69

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CONTENTS

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Editorial Notes.

The Registrar's Report for 1936-37.

The annual report of the Registrar of Co-operative Societies in Madras for the year 1936-37 and the Government review thereon were published a few days ago. We have extracted in this number the Government review. The Government note with satisfaction that the Registrar's report is a record of useful work done both by officials and non-officials, that in agricultural societies the increase in loan transactions has taken them to the almost pre-depression level of 1930-31, that during the last three years there has been a progressive improvement in repayments by societies to central banks and by members to societies, that the first stage in the programme of rectification of societies has been completed, that land mortgage banks have materially helped in solving the problem of agricultural indebtedness, that controlled credit is being pushed forward by linking credit with marketing, that new life has been infused into weavers' societies and that a beginning has been made in the organisation of better living societies. While recognising that penal interest has been done away with and that interest rates have been considerably reduced in most societies, the Government very rightly exhort the societies to fall in line in a general way with the measures taken by Government under the Agriculturists' Debt Relief Act, from the operation of which co-operative societies are excluded, and point out that the central banks appear to be financially in a position to make further sacrifices for rescuing the borrowers from the burden of debt.

Long Term Loans.

At the same time, the Government disapprove the action of central banks and primary agricultural societies in having advanced during the year under review as much as Rs. 30 lakhs for the redemption of *prior* debts and point out the undesirability of tying up short term deposits in long term loans to members. It is not that either the central banks or primary societies have *not* realised the principle that short term deposits should not be given *for long term* loans. But they are in possession of considerable amounts of long lying money with them such as their share capital, the reserve funds of societies, long term deposits etc., and feel that it would not be possible for them to control or benefit fully their members *when* the latter are indebted to outsiders; and therefore within certain limits they advance loans for the clearance of prior debts. Of course, those who can borrow from land mortgage banks or from Government under the Agricultural Loans Act will not need long term loans from the ordinary credit societies; it is only the others. And the societies do not seem to be transgressing the limits of prudence now, whatever they might have done in former years.

On page 20 of the report under review, a rough balance sheet of the central banks is given. The following items from it may be taken as providing long term resource:

		Rs. lakhs.
Long term deposits from :		
(a) members and non-members	...	119.18
(b) Provincial and Central Banks	...	1.63
(c) Societies	...	105.52
Share capital paid up	...	50.41
Reserve Fund	...	32.34
Total	...	309.08

Against this sum, the amount of long term loans due from individuals was Rs. 1.76 lakhs and that from societies was 227.13 lakhs. Thus even including the loans given in previous years, the long-term money with the banks is well in excess of the long-term loans issued by them.

General Progress.

Coming now to some of the facts contained in the report, the number of societies of all kinds in the province decreased during the year from 13,330 to 12,927. This was due to the transfer of 535 societies to the newly formed Orissa Province and not to an excess of

cancellations over registrations as in previous years. As a matter of fact, for the first time after several years the number of societies registered has exceeded those cancelled, the figures being 326 and 195 respectively. The corresponding figures in the previous year were 211 and 334. Of the 326 new societies, as many as 147 were non-credit ones. During the last three years the registration of non-credit societies has progressively increased, the figures being 50,99 and 147. During the last two or three years, liquidation has been resorted to only in the last instance, as it is a slow, tedious and unsatisfactory process. Instead, societies are put under agents and the results are reported to be satisfactory. The number of such societies has risen year by year from 1932-33 as follows :— 396, 591, 992, 1,258 and 1,340.

The working capital and transactions of societies increased during the year in spite of the exclusion of the societies transferred to Orissa. The loans issued by agricultural societies increased from Rs. 148 lakhs to Rs. 163 lakhs, which is very nearly the same amount as was issued in 1930-31. In 1933-34 the loans advanced had come down to Rs. 92.1 lakhs, but since then there has been a steady improvement and the level of 1930-31, which is the first year of depression, has been reached. There was a continued improvement also in repayments by members to societies and by societies to central banks. The percentage of balance to demand under principal fell from 65.35 to 58.76 in respect of dues from members to agricultural societies and from 57.87 to 51.15 in respect of dues from societies to central banks. Similarly there was improvement in respect of arrears and current interest. This improvement is very gratifying as it has been steady and continuous during the last three years; and with the popularisation of controlled credit, we may legitimately expect it to continue further.

Finances Sound.

As in the previous year, the Registrar has drawn pointed attention to the essential soundess of the investments in co-operative societies, as disclosed by a thorough examination of every loan in a large number of societies in connection with the rectification scheme. The examination has now been completed in 6,864 societies, exclusive of those transferred to Orissa, those liquidated or owing no dues to central banks. The total amount of loans including interest involved in them is Rs. 298.25 lakhs. Of this, the amount which is ill-secured is about Rs. 77.70 lakhs and the estimated bad debts about Rs. 41

lakhs. But only Rs. 8.46 lakhs out of this amount will affect the central banks, and against this they have accumulated a bad debts reserve of Rs. 19 lakhs, in addition to the ordinary reserve of Rs. 32.34 lakhs. Thus in our province the movement, even where it is supposed to be weakest, namely, in the rural credit society, is not at all in a particularly bad way, and the confidence reposed in it by the public is perfectly justified.

Land Mortgage Banks.

The land mortgage banks continued to make excellent progress and to maintain the lead they have given to the rest of India in this field. The debentures issued by the Central Land Mortgage Bank increased from Rs. 80 lakhs to Rs. 112 lakhs. They continued to enjoy the full confidence of the public and were sold at a premium in the market. The Legislature raised the Government guarantee on them to Rs. 150 lakhs. There were no overdues in respect of principal or interest owing to the Central Land Mortgage Bank from the primary banks. The primary banks increased during the year from 80 to 93. The percentage of overdues in them decreased from 20.64 to 14.15 in respect of principal and from 4.33 to 3.85 in respect of interest. The land mortgage banks have afforded relief to indebted agriculturists to an appreciable extent. While granting loans to their members for clearing prior debts they were able to secure some scaling down of the debts. At considerable loss to themselves some co-operative societies accepted scaled down payments from the Special Loans Officers on behalf of members who took the special loans.

Loan and Sale Societies.

Very good progress was made by loan and sale societies. In the development of their marketing activities lies one of the main hopes of the co-operative movement for the future in this province. Their number increased from 74 to 111. The value of stock received by them for sale or custody exceeded Rs. 70 lakhs. The amount advanced by them to their members was more than Rs. 26 lakhs. The Tuticorin Crop Loan and Sale Society sold as agent of its members cotton and coriander of the value of Rs. 8 lakhs, while the South Arcot Loan and Sale Society sold groundnuts to the value of Rs. 4 lakhs. 22 loan and sale societies have obtained grants from the Rural Development Fund and loans from Government for the construction of godowns for stocking produce. The Madura Loan and Sale Co-operative Society struck a new line of business for helping its

members by taking up the contract for the disposal of the night-soil and rubbish of the Madura Municipality. "The advantage to the ryots is that while formerly they had to pay up Rs. 2-8-0 for every cartload of night-soil and annas twelve for every cartload of rubbish, they have to pay now only Rs. 1-12-0 and annas nine respectively." The society also conducted successful experiments, under the advice of the Agricultural and Health Departments, to convert night-soil into compost. Controlled credit was tried with very satisfactory results in 75 ordinary credit societies of Salem district with the aid of its three loan and sale societies. The system worked well also in South Arcot and Coimbatore districts. In the current year it is being extended to three other districts—Tanjore, Tinnevelly and Chittoor. It is a very good system and deserves to be introduced everywhere.

Sugar Factories and Cane-Growers' Societies.

Among the non-agricultural societies the South India Co-operative Insurance Society, the Provincial Handloom Weavers' Society, its affiliated societies and school societies made noteworthy progress, while most other kinds of societies maintained their position. The co-operative sugar factories and sugar-cane growers' societies, however, neither progressed nor even maintained their position. The Vuyyur Factory, which is financed to the extent of Rs. 16 lakhs by the Provincial Co-operative Bank, incurred a loss of Rs. 4.11 lakhs. This loss however, represents the depreciation on the plant and machinery which the society was not able to write off in the normal course and does not represent the working loss. The two societies of Etikoppaka and Thummapelu in Viziagapatam district incurred a loss of Rs. 1.36 lakhs, while the society at Chellapalli did no work. There were 14 sugarcane growers' societies of which those at Bobbili, Vuyyur and Gudivada are reported to have markedly benefited their members, but the others do not seem to have worked well. The position and mutual relations of the sugar factories and the sugarcane growers' societies appear to need careful and thorough investigation. In the U. P. and Bihar there are numerous sugarcane growers' societies and they are reported to be doing very useful work, benefiting and being benefited by the sugar factories to which they supply the cane. Efficiency of management and co-operation between the producers and consumers of cane both seem to be lacking in our province. The subject is of sufficient importance for the Government to order a thorough enquiry into it.

There were 32 better living societies, the main object of which is to bring down expenses on marriages etc., and a few of them are reported to have done useful work. The success of these societies will depend entirely upon the capacity of the members to obey their own resolutions and of the management to tactfully enforce them. The societies in the Punjab, containing as they do a good proportion of military men, have an advantage in this respect over societies in other provinces with similar objects. A beginning has been made in North Arcot District with societies for the consolidation of holdings. They promise well and a demand for such societies may be expected to develop in the near future.

One closes the report with a feeling of optimism.

Budget Discussion.

When the Hon. Mr. V. V. Giri moved a demand for Rs. 14,19,300 for the co-operative department, Mr. Basheer Ahmed Sayeed moved a token cut "to discuss the failure of the department to serve the people for which it was organised." His point was that the department had concentrated on credit and had failed even in that sphere, and had not carried on propaganda for other forms of co-operation. While it is true that not only in Madras but all over India credit societies predominate—non-credit activities in some provinces are much less than in Madras—the predominence is not due to lack of propaganda or effort on the part either of the department or of non-officials, but to the fact that the management of credit business is much easier than that of production, sale or purchase, and margins in the latter kinds of business are so low in our country that the co-operative organisation of them does not hold out the same prospect of gain to members as in some western countries. The economic depression, from which the world has happily begun to emerge, has taught us a severe lesson about credit. We are therefore gradually shifting the emphasis from credit to non-credit and even in providing credit we are linking it increasingly with production and marketing. But what our critics should be reminded about is that it is not propaganda and the appointment of "non-credit" staff that will spread non-credit forms of co-operation so much as the tangible business gains secured for their members by the societies that have already been started. That depends partly on prices and margins and partly on the availability of suitable men for managing the societies. The progress is therefore bound to be slow.

Mr. T. T. Krishnamachari warned the Government against the hasty organisation of multi-purpose societies which seemed to him to have now caught the imagination of those working in the co-operative field. As if provoked by him, Mr. Kala Venkata Rao asserted his faith in them and hoped that a multi-purpose society would be started in every village. On this point Mr. Giri observed that a multi-purpose society had now been registered and if it proved successful, more of its kind would be started. In this connection we wish to draw the attention of our readers and of the Government to the Hon. Mr. V. Ramadas Pantulu's well-reasoned and lucid article on the co-operative credit structure of this province, which we have the privilege to publish in this number.

It is not surprising that the criticism, so often made in recent co-operative conferences, that the movement is being officialised was repeated on the floor of the Assembly. On this point Mr. Giri repeated the assurance he gave while opening the Provincial Co-operative Conference in October last, that the present Government were not in favour of officialisation or official control, whatever might

have been the state of things in the past. Having made the statement, he said, he should add a word of warning that if certain societies, owing to local factions or other difficulties, were found impossible to work, the Government were bound to interfere and would interfere. Let co-operators therefore not non-co-operate, but take a lively interest in the movement and make it a success, said he. No responsible co-operator would blame the officials if they intervened in the affairs of a society only to save it from ruin and after trying other methods.

Mr. Abdul Hameed Khan complained that the co-operative movement had not made sufficient progress among Muslims and urged the department to do more propaganda among them. While we agree that more propaganda should be made among them, we do not however expect it to prove fruitful, unless the leaders of the Muslim community take a far greater interest in the movement than at present and participate in the propaganda. We should invite them to examine in particular the scope that exists for production and sale societies, as except in Malabar the occupations of Muslims are largely non-agricultural.

Utilisation of Waste Land.

"Madras has given the lead to other Provinces in the matter of Prohibition and Debt Relief. There are yet other methods of ameliorating the economic condition of the masses. One of them is the utilisation of *culturable waste land other than fallow* and of *current fallow*. This will provide work for both the educated and uneducated unemployed." Beginning with these words Rao Bahadur M. R. Ramaswami Sivan, retired Principal of the Agricultural College, Coimbatore, has submitted a memorandum to the Government of Madras, in which he has urged an investigation into the extent and quality of unoccupied cultivable land in this province, in order that it may be utilised for colonisation. He quotes from the volume of "Agricultural Statistics for India for 1934-35," published by the Government of India, to show that in Madras out of a total area of 91 million acres, 32·8 million acres are given as net area sown and 11·2 and 13·4 million acres respectively are shown as culturable waste other than fallow and current fallow. Current fallow is land once assigned but which has for one reason or other remained uncultivated and which is available for assignment to new cultivators. Culturable waste other than fallow is land suitable for cultivation and includes land once under cultivation but since abandoned. It is probable that the classification and the figures are not quite accurate; but so large an area as 24·6 million acres, which is shown as available for cultivation, cannot simply be brushed aside as being all unsuitable for cultivation. When Mr. S. V. Ramamurthi, I.C.S., was Director of Agriculture, he collected statiscts for 6 districts which showed there was a good deal of land available for occupation. There is therefore a good case for investigation.

Mr. Sivan points out that in the Punjab such investigation was made and as a result a Special Colonisation Officer was appointed and land was allotted to different classes of people in large estates of thousands of acres and in medium and small holdings. His memorandum contains an instructive account of two graduate colonies which he visited. His account of them disproves the common notion that the educated Indian is unfit for hard life involving manual labour. The graduates have proved to be quite successful colonists. There is no reason to suppose that the educated South Indian is very different from the educated Punjabi. In the Bhadravati Iron Works and in the agricultural colony near Bhadravati in Mysore State, educated Indians are doing every kind of hard work. Provided suitable men are selected and reasonable facilities are given, colonies of even educated young men should prove successful. But Mr. Sivan's proposal is not confined to them. It includes persons belonging to the working class. There are young men of the Harijan and other communities who have received middle school education and some training in agriculture or other industry, like the students of the Servindia Agricultural School at Mayanur, who, if reasonable facilities are given by the State, should prove very good material to form colonies with. Such colonies can be formed on co-operative lines, and in respect of finance and marketing much assistance would be available to them from central banks and sale societies. Mr. Sivan's proposal is therefore one which is in every way worthy of serious consideration, and we hope it will be taken up earnestly by the Government.

Obituary.

We regret very much to record the passing away of Mr. P. Venkatasubba Reddi of Gudur, Nellore district, and Mr. S. Narasimhalu of Kurnool, who were both of them members of the Board of Management of the Provincial Co-operative Union and active and prominent co-operators in their respective districts. Mr. Venkatasubba Reddi was the President of the Gudur Supervising Union and of the Gudur Land Mortgage Bank and an influential Director of the Nellore District Co-operative Banking Union. He was also President of the South Nellore District Board and the President of the Gudur Taluk Board when it was in existence. The void created in the co-operative field of the district by his loss is difficult to fill. Mr. Narasimhalu was a prominent Vakil, was for several years a Director of the District Bank, Secretary of the Urban Bank and the Land Mortgage Bank, and President of the Building Society and the Supervising Union at Kurnool. He had also been Secretary of the Bar Association and Chairman of the Municipality. Kurnool will long miss his forceful personality.

The Co-operative Credit Structure.

SCHEMES FOR REFORM—EXAMINED

6.8

By The Hon'ble Mr. V. Ramadas Pantulu.

Considerable interest has of late been evinced in proposals for the reorganisation of the co-operative credit structure in this Province. The bulletins issued by the Agricultural Credit Department of the Reserve Bank of India and the propaganda of the Revenue Minister, Madras, in favour of Village Autonomy have had a great deal to do with the new schemes for the reform of the co-operative credit system. The main ideas of the reformist programme, so far as I am able to gather, are three-fold. Firstly, the reconstruction of the village societies on new lines. The conception of the reconstituted village society as stated by the Reserve Bank is this: "It must not merely be an agency for supplying finance but an influence for the all sided development of agriculture and the betterment of the life of the villager from every point of view—in other words, a single institution which will achieve all the aims of the co-operative movement." I wish the Reserve Bank had drawn up the model by-laws for a society of the type they have in mind. Having carefully studied their bulletins and their Statutory Report, I have not been able to form any precise mental picture of such a society, from the banking standpoint. Are its loaning operations to be kept separate or mixed up with its other functions? At page 17 of their Statutory Report in describing the new type of village society, they say, "We realise that *where special financial liability is to be incurred* or caste and other considerations are involved it may be necessary to have *separate off-shoots* of the parent society." What is meant by special financial liability and what these off-shoots are is not clear to my mind. I must seek further light on the exact constitution and functions of this new type society before I can judge whether it can usefully replace the present type of rural credit society.

In this connection, I may draw attention to the scope of the Model By-laws of the rural credit society. Education of the members in the practice of thrift and self-help is the very breath of those by-laws on the moral side. On the material side the by-laws make provision for activities directly associated with credit, such as supply of seed, manure and impliments to the members to suitably equip them for agricultural industry and also for purchasing on indent system the necessaries of life of the members and supplying them with articles so purchased on a credit basis where necessary, while the ideal should be purchase and sale of necessaries on a cash basis. These functions, as will be easily seen, are intimately associated with co-operative rural credit. In so far as these activities, which are now permitted by the model by-laws of the existing credit societies, are concerned there is nothing new in the multi-purpose society. The main difference seems to be in the larger area of operation and the limited liability. If, however, a multi-purpose society, recommended by the Reserve Bank of India, can and ought to discharge functions other than those directly or indirectly associated with credit, let us certainly establish a few of them and gain experience in their working, before we embark upon any large programme of replacing all the existing rural credit societies by multiple-purpose societies. The success of any type of society depends upon the human material available and the devotion to the cause, zeal and enthusiasm of the workers.

The second feature of the reformist programme, again in the words of the Reserve Bank of India, is that "primary societies should be federated into small banking unions of the type recommended" in the first bulletin issued by the Bank. Here again what exactly should the relations of the banking unions be to the central banks and the Provincial Bank, is not clearly indicated by the Reserve Bank. I gather that the Reserve Bank is in favour of smaller central banks. But they have not definitely recommended the abolition of central banks or their replacement by banking unions. Let me quote their own words In paragraph 20 of their Statutory Report they say as follows. "There has been a considerable increase in the number of societies affiliated to some of the central banks; there is one bank which deals with as many as 680 societies. Where such large expansion has taken place the work has become unwieldy and the co-operative character of the bank tends to become slender. In such cases even if the central bank is to be retained it seems necessary that societies should be grouped into banking unions." Evidently, they intend the banking unions in their turn to be federated into a central bank. But if we accept the Hon'ble Mr. Prakasam's speech, on the occasion of opening the multi-purpose society at Alamur, as a commentary on this sentence in the Reserve Bank's Report, the idea seems to be that the central banks should be replaced by the Branch Banking Unions, which consist of primary societies as well as

individual members of the societies, and that such banking unions should work as Branches of the Provincial Bank. (*Vide* page 552, March issue of the *Madras Journal of Co-operation.*) I cannot find in the Statutory Report of the Reserve Bank any suggestion for the abolition of the central banks. Indeed in paras 20 and 21 of the Statutory Report, the Reserve Bank contemplates remodelling of the co-operative central banks on banking lines.

The third feature of the reformist programme is the new role that is assigned to the Provincial Bank. In the multi-purpose society and the banking union scheme of the Hon'ble Mr. Prakasam, the Provincial Bank is to function as the financing agency of the banking union—one such union being established in each taluk. There will be roughly 250 such banking unions in the Province. There is no precise indication, in the scheme, of the relations that should subsist between these taluk banking unions and their financing agency, namely, the Provincial Bank. It is said that the former must be branches of the latter. Are these banking unions also to be affiliated to the Provincial Bank as members? Should they hold any share capital in the Provincial Bank? Should their borrowing power bear any relation to their share capital held in the Provincial Bank? Should there be any administrative control over them by the Provincial Bank in regard to their borrowing and lending operations? Can banking unions with their own membership and independent constitution be branches of the Provincial Bank in the usual sense of a "Branch?"

Another point that is not clear to me in this scheme is this. The branch banking union is to function not merely as a bank but also as a supply society and a sales society. It will open and conduct consumers' stores for the societies. Are the profit and loss accounts of the banking side and the trading side to be mixed up or kept separately; that is to say, if the banking union sustains loss on its trading side, will the assets of the union on its banking side be reduced by the amount of that loss? If the banking and trading sides are run together under one profit and loss account, what is the control which the Provincial Bank which finances the banking union can exercise over the trading section of the banking union? One of the main objections of the Reserve Bank in regard to financing indigenous bankers is that these bankers mix up their banking operations with their trading operations and such mixing up makes them ineligible to banking credit. If so, how can we reconcile that position with the scheme to make Provincial Banks financing agencies for banking unions which not only do banking but also trading? Speaking for myself, I consider that, from a banking standpoint, it will not only be undesirable but positively disastrous for a Provincial Bank to finance institutions which combine banking with trading. This is altogether a different proposition from a Provincial Bank financing a purely trading or industrial co-operative institution. The points of difference are too obvious and the distinction is too clear to require elaboration. I may also say in this connection that I cannot find any warrant for the assumption that the Reserve Bank ever contemplated or recommended, either in their Statutory Report or in any of their bulletins, that a Provincial Bank should act as the financing agency to numerous tiny banking unions which combine banking and trading. On the other hand, if I have under-stand their Statutory Report correctly, its authors are anxious to ensure the fluidity of the resources of the Provincial Bank. Their remark that the Provincial Bank "is in a sense the Reserve Bank of the Movement" is full of significance. They proceed to describe some of its functions as follows. "It should be responsible for giving correct lead to other co-operative banks on *banking and financial matters.* By insisting on the observance of correct principles it can materially improve the working of the central banks." It is therefore clear to my mind, that any idea of involving the finance of the Provincial Bank in direct loans to these small banking-cum-trading societies and unions is far from the mind of the Reserve Bank.

Much depends upon the correct conception of the constitution and functions of a Provincial Bank in any province. In India we have 3 types of credit structures. (1) In one type, finance to the primary societies is supplied by a single central institution with branches all over. This is the case in Bombay where side by side with the central banks branches of the Provincial Bank operate. (2) In a second type, a number of central banks, entirely independent of each other and with no apex organisation of their own, supply finance to the primary societies. This is the position in the United Provinces where there is no Provincial Bank. (3) In the third type, credit to the primary societies is supplied by a number of central banks, united into a single banking system, by the co-ordinating agency of an (apex) Provincial Bank. This is the position in Madras. In regard to the Bombay system of the Provincial Bank operating through branches, the Provincial Banking Enquiry Committee of Bombay, in its report, recognises the need of an intervening

link between the Provincial Bank and the primary societies. The U. P. Banking Enquiry Committee emphasised strongly the need of an (apex) Provincial Bank to serve as a balancing centre and financing agency for central banks and to supply fluid resources for the movement in case of need, by establishing a link with the general money market. So, the Bombay Committee recommended the creation of central banks in place of branches of the Provincial Bank and the U. P. Committee has advocated the setting up of a Provincial Bank to co ordinate and strengthen the central banks. The views of these two committees find full support in the opinions expressed by the Indian Central Banking Enquiry Committee and the Foreign Experts who were associated with that committee. This is exactly the system we have in Madras. It is therefore a matter of some surprise to me that while other provinces are trying to reform their movement on our lines, we should be advised to adopt a system which other provinces have tried and found unsuitable.

One of the arguments advanced in favour of eliminating the District Central Bank is that it is one too many in the intermediate agencies between the lender at one end and the borrower at the other. This argument is based on a fundamental misconception of our ideals as well as ignorance of actual facts. The whole idea of the loose type federal structure of our co-operative credit movement, in which the different units enjoy some real measure of autonomy, is this: the credit institutions, primary as well as secondary, which operate over defined compact areas, should, as far as possible, function as agencies for the collection and distribution of our local capital. In order to eliminate the weakness arising from small and isolated units acting in an unco-ordinated environment, they are federated into secondary bodies, to derive strength by that process. According to this conception, in a well organised and properly conducted co-operative credit system, a central bank should be a source of financial strength to its member societies and not an embarrassment or a surplusage. Similarly, the Provincial Bank's aim should be to act as financial buttress to the central banks and enable them to finance the movement in their area by attracting local capital at as cheap a rate of interest as possible. In Madras the backing of the Provincial Bank, in the initial stages, has made central banks strong and self-reliant. They are to-day able to supply all the credit needs of the societies, assisted by the Provincial Bank to maintain adequate fluid resources to meet their commitments to their creditors. I give below a tabular statement to show what an insignificant part loans from the Provincial Co-operative Bank play in the loaning operations of the central banks with their societies.

Year.	Working capital of Central Banks.	Loans borrowed from the Provincial Bank.	Loans repaid to the Provincial Bank
	Rs.	Rs.	Rs.
1931-32	576.28 lakhs.	19,20,580	66,56,871
1932-33	588.74 ,,	5,52,005	34,37,563
1933-34	553.21 ,,	10,414	5,55,094
1934-35	511.13 ,,	7,44,250	4,00,882
1935-36	501.43 ,,	11,87,500	12,77,894
1936-37	526.00 ,,	9,22,625	9,73,959

Any one who studies these figures must see how unfounded is the plea that money is made more costly to the village society because the central bank functions as a middleman between the Provincial Bank and the societies. In the co-operative year 1936-37 the central banks and the village societies between them dispensed loans to the tune of about 163 lakhs of rupees. Of this sum only about Rs. 9 lakhs was borrowed from the Provincial Bank. To seek to abolish a system of independent central banks laboriously built up in the last 3 decades is, in my opinion, doing the greatest disservice to the movement. The central banks in Madras, even in these bleak days of economic blizzard, command between them about Rs. 6 crores of working capital, all locally pooled and available for expansion of credit through the societies—a position attained nowhere else in India. In the scheme of replacement of these strong central banks by small banking unions, is it expected that the banking unions, situated in the Taluk head-quarters, will be able to attract similar volume of capital on the same terms as the central banks are able to do? I do not think that even the staunchest supporter of the banking unions can predict it. I am just now engaged in studying a similar problem in Bihar. In Bihar (excluding Orissa) they have about 53 central banks for 16 or 17 districts. The offices of many of these

banks are located at the head-quarters of sub-divisions. They were found to be too weak to attract adequate capital and in the attempt to finance such weak banks the Provincial Bank of Bihar got itself seriously involved in financial trouble. Official and non-official opinion in Bihar has now realised the grave dangers of cutting up the resources of an apex or Provincial Bank among a large number of small and weak banking units. They have now a definite programme of reorganising these sub-divisional banks into one strong central bank for each district. Are we to embark upon an experiment which has been tried elsewhere and abandoned as being harmful to the movement?

If the idea of the supporters of the Taluk banking unions is not that they will be able to collect the necessary capital for themselves, then they evidently expect the Provincial Bank to find practically all the money required by the movement and use the Taluk banking unions mainly as distributing agents so far as banking function is concerned. Assuming that it will be possible to provide adequate safeguards to protect the Provincial Bank against the financial risks involved in such a scheme, the next question is, can the money be made available through these Taluk banks by the Provincial Bank to the societies as cheaply or more cheaply than is the case at present. I am definitely of opinion that a Provincial Bank directly operating with the societies, through 250 Taluk banking unions, as branches, cannot lend money at the rate at which central banks now lend to the societies. The money will become more costly to the societies. I shall discuss this aspect of the question fully on another occasion, with the aid of the figures relating to the administrative costs of the various units of the credit structure, to collect which will take some time.

In the meantime I shall suggest 2 experimental schemes to enable us to gain some experience.

Experiment No. 1. Let a selected central bank establish a banking union at the head-quarters of each Taluk in its area of operations and finance societies through Taluk banking unions. The Provincial Bank, as a special case, may make money available to the selected central bank for distribution to societies through the Taluk banking unions, at 3½ per cent. Let not the central bank or the Taluk banks retain any margin for themselves; that is to say, let them transmit the money to the societies at 3½ per cent, the rate at which the Provincial Bank lends. In other words, let the Provincial

Bank try the experiment and bear the entire cost of it, in order to get an objective estimate of the financial results of Mr. Prakasam's scheme of Provincial Bank eventually operating through Taluk banking unions as its branches. A subsidy for a year or two to cover the cost of the experiment in one central bank's area may be sanctioned.

Experiment No. 2. Let a central bank operating over a whole district establish a branch at each Taluk head-quarters in the district and operate through those branches. To make the experiment approximate to experiment No. 1 as far as possible the Provincial Bank may make money available to the central bank concerned at 3 per cent, if the central bank itself is unable to command deposits at that rate. This experiment willenable the central bank to obtain the financial results of the branch banking system.

The immediate task before us is, I am afraid, pushed into the background in the zeal for radical reforms in the constitution and functions of the existing credit institutions. What the villager now wants is a substantial measure of seasonal and marketing credit. The transactions of many central banks have gone down; credit through primary societies has been largely curtailed and in many villages totally stopped. The provision for credit for the movement and marketing of agricultural produce of members is wholly inadequate. Credit for the organisation and pursuing on a co-operative basis of rural industries, which provide subsidiary occupations, is practically non-existent. Measures for regulation of money lending and relief are resulting in the ancient sources of indigenous rural credit drying up. Commercial banks are made more commercial in outlook and action by the recent amendments of the Indian Companies Act and preachings of the Reserve Bank and will not touch agricultural paper for accommodation. In such a situation co-operators must be thinking and acting furiously to find avenues for expanding regulated credit through the existing organisations as quickly as possible. If co-operative credit has got reduced, surely it is not due to money being made dear by the intervention of the central banks, or to the fact that the credit society is not permitted to handle other tasks than credit. The economic depression, accumulation of overdues, a real diminution in repaying capacity of the borrowers, low and unsteady markets for agricultural produce, great attention in the scrutiny of loan applications by elimination of loans for unproductive purposes like discharge of prior debts, and the lack of enthusiasm among the Panchayatdars of the village

societies to put the societies to the best use possible, are mainly responsible for the curtailment of credit. Except the last, the other factors cannot be eliminated except by the economic recovery and revival of trade and commerce. Co-operators must also remember that one important effect of the debt relief measures is to bring down by legislation the rate of interest that money lenders can charge in future. No loan to an agriculturist as defined by the Madras Debt Relief Act can bear interest exceeding 6¼ per cent. Unless co-operative societies can lend for less or at least at that rate and transact business with the same alacrity and promptitude as the money lenders, they cannot expand credit considerably. So we must draw up practical programmes for immediate expansion of credit through our organisations. I commend the following items of work for consideration of co-operators. (1) The spade work done in connection with the rectification and consolidation programme has not been completed and carried to its legitimate conclusion. The recommendations of the Reserve Bank in this matter are contained in para 15 of the Statutory Report and must be attended to. This will clear the way for the expansion of normal credit. (2) The controlled credit which links up credit for production and marketing, and to the benefits of which the Registrar has drawn attention in his latest administration report, must be popularised and expanded. (3) Credit for marketing on the lines suggested in paragraph 19 of the Reserve Bank's Statutory Report must be enlarged. More loan and sale societies should be started and storage facilities increased. (4) Arrangements for prompt disbursal of loans should be perfected. Where practicable the forecast and cash credit methods should be tried to make money available to members as and when required. (5) Interest on produce loans should be reduced to 4 per cent and on other loans to 6 per cent. I hope the Central Banks' Conference which meets in Madras on the 23rd instant will draw a suitable programme of action.

Reorganisation of the Co-operative Movement.

Memorandum on the resolution of the recent Madras Provincial Co-operative Conference on the reorganisation of the Co-operative Movement for the consideration of the Special Conference.

By Mr K. G. Sivaswamy.

Member, Servant of India Society, Madras.

Resolution.

Resolved that the following resolution (with a memorandum) be circulated among the concerned institutions for the expression of their opinions; and that this Conference do authorise the Executive Committee of the Provincial Co-operative Union to call a Conference as soon as possible for the consideration of the subject:—

(*a*) "Provision of a trained whole time agency for village Co-operative Societies;

(*b*) Good Co-operative Societies in villages to be put on a limited basis with a larger jurisdiction and to function as multiple-purpose societies;

(*c*) Amalgamation of all District Banks with the Provincial Co-operative Bank;

(*d*) Formation of an efficient Co-operative Service for all financing banks;

(*e*) Provision of branches either to act as agencies of villagers' societies or to individually lend to agriculturists;

(*f*) Discretion to financing banks to utilise the services of Supervising Unions or open branches as the case may be;

(*g*) Provision of credit facilities for production, supply and marketing and promotion of cottage industries by branches;

(*h*) Recognition of urban banks to lend in a larger jurisdiction (instead of branches) with same functions as mentioned in (*g*) where small village societies cannot be amalgamated as mentioned in (*b*)."

The Composition of the Village Population.

A rural Co-operative Society has to cater for the following agricultural classes and other rural workers. At the top are the absentee

landlords whose primary need is the marketing of their produce. They are least interested in short term agricultural credit for raising crops, as they are not directly concerned with farming. Next are the cultivating owners, very few in number, who might invest money in improving lands and who require credit to buy seeds and manure and to pay labour charges. Next to them in economic status are the small holders whose credit requirements for recurring operations are few, but who require loans for purchase of cattle, digging wells, reclaiming and levelling land, and for purchase of necessaries of life in years of scarcity. Below them come a large class of nominal agriculturists who pay a land revenue of about Rs. 10, who own small bits of land and who supplement their income from other sources such as the cultivation of lands on lease, village industries and cooly work. There is again at the bottom of the society a large class of artisans and manual labourers. These two classes of nominal agriculturists and labourers who form more than ¾ of the rural population need employment more than credit or marketing facilities.

The Co-operative problem—one of relieving Rural Unemployment.

If the Rural Co-operative Society is to improve the economic condition of the people, it should therefore find useful employment for landless labour. Where labour is exploited by middlemen, the society should organise the labourers to undertake the works of the State, the Local Bodies and the public. Where labour has no employment, the society should investigate and carry out schemes of subsidiary occupations. Where the artisans lack facilities for their industries they should be provided for. The possibilities of joint farming should be explored. It is only in this manner that those who pay a land revenue of Rs. 10 and less and who form 75 per cent of the pattah-holders. and the labour population who form roughly half the population can be helped to improve their economic condition. All these activities require on the part of the Panchayat wide sympathies, public spirit, capacity and spirit of enterprise, organising ability, steadfast devotion to work, tact, a sense of fairness and a spirit of compromise in the management of the society.

The village co-operative credit society as at present constituted is hardly the agency to organise labour, to undertake works on its behalf, to colonise new lands and cultivate lands on the basis of joint farming, to promote secondary occupations and to provide facilities for primary rural industries. These activities can be undertaken only by special types of societies organised for the purpose.

Co-operation—the only hope of the Subsistence holder.

But the society has a place in helping those who have ensured an employment for themselves by cultivating their own lands or those of others and thus finding a subsistence for themselves and their families. Tenants of the better class who own a pair of bullocks, a small homestead of their own, some bits of land too and who are industrious may be helped with facilities in their business of agriculture. But they will be very few as compared with the large mass of crop-sharing tenants and labourers who suffer from want of employment. It is these few tenants who are industrious cultivators, and the land owners paying a land revenue of over Rs. 10 that may be organised into a village co-operative society.

Generally half the population in a village consists of landless tenants and labourers. Of the rest who own lands, three-fourths are nominal agriculturists owning deficit holdings. It is only the remaining one-eighth of the rural population who can be admitted in the existing co-operative societies and helped with credit and other facilities. The needs of even this small population are of various kinds. The common need is the supply of goods for consumption which are not produced from one's own land. Agricultural credit for purchase of seeds, manures and implements will be little required except in irrigated areas where paying crops are raised. Marketing of commercial crops is another common need of all small holders. The purchase of cattle and of domestic requirements in years of scarcity are the common purpose for which all small holders require credit for longer periods than one year. Reclamation and levelling of lands, conservation of water where possible in tanks, and digging of wells are long term purposes for which a society may lend after taking expert advice about the utility of such schemes. These various purposes require different kinds of services by a village co-operative society.

The Multi-purpose Society.

The society should take the place of the grocer's shop to distribute articles of consumption on credit, and of the commission Mandi broker who gives small cash off and on as the grower requires for agricultural and domestic purposes, and who also helps to sell his produce. It should also give loans for the better class agriculturists in small amounts on the basis of a credit statement. It should maintain running accounts for them. In addition it should give non-recurring credit for the agriculturist for intermediate and long term purposes.

These are the normal services expected of any village co-operative society. But if it is really to be of use to improve the economic condition of the people, it should be able to utilise the man power in the village which is running to waste for want of employment. Secondary occupations, agricultural industries, joint farming, reclamation of lands—all these should form the objects of the society. The village society has not suffered so far in this Presidency by the narrowness of its objects. All these objects are found in its by-laws. Nor has it suffered for want of a clear objective regarding the application of credit. Its by-laws provide for crop finance and marketing finance. The coming of new phrases like 'controlled credit,' 'multi-purpose societies' etc., does not really achieve these objects. The question is —Is the Society fitted up as an efficient organisation to carry out these objects?

Wider area and a whole time Secretary.

A village society based on honorary service has been found to be too small an instrument for carrying out these big objects. (1) The distribution of short term credit in small amounts as occasion arises, (2) the sale of provisions and (3) the storing of produce require an accountant, a salesman, a store and a godown. The volume of transactions should be sufficient to maintain a whole time secretary. With more and more regulation and restriction of credit for useful purposes on the basis of the annual net income from land, even the existing volume of business will shrink. The society should look in the future for its business to a steady and large membership which takes small loans, and not to a few members taking big loans on the security of land for long periods. This again means the existence of an office for the society which will be open during stated hours, with a whole time secretary, and membership extended over a wide area. The society should have sufficient surplus to maintain an efficient establishment, and to pay rents for buildings from out of the business restricted to useful agricultural purposes. The membership necessary to get this surplus profit at a reasonable rate of interest which will not discourage co-operative credit should determine the size and area of the society.

Restrict Co-operation to centres of good village leadership.

When once the jurisdiction is widened and membership is extended, the liability of members cannot be on the unlimited basis. Proper rules of business and strict supervision will achieve far more to safeguard the investments of a central co-operative bank than the unlimited character of the liability undertaken by the members of a co-operative society for the loans due by the latter to the central bank. Unlimited liability has led to uncontrolled lending by central banks and to frozen assets in the movement. It deters a panchayat from rendering any kind of help to the really credit worthy class of agricultural workers whose only asset is their man power. The panchayat of a co-operative society is no doubt helpful in assisting a financing bank in realising its dues, which it may not be possible for the same bank to do without the help of such an agency. But better methods of recovery lie in the proper grant of credits for the business of agriculture and in effective supervision. Societies on the unlimited liability basis may be all right for workers of the same economic status who combine to raise the necessary facilities for their occupation. Such societies depend for their success on the development of a corporate sense in the members, which is yet to evolve in this country with the spread of mass education. The basis of unlimited liability, again, requires the inclusion of the richer class of members with a view to provide the necessary assets for raising funds. Such members may have no interest in the society at all. For these various reasons it is better to recognise that it is impossible to successfully work a co-operative society in every village. Neither may it be possible to have a large co-operative society for every group of villages, owing to the difficulty in finding a proper directorate. It may not also be possible in every area to obtain the requisite volume of transactions in the business of agriculture at a low rate of interest which will yield a sufficient surplus profit for the maintenance of a minimum establishment. If agriculture is to be organised through the co-operative method, we should restrict societies only to such areas as have given tangible proof of the capacity of the people to render effective service to all industrious people in the village and to keep their obligations to the financing banks. Where such leadership is not available, there should at least be a sufficient number of panchayatdars who will co-operate with a branch of a district bank if the latter is to act as the agency of such societies. The branch will have to act in respect of these quasi independent societies as their agent for purchase, production and sale and distribution of credits.

Three Organisational Units.

If societies are broad based in the manner above indicated, it ought to be possible to give every facility to the small agriculturist

to make a better income from his land and to supplement it with the aid of secondary occupations. Societies for a group of villages should be the primary unit, failing which small societies may be allowed to exist where the transactions make it possible to maintain a branch and where the panchayats are capable of development. The branch of a financing bank should render every help in the case of such societies by acting as their agent. The possibilities of extending the jurisdiction of urban banks to give all forms of help to agriculturists should also be explored. Where urban banks are allowed to do business with agriculturists in surrounding villages, they should be affiliated to the Provincial Bank and get their finance directly from the latter. Where these three alternatives are not possible, it is better to liquidate the existing societies in such areas.

Supervising Union v. *Branches.*

The next question is, how the financing banks are to operate at an economic cost so as to make available credit and other facilities to the co-operative societies at the bottom. Will the supervising unions be of any use in a scheme of multi-purpose societies, branch banking and extended urban banks? Supervising unions have passed through violent changes in their constitution during short intervals and have not established themselves as a necessary part of the co-operative movement. They have no functions of finance. So wide is the area of a union to-day that the supposed check by mutual knowledge in the scrutiny of loan applications has disappeared. The policy of appointing managers of unions in certain districts under the control of district banks is nothing more than a transition towards branch banking. The centralisation of the cadre of supervisors under district banks is another detraction from the powers of supervising unions, though it has no doubt improved their efficiency. A re-organisation of societies on the lines mentioned in the previous paragraph must have its reaction too on the system of supervising unions. When a society functions for a large area as a multi-purpose society or when it is aided by a branch which acts as its agent, the services which these societies will require can hardly be catered to by a supervising union. They will require a purchase and sale society or a central wholesale society for supplies but hardly a non-official supervising machinery for recommending and recovering loans. Supervising unions may probably act as advisory committees of branches.

The Area of Central Banks.

Again, are the financing banks as at present constituted the fittest agency for rendering efficient service to the ryots through the village societies? It is necessary to examine the question how far it will be advantageous to have one single banking institution for the province. The advantages are no doubt many. Deposit rates can be controlled. The rate of interest to the village society can be made lower. An efficient co-operative service can be formed. Costs of management can be brought down. A uniform dividend may be paid. Risks of business can be borne more easily by a provincial institution. But the disadvantages are also many. Local non-official help may not easily be available for the Provincial Bank. Centralisation may weaken the co-operative character of the movement. It may lead to corruption too. The benefits of centralisation may be achieved by regulating the rate of interest on deposits and loans of district banks. Co-operative service too may be provincialised without amalgamating all district banks. Possibly the solution lies in the golden mean. A certain volume of transactions necessary for the proper functioning of a district bank may be fixed. The district banks ought to be able to raise deposits at ½ per cent less than the lending rate of the Provincial Bank. Their rate of interest to the primaries should not be more than that of the Provincial Bank to primaries through its branches. They should afford two whole time secretaries one for office and the other for executive work at a salary equal to that of district officers. Their area should comprise economic regions of varying rainfall, irrigation, crops and incomes so that the risks of agricultural finance, and the volume of business may be equalised. It should be noted that in calculating the profits of a district bank the interest on the Reserve Fund which should be set off against bad debts or for any non-recurring charges should not be added to the general profits. Banks not having such a volume of business might be amalgamated with the adjoining banks.

Branch Banking.

The financing banks so reorganised must have a proper channel to irrigate the village society with credit and non-credit facilities. Branch banking is the only method through which credit from urban areas can be made to flow to the rayat. Conditions are not ripe for the successful functioning of village societies in every village. They should be buttressed by a branch which will supply superior administration for the rayats and render the services of production, supply and sale which a society by itself may not be able to do. When it is admitted that village leadership is yet to be liberalised, it automatically follows that village societies cannot federate into a banking union for supplying their own credit needs. When there are a large number of multi-purpose societies functioning efficiently with a proper directorate, they can be federated into a banking union. Branch banks assisted by advisory committees of societies may gradually evolve into banking unions. Until then, branch banking alone should be able to help the small holder. The small holder's requirements by way of short-term credit is little but he requires provisions for his home and farm, facilities to market his produce, facilities for subsidiary occupations and facilities for joint farming and introducing improved methods of agriculture. A branch of a bank may be able to supply all these facilities. The goal we should have in view should be the formation of bank branches at all market centres.

Branches as Commission Shops.

Branch banks should combine the function of commission shops for sale of produce. They should also supply the requirements of the rayats. When the business of village societies has sufficiently expanded, central stores and sale societies may be separately formed.

Lending to bigholders directly an pledges.

There will also be a large number of better class agriculturists who may require large amounts for temporary periods on the pledge of produce which a village society may not be able to advance. In such cases the lending to individuals by central banks and branches should be permitted.

Branches as agents of Special Types of Societies.

The services of branch banks may be also be necessary in the case of special types formed for undertaking labour works for farming and colonisation and for rural industries and secondary occupations. A good multi-purpose society may perform these services but such societies will be very few in number. It is impossible to expect an ordinary village society to undertake these functions. Another way in which branch banks might be helpful is in organising and supervising insurance societies for crops and cattle. The possibilities of the latter should be fully explored if the rate of interest for the agriculturist is to become as low as can be reasonably paid from the profits of agriculture. Branch banks may be formed to undertake these functions as agents of the special types of societies. The next question is, what should be the institution that is permitted to open branches? Is it the Provincial Bank or the District Central Banks? Where the latter are weak and the societies in the area do not get proper finance, the Provincial Bank should be enabled by its by-laws to open branches.

The Place of the Paid Staff.

The success of the whole scheme will rest on the thoroughness of the organisation for exporting agricultural produce and articles of cottage industries on a wholesale basis. The larger the unit of operation, the greater will be the surplus profit to the producer. But wholesales for supply and sale can effectively function only through an efficient organisation at the bottom. For a long time to come, the paid staff will have to supply not only efficient service but also initiative and direction in the management of business which we may not be able to obtain from village leadership. The paid staff of a multi-purpose society or a branch of a bank should study the existing economic condition of people. It should plan the needs of each occupation, the possibilities of its development, the amount of employment which it will give to the man power of the village, the most effective method of organising labour for increasing production, and the marketing of produce. The state officers should be ready to assist the paid employees of the branches with expert advice and supervision. The employees should be trained, well paid and stimulated to work by the driving force of provincial officers and district officers of the financing banks.

Experience has shown that in countries of undeveloped citizenship, centralised administration does far more to the people than their own democracy. A branch of the All India Spinners' Association has done effective service for the unemployed in a village which we can hardly expect a co-operative society of spinners themselves to achieve. Commercial banks with branches are rendering far better services, and more economically too, to the rayat than village co-operative societies of the rayats themselves are able to do. Service will depend on an efficient staff. And this staff is available in the large number of our unemployed graduates who could be trained in agricultural banking and put in charge of branches, and multi-purpose societies and those of a special type. The State might help these societies in several ways. The cost of training might be provided by the State. It might grant a subsidy to meet the cost of management in the case of special types of societies. It might provide the funds for the erection of buildings

and godowns. It might lend money at low rates of interest for long term improvements in land. It might supply an expert staff to review the working of branches and special types of societies.

A Co-operative Service.

The non-official staff in the co-operative movement should be put on a secure foundation. So long as the movement requires State help, the State has every right to exercising some form of control over the appointment of the staff. The several kinds of staff now working in the movement should be put on different grades and scales of pay. Their appointment should be in the hands of a Co-operative Service Commission composed of representatives of societies and those nominated by the State. Qualifications should be duly fixed. Appointments of the superior staff in multi-purpose societies or special types of societies or urban banks should be subject to the approval of the financing banks. This staff should have the right of appeal to the latter in cases of suspension and dismissal. The secretaries of district central banks should be on a provincial cadre. Their appointments and suspensions should be approved by the Provincial Co-operative Bank and dismissal should be only by the latter. There should be provision for appeals. The question of provincialising the inspecting or supervising staff of central banks should be examined. The clerical and accountancy staff may be appointed by the concerned institutions on the recommendation of the secretaries of the financing banks. Necessary provision should also exist for appeals to superior institutions or authorities.

Summary.

(1) (*a*) Considering the multifarious character of the services required by an ordinary agriculturist in India, and the need for correcting the deficiencies of village leadership by the provision of an efficient staff duly controlled from the top, the most suitable organisation for agriculture is the formation of co-operative societies on a limited liability basis for a group of villages administered by a whole time secretary in areas where the financing bank is confident of public spirited leadership. (*b*). Where village leadership is trustworthy, and can act in a corporate spirit but is wanting in knowledge of methods of administration and in the general capacity to run a business, the existing village societies may continue but be supported by branches of financing banks which will act as the agents of these societies for purchase, production and sale. (*c*) Special types of

societies *e.g.*, producers' and labour societies, supported by the branches of financing banks, should also be started for the poorer classes of nominal agriculturists, tenants, labourers and artisans with whole time secretaries, for relieving rural unemployment.

(2) Central banks should have such volume of business as will enable them to lend at the same rate to the primaries as the Provincial Bank will be in a position to do through its branches. They should be in a position to pay two whole time secretaries the same pay as that of district officers of the Co-operative Department. The existing banks should be amalgamated with this end in view.

(3) The village co-operative societies mentioned in 1 (*b*) will grow into multi-purpose societies in course of time. Branch banks should gradually evolve into banking unions in which case they should be directly connected with the Provincial Bank. Where district Banks are weak, the Provincial Bank may open branches.

(4) Urban banks should have a larger jurisdiction and be permitted to do business for the agriculturists in the surrounding villages.

(5) Central Banks and branch banks should be allowed to lend to individuals also on the pledge of produce under certain defined conditions.

(6) Supervising unions should be liquidated with the growth of branch banking.

(7) There should be a Co-operative Service Commission composed of members nominated by the Government and the representatives of societies for recruiting candidates for the several posts. The several kinds of staff now working in the movement should be put on different grades and scale of pay. Appointments and dismissals of the superior staff of primaries should be subject to the approval of the financing banks. There shall be a provincial cadre of secretaries of central banks. The question provincialising the inspecting or supervising staff of central banks should be examined. The clerical and accountancy staff shall be appointed by the concerned institutions on the recommendation of the secretaries of financing banks. Necessary provision should exist for appeals to superior institutions or authorities.

Redemption of Debentures of Land Mortgage Banks

By Mr. K. D. Kothari, Cert. A.I.B., (Lond.), Accountant,
Bombay Provincial Co-operative Land Mortgage Bank.

The question of devising a suitable method for the redemption of the debentures of Land Mortgage Banks has assumed considerable importance since the time a very important note on " The Financing of Land Mortgage Banks in India " was issued by the Reserve Bank of India in October 1936. The Reserve Bank of India argued in that note that the system of retiring the debentures by lot every year or at short notice militated against making them an attractive investment for genuine investors. The Reserve Bank of India also pointed out the desirability of instituting a Sinking Fund on scientific lines as a proper method for redeeming debentures on maturity. The Land Mortgage Banks have agreed that the system of withdrawal of debentures by lot is not quite suitable and they have kept a definite period of non-redeemability in case of debentures subsequently issued. The Madras Central Land Mortgage Bank has issued 20 years debentures which are non-redeemable for the first ten years and similarly the 25 years debentures of the Bombay Provincial Land Mortgage Bank will be non-redeemable for the first 20 years. The question then arises as to whether the proposal of the Reserve Bank for redeeming the debentures on maturity is suitable, though in principle there is not much difference between the Sinking Fund as advocated by the Reserve Bank of India and the Debenture Redemption Fund as advocated by Land Mortgage Banks. This is due to the fact that the Land Mortgage Banks will have to bear the loss on account of interest on investment of Sinking Fund and this loss will be practically the same whether investments are from Sinking Fund or Debenture Redemption Fund. The amount of loss will depend upon the rate at which the debentures are floated and the rate at which the funds out of Debenture Redemption Account are invested. However, there are practical difficulties in the way of Land Mortgage Banks in their instituting a Sinking Fund on scientific lines as advocated by the Reserve Bank of India. It must be admitted that Land Mortgage Banks are primarily meant for advancing loans to farmers whose habits are far from businesslike.

As regards the Madras Land Mortgage Bank, it has been singularly fortunate so far in obtaining punctual recovery of its loan instalments. This fortunate position has been due to the fact that most of its advances are in irrigated areas, though it must be admitted that its strictness in advancing loans and vigilance in recovering the instalments have been equally responsible for the good results. But the same results may not be possible in the case of Land Mortgage Banks operating in other Provinces where advances have to be made to a considerable extent in dry areas. The Land Mortgage Banks in such Provinces are likely to be faced with the problem of granting extensions to borrowers in case of failure of crops due to scarcity of rain or such other natural calamities, and it is likely to go hard if not impossible with them under such circumstances to meet the establishment expenses, interest charges on debentures and also to make provision for Sinking Fund based on the so called scientific lines. On the other hand, occasions may arise when the borrowers may make advance repayments in good agricultural seasons or on account of forced sale of lands. It is therefore necessary that the amount of provision annually to be made in Sinking Fund should be based on the amount of annual recovery of loan instalment, if it is to suit the working of Land Mortgage Banks. It should however be emphasised that the Land Mortgage Banks are to be very strict in recovering their instalments when due and the period of loans inclusive of margin for extension should under no circumstances exceed the period of debentures. If this principle of strict recovery is observed, and in fact the Land Mortgage Banks are bound to observe this principle under their constitution, there will not be difficulty in redeeming the debentures on maturity if all the principal recoveries are set aside and invested in Government and such other securities maturing near about that period. Investment of funds, however, in Government and such other securities is likely to result in some loss by way of interest as the Land Mortgage Banks will have to pay a higher rate of interest on debentures than what they might obtain on investment in Government securities, and the actual amount of loss will depend upon the rate at which the debentures are floated and the rate obtainable for funds on the date of investment. Hence the special requirements and circumstances of the Land Mortgage Banks point to the creation of a Debenture Redemption Fund wherein all the principal amount of recoveries should be invested separately, which in all circumstances should be equal to the amount of debentures when due and to meet equitably the loss arising out of investment of such funds in Government and such other securities. Taking each series of debentures separately, the margin of profit out of investment of funds in advancing loans to borrowers is higher in the beginning and this margin of profit becomes less and less gradually as loans are repaid by instalments;

while the loss account of interest in case of investment of funds from the Debenture Redemption Fund would be small in the beginning and as recoveries gradually come in, the loss would become more and more in later years. It is therefore necessary that a special Reserve Fund for meeting the loss on account of interest on investment of funds out of the Debenture Redemption Fund should be created on scientific basis. This would be possible if provision for loss of interest for all the subsequent years in case of each investment is made out of the current profits of each year.

The idea of this fund will be clear from the following example. The Bank issues 23 years debentures of Rs. 10 lakhs at 3 per cent. It is assumed that the principal amount of recovery for the first year comes to Rs. 50,000. It is also assumed that the rate of interest obtainable on investment of funds in Government securities of similar maturity is 2½ per cent. The Bank will have to pay as interest every year Rs. 1,500 to debenture holders in respect of this Rs. 50,000 and will be receiving Rs. 1,250 as interest every year for the remaining 19 years, whereafter the debentures are to mature. Thus the Bank will be losing every year Rs. 250 for 19 years. The Bank should therefore make a provision out of which Rs. 250 can be drawn in respect of the investment of Rs. 50,000 for the remaining 19 years. The present value of Rs. 250 on the basis of 19 years at 2½ per cent would come to Rs. 3,750 and this amount should be set aside by the Bank out of the annual profits. Assuming that recovery for principal amount comes to Rs. 50,000 next year also and Rs. 50,000 of that year together with Rs. 50,000 of the previous year are invested at 2½ per cent, bringing thereby, annual loss of Rs. 500 for the remaining 18 years, the credit balance of the Special Reserve account should come to Rs. 7,250 which is equal to present value of Rs. 500 for 18 years at 2½ per cent. If the sum of Rs. 3,750 of the previous year has been also invested at 2½ per cent, it would have earned interest of Rs. 93-12-0 and so the Bank would be required to make a further provision of Rs. 3,406-4-0 out of its profits of the second year in order to bring the balance of special reserve account to Rs. 7,250. The actual working of this method is given in the table attached hereto. It will be seen that the Bank has to make provision to this fund out of its annual profits for the first 11 years and that too on diminishing scale, and after the first 11 years, the Bank can draw against this fund in order to recoup the losses which would arise for the reason that the loan balances earning remunerative rate of interest would become gradually smaller, while investment out of debenture fund giving comparatively smaller yield will become larger year by year. The actual amount of provision each year can well be adjusted to the amount to be invested and also the rate of interest obtainable on the actual date of investment. The Land Mortgage Banks can therefore set aside all the principal recoveries in a separate fund (which may be called Debenture Redemption Fund) and see that under no circumstances, the period of loans, inclusive of period for extensions, exceeds the period of debentures and can also create Special Reserve Fund out of annual profits in cases of each series of debentures in order to distribute equitably the loss arising out of investment of funds constituting the Debenture Redemption Fund. Such a system based on scientific principal and modelled according to the working of the Land Mortgage Banks should meet with the approval of the Reserve Bank of India and should also meet with the convenience of Land Mortgage Banks.

Table showing the working of the Special Reserve Fund as described in the Article.

No. of the year.	Principal amount recovered.	Rate of Interest.	Annual Deficit.	Annuity.	Funds required to meet deficit at the end of each year.
	Rs.		Rs.		Rs. A. P.
1	50,000	Half p. c.	250	15.00 (19A)	3,750 0 0
2	1,00,000	,,	500	14.50 (18A)	7,250 0 0
3	1,50,000	,,	750	13.75 (17A)	10,312 8 0
4	2,00,000	,,	1,000	13.00 (16A)	13,000 0 0
5	2,50,000	,,	1,250	12.50 (15A)	15,625 0 0
6	3,00,000	,,	1,500	11.75 (14A)	17,625 0 0
7	3,50,000	,,	1,750	11.00 (13A)	19,250 0 0
8	4,00,000	,,	2,000	10.25 (12A)	20,500 0 0
9	4,50,000	,,	2,250	9.50 (11A)	21,375 0 0
10	5,00,000	,,	2,500	8.75 (10A)	21,875 0 0
11	5,50,000	,,	2,750	8.00 (9A)	22,000 0 0
12	6,00,000	,,	3,000	7.25 (8A)	21,750 0 0
13	6,50,000	,,	3,250	6.50 (7A)	21,125 0 0
14	7,00,000	,,	3,500	5.50 (6A)	19,250 0 0
15	7,50,000	,,	3,750	4.75 (5A)	17,812 8 0
16	8,00,000	,,	4,000	3.75 (4A)	15,000 0 0
17	8,50,000	,,	4,250	3.00 (3A)	12,750 0 0
18	9,00,000	,,	4,500	2.00 (2A)	9,000 0 0
19	9,50,000	,,	4,750	1.00 (1A)	4,750 0 0
20	10,00,000	,,	5,000	...	...
	1,05,00,000	...	52,500	...	...

In the High Court of Judicature at Madras.

Wednesday, the fifth day of January, 1938.

Present: THE HONOURABLE MR. JUSTICE HORWILL.

Appeal against Appellate Order No. 151-34.

The Villupuram Co-operative Urban Bank by its Secretary Mr. Kuppuswami Mudaliar ... *Appellant* (*Respondent*).

vs.

Balasubramania Mudali, late a minor by guardian Narayanaswami Mudali, since declared major and guardian discharged *vide* Order dated 8–8–35, on C.M.P. No. 1335 of 1935 ... *Respondent* (*Petitioner*).

Appeal against the order of the Court of the Subordinate Judge of Cuddalore dated the 9th April 1934 and made in Appeal Suit No. 317 of 1933 (A. S. No. 148 of 1932 on the file of the District Court of South Arcot) preferred against the order of the Court of the District Munsif of Villupuram in C.M.P. No. 247 of 1931 in claim A. F. No 349 of 1929-30.

This appeal coming on for hearing on Friday the 26th day of February 1937 and this day, the Court delivered the following :—

Judgment.

In a dispute between the Secretary of the Villupuram Urban Co-operative Bank and No. 719 of the Company an award was passed by the Arbitrator under Rule XIV of the rules framed under Section 43 of the Co-operative Societies Act in which one Vaithilinga Mudaliar and two undivided minors of his family were ordered to pay Rs. 281–6–9 to the Society with interest and costs and upon failure to do so their property was ordered to be brought to sale. This award was sent to the District Munsif of Villupuram for execution ; and he held after enquiry that the 3rd defendant had not been served in the proceedings before the Arbitrator and he therefore refused to execute the decree against the share of the 3rd defendant in the family property. In appeal the Additional Subordinate Judge of Cuddalore confirmed this decision not only on the ground that the 3rd defendant was not served, but also on the ground that the 3rd defendant, because he was a minor, could not be a member of the Society and because the rules relating to arbitration provide for the decision of disputes to which members only were parties.

It has been made clear by this Court in a series of decisions and the decisions in A.A.A.O., No. 146 of 1933 is one of the latest, that it is not open to an executing Court to sit in judgment over the Court which passed the decree which has to be executed. It cannot, except in certain limited recognised cases, conduct enquiries to ascertain whether the decree was properly passed. If, on the face of the record it is clear that some illegality has been committed, the executing Court can refuse to execute. The question that has to be decided is whether there is anything in the award passed by the Arbitrator in this case that shows that it is illegal. Clearly there is nothing in the decree which shows that the minor was not served; and the executing Court therefore had to presume that the decree was properly passed against the minor. Whether a joint family can be a member of the Co-operative Society is a question that may be open to discussion, although I think with due respect that the learned judges who decided Laxman *vs.* Dhamori Co-operative Society, A.I.R. 1933 Nagpur 211 were right in holding that a corporation, and therefore a joint family, could be a member of the Co-operative society. That in certain circumstances a family can be a member of the Society is also recognised in an earlier case of the same Court Koyal *vs.* Bhoudlal, A.I.R. 1931 Nag. 48, which has been referred to by the learned Advocate for the 3rd defendant in this Court. It is argued that there is nothing in the decree which shows that the whole family was a member of the Society; but the question is not whether the decree shows that the whole family was a member of the Society; but whether there is anything in the decree which shows that the whole family was *not* a member. On the contrary, the award sets out the names of all the members of the family; and therefore it would seem that all the members of the family were liable because the family and not only the manager was a member of the Society. I am therefore of opinion that there is nothing in the award which indicates that it is incorrect and ought not to be executed. If in fact the 3rd defendant was not liable, either because he was not served or otherwise properly represented before the arbitrator, he is not without a remedy; but the executing Court must take the decree as it stands and allow the Society to execute. If a minor is not properly represented in a suit, he is not a party to the suit, although his name may appear in the records and in the decree. That being so, the executing Court is given no jurisdiction under Section 47 C.P.C.

The appeal is therefore allowed with costs throughout.

(Sd.) S. SRINIVASA AYYAR,
Asst. Registrar, Appellate Side.
28-1-38.

Provident Fund Deposit Tables.

INTEREST CALCULATED AT 4 PER CENT COMPOUND INTEREST ADDED ANNUALLY.

(INTEREST ALLOWED ON MONTHLY BALANCES).

(PREPARED BY S. VISWANATHAN ESQ., B.A.)

At 4 per cent.

No. of year.	Amount paid to Bank.	Amount payable by Bank. Rs. A. P.	Interest added at the end of each year to the last balance. Rs. A. P.
1	12	12 3 6	0 3 6
2	24	24 14 10	0 11 4
3	36	38 2 4	1 3 6
4	48	51 14 3	1 11 11
5	60	66 3 0	2 4 9
6	72	81 0 11	2 13 11
7	84	96 8 4	3 7 5
8	96	112 9 7	4 1 3
9	108	129 5 2	4 11 7
10	120	146 11 5	5 6 3
11	132	164 12 10	6 1 5
12	144	183 9 10	6 13 0
13	156	203 2 10	7 9 0
14	168	223 8 5	8 5 7
15	180	244 11 0	9 2 1
16	192	266 11 1	10 0 1
17	204	289 9 3	10 14 2
18	216	313 6 1	11 12 10
19	228	338 2 2	12 12 1
20	240	363 14 1	13 11 11
21	252	390 10 6	14 12 5
22	264	418 8 0	15 13 6
23	276	447 7 4	16 15 4
24	288	477 9 3	18 1 11
25	300	508 14 5	19 5 2
26	312	541 7 8	20 9 3
27	324	575 5 9	21 14 1
28	336	610 9 6	23 3 9
29	341	647 3 10	24 10 1
30	360	685 5 7	26 4 9
			325 5 7

Extracts.

STATUTORY REPORT OF THE RESERVE BANK.

CHAPTER III—THE CO-OPERATIVE MOVEMENT.

Present position of the movement.

13. With regard to the co-operative movement in India it is possible to quote an imposing array of figures about the number of societies, their membership, working capital, loans, etc. These figures, however, do not reveal the real state of affairs and a closer scrutiny shows that the position is far from satisfactory in some of the areas. The figures for the British Indian Provinces for the year 1934-35, which are the latest available show that the number of agricultural societies was 78,253 but about one-third of them were classified as D or E, which means that they were not working properly or were on the verge of liquidation. The total membership of these societies was 2,552,623 which is only 1.06 per cent. of the rural population. Even calculating on the basis of families of 5 persons each, the movement had not reached 6 per cent. of the families. The total working capital of these societies was Rs. 30,75,44,661 of which almost three and a half crores represented paid up share capital and a little over six and a quarter crores reserve funds. Since share capital in primary societies may in certain cases consist only of an inflation of the loans granted to members it is doubtful how much of it represents real savings. The practice of allocating even unrealized profits to reserves obtaining in some provinces makes it difficult to gauge the real strength of the funds. The loans outstanding against members amounted to about twentyfour and a half crores of which ten and three-quarters were shown to be overdue. The practice of granting renewals and the procedure followed in one province of fixing demands every year at the time of harvest and counting as overdues only such sums as fall short of the demand makes it probable that the real arrears are still larger and that frozen loans form a large part of the outstandings. The amounts lent to members and those recovered in 1934-35 were practically identical, being slightly less than five crores. This figure by itself shows what a small part co-operative societies are playing in the finance of agriculture but even this amount probably does not represent the actual cash outgoings and incomings and includes various book adjustments. When the statistics of all the provinces are combined the general picture is undoubtedly unfair to some, such as the Punjab, Bombay and Madras, in which the movement is in a better condition, but it also on the other hand serves to cover the correspondingly weaker position in others.

Measures for Rectification.

14. It becomes clear, therefore, that if the co-operative movement is to play in agricultural finance the prominent and beneficent part for which we consider it to be specially qualified, considerable rectification and consolidation will be necessary. It was with this object that in our preliminary report we made certain suggestions which we venture to

repeat and elaborate because we do not think that they received the attention which they deserved, and because, in certain quarters, their purport appears to have been misunderstood. They were (i) that the overdues and long term loans should be separated and put on a proper footing, (ii) that in order that the societies should be able to grant extensions or remissions in case of crop failures they should build up strong reserves by keeping an adequate margin between their borrowing and lending rates and (iii) that future loans should be restricted to such sums only as could be reasonably expected to be repaid out of the harvest.

Separation of Overdues.

15. We cannot lay too strong an emphasis on our first recommendation. We consider that the policy of letting things slide with palliatives like temporary extensions and reduction of interest in the hope of better times as well as that of vigorous coercion and liquidation can only result in the gradual extinction of the movement. Where the question of overdues has become serious the co-operative movement has ceased to function as an agency for the supply of agricultural credit and many who are nominally members of co-operative societies are being driven to have recourse to moneylenders. The overdues choke the flow of credit and must be tackled in a practical manner without delay. Our previous recommendation in this respect was that these overdues should be brought down to a level at which there was a reasonable prospect of repayment out of the profits of agriculture within a reasonable period, say twenty years, partly by writing them off from reserve and other funds and partly by recovery from sale of part of the member's assets and spreading out the remainder into instalments and transferring them to some special agency equipped to deal with long term credit facilities such as a land mortgage bank. It may be argued that it is difficult to follow this course particularly when the funds of the society are not sufficient to cover the losses. Where this is the case it is better to face the facts and to decide what agency can best bear the losses. Liquidation of the society is by itself no solution as even after selling up the members, the result may only be the acquisition of land by the society and losses may still be left uncovered. Liquidation also not only kills the society but brings the movement into disrepute and leaves a void in the structure of agricultural finance. It is better to follow the bolder policy of deciding at the outset what losses are inevitable and to make provision for recovering the rest in easy instalments. Side by side with this reconstruction it is necessary that the societies should be reformed on the lines recommended later in this report.

Building up of Reserve Funds.

16. Our second remmendation has been criticised under the misapprehension that we desired co-operative societies to increase their

lending rates irrespective of the rates at which they were able to get deposits and in spite of their having built up substantial reserves. All that we wish to point out is the danger of working on inadequate margins and the necessity of accumulating proper reserves as a provision for losses so that the society may be able to be of greater service to the members in times of distress and may not be forced into liquidation or a state of suspended animation as at present on the occurrence of crop failures. The attempt to make credit cheap can and has sometimes been carried to the extent of being suicidal. It must be remembered that low margins are possible only when the agriculturist is an economic holder and has been over a long period generally prosperous and creditworthy. Where crops are notoriously insecure and the chances of loss are great the price of credit must inevitably be high if the credit institution is to be worked successfully both as a business and as a co-operative organisation. We consider that the levying of rates of interest fixed in consonance with business prudence will not make such a great difference to the agriculturist as is usually made out. In a society which is really co-operative the members should, by virtue of their co-operative activities and thrift, be able to make sufficient profits to pay a higher rate of interest to make the society self-supporting.

Restriction to crop loans.

17. Our third recommendation has also been misunderstood and even though we explained at some length that crop loans did not mean loans for cultivation purposes only but included other loans required by the cultivator, so long as they were restricted to an amount which could be repaid out of the harvest and that for such purposes as the purchase of cattle, loans for two or three years might be allowed so long as they were limited to a comparatively small proportion of the societies' business, it has been thought that we overlooked the various needs of the cultivator and failed to allow sufficient latitude to the societies to meet these needs. It goes without saying that if the co-operative societies are to be worthy of their name and not to be mere substitutes for the money-lender they must see that the member borrows as far as possible only for productive purposes and that loans for other purposes which though not strictly productive are absolutely necessary, are reduced to a minimum and do not exceed his paying capacity so that he is not encouraged to live beyond his means. Our object, however, was not so much to suggest restrictions regarding the purpose of the loan as to point out the necessity of co-operative societies confining the major portion of their business to strictly short term finance to lessen the chance of the loans falling into arrears and of the society's ability to finance its members in the future being impaired by the freezing of its assets.

Reconstruction of village societies on sound lines.

18. An important recommendation which we should like to add is one advocated in our bulletins, namely that the primary society which is the pivot of the whole movement must be re-established and reconstructed on sound co-operative lines, so as to bring the whole life of the cultivator within its ambit. In the bulletin on the village co-operative bank, the Officer-in-Charge of the Agricultural Credit Department has explained at length what he considers the proper functions and organisation of these primary units. We are in general agreement with his conclusions, though we do not wish to offer his detailed proposals as more than suggestions for examination in the light of local conditions. We therefore, do not propose to recapitulate his suggestions at length here but we wish to emphasize that no amount of paper organisation in the upper structure, in the provincial bank or the central banks, will compensate for the lack of healthy vitality at the roots. The foundations must be sound and the primary societies on which the whole structure rests must be composed of individuals who understand the aims and objects of the society, the liabilities which membership imposes and the rights it confers, and who are imbued with the co-operative spirit and are determined to improve their economic condition by joint effort rather than by reliance on others. The primary societies must realise the necessity of building up their own funds with shares and reserves and of teaching the lesson of thrift and prudence to their members and attracting deposits from them. The society must stand the test which we have prescribed for the agency most suitable for agricultural finance; it must not be merely an agency for supplying finance but an influence for the all sided development of agriculture and the betterment of the life of the villager from every point of view. We realise that where special financial liability is to be incurred or caste and other considerations are involved it may be necessary to have separate off-shoots of the parent society, but the central idea should not be lost sight of. The further suggestion made in the first bulletin, that in order to achieve this purpose the primary societies should be federated into small banking unions of the type recommended there, also in our opinion deserves consideration. The opinion which was expressed by one of the foreign experts who visited India to assist the banking enquiry which was cited by Sir George Schuster during the Assembly debates on Section 55 of the Reserve Bank of India Act may be repeated here:

"We were profoundly impressed by the character of the cultivators whom we met. No country possesses better material on which to build a great civilization. But we were also profoundly impressed by what there is still to be done to improve their economic position and by the extent of the failure of the co-operative movement in that direction in spite of good work that has been done by co-operators. That failure in our view has been due to failure to realise that credit organisations alone can never provide an effective remedy for the indebtedness of the cultivator. His position can only be improved if the full force of the co-operative movement is brought to bear on him at every point in the sphere of education, of better living, of better farming and of marketing. There will be no limit to the results which can be achieved if the same enthusiasm is shown in promoting development in these ways as has been shown at any rate in developing the growth of the credit movement."

(To be continued.)

G. O. on Registrar's Report.

In reviewing the Report of the Registrar for 1936-37 the Government have made the following remarks :—

The potentialities of the Co-operative Movement for effecting an all-round improvement in the condition of the agricultural community in India have been the subject of considerable attention in recent months. In its triple role of rural reconstruction, encouragement of thrift and provision of credit, the movement supplies an instrument that can be bent to the service of the community as and when circumstances require. The report of the Registrar of Co-operative Societies for the year ending 1936-37 is a record of useful service done, both by officials and non official gentlemen during the last twelve months.

The Government note with satisfaction the progressive increase in the loans transactions of the agricultural societies and the progressive improvement in repayments by the societies to Central Banks and by members to societies during the last three years. During the year under review, 11,110 societies with a membership of 575,817 disbursed loans to the extent of Rs. 162.90 lakhs as against Rs. 97.43 lakhs in 1931-32, the first year of the depression and Rs. 163.50 lakhs in 1930-31, the year immediately preceding the depression. The bulk of the loans continue to be issued for productive purposes. During the year, loans to the extent of Rs. 69.13 lakhs were issued for the discharge of prior debts, out of which loans for Rs. 38.19 lakhs were issued by land mortgage banks. The Central Banks and ordinary agricultural credit societies thus issued loans to the extent of over 30 lakhs of rupees for the discharge of prior debts. Government have had occasion more than once to call the attention of the authorities of these institutions to the undesirability of tying up their short term deposits in long term loans. They would like once again to make it quite clear that locking up money in this manner is detrimental to the true interests of the institutions and that this should be avoided in the future. Government consider that there is ample scope for these institutions to utilise their resources in short term advances to the agriculturists.

The Government are glad to be assured by the Registrar that the first stage of his "rectification" scheme has been practically completed. Loans have been classified with reference to their security and elaborate statistics have been prepared with a view to find out the probable loss to the creditors. Government have no doubt that the Central Banks will follow the advice of the Registrar of Co-operative Societies and devote their attention now to reviving dormant societies which numbered 3,000 on 30th June, 1937. The Government are aware that societies have reduced their lending rates and

that many of them have deleted the provision in the by-laws relating to the levy of penal interest and thus benefited the members to the extent of over 6 lakhs of rupees. They, however, consider that Central Banks and Credit Societies should try and fall in line in a general way with the measures taken by Government for the relief of agricultural indebtedness from the purview of which Co-operative Societies are specially excluded. In their view the financial condition of several Central Banks seems to justify sacrifices on their part in an effort to rescue the borrowers from the burden of their debts.

The Government are glad to note that the land mortgage organisation has continued to make its contribution to the solution of the problem of rural indebtedness. The Central Land Mortgage Bank had in circulation at the end of the year debentures worth 112 lakhs of rupees. It earned a net profit exclusive of provisions of Rs. 10,000 for Bad Debt Reserve and Rs. 20,000 for Debenture Redemption Fund, of Rs. 64,422. Two measures taken by the Bank will, it is believed, make its debentures more popular. Debentures have now been made irredeemable for a period of ten years from the date of issue and the Bank has been permitted by the Trustee to purchase its own debentures. The question of transforming the Debt Redemption Fund into a scientifically devised Sinking Fund is under the consideration of the Government. The number of primary banks affiliated to the Central Land Mortgage Bank increased from 80 to 93. The decided improvement in the collections made by the banks during the year is most welcome. The Government are also glad to note that greater success attended the efforts of the banks to influence creditors to write off loans to the extent of Rs. 1·56 lakhs.

The Registrar reports that a new direction is being given to the non-credit side of the movement by the introduction of controlled credit. The linking of credit and marketing is proving a source of great strength to the movement. Central Banks are paying special attention to the development of Loan and Sale Societies which provide them with a vast field for the investment of their short term funds. The absence of storage facilities has been the one great cause in the past for the slow growth of the business of Loan and Sale Societies. These societies have in recent times been coming forward, in a larger measure than before, to take advantage of the offer of Government for a free grant of 25 per cent of the cost of the godowns and for a loan of the balance, the free grant being met out of the Rural Development Fund placed at the disposal of this Government by the Government of India. As many as 22 societies have so far been given grants to the extent of Rs. 46,025 and loans amounting to Rs. 1,10,200. There were 111 of such societies at the end of the year as compared with 74 in the previous year. These societies form a most important link in the system of controlled credit. It is satisfactory to note that the system worked well in South Arcot, Salem and Coimbatore. The Government will watch with interest the extension of the system to Tanjore, Tinnevelly and Chittoor. The Provincial Marketing Society organized to co-ordinate the work of the Loan and Sale Societies has not yet found its feet. The Government, however, hope that it will not be long before it makes its presence felt.

It is gratifying to find that the Madras Provincial Handloom Weavers' Society has been able to infuse new life into several weavers' societies. The number of such societies rose from 50 to 80 and there has been considerable expansion in their business. The Government consider that there is vast scope yet left and they hope that the Provincial Society will continue to exert its full influence to better the lot of the weavers. The Government of India have accepted the proposal of this Government to utilise the subsidy from the Sugarcane Excise Fund for the organization of Sugarcane Growers' Co-operative Societies which will be under the administrative control of the Registrar of Co-operative Societies. These societies will be helped with the loan of services, free of charge, of Government staff and an initial grant to meet the cost of implements, apparatus and chemicals. The scheme which was introduced after the close of the year will be in operation for a period of five years. The Government hope that cultivators of sugarcane will take the fullest advantage of the scheme.

The Government are glad to note the growth, small though it is, of the thrift aspect of the co-operative movement during the year under report. The number of thrift societies increased from 11 to 19 during the year. The Government also note the small beginnings made in the organization of Better Living Societies. They are glad to find the Registrar of Co-operative Societies recognize the need for giving impetus and emphasis to these two aspects of the co-operative movement. The Government will watch with close interest the progress of the movement in these fields.

Correspondence.

WHITHER DRIFTING?

With the inauguration of the Reserve Bank, and their bulletins regarding agricultural loans, specially regarding co-operative societies, the co-operators have to be on the watch as to how the movement is going to be shaped.

The Reserve Bank want to make the co-operative banks more or less follow the policy of the joint-stock banks. They want to restrict long term credit and want to develop only short term operations; and in all ways want to bring them in line with the joint-stock banks. Recently the Registrar of Co-operative Societies has issued a circular to all Central Banks to amend their by-laws making provision for co-opting men experienced in local joint-stock banking on the directorates of the Central Banks. Whether this move is in pursuance of the policy of the Reserve Bank, or with what other motive is not definitely known; but what would be the effect if the suggestion is adopted? The opportunity would be utilised by the joint-stock banks to seduce depositors of the co-operative banks to their banks by offering them higher rates of interests. Now, the Central Banks are working in competition with the joint stock banks through the loan and sale societies in marketing and financing agricultural produce. In these circumstances, the matter must be carefully considered before any decision is arrived at. The Deputy Registrar of Co-operative Societies has also suggested that the Central Banks may give representation to the depositors. This is a strange suggestion. Even joint-stock banks whose deposits are over seven or eight times their share capitals have not till now given any representation to the depositors in the management; if so, why should the co-operative banks be asked to do so?

The charge that the co-operative banks are giving long term credits while they are receiving short term deposits is not well-founded. All loans for more than one year are considered long term loans. If only loans over two years are considered long term loans then the long term loans of the Central Banks may not be disproportionate to the long term funds available with them. Their own share capital, their own reserve fund, and the reserve fund of co-operative societies in their areas are funds available for long term loans. There are many deposits which though they are short term deposits, are practically long term deposits as they are renewed every time; and when the banks have sufficient fluid resources, the giving of long term loans not exceeding five years will not be a great calamity. Therefore I suggest that introducing non-co-operative material in the Central Banks would not be in the best interests of the movement. When the Townsend Committee reported for the increase in the representation of individuals as versus societies, the movement fought against it and individual representation is being reduced slowly. Further, several Central Banks have amended the by-laws to the effect that the individual share-holders should not have separate elections but only get elected by the common electorate of societies and individuals. When that is the case, the trend of the circular of the Registrar is beyond comprehension. I only suggest that the Registrar, before issuing such circulars may consult non-official co-operative opinion, at least the Provincial Bank. I would suggest a permanent committee to be appointed by the Government to advise the Registrar in all such matters. If steps are not taken immediately, we cannot say whither the movement will drift.

T. NARAYANAN,

Vice President, Madura—Ramnad C. C. Bank.

Review.

A Scheme of Adult Education. By Mr. A. B. Mande, M.A. (Columbia, U. S. A.), Adult Education Inspector, Co-operative Societies, United Provinces. Ram Narain Lal, Publisher and Book-seller, Allahabad, 1937.

Democracy has come and we have to educate our masters. The question of mass education is a question of enormous importance. Not only have we to provide education for the huge number of the school going population; we have to tackle the problem with reference to their ignorant fathers and mothers.

The author of the scheme propounded learnedly to this book has the requisite qualifications and experience for doing so. From 1924 he has been experimenting on the problem of Mass Education. Men and women in responsible places, faced with the same problem, have not only pronounced his method a great success but have done him the signal honour of adopting it in their work.

The problem of Audit Education is a complex problem. It is huge; it is difficult; it requires enormous outlay for successful working. Every village, and often, every community in every village, would require an adult school. And since, as in Turkey and Russia, we cannot force even such a good thing as education over ignorant brethern, it would require earnest, selfless workers in staggering numbers. It would require clever, patient, resourceful teachers who would be satisfied with a small remuneration. It would require not only knowledge in the teacher but also sympathetic understanding and ability to rouse interest in his rather uninterested sleepy audience to a great extent.

A bookish education can never do the trick. Mr. Mande makes a study of the educational requirements of the rural worker. He quotes with approval the advantages which the Royal Commission on Agriculture has vividly set forth in its Report. He takes into account the difficulties and the favourable aspects of an adult in learning to read and write. He has prepared a number of charts for making his elderly pupil learn by the 'look and say method'—sentences first, words next and letters last of all! A complete set of books, charts, (Nagari characters), registers and note-books for a class of twenty costing only Rs. 25, has been prepared and used in the schools in his charge and is available for all. There are books on literary reading, Arithmetic, Geography, History, Civics, Historical and Mythological stories, Puranas and Ithihasas, besides bhajana charts, word-charts and Primers. With a moderately qualified teacher, content to take Rs. 5 a month, and an expense of Rs. 125 a year, all told, he is sure very much can be done.

He has done much, one can see. The Education Ministers of U.P. have proposed grand plans for this purpose. The Co-operative Societies

have led the way by financing the scheme. And the present Socialist Education Minister of that province has only recently said he would go forward with a big programme.

The author also criticises the present primary education bitterly. It is the first stage on the road to university education. There is no planning, no attempt to study the requirements of our children. And he proposes a scheme of compulsory education in two stages (6—9) and (10—15) advocating a day school for the first stage and a night school for two hours a day for 120 days in the year for the second stage. Capable boys with money to spare can go to the middle schools for a group of villages and later to high schools. He adds that every village should have a library with suitable books and good magazines. He regrets that there are not sufficient good books in the market and mentions a scheme but partially carried out, for providing 400 Hindi Books on all subjects for a sum of Rs. 60 only. The scheme is particularly for the U.P., but can be adopted for all India.

The book and the problem which called it forth deserve the earnest attention not only of publicists but also of teachers and students of the science of sociology. These last have done notable service for education elsewhere. Applying sociological principles to mass education, they insist on new tests to evaluate the content and quality of education. The new problems of mass education—the purpose of youth, the importance of vocations in human society, the adaptation of schools to the needs of the masses are investigated. Teaching methods are required to be socialised. Spontaneous play groups and work groups, deliberately organised extra-class room groups, free play of the group spirit even in the class rooms are advocated. What have we done in our country? Let us all ponder.

C. S. R.

News and Notes.

Her Highness the Princess of Berar showed her interest in the development of cottage industries in the Nizam's Dominions, by opening recently Zenana Sales Rooms at the Cottage Industries Sales Depot at Hyderabad. The Depot will soon have a Ladies' Advisory Committee, and an Industrial School for women will also be started in the near future.

* * *

The town of Ongole in Guntur District had a very busy time from the 6th to the 12th March. It celebrated the Golden Jubilee of its Municipality and in that connection also called a conference of Municipalities; it held an All-India Khadi and Swadeshi Exhibition - nowadays every Exhibition is an All-India one; it revived the Cattle Show for which it was famous formerly and which had been stopped for about twenty years; and last though not least, as the saying goes, the Co-operative Urban Bank celebrated its Silver Jubilee.

* * *

The Cattle Show was stopped because it was complained loudly that foreign buyers were taking away the best young stock and the breed was in consequence deteriorating. Now it is felt that for want of publicity the breed itself is being ignored. For instance, it was not represented at the recent Delhi show in which the Viceroy took so much interest. In some areas cattle-breeding is more paying than crop raising and the Ongole area is one such. So it is in the ryots' interest that the cattle show is revived.

* * *

Over the Silver Jubilee of the Urban Bank—which really fell due some four years ago—Mr. T. A. Ramalingam Chettiar presided, and Messrs. K. Bhashyam, Vice-President of the Provincial Co-operative Bank, and N. Satyanarayana of Alamuru were the principal speakers Mr. Chettiar stressed that co-operation was a mental attitude and a way of life. Mr. Bhashyam urged the reconstitution and reform of the entire movement, while Mr. Satyanarayana explained the advantages of multi-purpose societies.

* * *

While distributing medals and certificates to the stall-holders of the Exhibition at Ongole, the Hon. Mr. Muniswami Pillai announced that Government had decided to start a cattle-breeding farm in the Circars and that to save the dry Ongole breed cows of Madras City from being sold to the butcher, a grazing ground of 1,000 acres would be soon opened near Madras.

* * *

The Deputy Registrar of Nellore has organised two milk producers' societies in two villages near Nellore Town and a consumers' society in the town in order that they may be benefited by each other. To plan such co-operation between suppliers and consumers is obviously better than the organisation either of producers or consumers alone. We hope that other towns will follow Nellore's example.

As the result of the application of the Madras Agriculturists' Debt Relief Act to a case in the Principal Subordinate Judge's Court, Nellore, a claim for Rs. 9,846 has been scaled down to Rs. 1,415. It referred to a mortgage loan of Rs. 3,000 given in 1919 at 9 per cent interest. Deducting an amount of Rs. 1,585 paid towards the mortgage, the Court passed a decree under the new Act for the balance of the loan.

* * *

A committee consisting of Mr. F. L. Brayne, Prof. V. G. Kale and Mr. Sam Higginbottom, appointed by H.H. the Maharajah Scindia of Gwalior to report on rural reconstruction, are said to have concluded their report with the following words:

> "Three things are required to make a motor car go, an engine in working order, a full tank and an electric spark. In Gwalior, we have a good engine which only requires a little overhauling and modernization. His Highness, in promising a crore of rupees, has arranged to fill the tank. The spark only is wanted and that spark we are confident will be the personal example, guidance and leadership of His Highness himself."

* * *

Mr. P. N. Krishnaswamy, District Judge, Kurnool, and Mr. V. C. Vellingiri Gownder of Coimbatore, who where the principal speakers at the Mahanandi Cattle Show, pointed out that the Kurnool district offered special facilities for cattle-breeding, as it possesses good grazing gounds in the Nallamalai Hills and elsewhere in the district. They observed that formerly the district was famous for its cattle and that there was no reason why it should not become so again. They supported the idea of a cattle-breeding station being opened at Gazulapalli.

* * *

In the course of an inaugural address to the Madras Veterinary College Students' Association, the Hon. Dr. T. S. S. Bajan made the interesting suggestion that every veterinary doctor should keep two or three cows of his own in an ideal condition as an example to others. He also observed that if veterinarians took to cattle-breeding they need never face the problem of unemployment.

* * *

The Government of Madras have passed orders that from 1st April 1938 the Livestock Section, including the Research Station at Hosur, should be transferred from the control of the Agricultural Department to that of the Veterinary Department. This step is in accordance with the recommendation made by Dr. N. C. Wright in his recent report to the Government of India on the development of cattle and dairy industries in India.

* * *

In accordance with the Registrar's circular advising societies to reduce their rate of interest on loans in consonance with the rate fixed by the Agriculturists Debt Relief Act, the Tiruvannamalai Co-operative Society has reduced the rate of interest on all loans other than jewel loans to 6½ per cent and that on jewel loans to 5 per cent from the 1st March of this year.

* * *

In consultation with the representatives of loan and sale societies and Inspectors in the district, the Deputy Registrar of North Arcot District has prepared a list of societies where the controlled system of credit, explained recently in the pages of this *Journal* by Rao Bahadur M. Giriappa, Joint Registrar, will be tried.

* * *

Mr. K. C. Ramakrishnan of the Economic Department of the University of Madras, who attended the last International Co-operative Congress as a delegate from India, points out in the *Indian Co-operative Review* that the Congress at present is too much dominated by the consumers' movement and that in order that it may be useful for those interested in agricultural co-operation, like the delegates from India, it should at least organise a Sectional Conference to deal with the problems of agricultural credit, supply, marketing etc. We trust this important suggestion will be favourably considered by the Congress authorities.

* * *

While rural development is receiving special attention in all provinces, especially the Congress provinces, we do not think that in any other province so much concentration of effort is to be found as in the United Provinces, where in the budget for 1938-39 a special provision of nearly a crore is made for rural development out of a total budget expenditure of about Rs. 13 crores. The chief item in the programme is the starting of 500 rural centres, at each of which there will be a dispensary and a store for the sale of improved seed, implements and fertilisers, with the necessary staff for running demonstration plots, giving instruction in agriculture and starting marketing societies. The promotion of cottage industries, cattle welfare and animal husbandry, the improvement of communications and compaign against illiteracy are among the other items of the programme.

* * *

In this budget speech the U. P. Premier made an earnest appeal for co-operation from all classes of people for making the rural development scheme a success. He said:

> "In connection with the rural uplift scheme, I should like to emphasize that the provision of funds alone will not secure complete success, though it is a very necessary preliminary. I would appeal to all both officials and non-officials alike, district officials, district boards, educated men, professional people such as doctors, engineers and the like, and Government pensioners, each to make a definite contribution and to pool all their experience and knowledge for the uplift and relief of the toiling villagers to whom everyone has a reason to be grateful and who have given their best to all while they themselves have borne all hardships

> and misfortunes uncomplainingly all these years. Whatever be our other differences, let us all concentrate and co-operate on this supreme object, which must be dear to all and which is ultimately bound to benefit everyone among us."

* * *

The Tirupanangadu Button Manufacturers' Society in North Arcot district, over the second anniversary of which Rao Bahadur A. Rajabadar Mudaliar presided recently, has been getting on quite well. It was awarded a gold medal at the Madras Park Fair Exhibition, its articles are finding a ready sale and there is very little of unsold stock. Its accounts showed a good profit last year. But as Mr. Mudaliar did not find as much enthusiasm in the village for the society as one should expect, he advised the society to examine whether it was giving an adequate wage to its workers. He advised the society further not to look for outside capital but raise it from its own members. Another very valuable suggestion that he made was that the society should provide the simple and comparatively cheap machine needed for this industry to approved members to enable them to work at it at all their off hours, to thus make it a cottage industry and gradually confine its own activities to the marketing of the buttons made by the members. This is the right direction for the society to develop in and we hope Mr. Mudaliar's advice will be acted upon.

* * *

The following description of a Co-operative Society in Bulgaria is taken from the Year Book of Agricultural Co-operation :—

"A well-run village co-operative society in this district was founded in 1910 and began work in 1914. It has 350 members in a village of 500 families. The society's premises were built by the voluntary labour of members, who had to blast away tons of solid rock before a sufficient site could be cleared. The society has a general consumers' department and an agricultural store. It buys members' grain and other produce, including pigs, which are made into bacon in Sofia and sold on the English market. It holds the milk agency for the district and has put up a small, well equipped dairy, which receives deliveries two to three times a day and makes cheese, usually from sheep's milk. It has a sound banking business, with capital and deposits exceeding loans and other liabilities and the surplus invested in the Agricultural Bank. "Consumption loans" are issued to members in winter and repaid in grain. The usual small currency is eggs. The society has a good meeting and lecture hall, with stage and magic lantern; nor does it limit co-operation to its own internal affairs. It has bought a piece of land, presented it to the commune as the site for an agricultural school, and is now accumulating reserves in order to lay on a water supply to the village. Not long ago the members gave their labour for the building of superior cattle stalls and herdsmen's rooms for a breeding station run by the commune. When visited, almost the whole village was in process of co-operative rebuilding, a single mason being employed and neighbours taking turns to build each others' houses or lend carts and cattle to bring down materials."

Registrar's Circular.

D. Dis. B. 925637.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES.
Madras, Dated 23rd Feb. 1938.

M.R.RY. RAO BAHADUR M. GIRIAPPA AVL., B.A.,
Joint Registrar.

CIRCULAR.

Sub: - Registration—application for encumbrance certificates—procedure.

Ref:—Registrar's circular D. Dis. F. 4298/33, dated 19-12-33.

In the Registrar's circular quoted, Deputy Registrars were requested to inform all co operative societies that applications for encumbrance certificates should invariably be accompanied by resolutions of the panchayat indicating the purpose for which the certificates were required. On the representation of certain societies that this procedure in obtaining encumbrance certificates resulted in much delay in the disposal of loan applications, the Inspector-General of Registration was requested to instruct Registering officers not to insist on the production of the resolutions of the panchayat whenever an encumbrance certificates was applied for. In his Order No. 33 General dated 6-2-38 the Inspector-General of Registration has accordingly informed all Registering Officers that an application for general search made by a co-operative society may be accepted; if it is accompanied by a certificate of the Secretary of the society showing the specific purpose for which the encumbrance certificate is required and if the seal of the society is affixed to the application. Deputy Registrars are requested to draw the attention of all co-operative societies to the modified procedure prescribed in the Inspector-General's order and to make it clear to the societies that they should apply for encumbrance certificates only if they are found necessary after preliminary scrutiny of the loan applications. Any abuse on the part of societies in this respect may result in the withdrawal of the concessions altogether.

(By order)

A. SINGARA RAJU.,
Manager.
26-2-38.

List of Societies Registered in February 1938.

Serial No.	Names of the Societies.	District.
1	The Bobbili Co-operative Crop Loan and Sale Society Ltd. ...	Vizagapatam.
2	The Adivivaram Fruit Growers' Co-operative Society Ltd. ...	,,
3	The Veldipadu Kamala Nehru Co operative Credit Society ...	Krishna.
4	The Lakshminarayana Co-operative Credit Society	,,
5	The Addepalle Weavers' Co-operative Sale Society Ltd. ...	Guntur.
6	The Chebrole Co-operative Egg Production and Sale Society Ltd. ...	,,
7	The Isukapalle Weavers' Co-operative Sale Society Ltd. ...	,,
8	The Nellore Co-operative Egg Production and Sale Society Ltd. ...	Nellore.
9	The Naidupet Land Mortgage Bank Ltd. ...	,,
10	The Chingleput Town Co-operative Building Society Ltd. ...	Chingleput.
11	The College of Engineering Students' Co-operative Stores Ltd. ...	,,
12	The Asanampet Co-operative Society ...	N. Arcot.
13	The Ramakrishnapuram-Arathrivelur Co-operative Society ...	,,
14	The Arkonam Agricultural Improvements' Co-operative Society ...	,,
15	The Kattur Co-operative Credit Society ...	Tanjore.
16	The Kumbakonam Co operative Central Marketing Society Ltd. ...	,,
17	The Mandapam Camp Co operative Stores Ltd. ...	Ramnad.
18	The Kalluppalayam Konga Moopar Co-operative Society ...	Salem.
19	The Ammapet Senguntha Mudaliars' Co-operative Thrift and Better Living Society ...	,,
20	The Salem Town Showrashtra Co-operative Thrift and Better Living Society ...	,,
21	The Andipalayam Sellandi Amman Moopars' Co-operative Credit Society ...	,,
22	The Periasanapatti Konga Moopars' Co-operative Credit Society	,,
23	The Vaikalpattrai Nadar Sree Ranganathar Co-operative Credit Society ...	,,
24	The Sikkampattai Moopars' Co-operative Credit Society ...	,,
25	The Karattadipalayampudur Harijan Co-operative Credit Society ...	Coimbatore.

LIST OF SOCIETIES REGISTERED AND LIQUIDATED

Serial No.	Name of the Society.	District.
26	The Kemmanaickenpalayam Co-operative Credit Society ...	Coimbatore.
27	The Kollengode Weavers' Co-operative Sale Society Ltd. ...	Malabar.
28	The Elapully Weavers' Co operative Sale Society Ltd. ...	"
29	The Ottapalam Women's Cottage Industries Co-operative Society Ltd. ...	"
30	The Kavalappara Central Students' Co-operative Stores Ltd. ...	"
31	The Tellicherry Women's Co-operative Thrift and Loan Society Ltd. ...	"

List of Societies Cancelled in February 1938.

Serial No.	Name of Society.	District.	Date of Cancellation
1	Gudlurivaripalem Co-operative Society ...	Nellor ...	1-2-38
2	Teynampet Building Co-operative Society ...	Madras ...	1-2-38
3	Muddavaram Co operative Society ...	Kurnool ...	1-2-38
4	Vedaranyam " " ...	Tanjore ...	4-2-38
5	Sengulam " " ...	Trichinopoly	4-2-38
6	Kallipattu " " ...	Chingleput	4-2-38
7	T. Kokkulam " " ...	Madura ...	4-2-38
8	Perumalnayakkampalayam F. L. C. S. ...	S. Arcot ...	4-2-38
9	Amirpet Co-operative Society ...	N. Arcot...	4-2-38
10	Krishnapuram Co-operative Society ...	Madura ...	4-2-38
11	Appichimaramadathupalayam Local Co-operative Union Ltd. ...	Coimbatore	4-2-38
12	Zamin Kattathur Co-operative Society ...	Trichinoply	4-2-38
13	Rajampet Co-operative Society ...	Cuddapah	5-2-38
14	Kadakkam F. L. C. S. ...	Tanjore ...	5-2-38
15	Thimmavaram F. L. C. S. ...	do ...	5-2-38
16	Vallikunnu F. L. C. S. ...	Malabar ...	5-2-38
17	Chowar Kuru Co-operative Society ...	do ...	9-2-38
18	Elankur Co-operative Society ...	do ...	9-2-38
19	Harivaram Co-operative Society ...	Kurnool ...	9-2-38
20	Pattu Co-operative Society ...	N. Arcot ...	9-2-38
21	Nandanar Students' Co-operative Stores Ltd.	Kistna ...	9-2-38
22	P. Thandeswaranallur F.L.C.S. ...	S. Arcot ...	13-2-38
23	Tirunilai Co-operative Society ...	Chingleput	15-2-38
24	Kannam Adi Dravida Co operative Society ...	Trichinopoly	18-2-38
25	Arasamangalam F. L. C. S. ...	Tanjore ...	18-2-38
26	Orathanad Visalakshi Ammal Co-operative Society ...	do ...	19-2-38
27	Andalur Co-operative Society ...	N. Arcot ...	20-2-38
28	The Wallajah Co-operative Audit Union Ltd.	do ...	21-2-38 / 26-2-38

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 12-4-38.

			Rs.	A.	P.
1	Chillies (Trichy.) per candy of 500 lbs.		80	8	0
	" (Guntur) "		77	0	0
	" (Rangoon) "		70	0	0
2	Garlic (Calcutta) "		34	0	0
3	Onions (Bellary) "		10	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 Richet Uru. per candy of 500 lbs.		21	0	0
	" " " Marseilus "		20	0	0
	" " " Nattu "		19	0	0
5	Jaggery (Ambur and Vellore) 'A' class per candy of 500 lbs.		24	8	0
	" " 'B' "		21	0	0
6	Sathugudi oranges (Kodur) per 105 fruits Big size and " " " Medium mixed.		14	1	0
7	Melons per basket containing 18 to 24	...	0	15	0
8	Sapotas per 105 fruits Big size.	...	1	9	0
	" " Medium	...	0	15	0
	" " Small	...	0	11	0
9	Plantains (Bangala) per 6 bunches. Big.	...	6	0	0
	" " Medium	...	5	0	0
	" " Small	...	4	0	0
10	Ghee per tin of 12 visses	...	20	0	0
11	Butter-Tenali special per tin of 12 visses.	...	17	2	0
	" -Gudivada special "	...	16	8	0
	" Ordinary "	...	15	0	0
12	Lime fruits per 1050 Big size.	...	6	8	0
	" " Small size.	...	4	0	0
13	Soapnuts per candy of 500 lbs.	...	43	12	0
14	Ginger green per maund of 25 lbs.	...	2	0	0
15	Pepper (office) 1 maund of 25 lbs.	...	4	1	0
	" (Bedagi) "	...	6	4	0
16	Yam (1 maund of 25 lbs.)	...	0	10	0
17	Tamarind (Bangalore) per candy of 500 lbs.	...	28	0	0
	" (Chittoor and Vellore) "	Rs. 17/8 to	21	0	0

				Rs.	A.	P.
18	Brown sugar (per candy of 500 lbs.)			Rs. 24 to 26	0	0
19	Kamala oranges (Nagpur) per 105 fruits	Big size	...	5	9	0
	"	Medium	...	3	9	0
	"	Small	...	2	1	0
20	Coriander seeds (Cuddapah) per candy of 500 lbs.		...	42	0	0
	" (Guntur) " "		...	38	8	0
21	Green Chillies per maund of 25 lbs.		...	0	12	0
22	Brinjals per maund of 25 lbs.		...	0	10	0
23	Hill plantains per 1000	Big size	...	12	0	0
	" "	Medium	...	10	0	0
	" "	Small	...	7	0	0
24	Hand pounded raw rice (Molakulukulu) per bag of 32 Madras measures		...	8	8	0
25	Milled raw rice (Molakulukulu) per bag of 32 Madras measures		...	7	14	0
26	Hair oil produced by the Viziavada co-operative Better Living Society, Ltd., Bezwada per bottle		...	0	8	0
27	Honey-Dindugul per 1 lb.		...	0	6	0
28	Tomatoes 1 maund of 25 lbs.	Big size red colour	...	1	0	0
	"	Medium "	...	0	12	0
	"	Small white colour	...	0	8	0
29	Turmeric per candy of 500 lbs.		...	45	0	0
30	Grapes (Kodaikanal) per basket of 8 visses.		...	2	4	0

Edited by Mr. V. Venkatasubbaiya, B.A.
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