in morals. It is interesting to note that Bismark and the Government of that day, holding that Government should do all the thing, harassed Schulze unmercifully for presuming not only to think out his own scheme for benefiting his fellowmen himself, but also because he aggravated the offence with the arch-heresy of suggesting that men could help themselves.

It was among the peasants that, about the same time, Raiffeisen also began his experiment. During the years immediately preceding 1846—47 the distress in Western Germany was very great. Every little cottage and tumble-down house was mortgaged; most of the peasants' cattle belonged to the 'Jews'; there was little employment on the roads or in the forests; and famine and ruin stared the inhabitants in the face. Raiffeisen was touched by this misery. He managed to scrape together some small funds and established a co-operative bakery. The next step was the forming of a cattle purchase association. Still the debts of the peasants remained. The capital of the moneylender had to be taken by storm. In 1849 he set up his first village bank and offered to members who joined it service by the ready supply of credit. With a few hundred pounds of borrowed capital this little bank was started in an unostentatious manner. Step by step the land bank proved useful. The Jews relaxed their grasp and the peasants had a new lease of life. Raiffeisen did not believe in active propaganda for his new institution. He was content to allow it to grow by reason of its intrinsic merit and the healing power of co-operation was seen demonstrated by an extensive network of credit associations all over the country. Here, in Germany, was sown the seed of co-operative credit and in the early years of this century, when the Government of India proposed to fight usury and to make capital cheap and facile for the agriculturist, it is to Germany that they turned for experience and advice, for, it is on the model of the Raiffeisen societies that are based the village co-operative societies of India, with their unlimited liability and insistence on the credit-worthiness of members. The original societies supplied personal credit by the simple process of borrowing and lending—borrowing on the credit of the society in order to disperse credit to its members. As the rules were framed, no member was asked to put down anything on joining. Unlike Schulze, whose object was to help the small trader and workmen, Raiffeisen wanted to help the very poor, and again, unlike Schulze, Reiffeisen aimed at raising the moral tone of his people.

From Germany we pass on to Italy, the land of the people's Banks. Italy had her Raiffeisen in Luzzatti. He had seen Schulze's institutions in Germany. In 1866, he founded his first Popular Bank in Milan with a capital of £ 28. As in Germany so in Italy usury was rampant. The country was commercially undeveloped. Protracted divisions and oppression had kept it poor in the main sources of national production : and the poor classes suffered terribly. But the Peoples' Banks changed all this and the Milan Bank laid the foundation of co-operative credit throughout Italy.

From purely credit co-operation, to make the history of co-operation complete, we turn to England, the cradle as it has been called of co operation as a movement and of Consumers' Co-operation in particular. There were numerous spontaneous beginnings but these did not constitute a concerted movement. That came after 1820, with Robert Own, who was to English co-operation what Raiffeissen was to German and Luzzatti to Italian. A man with keen insight, moral fervour and propagandist spirit, he was pre-eminently a social worker. To his inspiration must be ascribed the starting of the first co-operative store at Rochdale by the 28 flannel weavers, on October 24th 1844, in a street with the uninspiring name of Toad Lane. It was known as a society of the Equitable Pioneers of Rochdale. At this distance of time it is interesting to note the objects of these pioneers. They were to form an arrangement for the pecuniary benefit and improvement of the social and domestic conditions of its members by raising a sufficient amount of capital, the building, purchasing or erecting of a number of houses in which those members might reside, the manufacture of such articles as the society might determine upon, the cultivation of estates by members who might be out of employment, the establishment of a self-supporting home colony of united interests and last but not least, a temperance hotel. The capital was a modest sum of £1 and the store was opened on Thursdays and Saturdays only. They made their own bread, built houses and set up recreation rooms. The business principles were: sale at market price with cash payments; distribution of profits in proportion to purchases and strict neutrality in religion and politics. The ambitious programme of the Pioneers that I have just now read out to you must indicate the problems with which they were confronted. They must have been in a very disadvantageous position in purchasing their commodities and so they must have thought of either producing for themselves or buying them on a co-operative basis. They must have been afraid of occasional unemployment due of course to the new industrial civilisation and must have thought of some kind of insurance against the risk of unemployment, by colonisation schemes and such like. Sale at market price, for cash payments, must have been thought of in order that the society might not sink on the bed-rock of chronic overdues and bad debts. All

these principles formed the basic ideas of consumers' co-operation as they have spread throughout the world to-day.

Denmark.—Closely connected with certain developments of credit is agricultural co operation, a movement in the main of the last twenty years almost everywhere except in Great Britain ; and for this co-operation Denmark is most widely known. Co-operation is universal among the farmers, and is fast becoming universal in the towns as well. The movement here partakes more of industrial democracy than it does of consumers' co-operation. The farmers own their dairies, slaughter-houses, egg collecting societies, banks, and all kinds of breeding and developing agencies. Every second family in Denmark is connected with one or more of the co-operative societies, while the average farmer is a member of from three to ten such organisations. His life centres in the co-operative. He acquires a knowledge of chemical, mechanical and industrial processes from the co-operative. Co-operation is of the very texture of the everyday life in Denmark. In Denmark the economic and political state are merged. They reflect one another. The state is a farmers' state. And the political state mirrors the needs of the farmer. At a time when a great part of Europe was drifting towards economic collapse, Denmark offered a demonstration of how a nation can come back to life, of how agriculture can be made both profitable and attractive, of how the people can be made contented, and how the hopelessness and poverty of the world can be corrected by orderly co-operation. The effect of agricultural co-operation in Denmark has amounted to little less than a revolution. It has brought the results of science within the peasant's reach, and he has been quick to avail himself of them. It has transformed a great part of farm work into a factory industry, increased the yield of the soil, improved the material position of the peasants and drawn the rich and poor together. Denmark, once so poor, is now, except England, probably the richest country in Europe in proportion to its population. There are dairies, societies to purchase farm requirements, societies of grape-growers, hop-growers and beetroot-growers, distilleries, labour societies, insurance societies, societies to own warehouses and granaries and to sell produce, to purchase land and resell it in small holdings, and several societies which purchase land to cultivate it in common. Denmark has demonstrated that agriculture can be made an alluring as well as a profitable industry, if only strict co-operative principles are adhered to.

India :—The development of agricultural co-operation has taken widely different courses in various countries according to their specific needs. The main difference to be observed is between countries which are primarily producers of agricultural commodities for export, and those which produce mainly for home consumption. In the former, the co-operative movement has chiefly concentrated upon the organisation of marketing : in the latter—apart from the development of rural credit and insurance—mainly upon the purchase of farm requisites, or the formation of co-operative dairy, bacon or other producing societies. Although this broad distinction holds good, it is nevertheless true that practically all types of co-operation are to be found in the principal agricultural countries.

It is interesting to note here the rapid growth of agricultural co-operation in India, which has mainly taken place during the present century. Indian co-operation bears a close resemblance to European co-operation. As in Germany, it has developed largely to provide credit facilities and to a limited extent, for the purchase of requisites and the sale of produce.

In India when the subject of providing facile credit to agriculturists was first mooted, there was a load of debt, larger than any one would care to reckon up in figures, weighing on the immense class carrying on the main industry of the country in a manner which defied the possibility of redemption by anything that could be given out of resources already accumulated, whosoever might be the giver. Year by year the noose was being drawn tighter, properties were sold up, owners became tenants and in due course landless. The Department of Agriculture and the administration did their best to save the situation, discovering improved and more heavily yielding varieties of seed, devising better processes, recommending more perfected implements. Without money in the ryot's pocket all these devices proved, in practice, thrown away. Government is, not in India alone, supposed to have an inexhaustible fund of riches at its disposal and Governments have tried to help in such a fairy-godmother way in many lands. Whatever may have been ostensibly achieved, at the close of the account it has been found that the money so spent has been thrown away.

In India there were two problems to be dealt with : one was to come to the rescue of agriculture as a calling; the other was to improve the condition of the ryot by helping him out of his throttling debt. Government has, upto very recently, with the measure of its

power, addressed itself to the first named. Proposals from time to time were made, by Sir William Wedderburn and others, for the establishment in India of banks to supply capital to agriculturists and to free them from the indebtedness caused by usurious rates of interest, but to solve the problem of agricultural indebtedness something more than the creation of cheap and unrestricted credit was required, and, although the possibility of extending the system of co-operative credit to this country had previously been considered, it was not until 1895, when Sir F. Nicholson of the Indian Civil Service submitted to the Madras Government a valuable and comprehensive report on the subject, that a real beginning was made. While this report was under consideration, a volume entitled—'People's Banks for Northern India' was published by Mr. Dupernex, I.C.S., and a few small experimental societies were instituted by Dupernex in different parts of India. So long as the transactions of these societies were governed by the complicated provisions of the Companies' Act, it was impossible to expect much progress, and a Committee was therefore appointed by Lord Curzon in 1901 to report on the action necessary for the establishment of co-operative societies on a proper footing. The Committee had the benefit of the advice of Mr. Henry Wolff, the leading authority in England on the subject, and as a result of its recommendations a Bill was introduced in the Legislative Council by Sir Denzil Ibbetson and was subsequently passed as Act X of 1904. Under this Act, a simplified form of procedure was prescribed for credit societies and their status was defined. The Act, however, was not free from defects. To remedy these, a new Act was passed in 1912 which dealt with co-operation of all kinds. After the passing of the Devolution Act of 1920, powers were conferred on local Governments to pass enactments of their own to suit particular local conditions. As a result of this the Act of 1932 was passed and it is by this Act that co-operation is now regulated in this Province.

It is impossible to discuss within the time at my disposal a fraction of the problems of co-operation or of the questions that a study of co-operation arouses. One important question is : 'Has the middleman a necessary place in our economic life?' He has been compared by some writers to the Australian rabbit 'very well for cooking purposes but a pest when he grows and multiplies'. Undoubtedly, without this intermediary, services of prime producers cannot be made available to the ultimate consumer. The world is not based on the simple and primitive economy of a man producing for himself alone. Each country tries to produce the particular commodity for which it is best fitted, and sell it in the dearest market. An agency to carry these products to the chief centres of consumption is therefore necessary. The only point for consideration is whether this distributive work cannot be undertaken by the producers as a class or by the consumers as a class, by the formation of a well-organised institution. On the one hand the capitalistic tendency is to form trusts and cartels, while the tendency for the co-operative movement is to form stores, wholesale societies and even international wholesale societies. Where the middleman cannot be replaced, the influence of co-operation as a creed has been wholly for good. Time and again, it has been publicly acknowledged that the reduction in the rate of interest in India has been generally due to the introduction of the Co-operative Societies Act of 1904. A similar general question arises regarding the relationship of the state with the co-operative movement. In Europe, co-operation is wholly a non-official movement. It has had its inspiration from popular leaders; and the vast machinery of co-operation from top to the bottom is manned and run by non-officials only. But even in Western countries the state has an important role to play in the development of co-operation. It had to provide a legislative enactment for the safe custody of public funds entrusted with co-operative societies, and for the enforcement of the rights and privileges of members. Where necessary it protects the interests of co-operation against anti-co-operative forces and places at the disposal of this institution the benevolent activities of agriculture and veterinary departments. Denmark is a classic example of a benevolent Government helpful and sympathetic in its attitude towards co-operation. If therefore even in advanced countries state help could not be eliminated altogether, it follows that in India also for a long time to come state help will be equally, if not more, necessary. The state will have to protect the societies against persons who may misappropriate public funds. It will have to place at the disposal of societies staff which the societies cannot afford to maintain. It will have to give free monetary grants and subsides and co-ordinate the activities of these institutions by careful economic planning. But, without the worthy advice of non-officials, co-operation will get nowhere.

It is sometimes asked whether co-operation has a higher purpose. Is it merely a business organisation? Is it merely to give more loans freely and at low rates of interest to replace the Sowcar? Is it merely a grocer's shop? From the earliest times, co-operators had before them visions of a new world and of a new order of society. Robert Owen was one of them. Visionaries of this type have often dreamt of the idyllic Homeric times, when there was no crime, no famine, perhaps even no Government, and every man was as good and as pure as God made him. History proves that such idyllic times exist only in the fertile imagination of poets and philosphers and not as a tangible historical fact. This, however, does not mean that man should not try to improve himself morally in some respects at least to justify the common belief that the world is progressing day by day. By its very nature, co-operation brings together men of all shades of opinion, communities and nationalities. Co-operation stands for a higher type of human society based on trust, comradeship and mutual help.

Finally, even though it is really only in its infancy, co-operation has achieved much in Madras. Let me sum up:

1. The co-operative movement has been the chief factor in reducing the rates of interest throughout the Presidency.

2. There is the training in popular institutions in which all castes and communities can partake on equal footing without distinction.

3. The inculcation of the idea that thrift is very important for the building up of national wealth has been solely due to the co-operative movement.

4. A well-planned economy for the villages has now been set forth by the co-operative movement.

5. The gaps will have to be filled up hereafter by supplementary measures but the movement has pointed the way along which rural reconstruction should progress now and hereafter.

These may appear to be small and simple achievements. When, however, we talk of ameliorative measures for national progress it is to these basic ideas that reformers will have to turn again and again for the bedrock of all economic and social institutions in the villages in the years to come. The co-operative movement therefore is bound to have a great future before it, and is bound to play an increasingly important part in the development of the resources of the country.

Consumers' Co-operation in Paris

BY K. C. RAMAKRISHNAN, M.A.

The first great consumers' institution that I visited in Europe was the *Union des Co-operateurs* of Paris. The kind officer who showed me round could not speak a word of English, and his French was far beyond my reach. I had to engage the services of an interpreter who was a German Jewish lady, one of the many exiles from Germany. She could speak four languages; but not being a student of co-operation she could not convey the meaning of many a technical term. The reports and pamphlets I got at the office of the Union have some of them yet to be translated into English. The consumers' organisations in some of the European countries seem to be more solicitous to English-speaking visitors by having a few of their staff well-trained in English and they have some literature in English relating to their movement. There was, however, no want of will to satisfy me. I was taken round different sections of the office of the Union, to three branch shops of different sizes in different parts of the City and to the great Entrepot or warehouse, some 15 miles away in the car of the Union, for all of which I am grateful.

History of Co-operation in France.

France has for long had the reputation for possessing a larger number of co-operative stores than any other country in Europe with the exception of Russia, where the movement is no longer free. There are even now 3000 societies, though only a little over 1000 are affiliated to the National Federation of Consumers. But many of them have had smaller membership and transactions than the stores of Great Britain and some of the northern European countries. Dr. C. R. Fay wrote 30 years back that "the majority have no interest in the national union, for they do not wish to make the store anything more than it already is, a cheap and efficient shop; they are not conscious of a store movement."

Before 1885 the few distributive societies in Paris were of no consequence by the side of the many credit and productive associations of workers. From 1885 onwards the French Socialists organised a number of co-operative stores more as a means of action than as a solution for industrial evils. Unlike the older stores which stick to the Rochdale programme, the Socialist stores were all of working men, and animated by class prejudice. But on that account they

were more closely knit together in their federation and showed better results. The Government looked down upon them; but they looked down on the 'bourgeois' societies. This unseemly quarrel between two groups was put an end to by the intercession of international co-operators, and a Covenant of Union was drawn up between them in 1912—after which success has been more rapid though not comparable to stores in the northern countries of Europe.

The War and Progress.

The War gave a great fillip to the store movement particularly in Paris. The French Government now reposed entire confidence in the stores as the most efficient means for the easy distribution of food under control and for keeping prices in the market at a fair level. The great co-operator, AlbertThomas, who was in the Ministry of food, was to a large extent responsible for this policy—which has been contrasted by S. and B. Webb with the attitude of British Government to the store. The legal position of co-operatives in France was defined in 1917. Loans were offered by the State. The evils of overlapping,—that is, of too many societies in one area, with the waste of premises, high administration and other overhead charges and the demoralising atmosphere of competition—were greatly reduced by the amalgamation of a large number of societies.

Amalgamation.

The Union Des Co-operateurs is such an amalgamation of a large number of societies in and around Paris, with a composite membership. The administrative office of the Union is situated in a fine building in Boulevard du Temple, which is not in the heart of the City. There are 580 establishments all told, out of which about 500 are outside the City of Paris, in the suburbs. Most of them are grocery shops (*Epiceries*). There are 50 meat shops (*Boucheries*), practically all in the City, meat being purchased in the famous Les Halles market of Paris, where are also purchased eggs, green groceries, *i.e.* vegetables and fruits, which are all sold in the shops. Dry fruits, sugar, coffee, chicory, biscuits and sweets, butter and cheese, vegetable oils, margarine, canned fish and dried and cooked vegetables are other items of merchandise worth mentioning. But the pride of place seems to be given to wine, judged by the stocks held in the shops and in the Entrepot, where half the space is devoted to the cleaning, filtering and bottling of liquor of various kinds by automatic machinery.

Chief Lines of Merchandise.

The Rochdale Pioneers and other ardent co-operators have tabooed liquor from co-operative stores and preached prohibition outside. Charles Gide had to lament on this weakness for wine. "French societies give as an excuse that if they stopped the sale of alcohol, drinking would in no way be reduced, but the members would go to buy dearer and worse drinks at public houses and this would be worse both for their health and their purse—possibly they would be even lost to the society. Possibly; but if so, so much the worse for them. For to subordinate its moral and educational action to its commercial instinct is to degrade and kill the co-operative movement."

Coffee, not tea, is the universal beverage in France. But the coffee beans that I saw roasted, in the two big mechanical roasters at the rate of 720 lbs. each per hour in a section of the Entrepot, were by no means of the best quality. They cannot be compared with the Nilgiris or Mysore coffee that our stores sell. The beans were imported largely from Brazil, Nicaragua, Haiti and some French colonies like Madagascar. Different sorts were packed in different paper containers indicating the quality. Weighing and packing and labelling were all automatic. It must be noted that coffee is mostly sold in the form of roasted beans, and not coffee powder. Chicory, roasted and ground, is also available for mixing with coffee, which is common in Europe.

Drapery was not a line which the Union took up, and I found no fabrics of cotton or wool in the Entrepot. I was told that Paris had too many private shops in that line and it was hard for co-operatives to compete in fashions. Such a consideration does not weigh with the stronger co-operative stores in the cities of northern and central Europe; they indeed take pride in showing round their drapery department which is well patronised by the members. It seems, however, that outside Paris the co-operatives deal in fabrics too.

Many of the provisions were processed, or cooked, and tinned and therefore easy to handle as were the packets of sugar, coffee, salt, etc. There were, however, raw articles too, sold loose such as beans, condiments, a variety of dry fruits, not to speak of fresh vegetables and fruits. All these are sold by weight, a *kilo* which is equal to 2 lb. 2 oz. being the unit adopted.

Shop Management.

The shops that I saw were all in rented buildings; no accommodation was provided for any of the shop staff. Rents varied from 2,000 to 20,000 francs per year (one Rupee would buy 10 francs in Sep. 1937). The pleasant manners of the servers were no doubt a striking contrast to the gruff manner of our salesmen here. In all European countries saleswomen predominate, especially in the general and groceries shops. The peculiarity of Paris is that the shop management is entrusted to a *married couple* who are paid not any salary but a commission of 6½ per cent on transactions. In bigger shops where the couple cannot manage alone, they engage assistants whom they pay a fixed wage from out of their own commission. Rent, of course, is paid by the society.

Membership.

The progress of membership of the Union des Co-operateurs since its organisation twenty years ago is indeed very remarkable. There were only 7,629 members in 1917; the number rose to 30,000 in 1919 and to 62,000 in 1921. The increase after the cessation of Food Control by the State was slower. There were 80,770 members in 1929. But during the depression the pace of progress was speeded up. There were 120,000 members in September 1937. The members were mostly confined to the working classes when the Socialist federation was functioning. Latterly appeal has been made to other classes. Mr. Otto Rothfield wrote more than a dozen years back, when he was Registrar of Co-operative Societies, Bombay, that in the Paris co-operatives "there is no sign of that hostility to a well-dressed customer, which is, I believe, often noticed in an English co-operative society." This would surely be repudiated by English co-operators who assert that it is no fault of theirs, if the priggish middle classes do not yet patronise their shops in large numbers. I was told that in Paris there was another big society for the Civil servants of the State, of the Paris Municipality and the Department of Seine—a feature of other big European cities as well.

Share Capital and Profits.

Membership is open to all who will observe the laws of the Union. All facilities are given to acquire one or more shares, but not beyond a maximum. Each share is of the value of 100 francs (equal to Rs. 10 in 1937) which may be paid in instalments. The first payment of 10 francs gives the admitted applicant the rights of membership; the balance can be paid by a monthly payment of even 1 franc up to a quarter of the value of the share, after which the dividends on purchase may be assigned to complete the payments—really an extraordinary facility to the poor. The share capital in 1937 was nearly 15 million francs on which interest is paid at a fixed rate of 5 per cent. Reserve funds have been built up to the extent of 7 million francs from out of net profits earned at the rate of 15 per cent. Five per cent of profits is allotted for propaganda and for social works. 80 per cent of net profits are distributed as dividends on purchase to members. The profits of sale to the public, *i.e*, non-members, go to the reserve fund and the fund for social works. In case of dissolution the net assets shall not be distributed among shareholders, but placed in another co-operative organisation or the co-operative funds of the Minister of Labour.

Democratic Control.

Democratic control is one of the essential principles of Rochdale co-operation. Every member has the right to vote in his own Section, whatever the number of his shares. Too literal an interpretation is not given, unlike in Great Britain, to the principle of 'one member one vote' by which every member of a society, however large it may be, has the right to attend and take part and vote at the meetings periodically convened to consider the report and balance sheet of the society. In large societies, control is exercised by the well-known democratic device of representation and delegation. The whole society composed of 120,000 members is divided into 250 *Sections* by 'arrondisements' in Paris and 'communes' outside. The members of each Section should meet at least once a year and elect delegates to the *General Assembly* of the society, where they cast votes proportionate to the number of members by whom they are respectively delegated. This General Assembly corresponds to our General Body. There is besides a *General Committee* composed of representatives from 8 *Regional Committees*, each of which is constituted of delegates from Sections at the rate of one for every 250 members. The General Committee meets at least once a quarter to consider the progress and other reports made by the *Council of Administration* (corresponding to our Board of Directors). It also considers questions of propaganda, welfare work and questions raised at the national co-operative congress. It discusses questions coming from below, the 8 Committees Regional. Each Section has a local *Committee of Propaganda* like our Panchayat, whose business it is to

smoothen the working in the locality. The General Committee proposes the names suitable for election to the Council of Administration and the votes are exercised by the General Assembly. The Council of Administration is composed of 15 members, elected for 3 years; but by rotation one-third retire every year. The out-going member is eligible for re-election. The Council of Administration meets every week and has very wide powers of administration. There is, however, one check, and that is the provision for the election of a *Committee of Control* composed of 5 members by the General Assembly for the purpose of examining the accounts and the general administration carried on by the Council and reporting the same to the General Assembly. The members of this committee have access to all records.

Permanent Officials.

Day-to-day administration is carried on by permanent officials, heads of departments being called Directors. One is in charge of the financial side dealing with shares, reserve funds and accounts of all sorts, the estates and the legal questions involved. There is another in charge of all commercial questions. This department is divided into several Bureaux: purchase and distribution of goods, groceries, boucheries, Entrepot, production, architecture and works. The actual buying and distribution and production of goods are all done by and on the entire responsibility of paid officials, the Council of Administration laying down only the broad lines. Inspection of the numerous shops is regularly done by the officials themselves. These essential functions are not left to be discharged according to the whims and fancies of, or the leisure available to, honorary office-bearers.

Purchase from the Wholesale.

The Union des Co-operateurs cannot have any difficulty in the purchase of most of the articles sold in its shops and distributed from its Entrepot. For it is affiliated to the *Magasin du Gros,* which is the national wholesale of France, as the C. W. S. is for England. The Magasin purchases not only for the Paris but for all societies in France. It also produces in its own factories a few articles—shoes, chocolates, jams, preserves of fish and vegetables—but nothing comparable to the work of the English C. W. S.

Own Production.

The Union and in fact all big societies are carrying on a few lines of production of their own, *e.g.*, bakery, roasting of coffee, making of sausages, filtering and bottling of wine, and of oils. All but the first of these is done in the premises of the big Entrepot erected in 1931 and fitted up on modern lines. The rest of the articles are purchased and stocked in the Entrepot. There were 40 lorries, I was told, for the distribution of goods to the shops. Besides this there is another warehouse at Campeigne, which I did not see, and the third is at Les Halles market in Paris for the buying and stocking of green groceries.

Business and Service.

The total business done by the Union des Co-operateurs amounted to 175 million francs in the year 1936, for which accounts were available. This excludes the business done by 9 Restaurants of the Union, whose business amounted to 4½ million francs. In the last 10 years, 20 million francs have been distributed as dividends to members and more than one million francs have been distributed to, or spent on, works of 'solidarity' or 'common good' as we would say here. Excursions to sea-side or mountains during holidays are arranged. Hospitals and canvalescent homes for children have been maintained. There is a *Committee of Leisure* whose work it is to provide the best opportunities for the development of culture on the one hand and physical recreations on the other. Interest is aroused in music, photography, radio, swimming, dancing, etc., in all of which employees as well as members are encouraged to participate. The lead in this development was given by the late Albert Thomas. Co-operative education, general and technical, is not neglected. There is undoubtedly an atmosphere of good-will and enthusiasm all round.

Cash Credit for Ryots

By Mr. M. Chenga Reddi, B.A., B.L., Vakil, *Chittoor.*

The credit societies in the villages are not satisfying the credit needs of the villagers fully. The borrowing power of each member in general is fixed at Rs. 250 or Rs. 500 irrespective of his personal capacity to borrow and his needs. So much so, even though a ryot joins a co-operative society, he is forced to seek the help of the local Sahukar at least for a portion of his credit needs. The local Sahukar accommodates him very readily to the full extent he is eligible, any time it is necessary. The ryot naturally tries to keep up the obligations to the Sahukar punctually to gain his confidence. The co-operative society, on the other hand, is a casual creditor and there too meets only a portion of his needs. Therefore it does not receive so much attention from the ryot. It does not matter to him if he loses this creditor. Unless therefore the co-operative society tries to meet all the banking needs of the ryot satisfactorily, and until it displaces the local Sahukar completely in all his aspects, it cannot expect the ryot to be faithful and regular. It is a general maxim that if a thing is good, one tries to preserve it with care and if it is not useful, one does not mind losing it.

The credit needs of the ryot are not always either short term or long term. He needs both, and also credit of an intermediary type. For the purchase of seed, manure, for payment of kist etc., he needs short term credit. For the purchase of bulls, machinery, for the improvement of his lands and rearing gardens etc., he needs credit of an intermediary type. And for digging wells, planting new gardens, purchasing new land etc., he needs long term credit. The co-operative society must try to serve the ryot for all these needs, if it wants to be a successful creditor in the villages.

The fixed instalment system of repaying debt is not suited to the ryot. Agriculture is an industry, depending for its success, on several uncertain events to precede. There must be seasonal rains, not insufficient nor in excess; the crops must escape pests and diseases; wild animals must spare them. When all these conditions are favourable the produce must sell above the cost price. The price of agricultural produce depends upon world factors over which the ryot or his Government has no control. Agriculture therefore is a gamble.

The ryot in such bad years cannot certainly pay the instalment of his debt, and needs further credit to try his luck again and again in the succeeding years.

The Cash Credit system of loans appears to be the best suited to the ryot to solve all his difficulties enumerated above. It should be as follows:

The assets and liabilities of each member of a rural co-operative society should be examined thoroughly and his individual borrowing power fixed upto his personal repaying capacity. Sufficient landed properties may be taken as mortgage to cover this limit. The cash credit to be sanctioned should run for a period of 12 years. At the beginning of each year, the assets and liabilities of each member and the mortgaged properties should be revalued and the limit varied. The member should be able to draw upon his cash credit readily from time to time for his needs. He must however satisfy the society that it is for a genuine productive purpose. He must show to the society sufficient proof that the money drawn is spent for the purpose intended. At the outset each member should give an undertaking to the society that all his income from his estate will be paid into the society towards his cash credit. A list of crops with extent etc., raised by each member can be maintained, and watched as to how he disposes of the produce. If at any time, any member is found guilty of misconduct in this respect, his cash credit account may immediately be closed and steps taken to recover the full amount outstanding against him. He may also be removed from the rolls of the society.

This system of cash credit to the members of rural co-operative credit societies, besides serving all their needs satisfactorily, has the following advantages:

Usually the loan applications that are prepared in societies take a pretty long time for being disposed of by the financing banks. Each time a loan application is prepared, the assets and liabilities of members have to be carefully looked into. The landed properties that are proposed to be mortgaged have to be carefully valued and encumbrances on these properties and their titles have to be examined. All this means money and time. In the proposed scheme these details are looked into only once in twelve years.

At present not more than 2 to 3 per cent of the villagers are members in the societies. If the proposed scheme is introduced, they

are expected to join in large numbers and thus increase the business in the societies and the financing banks.

In course of time the societies from experience can eliminate all undesirable members and have a permanent set of good clients to deal with.

I have heard in some quarters that by this system the ryot will have easy credit for running into debts. But easy credit is there always, if one has enough assets. What we are really aiming at by this scheme is, not to give easy credit to the ryot, but to give him cheap credit, without any of its attendant evils. Further, it is properly controlled to see that it is used for productive purposes only.

Another objection to this scheme is that it facilitates misappropriation by the office bearers of the societies in their dealings with illiterate members. This is purely an administrative difficulty and not a defect in the system proposed. We cannot discard it, because some of the administrators lack character. A large number of honest men need not lose this benefit, on account of a few bad men in the organisation. They can be eliminated by proper propaganda.

Supervisors

By Mr. P. K. Srinivasa Raghava Acharya, B.A., *Tindivanam.*

There is a body of persons concerned with the administration of co-operative societies. Those persons are known as supervisors. They are not officers of the Co-operative Department but yet without them the machinery of the administration of co-operative societies cannot properly be worked. This class is neglected and uncared for. They are termed non-official servants of the Co-operative Department. They are under the control of the Central Bank. The officers of the Department claim to possess disciplinary powers over them.

These non-official servants called supervisors are in reality the officials of the movement that come in direct contact with the masses. It is really these persons that shape the views of the members of rural societies and contribute towards the administration of those societies whether efficient or otherwise.

The pay fixed for these supervisors is not uniform. It ranges from Rs. 25 to Rs. 35 in some places and from Rs. 25 to Rs. 40 in others. They are not provided with any scale of pay. No increment is given to them in view of their service. In fact their tenure of office is itself insecure. They are liable to be thrown out of employment at the will and pleasure of the Managing Committees of the Central Banks. They are entitled to neither pension nor old age allowance. They have no provident fund to fall back upon if they are asked to go out. To these by a freak of fortune is entrusted the task of educating the masses on co-operative principles.

It is to be admitted that with such an unstable position the supervisors can be justified if they do not satisfactorily discharge their duties. A sense of security of his position, decent pay and the hope of getting something to fall back upon after his retirement are necessary to enable any employee to devote his undivided attention to the work entrusted to him. It is also necessary that there should be uniformity in the scale of pay.

I would therefore request that the following suggestions may be considered :—

1. All supervisors should be under the control of the Provincial Co-operative Bank, Madras.
2. The pay of the supervisors should be uniform and there should be a scale fixed.
3. Those of the supervisors that may have to retire in a year or two may be awarded old age allowance out of the interest on reserve funds of the Central Banks under which they have been serving.
4. The supervisors who are not advanced in age may be asked to subscribe a portion of their pay towards provident fund, contribution to which may be made out of the interest on reserve fund of the Banks employing them.
5. The supervisors should have a right of appeal to the Deputy Registrar or the Registrar against the order of the Central Banks or the Provincial Bank dispensing with their services.
6. There should be legislative sanction for the existence of the office of supervisors.

The League of Nations and Nutrition.

By Frau Emmy Freundlich,

President, International Co-operative Women's Guild.

Since 1925 various Conferences held under the auspices of the League of Nations and the International Labour Office recommended that special attention be given to the problem of Nutrition, and as a result this question was taken up by the Health Section. It was only in 1934, however, that the League decided to set up a special Mixed Committee which, assisted by the Health Organisation, would deal with Nutrition in a systematic way. The matter had become of vital importance owing to the long stretch of unemployment in all countries and the fact that ever widening circles were feeling the effects of the economic crisis. Malnutrition had become very noticeable in rural districts as well as among the population of the towns and was, in fact, a grave manace to national health.

The various League bodies concerned in the Inquiry did not take their task lightly. Systematic and far-reaching inquiries were conducted in all European countries, in the United States, the South American Republics and South Africa, but unfortunately the Asiatic countries could not be included as owing to the huge populations and the low standard of living the essential conditions for a realiable inquiry were lacking. Special attention is to be given to this problem at some future date.

In addition a good deal of research was made into physiological factors, and dietetic tables applicable to all countries and all population groups were compiled. It was laid down that the daily diet of an adult not engaged in heavy manual work should contain 2,400 calories and separate tables were worked out for people of all ages, including growing children, for pregnant and nursing mothers and the various categories of workers. As a result it will be possible to obtain an international basis for comparing the standard of living in different countries and so estimate more easily the prevalence of malnutrition.

The work was somewhat hindered by the absence of statistics as regards consumption and in most countries these had to be calculated from figures dealing with production, imports and sales—where these latter were available. This fact shows the urgent need for reliable international data on household budgets, which alone could provide the information now lacking. The final report on the work so far accomplished by the Committee was presented to the recent Assembly of the League and it was decided that the inquiry should be continued.

The report shows that malnutrition is not always the result of poverty, for it exists even in the more prosperous countries where incomes are moderately high. The whole question of nutrition, however, has an important bearing on national economy, for it determines the capacity of the individual and therefore the general progress of industry. For this reason it is essential that all public authorities, and especially Governments, should not only study the question of nutrition but should make practical use of the results obtained. During the last century the progress of science, measures taken to combat disease—and especially infant mortality—increased industrial and agricultural production, the development of transport and storage facilities and an all round rise in the standard of living, have resulted in considerable improvement as regards nutrition and general health. In countries where measurements are taken of school children and army recruits it has been proved that the race is getting taller, a development that has gone hand in hand with the increase in population, which in Europe had reached 400 millions in 1900 as against 187 millions a century ago. Feeding is no longer considered merely as a means of satisfying hunger but is becoming more and more a vital health problem for the family and the nation. In one London school an extra glass of milk a day so improved the general health of the children that their height increased by 43 per cent and their weight by 81 per cent and this is a useful proof of what can be achieved by simple measures. To combat malnutrition is one of the most important duties of the State and the public authorities and in order to avoid dissipation of forces each country should strive to centralise all efforts made in this direction.

Although there can be no doubt that the low wages of a large proportion of the population partially account for the prevalence of malnutrition, it must be admitted that much more education is needed before the general public will view the whole question of food and feeding from a different angle and be ready to change its habits in accordance with the recommendations of science. It is important that every country should now give special attention to the following points:

The promotion of welfare services, for it is in large families that malnutrition is worst and it is not so much the number but the physical and mental capacity of the children that is important. Each country should decide the necessary optimum for a health-giving diet and then see to it that every family can reach this optimum.

Then agricultural production must be brought into line with modern standards of diet so that more acreage is available for the cultivation of foodstuffs of greater nutritive value. We need to-day, for instance, less potatoes and more milk, less corn and more butter and eggs but such changes are largely dependent upon the general trading and economic policy adopted by the various countries.

Moreover, the system of distribution needs to be throughly overhauled throughout the world so that transport and storage facilites are so arranged as to obviate deterioration of foodstuffs and the consequent diminution in their nutritive value. Another important task is the examination of general trading conditions and costs, on which prices so largely depend, and a study of the results of all forms of monopoly trading and State intervention in commercial matters. Just as children must be weighed regularly in order to check their development, so must the thermometer be applied periodically to all factors that influence prices and therefore affect public nutrition.

In various sections of the Report recognition is given to the valuable work done by both agricultural and consumers' co-operative societies and this has been ably summarised in a special publication got out by the Co-operative Section of the I.L.O.

It is of course impossible to do full justice to this most interesting and important League Memorandum within the limits of a short article. One example will serve to show, however, how broad is its scope. Fewer horses are now required owing to mechanised methods of agriculture and so oats are no longer grown in the same quantities. In many countries the ground thus set at liberty is now being used for poultry-farming and this will have far-reaching effects on egg-production and egg prices Such changes in cultivation and stock-raising are bound to affect the standard of nutrition and it is therefore most necessary that both consumers and producers should realise their responsibilities.

In Belgium. Czecho-Slovakia, France, Great Britain, Holland, Italy, Russia and the U.S.A. national committees have now been set up either to deal at first hand with the problems of nutrition or to study the results of the League inquiry and apply these to national circumstances. There should be many more such national committees and in those countries where they do not as yet exist all women's organisations, co-operative societies and everyone who is interested in nutrition should demand that a nutrition committee should be set up without delay.

In expressing our deep appreciation of the most valuable work done by the League, work which really could only have been carried out at Geneva, we should like to ask the League to assist in popularising such inquiries. The International Co-operative Women's Guild has already published a memorandum on what has been done in this field by its national members and this shows how much might be accomplished if the necessary funds and League help were available. A co-ordinated international educational campaign would perhaps be the best way of completing and using to the best advantage the splendid work described in the report.

Multi-purpose Society in Alamuru.

The following important speech was delivered by the Hon'ble Mr. T. Prakasam, Revenue Minister to the Government of Madras, at Alamur in the East Godavari district on the occasion of the opening of the first Multi-purpose Co-operative Society or Rural Bank in the Madras Presidency on 27th February, 1938:—

It is now some time since I made some proposals for establishment of Village Autonomy to the Members of our Cabinet. In my tours in the districts I was explaining briefly some details of the scheme, but never did I get an opportunity to deal with any part of the scheme in detail until to-day. Mr. Satyanarayana has now taken up the establishment of Multi-purpose Rural Credit Societies without waiting for the Government scheme or for Government support. It is an acknowledged fact that the co-operative system that has been in existence hitherto has not proved a success and that it requires a thorough overhauling. The only way in which the existing societies should be reconstituted so as to serve the people of the country is by establishing Multi-purpose Rural Credit Societies in groups of villages all over the Presidency in place of the old single-purpose societies. Before the Co-operative Societies Act was passed into law about 30 years ago, there were proposals for the establishment of village banks which should lend money to the cultivator at a very low rate of interest, namely, 4 per cent., to enable him to discharge his old debt and also leave sufficient margin for the maintenance of his family; but these proposals were not accepted and in their place the Co-operative Societies Act was passed. For various reasons the societies failed to function and it is admitted that their credit has practically been frozen. Unless a new rural credit system on the basis of Multi-purpose Societies, as advised by the Reserve Bank of India in Bulletins which they have issued recently is established, no real relief can be afforded to the agriculturist. With this object in view I made the establishment of Rural Credit Multi-purpose Societies the essence of the scheme of village autonomy which I placed for consideration before our Government. There can be no real village autonomy anywhere unless and until the cultivator is enabled to get the money required by him for all his purposes within his own area and he is also enabled to settle all disputes, civil and criminal, through village panchayats as far as possible. The establishment of multi-purpose societies therefore forms the essential part of the scheme of village panchayats suggested by me.

Sometime after the proposal of my scheme to our Government was made, our Government undertook legislation to give relief to the agriculturist. Having due regard to our own financial position and also the responsibility of the new Government to the people, we were obliged to take good care to see that our debt relief legislation was confined to the scaling down of the debts as far as possible. The Bill has been passed by the Government of Madras and it awaits the sanction of the Governor General of India. I have no doubt His Excellency the Viceroy will give his assent to it before long. Much comment was made on the floor of the Assembly and in the Council and also outside, that the legislation was incomplete so long as no provision was made for finding money for the agriculturist to wipe off scaled down debts by issuing bonds or making other provision. One of the methods of finding money to help the agriculturist to discharge his debt is by the Government raising loans in the market for discharging the debts of the agriculturist. It is for the people now to decide whether the Government should borrow 50 or 100 crores of rupees in the market for discharging the scaled down debts or whether the people themselves should undertake the task of establishing Rural Credit societies which if properly run would enable the agriculturist to discharge his debts which have been reduced considerably by the recent legislation. If the Government should borrow money to the tune of 50 or 100 crores for discharging agricultural indebtedness on the security of all their lands, the task of levying fresh taxes on the people for discharging the newly incurred loans devolves upon the Government and the people themselves. It is with a view to avoid such difficulties that our Government was advised to introduce and pass into law a very cautious measure for scaling down the debts only.

While the Government are still considering the question for formulating their own policy and the future plan for relief of the agriculturist, I am glad there has been one person who has studied the present economic condition of the country as a whole and come forward with a proposal to establish a Multi-purpose Society in this Alamur firka of the East Godavari district, and the proposal was made and a written application was given by Mr. Satyanarayana for registration of his Multi-purpose Society. The Hon'ble Mr. Giri and myself were only too glad to co-operate with him in the starting of the Multi-purpose Society here. When he approached the Government he made his position clear that he was not starting this work depending upon any financial help from the Government. Mr. Satyanarayana and some other gentleman who have devoted their time in the cause of the co-operative movement for a long time and who have acquired expert knowledge, discovered in the end that there was no use of continuing the old system and the only alternative is the establishment of rural banks. Mr. Satyanarayana is a very learned man in this department. I was convinced of this when I went through his library on the co-operative movement in his own village of Alamur some years back, and he commands a reputation amongst some of the highest of the banking authorities as an able organiser. I offer

my sincere congratulations to him for having given a lead in this matter by starting the first Multi-purpose Rural Credit Society in his own firka of this Ramachandrapur Taluk of this East Godavari District.

I shall now briefly give the particulars of the scheme suggested by me adopting the same from the Bulletins of the Reserve Bank of India issued from Bombay. The constitution of the Rural Credit organization should be as follows :—

(1) Village Society (for groups of villages)
(2) Taluk Union (branch to Apex Bank)
(3) Provincial Co-operative Bank (Apex Bank)
(4) Reserve Bank

This is the order in which the construction of the scheme should be completed or linked up.

The foundation is the Multi-purpose Co-operative Society or Rural Bank. It should be formed in groups of villages to begin with. To make the scheme a complete success each society must create sufficient mass contact and serve as a multi-purpose society. This is specially necessary in the case of the village society and not so much in urban societies. The fundamental principle is that these societies should be managed by the cultivators themselves and not by the promoters or founders.

(1) Village societies should make advances for production.
(2) They should also lend monies on the produce brought to them for sale.
(3) They should arrange marketing facilities.
(4) If the credit and marketing societies should be functioning separately, they should make joint purchase of seeds, implements, manure etc. required by their members.
(5) Each society must be able in due course to supply all the needs of its members.
(6) The society should educate its members to purchase improved varieties of seeds for producing improved kinds of crops.
(7) The society should also educate them on the need for the purchase of their other requirements jointly on indent system so as to make profit without itself running any risk or liability.
(8) The society should educate its members to sell their produce co-operatively.
(9) When all these duties are undertaken by the society and are successfully carried on, it will be quite easy for it to induce its members to settle their disputes by arbitration and save litigation expenses.

It is not enough if a multi-purpose society is formed in Alamur firka alone. Following the lead given by Alamur, the other firkas must soon follow organising similar societies until a group of societies ranging from 10 to 15 is formed in the taluk. When such a group of societies is formed, a Co-operative Branch Banking Union should be registered for the Taluk.

(*a*) The Co-operative Branch Banking Union must limit its membership to co-operative societies only and work as a branch of the Provincial Bank.

(*b*) It should be open to the members of the societies to become individual members of the Union.

(*c*) The objects of the Union should be

- (i) to lend monies to village societies,
- (ii) to supervise the work of the societies,
- (iii) to supply to societies, seeds, ploughs and all the necessary agricultural equipment,
- (iv) to open stores for the societies with the previous sanction of the Registrar of Co-operative Societies,
- (v) to collect
  - (*a*) share monies
  - (*b*) deposits from members
  - (*c*) monies by way of loans from the Government or members or other individuals or associations and
  - (*d*) donations,
- (vi) to ensure the prosperity of the societies and carry out all beneficial works, and
- (vii) to exercise control over the society by examining the statement prepared by them in the usual form and satisfying itself about their proper working.

To put it briefly the Branch Banking Union should function as

(i) a Bank
(ii) a Supply society
and (iii) a Sale society

In this manner the Branch Banking Union makes itself responsible for the material and moral progress of the societies. The Union should have a highly qualified man as its Manager whose duty it will be to inspect each society once in a month or two with a view to help it and not make it dependent upon the Union. It will be his duty to see that each society maintains its own accounts. If there are no literate members in the society, the Manager should appoint one Secretary for the group for writing up the books of such societies. Some of the members should be trained to keep accounts. It will be the duty of the Union to arrange

for the sale of the produce of the societies jointly for profitable prices to merchants or firms of other provinces.

The Taluk Branch Banking Union should work directly under the control of the Apex Bank. The Provincial Co-operative Bank should be linked up with the Reserve Bank.

As regards finance, these societies must try to tap the local resources and where they are not able to do so, the Apex Bank must come to their rescue. The latter should serve as a balancing centre. The Reserve Bank may lend to the Apex Bank in case of need. At present there are too many intermediaries between the Apex Bank and the ultimate borrower. Each institution has to keep a margin for its working and profits. This increases the burden on the ultimate borrower. To remedy this, these societies must be financed directly by the Apex Bank. But to ensure local knowledge in granting loans there should be at the headquarters of each Taluk an Advisory Committee to help in its working. The Committee must also be responsible for the control and supervision of the working of the societies. This Committee should consist of the representatives of the societies and of individuals nominated by the Apex Bank from among the experienced co-operators of the area. The development of these branches follows the well-established practice of the banking institutions of the world and also follows the motto of centralising finance and decentralising supervision.

The monies collected by the society shall be remitted to the Taluk Sub-treasury and that will be transmitted to the Apex Bank in the routine course. When the Apex Bank wants to send money to the society it sends a Remittance Transfer Receipt on a particular treasury. The society cashes the Remittance Transfer Receipt.

This briefly is the scheme suggested by me for the establishment of the Multi-purpose Rural Credit Societies to our Government. Now that Mr. Satyanarayana has undertaken this task himself, his responsibility does not end with establishing a Multi-purpose society in Alamur firka alone. In the other firkas of the Ramachandrapur Taluk this must be followed up by Mr. Bikkani Venkatratnam and others immediately, so that a Branch Banking Union can be formed for the taluk. When that Branch Banking Union is formed for Ramachandrapur Taluk it can be linked up to the Provincial Bank which in its turn would be connected with the Reserve Bank. It cannot therefore be a task of one person to accomplish all this. It is absolutely necessary that all the best and tried co-operators in this district, and in the neighbouring districts also, should work together and bring about this result from the bottom to the top and thus show the way to the other taluks of this district and also the other districts. From this it is clear that it is the people that will have to undertake this work and carry it to perfection.

When a Branch Banking Union is formed, the local Advisory Committee should consist of the leading men of the village societies who will be serving on their managing committees sanctioning loans and taking good care to see that the monies borrowed were applied and were punctually returned. They should also be persons to whom the Provincial Government (Revenue and Agricultural Departments) would be looking up to for their propaganda. The Public Health Department may be advising them about sanitary measures. The Industries Department might advise them about cottage industries. The Education Department may be directing them with regard to educational institutions. All these above-named functions will not be forced on the primary societies. On the other hand, the primary societies should be seeking for all such information and help from the various Departments of the Government. If such unions are formed and if they function properly, they will be able to realise the rural capital that may be idle and also use it for village development. When the Branch Banking Unions are working under the direct control of the Provincial Co-operative Bank, the required help will be forthcoming from the Apex institution.

This Multi-purpose Co-operative Society at Alamur may be a small beginning, but its potentiality is so great that it might be laying the real foundation for Swaraj, economic as well as political, of the people. Constitutions may come and constitutions may go. So long as the people are not ready to undertake the work on the lines suggested in the villages, their redemption will not be at hand. So it is the duty of every one to give the required help for this business. When once this is done there can be no apprehension that village panchayats will not function on account of factions or disputes. There is a group of about 60 villages in Kodinar in the Baroda State where multi-purpose rural credit system on the lines indicated above was established some 25 years back and this proved a very great success and it was on the basis of that work in India and also on the basis of the success of such multi-purpose societies in America and other parts of the world that the present beginning is made in this village of Alamur on this, the 27th day of February 1938. This is not an easy job. This is real constructive work which demands all attention, patience and perseverance of the people. With the establishment of such societies all over the country complete economic freedom can be gained easily.

Provident Fund Deposit Tables.

(COMPOUND INTEREST ADDED ANNUALLY).

PREPARED BY MR. S. VISWANATHAN, B.A., MADURA.

I

At 3 per cent.

No. of years.	Amount paid to Bank.	Amount payable by Bank.	Interest added at the end of each year to the last balance.
	Rs.	Rs. A. P.	Rs. A. P.
1	12	12 2 8	0 2 8
2	24	24 11 2	0 8 6
3	36	37 9 8	0 14 6
4	48	50 14 4	1 4 8
5	60	64 9 5	1 11 1
6	72	78 11 1	2 1 8
7	84	93 3 6	2 8 5
8	96	108 2 11	2 15 5
9	108	123 9 6	3 6 7
10	120	139 7 6	3 14 0
11	132	155 13 1	4 5 7
12	144	172 10 6	4 13 5
13	156	190 0 0	5 5 6
14	168	207 13 10	5 13 10
15	180	226 4 3	6 6 5
16	192	245 3 6	6 15 3
17	204	264 11 10	7 8 4
18	216	284 13 7	8 1 9
19	228	305 8 11	8 11 4
20	240	326 14 3	9 5 4
21	252	348 13 10	9 15 7
22	264	371 7 11	10 10 1
23	276	394 12 10	11 4 11
24	288	418 13 0	12 0 2
25	300	443 8 8	12 11 8
26	312	469 0 2	13 7 6
27	324	495 3 11	14 3 9
28	336	522 4 3	15 0 4
29	348	550 1 7	15 13 4
30	360	578 12 3	16 10 8

II

At 3½ per cent.

No. of years.	Amount paid to Bank.	Amount payable by Bank.	Interest added at the end of each year to the last balance.
	Rs.	Rs. A. P.	Rs. A. P.
1	12	12 3 1	0 3 1
2	24	24 13 0	0 9 11
3	36	37 14 0	1 1 0
4	48	51 6 3	1 8 3
5	60	65 6 1	1 15 10
6	72	79 13 9	2 7 8
7	84	94 13 7	2 15 10
8	96	110 5 9	3 8 2
9	108	126 6 8	4 0 11
10	120	143 0 6	4 9 10
11	132	160 3 8	5 3 2
12	144	178 0 6	5 12 10
13	156	196 7 3	6 6 9
14	168	215 8 4	7 1 1
15	180	235 4 1	7 11 9
16	192	255 10 11	8 6 10
17	204	276 13 2	9 2 3
18	216	298 11 3	9 14 1
19	228	321 5 7	10 10 4
20	240	344 12 7	11 7 0
21	252	369 0 9	12 4 2
22	264	394 2 6	13 1 9
23	276	420 2 4	13 15 10
24	288	447 0 8	14 14 4
25	300	474 14 1	15 13 5
26	312	503 11 1	16 13 0
27	324	533 8 3	17 13 2
28	336	564 6 1	18 13 10
29	348	596 5 3	19 15 2
30	360	629 6 3	21 1 0

III

At 4½ per cent.

No. of years	Amount paid to Bank.	Amount payable by Bank.	Interest added at the end of each year to the last balance.
	Rs.	Rs. A. P.	Rs. A. P.
1	12	12 4 0	0 4 0
2	24	25 0 9	0 12 9
3	36	38 6 9	1 6 0
4	48	52 6 4	1 15 7
5	60	67 0 0	2 9 8
6	72	82 4 2	3 4 2
7	84	98 3 4	3 15 2
8	96	114 14 0	4 10 8
9	108	132 4 8	5 6 8
10	120	150 7 11	6 3 3
11	132	169 8 3	7 0 4
12	144	189 6 3	7 14 0
13	156	210 2 7	8 12 4
14	168	231 13 10	9 11 3
15	180	254 8 9	10 10 11
16	192	278 4 0	11 11 3
17	204	303 0 4	12 12 4
18	216	328 14 6	13 14 2
19	228	355 15 3	15 0 9
20	240	384 3 6	16 4 3
21	252	413 12 1	17 8 7
22	264	444 9 11	18 13 10
23	276	476 14 0	20 4 1
24	288	510 9 4	21 11 4
25	300	545 12 11	23 3 7
26	312	582 9 10	24 12 11
27	324	621 1 3	26 7 5
28	336	661 4 5	28 3 2
29	348	703 4 6	30 0 1
30	360	747 2 10	31 14 4

IV

At 5 per cent.

No. of years.	Amount paid to Bank.	Amount payable by Bank.			Interest added at the end of each year to the last balance.		
	Rs.	Rs.	A.	P.	Rs.	A.	P.
1	12	12	4	5	0	4	5
2	24	25	2	8	0	14	3
3	36	38	11	2	1	8	6
4	48	52	14	6	2	3	4
5	60	67	13	3	2	14	9
6	72	83	7	11	3	10	8
7	84	99	15	1	4	7	2
8	96	117	3	5	5	4	4
9	108	135	5	7	6	2	2
10	120	154	6	3	7	0	8
11	132	174	6	2	7	15	11
12	144	195	6	1	8	15	11
13	156	217	6	10	10	0	9
14	168	240	9	2	11	2	4
15	180	264	14	0	12	4	10
16	192	290	6	4	13	8	4
17	204	317	3	1	14	12	9
18	216	345	5	3	16	2	2
19	228	374	13	11	17	8	8
20	240	405	14	3	19	0	4
21	252	438	7	4	20	9	1
22	264	472	10	6	22	3	2
23	276	508	9	0	23	14	6
24	288	546	4	3	25	11	3
25	300	585	13	8	27	9	5
26	312	627	6	9	29	9	1
27	324	671	1	1	31	10	4
28	336	716	14	4	33	13	3
29	348	765	0	3	36	1	11
30	360	815	8	8	38	8	5

Extracts.

STATUTORY REPORT OF THE RESERVE BANK.

In this and succeeding issues of this Journal we propose to give extracts from the Statutory Report of the Reserve Bank of India, which are of special interest to co-operators.

CHAPTER II—VARIOUS AGENCIES FOR AGRICULTURAL CREDIT.

Difficulties of Agricultural Finance.

5. In the preliminary report we pointed out the special features of agriculture which distinguish it from industry and commerce and which make it difficult for the ordinary credit agencies to finance it. Apart from the special risks involved in agricultural finance the main difficulty arises from the fact that in India, as in several other agricultural countries, the majority of the agricultural population consists of small peasant proprietors and tenants with whom agriculture is not so much a professsion as a mode of living. The handicap is not merely the lack of substantial assets which could serve as security but also, and possibly to a greater extent, the uncertainty of the profits from agriculture as it is generally carried on. Even in commerce and industry the test of creditworthiness is not so much the value of the fixed assets as their ability to make a profit. If a business does not show a profit and there is little chance of its being made to run profitably, no cautious investor will wish to risk his money in it, however highly its buildings, machinery and other fixed assets may be valued. Profit in agriculture as it is carried on in the majority of holdings in India is more often than not a doubtful quantity. This uncertainty instead of leading to thrift and saving results in the creation of a psychology of living for the day, so that even when large gains are made in boom times there is a strong temptation to use them up rather than to make provision for the future. Debt comes to be looked upon as an ordinary condition of life and the fundamental principle that borrowings should be utilized for productive and self-liquidating purposes tends to be forgotten. For all these reasons the ordinary sources of credit are not easily accessible to agriculture. The question of agricultural finance is therefore closely linked up with the question of the improvement of agriculture. *Before credit can become freely available to the farmer he must be made creditworthy.*

Essential characteristics of the most suitable agency.

6. This consideration has an important bearing on the agency most suitable for supplying finance to agriculture in this country. It must have an educative as well as a purely business side. It should supervise the use of credit and see that the farmer employs the money obtained by

him in improving the productivity of the land and making the business of agriculture more profitable. An impersonal agency like a loan office which is concerned solely with the profitable investment of its funds cannot serve this purpose and commercial banks generally suffer from the same handicap when dealing with the agriculturist. The credit extended by the tradesman is even more heedless of the benefit to the cultivator. The private moneylender does supply a personal touch but he also is primarily concerned with his own profit. The other great drawback in moneylender's credit is that he tends to charge with high rates of interest, though this is partly as an insurance against the risks attached to farming and the possible dishonesty of the borrower or legislative interference. When Government finances the agriculturist it may be expected to see that what it lends is profitably utilized, but it is inherently not qualified to act as a general financing agency. An agency which satisfies the requisite conditions for agricultural finance is the co-operative society and it has been so recognised in almost all agricultural countries. However short the co-operative movement may have fallen of what was expected from it in India, we feel that further effort should be made to render it capable of discharging in the best manner the function of supplying credit to the small agriculturist and we have no hesitation in saying that if facilities to the Indian agriculturist are to be improved the co-operative movement must be reconstructed and revitalized so as to serve not only as an effective credit agency but as a motive power for the improvement of agriculture from every point of view.

Outline of the Report.

7. In view of the importance which we attach to the co-operative movement we shall explain our views regarding its improvement in a separate chapter. As a special reference has been made to indigenous bankers in the terms of reference we shall also devote one chapter to them. The question of the co-ordination of the various agencies with the Reserve Bank will also be dealt with in a further chapter. First we shall deal briefly with three agencies for supplying agricultural credit viz., (1) commercial banks (2) Government and (3) money-lenders. Other agencies like Loan Offices, Nidhis and Agricultural Banks whose activities are confined to particular provinces will be left out of consideration in this report as we have no proposals to make regarding their co-ordination with the Reserve Bank and the question of their improvement could be discussed separately.

Commercial Banks.

8. With regard to commercial banks we have little to add what we said in paras 24 to 26 of our preliminary report. We consider that they are in the best position to finance the movement and marketing of crops

by making short term advances against produce and in order that they may be able to do so the arrangements for the marketing of crops must be improved by (i) the grading and standardisation of staples and of contracts, (ii) proper storage facilities and (iii) the creation of properly regulated local as well as forward markets. Regulation of markets is necessary by the enactment of special marketing acts which will provide for the licensing of brokers, the conditions of their business, settlement of disputes, use of standard weights and measures, prohibition of illegal deductions, publication of marketing information and construction of warehouses. This subject has been dealt with in great detail by the Royal Commission on Agriculture and further light is being thrown on it by the investigations of the Marketing Department of the Imperial Council of Agricultural Research and we draw the attention of the Provincial Governments to these reports and the desirability of giving effect to their recommendations. Such marketing reform will not only ensure a fairer price to the producer but also encourage commercial banks to take a greater part in financing the sale of agricultural produce. At present in spite of the rapid growth of branch banking it is only in certain parts of Southern India that commercial banks have as yet direct relations even in regard to marketing with the actual producer; in other parts of India their role in agricultural credit is usually that of an intermediary furnishing part of the credit to the indigenous banker and in a small degree to the landlord or the co-operative banks. We consider that there is considerable scope for an increase in the financial support given by commercial banks to moneylenders, indigenous bankers and co-operative banks if they will re-organise themselves on the lines which we are suggesting. Such co-ordination will result in the strengthening of the credit structure, the benefit of which will ultimately percolate to the tiller of the soil.

Government.

9. Government supplies finance to agriculturists through taccavi loans. The smallness of the amount advanced by it when compared with the total finance required by agriculture has been due to the fact that the loans under the Agriculturists Loans Act have mostly been advanced to enable the agriculturists to tide over emergencies and have not been intended to supply his normal finance. As we have already pointed out, we do not think that Government machinery is suited to serve as the source of normal finance to agriculture and Government will remain in its present role of helper in emergencies. Sufficient advantage has also not been taken of loans under the Land Improvement Loans Act and (except in backward areas, the development of which must necessarily devolve to a large extent on Government), we consider that even the finance for the improvement of land can be better supplied by land mortgage banks on business lines where they exist. As the Royal Commission

remarked, " What is lacking is not so much capital for land improvement as ideas for utilising it for productive purposes " We feel that what is required from Government is not so much actual loans to cultivators as an active and progressive agricultural policy. The Agricultural Departments of the various Governments should work in the closest possible relation with the co-operative societies and land mortgage banks. Apart from this Government should pursue whole-heartedly a policy which will not only improve the financial position of the agriculturist but improve his life in every way.

The Moneylender.

10. It is well known that the bulk of agricultural finance is supplied by the money-lender. This term includes professional moneylenders like Banias or other classes who set up regular shops for doing this business, landlords, prosperous agriculturists and traders; there are also the pawnbrokers, the roving Pathans and others who traffic in moneylending. For a heterogeneous group of this kind it is difficult to generalize. The moneylender undoubtedly serves a necessary function in the village economy and regulation of his business is long overdue. The pendulum now appears to have swung to the other extreme and the various enactments relating to agricultural debts have undoubtedly seriously impaired his activities in many parts of India.

Regulation of Moneylending.

11. It is true that there are innumerable ways of evading debt legislation and that legislation alone will not succeed in improving the methods of the moneylender. It is only natural that moneylenders both good and bad should dislike the new restrictions imposed on them and the impression that recent debt legislation has resulted in a contraction of credit of the agriculturist is probably true. In areas where such legislation is in force it is said that moneylenders have discontinued lending except to hold and trusted clients or their own tenants and have restricted their loans to the minimum. But though this has probably caused some hardship to the cultivator it has not been an unmixed evil. It has taught him to try to live within his means and so far there are no complaints of land remaining uncultivated for want of finance. The legislation for regulating moneylending must not, however, be judged by this temporary result. Moneylenders who conduct their business honestly and whose dealings are above board will soon find that they have nothing to lose from enactments which regulate rates of interest, insist on the maintenance of proper and regular accounts and the furnishing of accounts and receipts to debtors, restrict usufructuary mortgages to a reasonable number of years, allow debtors to redeem certain old mortgages and in general protect the ignorant cultivator from his own folly. Such legislation stands in a different category from legislation which presumes dishonesty on the part of the creditor. It only requires him to conform to certain standards and by

doing so tries to ensure that he will not take undue advantage of the ignorance or necessity of the borrower. Companies, banks, and insurance companies which have to deal with an enlightened public are required to submit to regulation and there is no reason why moneylenders who have to deal with illiterate ryots should claim exemption. We are therefore in favour of reasonable legislation regulating moneylending and making registration compulsory for all moneylenders. We suggest further that apart from any penalties which might be prescribed in such legislation for violation of its provisions a procedure should also be devised for the inspection of the accounts of moneylenders. This will impose a salutory check which will be more effective in eliminating malpractices than any other sanctions. If the business of moneylending is regulated in this manner it will also be possible to obtain more accurate information regarding the incidence of agricultural indebtedness by reference to the account books of the moneylenders and measures to deal with it can then be discussed on surer grounds. It will further be possible to create a privileged class of moneylenders who may be licensed and approved for dealings with the Reserve Bank on conforming to our regulations on the general lines suggested in Chapter V for indigenous bankers and in the special manner indicated in para 41, Chapter IV.

Scaling down of old debts.

12. Legislation relating to the scaling down of debts and the grant of instalments stands on a different footing. These are definitely emergency measures to be justified only by the occurrence of unusual circumstances. Their effect in frightening away credit cannot be minimised but the exceptional circumstances themselves have a similar effect. If statistics could be collected it is more than probable that it would be found that the flow of agricultural credit had become impeded as soon as the depression started, and before protective measures for borrowers came under consideration. Such measures should be looked upon as an attempt to solve the deadlock and if they are successful in this they will obviously be not less beneficial to the creditor than to the debtor. Almost every agricultural country in the world has found it necessary during the depression to adopt some measures of the kind and so long as both the people and the Government realize that they are essentially emergency devices whose aid is not to be invoked in normal times they are more likely to do good than harm. In this connection we would also like to reiterate our previous recommendation regarding the enactment of a simple rural insolvency law for dealing with the cases of helplessly involved cultivators and in particular those carrying heavy burdens of ancestral debts. Where, however, there is chronic indebtedness and debts accumulate because the cultivator's income is not sufficient to leave him a reasonable margin of profit, the mere scaling down of debts cannot provide a permanent cure. Even a limitation on the rate of interest which can be charged by the moneylender (if it could be enforced) is not likely to do much good as the rate of interest is not the only cause of the cultivator's inability to repay. Such chronic indebtedness requires a comprehensive policy aimed at improving the whole life and economic status of the agriculturist.

(*To be continued.*)

News and Notes.

The Madras Provincial Co-operative Bank has reduced to 3 per cent its rate of interest on loans intended for financing Loan and Sale Societies on condition that the ultimate borrower will be accommodated at 4 per cent.

* * *

At Vegavathi Ashram, 45 miles from Madura, a Cattle Breeding Society has been started which is under the care of a cultured Hindu lady, Srimati Venkatalakshmi Ammal. The District Collector has assigned a large plot of land to the society and is arranging for financial aid to it from the Government and the District Board.

* * *

A public meeting was held at Palghat on the 7th February last, under the presidency of Sir Krishnan Nair, to thank the Government of Madras for their decision to establish a Land Mortgage Bank at Palghat. At the meeting a resolution was passed urging the Government to introduce special legislation to remove the disabilities of Kanom tenure holders.

* * *

Mr. C. P. Skrine, Resident for Madras States, declared open the building of the Poovaraskudi Co-operative Society in Pudukottah State on the 20th February. The president of the society is Mr. Arunachala Ambalagarar who is Deputy President of the State Legislative Council from 1933. Mr. Skrine paid a high tribute to Mr. Ambalagarar for his valuable public work in several fields.

* * *

At a recent meeting of the University Union, Bangalore, Mr. N. S. Subba Rao, Vice-Chancellor of the Mysore University, announced that the University was contemplating a scheme of Social Settlements whereby the students would have opportunities to go to villages, mix with the people and know first hand their life and problems. The students of the University are already taking some part in rural uplift activities.

* * *

At a meeting of Congress delegates from Andhra, Kerala and Tamil Nad, held during the Congress session at Haripura to congratulate the Madras Legislature on passing the Agricultural Debt Relief Bill, Mr. K. Santanam, M.L.A., estimated the relief to the agriculturists from the wiping off of interest at Rs. 25 crores and from the wiping off of arrears of rent at Rs. 5 crores. The meeting condemned the move on the part of some to appeal to the Viceroy to withhold his assent to the Bill.

* * *

It is interesting to note that the Government of Sind have created a post of *Honorary Special Officer for Rural Reconstruction* and have appointed Khan Bahadur Azim Khan Inayatkhan Durani to the post. He

will be concerned chiefly with improving the water-supply and sanitation of the villages, for which purpose the grant of the Government of India is available.

* * *

Some time ago the Madura Municipality resolved very sensibly to supply milk to its school children and sanctioned a sum of Rs. 15,000 for starting a dairy for the purpose. But now the Deputy Registrar has offered to start a co-operative milk supply society, the members of which will be milkmen, and obviate the necessity for the Municipality to start its own dairy. As things are in our country, it will be more economical for the Municipality to get the milk from the proposed co-operative society than from its own dairy, and, if it is willing to pay a fair price, it can insist on proper hygienic precautions being observed.

* * *

Addressing recently the Madura-Ramnad Chamber of Commerce, the Hon. Mr. V. Ramadas Pantulu pointed out among other things that the Madras Province was importing rice and paddy from Burma to the value of Rs. 5 crores and that this money could be saved for the Madras agriculturist by helping him to increase his production of paddy. He also observed that if Japanese goods be boycotted by India, as they should be, Japan could not be expected to buy Indian cotton, and therefore there was need to restrict the cultivation of cotton so as to meet the internal demand and only such external demand as might be present.

* * *

A Rural Reconstruction Co-operative Society with limited liability was inaugurated at Pulluruthi a few weeks ago by the Registrar of Co-operative Societies, Cochin State. The objects of the society are to start industries in the village like poultry-keeping, bee-keeping, coir-making and weaving, to popularise scientific methods of agriculture, to supply good seeds and manure and in other ways develop the economic resources of the village. There are already two or three rural reconstruction centres in the State, but they do not appear to be conducted by co-operative societies—in other words, by the people whom they are intended to benefit.

* * *

If the efficiency of Village Panchayats in Mysore be judged by the percentage of the collection of their revenues compared to the demand, their efficiency does not seem to be much. In their review of the work of the Panchayats in 1936-37, the Government observe that out of a total demand of Rs. 56.76 lakhs, only Rs. 14.44 lakhs was collected. With a view to improve the collections, legislative steps are being taken to make the Revenue officials responsible for the assessment as well as the collection of Panchayat taxes.

* * *

Presiding over the sixteenth anniversary of Sriniketan, the Rural Reconstruction Institute of Poet Rabindranath Tagore's Visva-Bharati, Mr. C. F. Andrews gave out some very interesting facts and figures to show the value of the work done ot Sriniketan. In one of the villages served by the Institute, the spleen rate among children in 1923 was 90 per cent but now it was only 4 per cent. In 1926 30 per cent of the people had suffered from malaria but last year only 2 per cent did so. This wonderful improvement has been achieved by strenuous anti-malarial work, consisting of clearing of jungle, cleaning of tanks, draining of marshes etc. In other directions also such as the improvement of agriculture, schools etc. the Institute has done excellent work.

* * *

In the premises of the Prayag Mahila Vidyapeeth, Allahabad, a conference of women interested in rural welfare was held on the 6th February last, with Mrs. A. C. Bannerji in the Chair. The Conference resolved that women should be appointed as organisers, inspectresses and superintendents by the Provincial Government for carrying out the rural uplift scheme and that training centres should be opened for them in all divisions. The Conference also requested all public institutions engaged in the education of women to start special classes for the training of rural women workers and urged upon the Government to give financial help to such institutions.

* * *

The Government of Kashmere State, at the head of which is Dewan Bahadur N. Gopalaswami Aiyangar—and will continue to be for a couple of years more—has created a Rural Development Department with a whole time officer in charge of it. As its first activity, the economic survey of 187 villages has begun by surveyors who have been given some preliminary instruction in co-operation and rural economics.

* * *

That Co-operation was not suitable for very backward areas and that in their case the State should undertake the financing of agriculture, was the opinion expressed by Professor P. J. Thomas and Mr. K. C. Ramakrishnan at a recent meeting of the Madras Economic Association, at which a discussion on " Co-operation in Backward Areas " was initiated by Dewan Bahadur K. Deivasikhamani Mudaliar, who is now engaged in enquiring into the state of the co-operative movement in Orissa. Mr. Mudaliar pointed out that in the northern parts of Orissa the rate of interest prevailing in the villages ranged from 25 to 30 per cent, that co-operative societies charged their members from 12½ to 15 per cent and that central banks lent to primary societies at 10 to 12½ per cent. Mr. Ramadas Pantulu observed that if the Government of Orissa guaranteed the payment of interest and principal, the Madras Provincial Co-operative Bank would be prepared to lend money at cheap rates to the Orissa Provincial Co-operative Bank when that was organised, and make it possible for the movement to supply credit to the members of societies at a reasonable rate of interest.

The London Society is the largest co-operative society in the world, having more than 700,000 members. But it is still keenly carrying on a membership campaign. In January last it enlisted 58,693 new members, which gives an average of 1,890 a day ! It is now producing two films in its own studio, one showing the progress of the society since 1920 and the other a satire on modern civilisation.

* * *

An interesting case relating to a fraud committed by a former Secretary of the Kilacheri Agricultural Co-operative Bank came up recently before the Madras High Court. The Secretary of the Bank obtained a deposit of Rs. 5,300 from the Archbishop of Madras at the latter's office, passed a receipt of the Bank for it, but entered in the counterfoil and consequently in the books of the Bank only Rs. 100. On the Archbishop filing a suit for the recovery of the deposit amount, the Bank put up the defence that the Secretary was authorised to receive deposits only at the office of the Bank and not outside. The Court held that the Secretary had been authorised to receive deposits on behalf of the Bank, that he acted as its agent and that if there were any limitations to his power, they should have been brought to the notice of the depositor before or when he made the deposit ; and passed a decree in favour of the plaintiff.

* * *

In some places in Bombay Presidency competition for the business of lending to individuals on the pledge of gold or agricultural produce seems to prevail between central and urban banks. This is rather surprising to us. In our province the business of central banks is recognised to be to lend to societies. As a sort of concession they are allowed to lend to their own individual members. They are no doubt allowed to lend to depositors, on the security of their deposits, but this is really not lending so much as the returning of deposits. We have avoided competition between urban and central banks in respect of both lendings and borrowings by regulating the rates at which they may respectively borrow and lend. The periodical meetings of the Bankers' Conference have been very useful in settling such matters. We venture to think that these methods may be found useful for Bombay also.

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 8-3-38.

				Rs.	A.	P.
1	Chillies (Pettai) per candy of 500 lbs.			94	8	0
	„ (Guntur) „			87	8	0
	„ (Rangoon) „			84	0	0
2	Garlic (Tiruppur-Calcutta) „			46	0	0
	„ Nilgiris „			65	0	0
3	Onions (Bellary) „			9	0	0
4	Potatoes (Ooty) Kidney Round Uru per candy of 500 lbs.			20	0	0
	„ „ Rasi „			19	0	0
	„ „ Podi „			18	0	0
	„ Bangalore and Melur Kidney long Uru. per candy of 500 lbs.			19	0	0
	„ „ „ Rasi „			18	0	0
	„ „ „ Podi „			17	0	0
5	Jaggery (Ambur and Vellore) A class per candy of 500 lbs.			26	4	0
	„ „ B „			21	0	0
6	Sathugudi oranges (Kodur) per 105 fruits Big			11	1	0
	„ „ „	Medium		9	1	0
7	Sapotas per 105 fruits	Big	...	1	13	0
	„ „	Medium	...	1	5	0
	„ „	Small	...	0	11	0
8	Plantains (Bangala) per 6 bunches	Big	...	5	8	0
	„ „	Medium	...	4	0	0
	„ „	Small	...	3	0	0
9	Ghee per tin of 12 visses		...	18	8	0
10	Butter-Tenali special per tin of 12 visses		...	15	0	0
	„ Gudivada special „		...	14	12	0
	„ Ordinary „		...	14	0	0
11	Lime fruits per 1050	Big	...	6	0	0
	„ „	Small	...	3	8	0
12	Soapnuts per candy of 500 lbs.		...	42	0	0
13	Ginger green per maund of 25 lbs.		...	2	8	0
14	Pepper (office) 1 maund of 25 lbs.		...	4	2	0
	„ (Bedagi) „		...	6	4	0

				Rs.	A.	P
15	Yam (1 maund of 25 lbs.)		...	0	10	0
16	Tamarind (Bangalore) per candy of 500 lbs.		...	24	8	0
	„ (Chittoor and Vellore) „			Rs. 14 to 17	8	0
17	Brown sugar (per candy of 500 lbs.)			„ 26 to 30	0	0
18	Kamala oranges (Nagpur) per 105 fruits	Big size	...	3	9	0
	„	Medium	...	2	5	0
	„	Small	...	1	13	0
19	Corainder seeds (Cuddapah) per candy of 500 lbs.		...	45	8	0
	„ (Guntur) „ „		...	38	8	0
20	Green Chillies per maund of 25 lbs.		...	1	0	0
21	Brinjals per maund of 25 lbs.		...	0	10	0
22	Hill plaintains per 1000	Big size	...	10	0	0
	„ „	Medium	...	7	8	0
	„ „	Small	...	4	0	0
23	Handpounded raw rice (Molakulukulu) per bag of 32 Madras measures		...	8	6	0
24	Milled raw rice (Molakulukulu) per bag of 32 Madras measures		...	7	14	0
25	Hair oil produced by the Viziavada Co-operative Better Living Society, Ltd., Bezwada per bottle		...	0	8	0
26	Honey from Dindigul Co-operative Society per lb.		...	0	6	0
27	Ginger preserve produced by the Mangalore Ladies Thrift Loan and Sale Society per 1 lb. bottle		...	1	2	0
28	Tiruppathur dholl $3\frac{1}{2}$ measures		...	1	0	0
29	Tomatoes 1 maund of 25 lbs.	Big size red colour	...	1	0	0
	„	Medium „	...	0	12	0
	„	Small white colour	...	0	8	0
30	Turmeric per candy of 500 lbs.		...	50	0	0

List of Societies Registered in January 1938.

Serial No.	Names of the Societies	District.
1	The Temburu Co-operative Credit Society ...	Vizagapatam.
2	The Chicacole Co-operative Building Society Ltd.	"
3	The Payakaraopeta Weavers' Co-operative Purchase and Sale Society Ltd. ...	"
4	The Srungavarapukota Co-operative Urban Bank Ltd. ...	"
5	The Santhapet Basket Makers Co-operative Purchase and Sale Society, Ltd. ...	Chittoor.
6	The Chittoor Khaddar and Swadeshi Co-operative Stores, Ltd. ...	"
7	The Maddur Weavers' Co-operative Purchase and Sale Society ...	"
8	The Chinnamkadambur Co-operative Credit Society, Ltd. ...	"
9	The Dr. Varadappa Naidu's Orphanage Employees' Co-operative Society, Ltd. ...	Madras.
10	The Washermanpet Dharmaraja Coil Street Co-operative Society ...	"
11	The Velacheri Co-operative Better Living Society, Ltd. ...	Chingleput.
12	The Reddipettai Silk Weavers' Co-operative Production and Sale Society ...	"
13	The Tambaram Co-operators' Club, Ltd. ...	"
14	The Vaniyambadi Co-operative Town Bank Ltd.	N. Arcot.
15	The Vehamangalam Co-operative Credit Society.	"
16	The Kadaladi Sithi Vinayagar Weavers' Co-operative Sale Society, Ltd. ...	"
17	The South Arcot Dt. Co-operative Departmental Staff Co-operative Society, Ltd. ...	S. Arcot.
18	The Tanjore Central Co-operative Marketing Society, Ltd. ...	Tanjore.
19	The Landankottai Co-operative Society ...	Trichinopoly.
20	The Eragui Co-operative Society ...	"
21	The Michaelpalayam Fruit Growers Co-operative Society, Ltd. ...	Madura.
22	The Jari Vavidamarthur Co-operative Credit Society ...	"
23	The Poolathur Co-operative Credit Society ...	"
24	The Manickampatti Co-operative Credit Society.	"

Serial No.	Name of the Society.	District.
25	The Perumbacheri Co-operative Credit Society.	Ramnad.
26	The Devannagounder Co-operative Society ...	Salem.
27	The Thekkampatti Panaiyeri Konga Moopars Co-operative Society. ...	"
28	The Seshanjavadi Co-operative Society ...	"
29	The Vellakakundam Konga Moopers Co-operative Society ...	"
30	The Annasagaram Weavers' Co-operative Society Ltd. ...	"
31	The Agrahara Valavandi Co-operative Society ...	"
32	The Muthugannapalli Prabakaram Co-operative Society ...	"
33	The Ekampillai Co-operative Society ...	"
34	The Attukkaranur Co-operative Society ...	"
35	The Coimbatore Co-operative Housing Society Ltd. ...	Coimbatore.
36	The Amarambalam Co-operative Society ...	Malabar.
37	The Taliparamba Weavers' Co-operative Sale Society, Ltd. ...	"

List of Societies Liquidated in January, 1938.

Serial No.	Names of the Societies.	District.	Date of Cancellation.
1	Chirala Tenants' Co-operative Society.	Guntur ...	4-1-38
2	Tzhuvathurithi " " ...	Malabar ...	7-1-38
3	Alathur " " ...	" ...	7-1-38
4	Koyappa " " ...	" ...	7-1-38
5	Pudu Thennangudi Palayam Co-operative Society ...	Salem ...	18-1-38
6	Zamin Pilichuli Co-operative Society ...	Trichinopoly ..	19-1-38
7	Poonjuthi " " ...	Madura ...	"
8	Bassireddipalli " " ...	Cuddapah ...	21-1-38
9	Pathanapuram " " ...	Malabar ...	"
10	The Lawyers Building Society ...	Madras city ...	28-1-38
11	Valayam Co-operative Society ...	Malabar ...	29-1-38

Government Order.

DEVELOPMENT DEPARTMENT.

G. O. No. Ms. 271, dated, 31st January 1938.

Abstract: Co-operative societies— Act, 1932—Rules—Rule XV—Time limit for execution—New sub-rule—published.

ORDER :

The following notification will be published in the Fort St. George Gazette :—

NOTIFICATION.

The following draft of an amendment to the rules made under the Madras Co-operative Societies Act, 1932, (Madras Act VI of 1932), published with Development Department Notification No. 264, dated the 1st August, 1933, at pages 1178 to 1185 of Part I of the Fort St. George Gazette, dated the 1st August, 1933, as subsequently amended, which the Government of Madras propose to make in exercise of the powers conferred by sub-sections (1) and (2) of section 65 of the said Act is hereby published, as required by sub-section (3) of the said section for the information of all persons likely to be affected thereby.

Notice is hereby given that the draft will be taken into consideration on or after the 8th February, 1938 and that any objection or suggestion which may be received with respect thereto from any person before the date aforesaid will be considered by the Government of Madras.

Draft amendment :

After sub-rule (7) of rule XV of the said rules, the following sub-rule shall be inserted, namely :—

" (7-A). The provisions of section 48 of the Code of Civil Procedure, 1908, and Article 182 of the First Schedule to the Indian Limitation Act, 1908, prescribing the period of limitation for the execution in a Civil Court of a decree or order of such Court shall apply *mutatis mutandis* in respect of (*a*) the execution of decisions, awards, and orders passed under the Act ; and

(*b*) the recovery under section 57-A of the Act of any amount due under a decree or order of a Civil Court. ;

Provided that nothing contained herein shall apply to any proceeding commenced before the coming into force of this sub-rule "

(By Order of His Excellency the Governor),

(Sd.) C. J. PAUL,
Secretary to Government.

Registrar's Circular.

R. Dis. No. A. 9061/37.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES.
Madras, 14th December, '37.

T. AUSTIN ESQUIRE I.C.S.,
Registrar.

CIRCULAR.

Subject :—Bylaws—Co-operative societies—Powers of the Board of Directors and General Body in regard to administration—amendments to bylaws.

Instances have come to the notice of the Registrar where administrative matters disposed of by the Board of Directors of Co-operative Societies, under the powers delegated to them have been taken to the general body and upset: if this practice becomes general, administration will be hampered considerably.

2. Under the model by-laws the ultimate authority in all matters relating to the administration of the society shall vest in the general body ; but the executive management of the affairs is entrusted to the Board of Directors. The by-laws confer certain powers on the Board of Directors and as this is an absolute delegation to the Board, it is not certain that the general body can abrogate the delegation without a formal amendment of the by-law and take upon itself the functions statutorily imposed on the Board. By doing so, the general body shows a lack of confidence in their elected representatives. The idea is that administration should be carried on by the Board of Directors while the general body should decide questions of policy, principles and broad questions of finance. It is always open to the general body to remove the Directorate if that body acts contrary to its wishes. In order to make the position clear, the Registrar suggests the following amendments to the model by-law referred to.

Add the following after the first sentence of the model bylaw referring to the ultimate authority of the general body :—

" The general body shall not, however, interfere with the actions of the Board of Directors (or panchayat or governing body or Board of Management or Committee as the case may be) done in the exercise of the powers conferred on them by the bylaws ".

3. All Deputy Registrars and Sub Deputy Registrars in independent charge are requested to advise the adoption of the amendment by all co-operative institutions at an early date.

(By Order)
(Sd.) A. SINGARA RAJU,
Manager.
20—12—37.

Edited by Mr. V. Venkatasubbaiya, B.A.
and Printed at the C. C. P. Works, Chintadripet, Madras.