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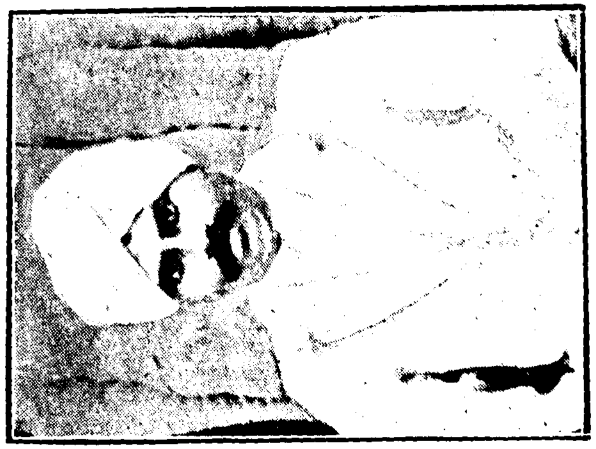
Madras, 27th June, 1938.

NOTICE.

Subscribers are requested to remit their subscriptions for the next year commencing from July 1938 and ending with June 1939 in **advance so as to reach this Office before the 15th of July 1938** on which date the July issue will be out. Otherwise they will have to incur an additional expense of **four annas** towards V. P. charges. It is hoped that they will avoid the additional expense and trouble to themselves and to this Office.

V. VENKATASUBBAIYA,
Editor & Honorary Joint Secretary.



The late Mr. P. Venkatasubba Reddy of Gudur, Nellore Dt.

The late Mr. S. Narasimhalu Pantulu of Kurnool.

THE

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VOL. XXIX.] JUNE 1938. [No. 12

The Editorial Committee do not hold themselves responsible for views expressed by contributors. Contributors are requested to write legibly and on one side of the paper. Manuscripts will not be returned unless stamps are sent to cover postage. Matter intended for the issue of any particular month should reach the Committee before the 15th of the previous month.

Editorial Notes.

Rural Work Leaders' Conference.

The conference of leaders engaged in rural work, which took place from the 30th April to 2nd May last at the Sri Ramakrishna Vidyalaya at Perianayakanpalayam near Coimbatore, was an important and fruitful one and was indicative of the increased attention which rural welfare work is receiving at the hands of the Government and the public. It was opened by the Hon. Dr. T. S. S. Rajan and attended among others by the Hon. Mr. C Rajagopalachariar, Premier Mr. Kishorlal Mushruwala, President of the Gandhi Sevak Sangh, Mr. J. C. Kumarappa, Secretary of the All-India Village Industries Association, Wardha, Mr. E. W. Aryanayagam, Secretary, All-India Education Board, Wardha, Bishop Pakenham-Walsh, Dr. S. Jesudasan of Tiruppattur, Rev. Kaithan of Devakottah, Brahmachari Ramachandra of Bangalore and Mr. N. G. Ranga. In his address Dr. Rajan recommended a threefold programme to rural workers—an adequate and protected supply of water, propaganda for a simple well-balanced diet which could be produced on the ryot's own field and better care of cattle. Among the subjects discussed were the promotion of suitable village industries, the health, sanitary and educational needs of the village and how to meet them, and 'a religious, social and cultural programme for the village.' It is very regrettable that the details of the discussions and the conclusions of the conference on the different subjects were not published in the newspapers. We hope the organisers of the conference will bring out an adequate report, as it is bound to be of immense help to the numerous persons and institutions who are engaged in rural work. We wish it had been possible for Messrs. Muniswamy Pillai and Giri, who are Ministers in charge of Rural Development and Co-operation respectively, to be present at the conference and that a discussion had been initiated by some well-known co-operator on the place of the co-operative society in the programme of village improvement. While the subject of cottage industries was discussed, the larger one of agricultural improvement does not seem to have been thought of. The conference has appointed a committee to bring together the various workers and organisations engaged in rural work in South India so as to promote contacts between them and the exchange of experiences, and to organise regional conferences. We hope in these conferences a proper place will be given to co-operation and agricultural improvement.

Prohibition Reports.

The periodical reports regarding the working of Prohibition in Salem District, far from being dull or monotonous, contain fresh and interesting facts. The report for April gives a smuggling story and the encouraging information that out of 24,114 trees examined by the police during the month, only 6 were found to have been tapped for fermented toddy. There was a further increase in the number of Co-operative Jaggery Societies started for the benefit of the tappers. These are working in conjunction with the loan and sale societies in the district. We are told that the prices obtained were at a good level. Some unemployed tappers were helped to emigrate with their families to Malaya to work on oil palm estates. Certain villages which were previously noted for rowdyism, we are told, are now quiet and peaceful and that the improvement in the condition of women and children is continuing. Regarding the propaganda for thrift, the Collector says:

> "Thrift days are becoming a monthly event in quite a number of villages. On those occasions, bhajanas, dramas, rural sports and other amusements are organised and they serve the double purpose of encouraging thrift and providing counter-attraction to drink."

The publication of these reports on the progress of Prohibition in Salem is serving a very useful purpose in rousing and keeping up

the enthusiasm of people in a cause which, while undoubtedly good in itself, nevertheless demands of them financial sacrifices, if not now some time later, and if not directly at any rate indirectly. They should prove of great value to the other Congress provinces where Prohibition is being introduced. We hope that the degree of success which is attending it in Salem will attend it also in Chittoor and Cuddapah where it will be introduced in a few months.

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Large Scale Industry.

The Hon. Mr. S. Ramanathan, Minister for Public Information, performed the other day the pleasant function of declaring open a branch office in Madras of Messrs. Ramkissen Doss Dalmia. Seth Dalmia is an industrial magnate of Bihar who controls some of the biggest sugar factories there, the aggregate output of which forms a considerable proportion of the sugar manufactured in India. He has also started a large cement factory in Bihar—at Dalmianagar, named after him—with a capital of 5 crores and a capacity for producing 2 lakhs of tons of cement per year. The cement which this factory is producing has been declared by the Government of India, it seems, to be far superior to British standard specifications. Mr. Dalmia is starting other large cement factories near Karachi, Delhi and Trichinopoly. He has also started at Dalmianagar a paper factory which has an annual output of 6,500 tons of writing and printing paper, and a chemicals factory for producing caustic soda and bleaching powder. He is also the Chairman of the Bharat Insurance Company into which he has put a new life. He has opened an office in Madras to study the possibilities of developing large scale industries in South India.

In welcoming this enterprising industrialist's advent to Madras, Mr. Ramanathan envisaged the creation of more employment and more amenities of life to the people of South India, and pointed out that for the manufacture of both sugar and paper South India offered special facilities. Though as a follower of Mahatma Gandhi, he stood for the development of village industries as far as possible, he saw no antagonism between them and the starting of factories for the production of such articles as were best produced on a large scale. He cited the example of Japan where factories and cottage industries had been suitably co-ordinated for the industrial prosperity of the country. We agree that this is the right ideal, for the greatest need of India is the production of much greater wealth than it is producing to-day—the producing of more health-giving food stuffs and of various products of cottage and factory, which will raise the standard of living of the masses to a much higher level than what obtains to-day. But a proper distribution of the wealth so produced is as important as the production of the wealth itself. It is in this respect that the present capitalistic system of economy is most unsatisfactory, as under it all the gains of industry go to the owners and managers of industry and no due share is given to labour and to consumers, who are also essential factors for the maintenance of any industry. Co-operation, which stands for equity and service, and which, while socialistic in spirit, avoids the extreme features of socialism, provides for a fair remuneration to capital, management and labour, and returns the surplus, which in the capitalist system is known as profit, to the consumer. If capitalistic industrialists recognise that labour and consumers have a right to share in the gains of industry, and distribute among them what they now appropriate for themselves, they will be promoting human happiness to a much greater extent than at present and will be removing the chief cause for class war and strikes.

Our Central Banks.

In his presidential speech at the Srivilliputtur Co-operative Conference, from which extracts are given in this number, Dewan Bahadur K. Deivasikhamani Mudaliar showed, as the Hon'ble Mr. V. Ramadas Pantulu did even earlier, that our Central Banks were not mere intermediaries between the Provincial Bank and the primary societies, in as much as their borrowings from the Provincial Bank at the end of 1936-37 did not amount to more than Rs. 25 lakhs out of its working capital of about two crores, while their deposits with it at the same time amounted to about Rs. 89 lakhs. He stated also that the co-operative banking system obtaining in Madras had been admitted even by experts to be superior in every respect to the systems obtaining in other provinces and that therefore no change was necessary. He said further, "The Reserve Bank of India, for certain reasons advocate the reduction in the size of Central Banks. I have studied the working of small banks in other parts of India and particularly the banks in Orissa. The Orissa banks have failed for, among other reasons, the smallness of their size and I would therefore advise the co-operators of the province not to agree to reduce the size of the banks. On the other hand, I would prefer that the small banks might be amalgamated into bigger banks." That the integrity of our central banks should be retained as at present is the view not only of distinguished and experienced co-operators like Messrs. Ramadas Pantulu and Deivasikhamani Mudaliar but also of most

people connected with the active management of central banks. As Mr. Ramadas Pantulu has stated in his article published in this number, the recent conference of central banks rejected not only the idea of the central banks being converted into branches of the Provincial Bank but also the proposal for starting one or two Multiple Purpose Rural Banks even as an experimental measure in suitable areas. Seeing that weighty co-operative opinion is so much against the idea of converting the central banks into branches of the Provincial Bank and against the starting of Taluka banks, we hope those who are advocating these ideas, for whom we have every respect, will now cease to do so.

Disposal of Lands.

In connection with the central banks Mr. Deivasikhamani Mudaliar has made a request to Government which we hope will be favourably considered. As a result of the action taken by the central banks to rectify primary societies in accordance with the scheme devised and recommended by Mr. Deivasikhamani Mudaliar himself when he was Registrar, large areas of land, about 20,000 acres, have come into the hands of the central banks and the societies affiliated to them. These have become a source of embarrassment and loss to the central banks. In the interests of all concerned, the best way to deal with them is to give them back to the original owners on a kind of hire purchase system, similar to the one put in force in Burma. In order that this may be done, the central banks would require loans extending to a period of about 20 years, and as such loans cannot in the present state of things be raised by means of debentures, the Government has to give them. The Burma Government has done so and the Bihar Government at last have agreed to do so. If they had done it before the economic depression deepened, the movement in Bihar would not have deteriorated to the extent it did. The co-operative movement being in a much sounder position in our province than in Burma or Bihar, there should not be the least hesitation on the part of our Government to give the long term loans to such central banks as are in need of them. A proposal by the Madras Provincial Co-operative Bank to raise a loan of about rupees five lakhs on debentures to help the central banks in this manner, we understand to have been objected to by the Central Land Mortgage Bank and suspended by the Registrar. So the only agency to which the central banks can took to is the Government.

Co-operation and Politicians.

We should like to draw the attention of our readers to the speeches; published elsewhere, made by representative co-operators at Vizianagaram at the Joint meeting of the Standing Committees of the All India Provincial Banks Association and the All-India Co-operative Institutes Association. It was an occasion for exchange of experiences and as Mr. V. Ramadas Pantulu pointed out, it is very regrettable that our Registrar did not arrange either for himself or the Joint Registrar to be present at the meeting. That is, however, by the way. Mr. Ramadas Pantulu has rightly pointed out that in the schemes which the various provincial Governments are putting forward with commendable energy for rural uplift, for the promotion of cottage industries and other items of social amelioration, the co-operative society has not been given its proper place. This is due, according to Mr. Ramadas Pantulu, to Congressmen—or we might say, politicians in our country generally—being ignorant of the co-operative movement and its potentialities. There is much truth in his epigrammatic statement, 'there is more co-operative illiteracy at the top than at the bottom'. Very few of our Ministers have had co-operative experience. Professor V. G. Kale said that the Minister in charge of co-operation in his province (Bombay) was strongly prejudiced against co-operation'. Previous experience of local boards and municipalities is considered everywhere a necessary qualification in politicians who are chosen for responsible parliamentary positions. For managing the affairs of a poor agricultural country like ours, the training which the co-operative movement can give to a politician would be far more valuable than even the administration of local boards and municipalities. Our legislators and other public men, whatever the party to which they belong, will do well to join societies and acquaint themselves with the objects, potentialities and achievements of the co-operative movement, which holds out the best hope for the attainment of future human happiness by peaceful means. This is not, of course, an invitation to them to introduce their party politics into societies That would be fatal to the societies. They should seek experience in societies with the honest desire to become better equipped for discharging their public duties in responsible positions.

Official Control.

Several speakers referred to the increasing and excessive control vested in official hands and the inadequate place assigned to the non-officials in the conduct of the movement as a whole. Mr. Ramadas

Pantulu advised the representatives present at the meeting to take up the amendment of their respective Co-operative Societies Acts with a view to make the society and not the Registrar the centre of the picture. Mr. S. K. Lahiri of Bengal was so disgusted with the increase of official control that he recommended the registering of societies under the Companies Act rather than under the Co-operative Societies Act. Professor Kale too agreed with this view. In this connection it is only fair to point out that in this respect there is some difference between province and province. After the Congress Government has come into power the minister in charge, the Hon'ble Mr. V. V. Giri, has repeatedly declared that the policy of the Government will be to reduce official control and we hope, that the declaration will be followed up by action. Recently he declared at a public meeting that the amendment of the Madras Co-operative Societies Act was under consideration, with a view to make the movement more non-official in character and invited suggestions from co-operators. An influential committee of the Provincial Bank has already suggested the amendments and we have no doubt that they will be largely supported by the Provincial Co-operative Union and other institutions. We hope the lead given by the Madras Ministry will be followed by those of the other Congress provinces at least.

Provincial Institutes.

The position of the various provincial Institutes, which was at no time very satisfactory, is clearly deteriorating in some important provinces like Bengal, Bombay and Madras. The grant from Government, as borne out by the speeches at the meeting, which the Bombay Institute was getting is very much reduced, while we believe it is altogether withdrawn from that of Bengal. The Provincial Co-operative Union of Madras has never received a grant from Government for its general purposes. For several years past it is obliged to the Provincial Bank for enabling it to function at all. Co-operative education is admittedly the special field of the Institutes. But in spending the special grant made available by the Government of India for the education of the staff of the Registrar and the employees and members of societies, the Governments in several provinces did not even consult the Institutes. In Madras the Provincial Co-operative Union was given a place only in giving instruction to the members of societies. The idea of an official—an Inspector, for instance—being trained in an institution run by a non-official agency has become a heresy to the officials. Therefore the department in

Madras conducts the Central Co-operative Institute for the exclusive recruitment of its staff. For the training of supervisors two peripetatic schools are conducted nominally under the auspices of the Provincial Co-operative Union. This difference in training between the official and non-official staff and the insignificant part allotted to non-officials is so repugnant to the Provincial Union that it has now resolved not to be responsible in any way for the Peripatetic Schools. The first step in the non-officialisation of the movement in our country should be the strengthening of the Institutes by placing adequate finances at their disposal and enabling them to function efficiently. They ought not to be looked upon as organisations just to be tolerated but as those which are as necessary for the movement as the Registrar himself.

Co-operative Central Banks *vs.* Co-operative Rural Banks.

BY THE HON'BLE V. RAMADAS PANTULU.

In the April issue of the Madras Journal of Co-operation I examined the scheme of amalgamation of Central Banks with the Provincial Bank or in other words their abolition and replacement by what are called "Co-operative Rural Banks," one for each Taluk. I believe, I have been able to show by citation of relevant figures that the Central Banks do not at present act as intermediaries between the Provincial Bank and the Rural Credit Societies, in securing funds to finance the latter, to be lent in turn to their members, that is, to ultimate borrowers. I have shown by figures that the Central Banks borrow very little from the Provincial Bank for the purpose and that they are able to get almost the whole of their working capital locally. There can be no doubt that this is a much more desirable state of affairs than attracting the bulk of our working funds from the metropolis of the province and driving it to Rural Societies through the Central Banks. Again it does not require much imagination to realise that the small Rural Taluka Banks cannot command the same confidence of the money market that the Central Banks do and must largely depend upon the Provincial Bank for their resources. So the idea of making money available at cheaper rates to ultimate borrowers by abolition of Central Banks is based on some fundamental misconceptions.

In my last article I reserved the question of administrative cost of the new scheme to another occasion and I shall deal with it now. The new type of Rural Bank is expected to tackle all sides of the villagers' life. It is therefore not easy to estimate its expenditure on administration, because much depends upon the number and variety of the non-credit activities that may be assigned to it. In any case I believe that a Rural Bank's main function will be credit and on its banking side it must deal with loans on pledge of agricultural produce or finished goods of the cottage industries of its members, or on personal security or security of gold, gilt edge and other approved securities and landed property. It must maintain current and other kinds of deposit accounts. Even these purely banking functions require a competent staff, for the duties involved are certainly onerous and the responsibilities serious, if public interests are to be adequately safeguarded. Every such bank must have at least a full timed paid manager, a cashier, three clerks, two supervisors, two peons and one office boy. If qualified men with character, who can furnish security, are to be recruited to these posts, their services will cost somewhere between 300 and 400 rupees a month, according to the size of the Bank. If expenditure is stinted on the staff or men with indifferent qualifications are recruited the scheme is doomed to failure. I have not provided in this estimate for a Store, that is a trading or purchasing and selling Department of the Rural Bank. If such a department is to be added to the Rural Bank, I feel that no responsible co-operator will advocate the mixing up of the balance sheets and the Profit and Loss accounts of the trading side and the banking side. So the trading side will have to be kept apart from the banking side and a separate budget for the income and expenditure of the trading side should be drawn up. Again I have also not provided for any expenditure on propaganda and education. The Central Banks which have taken over the functions of the federations now contribute to expenditure on the Panchayatdars' classes, Training Institutes and supervision by Unions. Rural Banks must assume some of these responsibilities if they replace the Central Banks. The ideal of the protagonists of the Multiple Purpose Rural Bank Scheme, namely the attack on the rural problem in its entirety, through such a bank, cannot be achieved without incurring adequate expenditure on propaganda and education. So to the normal administrative expenditure of the contemplated Rural Bank, expenditure on such propaganda and education should be added. Taking everything into consideration I do not think that the Rural Taluk Bank which aims at satisfying all the economic and social needs of a villager can be run at a cost of less than Rs. 400 per mensem. This may be taken as the average figure—some require more, some less. Unless the whole province is covered and every taluk is provided with one such bank the scheme will fail. At the rate of one bank for each taluk, we must organise 250 banks for the province. So the administrative cost of running these banks would be round about Rs. 400 × 250 or Rs. 1,00,000 a month; in other words the annual administrative cost of these Taluk Banks will be in the neighbourhood of Rs. 12 lakhs.

Let us compare this cost with that now incurred on the Central Banks which have a banking and an administrative side. I give in

the annexure, the details of the working capital and the administrative expenses of the 32 Central Banks working in this province. The figures, for administrative expenditure of the Central Banks shown in the annexure, include contribution to supervision fund, but not contingent charges. The total administrative expenditure incurred by all the Central Banks in the province is thus under Rupees five lakhs. These Central Banks discharge, in relation to their affiliated societies, almost all the functions, which are associated with the new type of Taluk Rural Banks. So the proposal to replace the Central Banks by Rural Taluk Banks clearly involves an expenditure of more than twice the cost now incurred on maintaining Central Banks. I therefore feel that any idea of minimising the cost of maintenance of our credit organisation, by the replacement of Central Banks by small Rural Banks is obviously based on a very inadequate appreciation of the financial implications of the new scheme. It may be urged that a substantial sum of money is being spent on local supervising unions and this must be taken into account in estimating the administrative expenditure of Central Banks. It is done and as I have already pointed out my figures which make up a total of about rupees five lakhs do include the contribution of Central Banks for supervision. The contribution for supervision made by the Primary societies will continue, for even if the local unions are abolished some other supervising agency must be set up and the societies must pay for it.

It is perhaps unnecessary to deal at greater length with this new scheme of rural banks, for the consensus of opinion among the Central Banks is decidedly against their own amalgamation with the Provincial Bank. The resolutions recorded on the 23rd and 24th April last by the Central Banks' Conference and the Board of Management of the Madras Provincial Co-operative Bank, which is fully representative of the Central Banks, not only negatived the idea of converting the Central Banks into branches of the Provincial Bank but discountenanced even a modest proposal of trying the experiment of a Multiple Purpose Rural Bank at least in one or two selected areas, to gain some experience. With this definite pronouncement by the Central Banks, I do not believe that any responsible co-operator will persist in his advocacy of this scheme. With the veto by the Central Banks of the proposal for their abolition as independent institutions, it may be taken that the scheme of Taluk Rural Banks, is as good as definitely negatived, for it cannot be tried without the assent of the Central Banks and it is no one's idea to set up such independent Taluk Banks in addition to the Central Banks.

Apart from the opposition of the Central Banks to the new scheme of Multiple Purpose Credit Banks, I do not think that the much advertised scheme of Multiple Purpose Bank actually differs materially in its practical aims and objects from the existing rural credit system. The following are the objects of a Rural Credit Society as described in the Model Bye-laws.

The object of the society shall be—

(1) to borrow funds from members or others to be utilized for loans to members for useful purposes;

(2) to act as the agent for the joint purchase of the agricultural, domestic and other requirements of its members and for the joint sale of their produce;

(3) to purchase and own implements, machinery or animals for hire to its members;

(4) to disseminate knowledge of the latest improvements in agriculture, handicrafts and weaving, and encourage its members to adopt them; and

(5) generally to encourage thrift, self-help and co-operation among the members.

I give below for comparison an extract of Bye-law No. 2 of the Model Bye-laws of the new "*Co-operative Rural Bank*" as it is called.

The Objects of the Society shall be:—

(*a*) To borrow funds from members or others to be utilised for loans to members for useful purposes;

(*b*) To propagate and supply pure seeds;

(*c*) To find a sale for the produce of its members as their agent through a sale society if one exists, to which the society is or can be affiliated or through its own efforts;

(*d*) To disseminate among the members a knowledge of the latest improvements in agriculture by actual demonstration carried out by each individual member on his own land according to the advice of the Agricultural Department;

(*e*) To purchase seed, manure, implements and other agricultural requirements for sale or distribution to members and to supply domestic requirements of members;

(*f*) To maintain a stud-bull;

(*g*) To act as the agent of the joint purchases of the agricultural and domestic requirements of members;

(*h*) To take up such other work as may be conducive to the agricultural advancement and prosperity to the members.

(*i*) To encourage the taking up of subsidiary occupation by members.

(*j*) To promote health and hygiene among members in accordance with the advice given by the Public Health Department and to give medical aid.

(*k*) To reform bad customs prevalent among members, to prevent the waste of money and inculcate habits of thrift;

(*l*) To provide educational assistance to the children of members;

(*m*) Generally to encourage mutual help, self-help and co-operation among the members;

(*n*) To open reading rooms and libraries and conduct adult education classes for members;

(*o*) To act as an exchange bank for benefit of members.

Let us analyse objects (*a*) to (*o*). Object (*m*), namely, the encouragement of mutual help, self-help and co-operation among the members, is the common object of all co-operative institutions—credit or non-credit, primary or secondary, unitary or federal. Objects (*h*) to (*l*) and (*n*) are embellishments or annotations of object (*m*) and no co-operative organisation is precluded from *encouraging* or *promoting* those objects. Even the Provincial Bank does it by distribution of its common good fund. I am unable to understand the implications of object (*o*). I fail to see how a rural bank can act as an exchange bank for the benefit of its members, if by the words "exchange bank" we mean a bank doing foreign exchange business. Even the Madras Provincial Co-operative Bank and the Central Banks have no facilities to do such business. If it merely means discounting of hundies or inland exchange, as it is sometimes called, it requires large resources besides much banking experience and involves serious financial risks which the Provincial and Central Banks too should not face. If by exchange business is meant the changing of currency notes into rupees and rupee coins into small change for vattam, it is done by every co-operative bank. If by exchange is meant the exchange of products for money and money for products, in other words the purchase and sale of goods, it is trading and is comprised in objects (*c*) and (*e*).

The rest of the objects namely, (*a*), (*b*), (*d*), (*f*) and (*g*) are more or less comprised in the objects of every rural credit society, according to the model bye-laws of such societies, if properly interpretted. I am therefore unable to see what this new kind of rural bank is going to do which a well organised and properly conducted rural credit society cannot do, except trading on a co-operative basis, which function is now discharged by separate co-operative societies. If such wider functions were not hitherto discharged by the primaries it was not due to want of power under bye-law but due to want of human material and other factors. These cannot be created simply by starting multi-purpose societies.

One question that must be faced apart from these difficulties is whether co-operative trading should be tacked on to a Rural Bank or not. The bye-laws while providing for trading activities of these rural banks do not require the banks to necessarily separate trading from banking accounts for purpose of profit and loss. As I have stated in my first article, the combination of trading and banking in a single organisation is in my opinion extremely risky and should not be encouraged. Raiffeisen's attempt to enlarge the activities of his societies by adding to them certain forms of trading (like creameries) was successfully resisted by his opponents, like Haas and others, who rightly maintained that it was unbusinesslike and hazardous. Cahill in his classic report pointed out that "experience proved that, while the supply of agricultural requisites may be suitably carried on as a department of the village bank, other co-operative undertakings involving technical skill in their management and considerable capital liabilities are best taken in hand by societies independently constituted." Mr. J. A. Venn ascribes the failure of a number of village banks in Germany to their assuming the role of Multiple Purpose Banks. To quote his words "they had tended to become organisations for the transaction of all conceivable undertakings connected with land and with money and their commitments were too wideflung. The very success of Reiffeisen scheme of village mutual benefit society led to its extensions into realms of trading and finance where safeguards is less easy to provide and vigilence too often demanded." Mr. H. M. Hood, a former Registrar of Co-operative Societies and the present Home Secretary of the Madras Government, definitely discountenanced the idea of Multiple Purpose Society in his evidence both before the Royal Commission on Agriculture and the Townsend Committee on Co-operation. Before the Townsend Committee he emphasised the

undesirability of a "Society branching out in endless ramifications loosing sight of the main objective in a multiplicity of activities."*

I feel that the Agricultural Credit Department of the Reserve Bank of India has not given a right lead to the country in raising the slogan "Make the village co-operative bank a universal Provider to save the co-operative Movement." That Department has certainly not proved its competence to give expert advice on "Co-operation."

Let us now examine the purposes for which credit is to be released by the new type of co-operative rural banks and see how they differ from the existing credit banks. Besides loans for general purposes of "promoting all or any of the objects of the bank" loans for the following purposes are specifically mentioned in Bye-law No. 39.

1. The purchase of seed, manure or agricultural impliments and other cultivation expenses ;
2. The purchase of cattle and fodder for the same ;
3. The manufacture or purchase of country carts ;
4. The payment of sirkar or zamin kist ;
5. Improvements to land and purchase of land ;
6. The building, buying or repairing of dwelling-houses or raw materials required for their industry ;
7. Advances to petty traders for purposes of petty trades ;
8. The payment of petty debt ;
9. The purchases of food-grains and other necessaries of life ;
10. Ceremonial expenses not exceeding the limit fixed by the General Body ;
11. Educational purposes.

These purposes do not seem to differ materially from those for which co-operative credit is now permitted by the bye-laws of the rural Credit Societies. After a good deal of controversy, co-operators of this province have agreed upon confining loans through Central Banks and Rural Credit Societies to short and intermediate purposes and eliminating loans for long-term purposes. Loans for purchase of land and constructing or buying buildings are classed as loans for long-term purposes, while loans for improvements and repairs are

* As an aid to the study of the subject the reader is referred to the informing article on Multiple Purpose Society contributed to the January—March (1938) issue of the *Indian Co-operative Review* by Mr. K. C. Ramakrishnan.

classed as intermediate. Central Banks and Rural Credit Societies which handle short-term funds do not lend for long-term purposes. So land purchase is included among purposes of loans through Land Mortgage Banks. Nevertheless loans for purchase of lands are not yet advanced even by Land Mortgage Banks. I doubt whether a rural bank can embark on such advances. Loans for constructing or buying buildings, are now advanced only by Co-operative Building Societies. Therefore the inclusion of these two purposes under the 5th and the 6th heads seems to be in conflict with the generally accepted scheme of the co-operative credit by banks working on deposits. Among the sources from which funds may be derived by the new type of rural bank, debentures are not mentioned. The bye-laws contemplate only deposit banking, and deposits are classed under four heads. (A) Fixed, (B) Compulsory Thrift, (C) Current and (D) Home Safe. Whether long-term loans can be advanced from these deposits is very doubtful.

There is one other aspect of the question with which I wish to deal. It appears to me that a Multiple Purpose Bank of the kind ought not to be organised in villages or groups of villages where rural credit societies are now working satisfactorily. The old and the new are bound to come into conflict with each other. It is for this reason that the Standing Committee of the All India Co-operative Institutes' Association which met at Vizianagaram on the 17th April last, passed a resolution to the effect that Multiple Purpose Societies should not be started where they are likely to compete or come into contact with the existing rural credit societies. The framers of the Model by-laws of the new Co-operative Rural Bank seem to have fully realised this danger and therefore laid down definitely in model bye-law No. 5* that only persons who are not members of any of the existing credit societies in the area shall be eligible for admission as members of the rural bank. I doubt very much if in most villages there is room for a rural bank of the kind in addition to the existing credit societies. Persons who are eligible for membership and willing to join a co-operative society would have mostly joined the existing credit societies. The landless and the poor who had no place in the old would not find

* By-law No. 5 (Co-op. Rural Bank). Any person over 18 years of age who is competent to contract, residing within the limits referred to in the third sentence of by-law 1, and **who is not a member of any of the existing credit societies in the area** shall be eligible for admission as members; but no person can claim admission as a matter of right.

access more easily to the new. The few rich and well-to-do who held aloof will be slow to be persuaded. No doubt some of them might have been deterred by the unlimited liability risk which does not exist in the new type of bank. But as investors they were alive to the advantages of unlimited liability to a creditor and the weakness of limited liability in regard to the ultimate security of their investment. They may join to borrow but not to invest their savings or surplus wealth. In any case, it remains to be seen whether the public in the countryside will invest more readily in the new societies. Assuming that some persons who may not have joined a credit society with unlimited liability may be willing to join a new society formed on a limited liability basis, the way to deal with such a situation is not to plant two rural banks in a village or group of villages, one with limited liability and the other with unlimited liability. Both cannot thrive together and make similar progress. They are bound to come into clash and the one which is backed up by the more influential leader of the village, for the time being, will practically send the other to the wall. Their fortunes may vary with the change of leadership. This is certainly not conducive to the promotion of the co-operative virtues of common effort, self-help and mutual aid among the villagers.

I agree that there is need for the rehabilitation of our credit movement and the reorganisation of our institutions. But the scheme of starting new types of institution, leaving the old and well established societies to their fate, is in my opinion an absolutely wrong way of setting about the reform. I reserve an exposition of my scheme of reorganisation to a future occasion.

Annexure.

	Working Capital.	Amount Expenses.
Aska ...	... 7.01	10,105
Berhampore ...	... 5.17	2,974
Chicacole ...	... 4.68	2,252
Vizianagaram ...	... 24.34	24,042
Cocanada ...	... 6.77	12,151
Ramachandrapuram	... 7.55	8,118
Amalapuram ...	... 13.25	8,739
Rajahmundry ...	... 2.88	2,992
Ellore ...	... 16.78	13,117
Krishna ...	... 18.39	18,827
Bezwada ...	... 10.48	8,574
Guntur ...	... 14.89	19,694
Nellore ...	... 23.77	18,820
Cuddapah ...	... 10.16	10,216
Kurnool ...	... 8.47	7,302
Hospet ...	... 9.51	10,326
Anantapur ...	... 17.58	11,889
Chittoor ...	... 10.95	12,247
Vellore ...	... 28.96	38,377
Salem ...	... 30.70	32,692
Coimbatore ...	... 53.27	46,649
Malabar ...	... 13 32	8,004
South Kanara	... 11.82	6,713
Madras ...	... 8.05	5,207
Conjeevaram ...	... 28.79	17,581
South Arcot ...	... 20.84	15,725
Kumbakonam	... 16.22	12,830
Tanjore ...	... 12.19	12,925
Trichinopoly ...	... 40.71	26,441
Madura ...	... 27.85	20,739
Srivilliputtur ...	... 4.78	3,742
Tinnevelly ...	... 15.58	11,980

Agricultural Co-operation in France*

BY K. C. RAMAKRISHNAN.

France has an area 50 per cent greater than the Madras Presidency but a population of 41 millions, *i.e.*, 5 millions less than ours. Unlike Great Britain, France has fostered agriculture as well as industries and has still 49 per cent of her total population in rural parts. In respect of her staple foods she is self-sufficient to an extent unparalleled in Western Europe—thanks to the variety of her soil and climate, the aptitude of her farmers and the national tradition of protection. Ample evidence of this variety and excellence of French culture was found in the exhibits in the Rural Centre and Co-operative Section of the great International Exhibition held in Paris last autumn. According to a note circulated therein, France claimed to be the largest producer of wine in the world. In Europe (with the exception of U. S. S. R.) she was the greatest producer of wheat, while she took the second rank in the production of beetroot and milk, the third in the yield of potatœs. She is not, however, wedded to a policy of self-sufficiency at any cost. The French farmer has exhibited marked acumen in his adjustment to changing economic conditions in the world. He has not been slow to give up cereal cultivation, where it did not pay, in favour of intensive live-stock production. He has changed over to dairy industry where meat production was no longer profitable.

France has been famous for her peasant proprietors who are hard to beat for skill and hard work, for thrift and prudence. So anxious have they been to pass on their properties intact, without being affected by the operation of the Code Napoleon which prescribes equal division of property among children, that they have

*This article has been composed largely from the notes taken down by the writer during his visits—in company with Mr. A. G. Sherlekar of Indore—last year to the National Agricultural Credit Bank and the National Federation of Agricultural Co-operatives in Paris and to the Agricultural Syndicat, the Regional and Local Banks in Chartres, a provincial town in Northern France. A number of gaps in knowledge—due to the short duration of visits and difficulties of interpretation—have been filled up by the fortunate publication of a full and authoritative account of the movement in France in the current Year Book of Agricultural Co-operation by Miss M. Digby, the Secretary of the Horace Plunkett Foundation, to whom the writer is already indebted.

exercised a 'limitation of natality' which has resulted in a notoriously stationary population. Indeed after the War, which deprived her of a million and a half of her virile population, the townward drift has increased on account of industrial development, so that there is a lack of native working population on land, which is not quite made good by natural increase nor by immigrant labour from foreign countries.

There are about 4 million agricultural holdings comprising 60 million acres of arable land and 25 million acres of grass land. 72 per cent of the holdings are of less than 25 acres each. Of the total area 60 per cent are cultivated by owners themselves, 30 per cent by tenant farmers and 10 per cent by *metayers*, on a system analogous to our *varam* tenure, where the working costs and yields are shared by the landlords and cultivators. These are conditions favourable to the growth of the co-operative movement in France.

Agricultural Supply—The Syndicats.

Agricultural co-operation of the modern type began with the syndicat in the eighties of the last century. It was originally conceived as a professional union of agriculturists in defence of their interests and promotion of common welfare, like the trade union in industries for which in fact the law of 1884 was intended. Circumstances forced the agricultural syndicat to become a trading body, for the supply of modern agricultural requirements—better fertilisers, seeds, implements and machinery. These were a necessity, if French agriculture was to survive the competition of cheap cereals from the new world raised on virgin soil. Private traders in these new lines of requirements were undependable and the syndicats came in very timely to supply articles for the right quality at a reasonable price to peasants. The syndicats have indeed done more to diffuse agricultural knowledge than the State schools themselves by means of bulletins, lectures, demonstrations and competitions. Many of them have taken on themselves varied functions, material and moral, and served as multi-purpose societies—to use our current phraseology. The area of their operations was not always confined to a village (*commune*) but often extended to a canton and in some cases to a district (*department*). As the law permitted the union of syndicats, we find a few unions each holding away over a big region, especially of syndicats interested in the production and sale of butter, wine, sugar, etc. The law did not permit the syndicats dealing in general goods (i.e. other than agricultural) and it was the practice of departmental

or regional unions of syndicats to have co-operative annexes dealing in domestic and other goods. Similarly the marketing of produce on a large scale was handed over to special sale societies. The syndicats have also been the chief organisers of co-operative credit societies, which until 1920 could not be organised independently. In fact most of the agricultural co-operative societies of France have been the offshots of syndicats, many of which, however, still retain their first function of supply of requirements.

Agricultural Credit.

Co-operative credit in France is essentially a post-war development and it is not Raiffeisen in character. The French peasant has been known for his thrift and ultra-cautious temperament. State-aid was offered as early as the nineties, but not readily accepted. Clapham wrote "The credit associations, fostered and fed by the State were making slow headway. Active official propaganda was tried; but the peasants' suspicions and stubborn individualism were not easily overcome. 'Why, then, are these gentlemen anxious to lend us money and make us reveal to one another our affairs?, they asked. Loans to societies were more readily taken up than loans to individuals. The movement was gaining ground, but it was young and its future uncertain". This was before the War.

Since the close of the War, however, rapid strides have been taken in the development of co-operative credit. The system now in vogue resembles ours in the Madras Presidency in some respects, though there are vital differences. At the apex is the National Agricultural Credit Bank-*Caisse Nationale De Credit Agricole*-established in 1920, the nucleus of whose funds came from the Bank of France which, in return for the renewal of its charter, was obliged to grant 40 million francs as a loan free of interest and also an annual levy on its turn-over. The Bank receives deposits in plenty and occasional State advances, to be used for loans to agriculturists in connection with schemes, for example, of rural electrification in the past and more recently to help the marketing of wheat and wine. At the head of the administration of the Bank is the Director appointed by the Minister of Agriculture. The governing body is a council elected by a commission of thirty, of whom six are chosen by the legislature, twelve are sent by regional banks and twelve are nominees of the Ministries of Agriculture and Finance. It is in the grant of long-term loans for individuals and collective bodies that it takes direct interest and responsibility, though the applications proceed from the regional and local banks. The Director said that the National Bank had so far helped 120,000 labourers to acquire lands and become peasant proprietors. Long-term loans were given for 25 to 30 years, generally at 3 per cent and for ex-soldiers at 2 per cent. It was interesting to hear that the rates were lowered by half-per cent for every two children that borrowers had, and the minimum of half per cent was charged for borrowers with more than 4 children! The maximum long-term loan for an individual was 60,000 francs (which in September 1937 was equal to Rs. 6,000). Societies were given loans for the construction of silos, for dairy equipment, wine-making machinery, etc. 900 million francs (Rs. 9 crores) to individuals and 450 million francs (Rs. 4½ crores) to collective bodies had been advanced as long-term loans up to May 1936. The National Bank audits and controls Regional Banks and co-operative societies to whom it has lent.

At the base are about 6200 local banks, *Caisses Locales*, corresponding to our primary credit societies in the villages. But each bank has jurisdiction over a number of villages or communes. There are on an average 100 members in each local bank. Most of the members are individual peasants, but there are also a few non-credit societies as members, primarily the agricultural syndicat for the benefit of whose members the bank was originally organised. Liability may be limited or unlimited; it is generally limited. Share capital and deposits are locally raised, but such funds are not utilised for loans to members; they have to be transferred to the regional bank, to which it is affiliated, which alone has the power to sanction loans after scrutiny of applications and the recommendations of the local bank's committee men. The latter resemble our Panchayat and are honorary workers. The Secretary alone is paid, partly by the local bank but largely, be it noted, by the Regional Bank. The local committee has greater voice in the granting of short-term loans, than in medium or long-lerm loans in which the Regional Bank and the National Bank respectively take greater responsibility, though the channel of application is the local bank and the recommendations of the committee men are sought. The local bank in this respect seems to function like our primary land mortgage banks.

Short-term loans are granted for a period of 6 to 12 months generally, though they are sometimes extended to two years, but not longer. They are normally for current cultivation expenses and the rate of interest does not exceed 6 per cent per annum. The

application for a loan and the bond, it is interesting to note, have to be signed by the peasant ***and his wife***. Two solvent relatives (father, brother) or friends may have to stand guarantee. Audit and inspection of local banks are carried out by the regional bank; it allots a fixed portion of its margin to local banks for their expenses. The local bank cannot pay more than 6 per cent on share capital.

In between the local banks and the National Bank are the 98 Regional Banks ***Caisses Regionales***, somewhat like our District Central Banks, generally one in each Department or district. There are 87 departments in France. The Regional Bank at Chartres that we saw had 28 local banks as members, in addition to syndicats and co-operative societies. All told, there were said to be 4000 individual agriculturists who looked to this bank for help directly or indirectly. These reginal banks have share capital; they attract a lot of deposits at 1½ to 4 per cent—enough to meet all short-term demands. They get cheap credit from the National Bank. They lend to local banks and other co-operative societies funds needed for short and medium terms at rates not exceeding 5 per cent in general. Hypothecation of property, such as land, buildings, machinery, is demanded in case of medium—term loans, which are usually for 10 years, occasionally upto 15 years. They exercise strict control, and in some cases even keep the accounts, of the banks and co-operative societies to which they lend. They offer special credit facilities for the initial expenditure of new societies, based on their share capital, with the consent of the National Bank. The regional banks, in fact, are more and more taking up the role of the old syndicats in the organisation and maintenance of new types of societies.

Wheat-Storing and Sale Societies.

Societies for the storing and sale of wheat have had a phenomenal development in the last 7 or 8 years, particularly after August 1936, when the National Office of Wheat—***Office National inter professional du ble***—was set up by the Blum Government. On its governing body are represented producers, millers, bakers, consumers and the State. This is not the place to explain the intricacies of its working and it is too early to assess its achievements. It is a colossal experiment in the regulation of marketing, of price-fixing in particular. The price of wheat is fixed in advance before harvest in relation to (*a*) what is known as basic price (1911-13), (*b*) changes in the cost of living from 1914 level, and (*c*) the anticipated harvest. Handling and milling charges are also fixed. The price of wheat is to rise by degrees as months advance. The export and import of wheat and substitutes are the monopoly of the Office of Wheat. Wheat can be sold at anytime to co-operative societies, but its sale to others is regulated so as to avoid a glut in the market. Growers cannot take advantage and raise their acreage for they would be paid proportionately lower prices. Middlemen are sought to be eliminated gradually. Every encouragement is offered to co-operative societies for the storing and selling of wheat, where experienced middlemen are encouraged to serve as paid managers.

No wonder under such auspices wheat storing and selling societies, called Silos have so rapidly multiplied. There were nearly 1300 in 1937, just double the number before the creation of the Office of Wheat. It was one such silo, a tall building of size floors that the writer visited at Chartres. Wheat was thoroughly cleaned and stored, and some of it was delivered—all by machinery worked by a few hands. Farmers of all grades were members of the silos. Peasants who brought 75 quintals (cwts.) or less were paid the full value of wheat; those who brought more were paid two-thirds of the price at once; and the rest was paid in instalments as the wheat was sold gradually. Credit is obtained from the Regional Bank at 4 to 4½ per cent. The silo gets a margin of 2 francs per cwt. (40 francs or Rs. 4 per ton) on the sale of wheat. All the wheat societies of the country have sold in the very first year after the Office of Wheat was set up, 75 per cent of the entire wheat of France—an achievement without parallel in co-operative annals. But few would have the temerity to call such a State-controlled scheme as co-operation.

Societies of Fruit and Vegetable Growers were organised mostly in the South and Centre of France, and no society was visited by the writer. But he saw a good lot of fruits and vegetables despatched to Paris for sale at *Les Halles*, the biggest market in the city, which begins to work at 3 A.M. and goes on till 8 A.M. with its its wholesale business, much like our Kothwal bazzar in Madras. The Federation of fruit societies had a number of sellers in about 60 markets including Paris and London, where the demand was naturally great. There were 10 sellers in Paris alone whose duty was to find a quick sale for fruits that could not be consigned to the consumers' wholesale society. There were two controllers or inspectors over these sellers in Paris. A commission of 3 per cent was charged on sale, payable by co-operatives if cash was received at once, and payable by buyers if it was for credit. Of this commission earned by the Federation, 1 per

cent was paid to sellers, 1 per cent went to a guarantee fund to ensure payment to societies if buyers failed to pay, and one per cent was kept by the Federation for its own expenses—establishment and propaganda.

There are a number of societies for Production and Sale-principally Dairies in Western France, and Wine-making societies in the centre—none of which could be visited by the writer and therefore could not be described here.

The National Federation of (Mutuality and) Agricultural Co-operatives is the highest federal body, with its offices situated in a building rightly called *Maison de la Agriculture* in a prominent locality in Paris. It has a few individuals on its rolls but the vast majority of members are co-operative societies of all types. Not all the societies, it is to be regretted, have affiliated themselves to this institution, which has been working in the cause of agricultural co-operation for the last 25 years. There is no obligation on any society to become a member as in the case of the National Agricultural Credit Bank of which every society should be a member if it wishes to borrow. Subscription varies with membership and transactions of societies. The principal aim of the Federation is the promotion of the study of co-operation in all its aspects and the defence of their common interests. The work is done in different sections:—Fruit-selling, Wheat-storing and selling, Insurance, etc. It publishes a bi-monthly journal and organises the annual congress in different parts of France. It is ever ready to guide any foreign visitor wishing to study the working of agricultural co-operation in France.

We thus see that the syndicats which were the first in the field, have improved the productive capacity of the French peasant by supplying him the requirements of modern agriculture. Credit came later not so much for the clearance of prior debts as for the acquisition, equipment and working of farms, and the building up of processing and marketing societies. Regulated marketing, specially of wheat, has eclipsed earlier sale societies, by the scale and thoroughness of its operations, not all voluntary. Co-operative Societies are nevertheless fostered and not shifted by state-aid and control, Dairies and wine-societies in favoured tracts and insurance societies all over the country, against every kind of risk, add to the variety and balance of agricultural Co-operation in France.

Toddy Tappers in West Godavari District and Co-operative Societies for them.

By

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The manufacture of palmyrah jaggery in the West Godavary is a very ancient industry being carried on by two communities known as "Settibalijas" and 'Kalalis' as a cottage industry. It is a very old industry and has been giving employment to a large number of people in the district. It is carried on in an extensive scale in the Kovvur taluk where there is the largest number of palmyrah trees. Such of those who cannot secure palmyrah trees for tapping in or around their native villages in deltaic areas migrate to the sweet toddy drawing area in other upland taluks with their families and children, to carry on the industry, by having temporary thatched sheds in the fields.

The above communities are not generally the owners of the palmyrah trees. They take the trees on lease from the owners by Paying lease amount ranging from Rs. 20 to Rs. 30 for 60 trees for the tapping season of nearly 5 months. The number of palmyrah trees in the district according to the statisctics furnished by the excise department are about 5,79,840 as detailed below :

Name of Taluk.		No. of trees.
Narasapur taluk	...	57,240
Bhimavaram taluk	...	75,600
Tanuku taluk	...	1,56,000
Chintalapudy taluk	...	4,560
Ellore taluk	...	17,040
Taddipalligudem taluk	...	61,800
Kovvur	...	2,07,600
		5,79,840

The season for drawing sweet toddy and manufacture of jaggery is from January to May of every year; and the jaggery is prepared by each individual family called 'Balla' *i.e.*, each 'Balla' may be said to contain on an average five members who work together. It is roughly estimated that about 12,000 families (ballas) particularly of Settibalija community are engaged in this industry, besides a fairly

large number of other poor villagers of all communities. On an average about 48,000 candies of jaggery valued at about Rs. 8.16 lakhs (*i.e.*, Rs 17 per candy) constitute the total annual out-turn in this district.

It is said that each 'Balla' can tap 60 trees and the daily average yield of juice is 10 lbs. Enquiries go to show that the average quantity of jaggery produced by a family working 60 trees is not more than 5 candies, while it is estimated as 10 candies by the Leather Research Chemist of the Industries Department who carried on the demonstration of the manufacture of sugar and improved jaggery from palmyrah juice in this district during the year 1936. The following are roughly the expenses of production of jaggery for every 60 trees worked out by 'Balla' (exclusive of expenditure involved in the maintenance of the tapper and his family by way of rations etc.) as worked out by the Andhra Tappers Industrial Association.

			Rs.	A.	P.
1.	Lease amount	...	20	0	0
2.	Lime	...	4	0	0
3.	Pan	...	4	0	0
4.	Fuel	...	10	0	0
5.	Knives and other apparatus	...	5	0	0
6.	Travelling charges	...	4	0	0
7.	Pots	...	4	0	0
8	Jaggery storing samans	...	4	8	0
9.	Transit charges	...	2	8	0
10.	Oil	...	2	8	0
11.	Other incidental and contingent charges	...	5	0	0
	Total	...	65	8	0

The selling price of 5 candies (at Rs. 17-8-0) per candy Rs. 87-8-0.
Margin ,, 22-0-0.

This margin of Rs. 22 is the gain derived by each family for the labour and thought given to the industry for a period of 5 months.

Seventy-five per cent of the tappers are said to be very poor and they live from hand to mouth, while the rest hold petty lands which they cultivate in the off season. The sweet toddy tappers being very poor, are in the habit of getting advances from the local capitalists to carry on the industry and to maintain their families during the season. It is often stated that due to want of organised efforts and of reasonable and cheap credit facilities, and also due to the illiteracy of the tappers and to the intervention of brokers and middlemen between the actual producers and the consumers (Messrs. Parry & Co.), the tapper is not at present able to get the maximum benefit from out of his labours. The grievences of the tappers are stated as follows:—

(1) Interest is charged at exhoibitant rate of Rs. 1-4-0 to Rs. 1-9-0 per Rs. 100 per month.

(2) The jaggery should be sold to the creditors at a commission of 10 per cent. (At present for 20 maunds they have to tender 22 maunds, not to speak of the false weights used by them).

(3) The merchant broker charges Re. 1 for each candy of jaggery for meeting losses that may accrue on account of the bad quality of the jaggery.

(4) Whenever jaggery is delivered in the bags owned by these tappers, Messrs. Parry & Co. demand a rebate of 0-5-0 for every candy of jaggery delivered in 4 bags.

(5) The tare of each gunny bag is taken as 5 lb. which is considered to be very high.

(6) In addition to the above, the tappers complain against the methods adopted by the officers of the excise department in testing sweet toddy and the mamools demanded by them. They have also a grievance against the brokers employed by Messrs. Parry & Co., and also the vagaries in the classification of the different varieties of jaggery by the employees of Parry & Co.

5. During the last season commencing from January 1937 all the tappers in the district went on strike and consequently this industry came to an abrupt closure. Due to the strike there was a spilt in the tapping communities, one led by Rayana Sreeramamoorthy, President of the Andhra Desa Palmyrah Jaggery Industrial Labour Union and the other by one Guduru Sriramulu, Advocate, Bhimavaram. Messes. Parry & Co. who have been the sole purchasers of almost all the palmyrah jaggery manufactured in the district have temporarily closed down their business at Nidadavole, presumably on the ground that it would not be possible for them to satisfy the demands put forward by the strikers.

Rayana Sreeramamoorthy ever since the strike has been gaining strength, and I hear that he has a very good following at present Under his leadership many of the tappers have formed themselves

into an association called the "Andhra Tappers Industrial Association" and lately as "Andhra Desa Palmyra Jaggery Industrial Labour Union" which, I hear, is not registered under any Act. They convened a conference of tappers at Tanuku on 4-1-38 and represented their grievances to the Hon'ble the Minister for Industries and Labour, who was pleased to attend the said conference. It is said in a press communique published in the *Hindu* dated 25-1-38 that due to the efforts of the Hon'ble Minister for Industries and Labour, a settlement has been arrived at between the toddy tappers of this district and the Deccan Sugar and Abkary Co., Ltd., (managed by Messrs. Parry & Co.) The toddy tappers have since begun to tap the trees and manufacture jaggery from January 1938.

The terms of settlement seem to be :—

(i) Messrs. Parry & Co., has fixed the price of jaggery at Rs. 17-8-0 per candy for this season.

(ii) There will be a reduction of 2 lbs. in the calculation for the tare of gunnies, a reduction, which will benefit the producers of jaggery to the extent of 8 lbs. per candy.

(iii) The company has agreed to abolish the system of charging 0-1-3 for jaggery produced in gunnies belonging to dealers.

(iv) The move for the formation of a representative union of the tappers is welcomed by the company.

(v) The company agreed to consider the question of increasing the rate for jaggery it the price of sugar improves.

Under the above conditions the producers will stand to gain 0-9-6 for each candy of jaggery, not to speak of the standard price of Rs. 17-8-0 fixed and it is agreed to sell the whole of palmyrah jaggery to Messrs. Parry & Co., at Nidadavole. There is therefore no need to explore the possibilities of finding another market for this commodity.

6. The President and Secretary of the Tappers' Association want the following facilities from the co-operative department;

(i) to start co-operative societies at different centres (ii) to advance money to meet the cost of production of jaggery at not exceeding Rs. 25 per each tapper to purchase and distribute utensils, provisions etc., that may be required by them during the tapping season and also (iii) to start a sale society to undertake the storage and sale of jaggery and thus avoid the brokers altogether. By forming these two types of societies, they hope that their grievences would be redressed besides their getting the commission of 0-3 6 per candy from Parry and Company which is now given to their brokers. No doubt the formation of co-operative societies to replace the middlemen will really benefit the tappers in as much there will be a saving of about Rs. 3-8-0 for each candy of jaggery produced. But it is a question as to how far co-operative societies will be in a position to supply credit to these tappers and control and manage the industry.

As already stated, about 12,000 families are engaged in this industry and if each family is given Rs. 25, a sum of Rs. 3,00,000 is required. Most of the tappers may not be men of substance with adequate repaying power and it cannot be said that these advances, if granted, would be backed up by substantial or tangible securities which are naturally demanded by a creditor. Since this is a scheme worth trying on a co-operative basis, the District Bank or the Provincial Bank may be requested to examine the possibilities of affording credit facilities to the tappers' societies if formed. As regards the control of the business aspect of the industry, it is highly desirable if not essential to appoint technical men to teach the tappers how best, to improve the quality and quantity of the jaggery.

A study of the ways and habits of these tappers shows that there is much unity and honesty among them. They are loyal to their leaders. Though the personal security may not be of value, their honesty is likely to stand as gurantee for the repayment of the advances taken by them. After all, these advances are going to be made for the manufacture of jaggery on the specific condition that the whole produce of each tapper is delivered to the society which finances him.

Mr. Lake, the local Agent of Messrs. Parry & Co., seems to think that the services rendered by the brokers and middlemen merchants (which are now considered to be efficient) cannot be dispensed with till another agency interested in the well being of the tappers, comes into existence and proves its capacity and efficiency for the regular and systematic supply of the palm-jaggery to their company.

Moreover, he feels that the advances already made and now outstanding to the tune of nearly Rs. 1,80,000 against these tappers might either be repaid at once or a gurantee given for their repayment within a course of 2 or three years. The question whether the Parry & Co., is prepared to recognise the sale societies as the proper agency for selling jaggery to them by paying the usual commission to the society which is now being paid to the broker, has to be settled

with Messrs. Parry & Co., before co-operative societies are actually organised. The total indebtedness of all the tappers is not known and the office bearers of the Association say that it is not so much. This prior indebtedness of these people is said to be the accumulation of debts for many years and not the amount advanced for the preparation of jaggery during the present season. To insist that the whole of their indebtedness should be repaid all at once may not be reasonable and it is but just to allow them time, two or three years—to repay their loans as has been done in the case of agricultural debtors.

When the above conditions are satisfied, co operative organisations may be started on the following lines.

1. About 5 primary societies, each having jurisdiction over a group of villages, may be formed on unlimited basis and all rich people in their community induced to join the societies as members and thus increase the credit worthiness of the society. Some of the well-to-do persons of the communities have expressed to me their readiness to join such societies, if formed.

There should be an efficient staff to carry on the operations of these primary societies satisfactorily. A technical man to teach the members the preparation of good jaggery and an accountant (preferably of the grade of junior inspector) may be employed for each society for a period of 6 months.

In addition to the above, a loan and sale society has to be started at Nidadavole to act as the Federation of these societies and to stock and sell the palmyrah jaggery sent by the societies. This society will directly deal with Messrs. Parry & Co., and also arrange for the joint purchase of pans and other utensils that may be required by the societies. A responsible officer of the grade of a Sub-Deputy Registrar should be put in charge of this sale society.

Rural Co-operative Credit.

By

M. R. Ry. Rao Bahadur A. Rajabadar Mudaliar Avl., B.A.,

A basic defect in the present system of rural co-operative credit which is largely responsible for its failure is the ignoring of the fact that agriculture does not yield sufficient income to enable the ryot to keep his body and soul together without resort to borrowing, and that, with his best efforts to produce the maximum income on his land, an average ryot cannot hope to repay a loan which he is obliged to take, even if he may succeed to pay the interest due on it. Of what help can co-operative credit be to persons so circumstanced unless they have supplemental sources of income which would enable them to repay their loans? It is no wonder therefore that over three decades after the introduction of rural co-operative credit in this province, Dewan Bahadur K. Deivasikamani Mudaliar had to point out the other day at the Srivilliputtur Conference, that there was a lack of co-operative spirit in societies. In such uncongenial soil wild attempts were made to sow the seed of Co-operative Credit in extensive areas by a scheme known as the 'development scheme' of Government which aimed at creating a maxium number of societies in a short time and the Provincial Co-operative Bank unwittingly aggravated the troubles by an over-liberal grant of loans to societies, tempting them even by an offer of a bonus on large loans taken in excess of certain limits. This 'development scheme' gave free scope for unworthy exploiters of the movement to practise all sorts of frauds and mis-deeds and to obtain large loans, regardless of repaying capacity, for themselves, their relations and friends, often inflating the values of properties pledged as security for the loans. As these loans could not be possibly repaid, the overdues mounted from year to year to enormous proportions, landing the movement in its present deplorable plight, the general economic depression further accentuating the troubles by its own repercussions.

The question naturally arises whether there was no agency for the supervision of societies to look after their welfare and to check and prevent frauds and other evils. Yes, there were the 'Supervising Unions' which consisted of no other than the representatives of the societies themselves who could not humanly be expected to expose and correct one another's faults and their supervision was naturally

therefore, ineffective. About the failure of these supervising unions Mr. V. Ramdas Pantulu gave a graphic account in 1935 as follows:—

> "In many districts the supervisory agencies which were expected to look after the well-being of these societies and their healthy functioning have practically collapsed and with their corrupt and incompetent personnel, they are now a positive danger to the movement in certain areas. The number of dishonest men exploiting the movement for self aggrandisement has been on the increase for some time and many of them have succeeded in capturing positions of power in the societies Numerous instances of fraud and benami (indirect) loans have been detected from time to time."

These agencies for supervision have now become far weaker to function than when the above opinion was expressed of them. The District Banks dominated by the representatives of the supervising unions were equally powerless. The one other agency available to supervise the societies is the Government Department. In the earlier stages of the movement the societies resented the interference of the department so keenly that the department gradually withdrew from supervision, thus allowing more freedom to the institutions to act as they liked. When matters however developed seriously threatening danger to the movement, the non-official institutions sought the help of the department to rectify the defects in the movement and the Registrar generously responded to the call by deputing competent subordinates for definite periods to render the necessary assistance. Men were freely spared to occupy the positions of the Secretaries of Banks and Executive Officers of Federations and for other administrative duties. I can bear personal testimony to the fact that, but for the help of such men the Conjeevaram Bank, with the management of which I was connected for over 15 years, and the societies in the Chingleput District would now be in a far worse plight than they are. I can never forget the loyalty and efficient work of some of these men in the teeth of great obstacles, as acknowledged by the Bank in its annual reports.

The present problem of the movement is how it can be rehabilitated. No schemes of radical reconstruction appear in my humble view to be necessary. There are two root causes of our troubles which should be removed. One is the heavy burden of the land revenue and the other is the want of supplemental income to the ryot to save him from getting into indebtedness and to equip him with the power of repaying any loans which he may be obliged to take. The present attempts to effect an all-round improvement in the ryot's economic condition by means of multi-purpose societies are certainly most welcome. As pointed out however by both the Hon'ble Mr. V. Ramadas Pantulu and Dewan Bahadur K. Deivasikhamani Mudaliar (who were among the best informed of the movement in this province) the by-laws of the existing credit societies themselves already provide for the various non-credit activities contemplated by the new multi-purpose societies, and are good enough to achieve the object in view provided the *human material* to work them is satisfactory. Along with these efforts should come also as early as possible the long awaited relief from the land revenue burden.

Another potent cause for the failure of the movement is the lack of provision of a paid hand to attend to the day to day business of the society. It is common knowledge that members of Panchayats generally speaking do not attend to their duties under the by-laws and many important duties are either never performed or are most perfunctorily done. A paid man therefore for a society or group of societies is an indispensable need. A third cause for the failure of the movement is its free exploitation by selfish individuals for their own private or political ends. The movement needs to be purged of these unworthy members as fast as possible and steps should be taken to guard it against the invasion by such men hereafter. A firm insistence on the strict observance of the by-laws of each society is sure to automatically remove the undesirable men from societies as the by-laws are so framed by the genius of the first Registrar, the late Sir P. Rajagopalachariar, that those dealing with defaults of members in various respects make it obligatory on the part of the Panchayat to take a definite prescribed action for each such default, giving no discretion to the panchayat to take the action or not. For example, by-law No. 47 requires that default in the repayment of a loan shall not in any case be permitted for more than three successive *months* without extension duly sanctioned by the general body of the Union or closing the account. Cases of such defaults which have been permitted to continue for *years* without extension or closing the account are countless, because the members of the panchayat which has to take the prescribed action are mostly defaulters themselves who are naturally unwilling to close their own accounts and to file arbitration proceedings against themselves. Mere insistence on the due carrying out of such obligatory rules without fear or favour would produce the

healthy atmosphere for avoiding loans which cannot be repaid and for regular repayments of loans within the repaying capacity. If any of such by-laws are unduly severe and need amendment, they may by all means be amended to suit actual conditions and on business principles. But do not permit deliberate breaches of vital rules. It is presumably part of the Registrar's duty in audit to note all breaches of important by-laws, in view to the needful action being taken for correction. It is gratifying to learn that the Registrar has started the experiment of running select societies as models to carry out the present ideas of multi-purpose societies. These models would serve as good fields to work strictly their by-laws especially those which aim at prevention or correction of serious faults of members The secret of success of the experiment would lie in the selection of the human material which is really the most important factor in co-operation.

Conference.

SRIVILLIPATTUR CO-OPERATIVE CONFERENCE.

The following were extracts from the address of Dewan Bahadur K. Deivasikhamani Mudaliar, Retired Joint Registrar of Co-operative Societies, Madras, who presided over the Srivillipattur Co-operative Conference. It was opened by the Hon'ble Mr. V. V. Giri on the 19th of May 1938.

Change in the Financial Structure of the movement.

There is a suggestion now before the co-operators of the Province that the financial structure of the movement should be changed. Now there is the primary credit society at the bottom and the Provincial Bank at the top. Between the two there is the Central Bank. It is argued that there is no need for the Central Bank and it may go because it is a middle man. If it is eliminated, the agriculturists can get money at cheaper rates than at present. I am afraid that the advocates of this theory have not looked into the actual facts. In the first place, it is not the case that the Central Banks borrow money from the Provincial Bank and pass it on to primary societies retaining for themselves a portion of the margin of profit. It is a well-known fact that the Central Banks do not borrow from the Provincial Bank except on rare occasions. They derive their entire working capital from deposits of their own. The amount invested by the Provincial Bank in Central Banks did not amount to more than 20 or 25 lakhs at the end of 1936-37 out of a working capital of about two crores of rupees. On the other-hand the amount invested by Central Banks in the Provincial Bank on the last day of 1936—37 amounted to Rs. 89 lakhs. Are the Central Banks the middle men as alleged? It should be remembered that in Madras we began with a Bank for the whole Province. After gaining some experience with the working of this big Bank, we started Banks at District Headquarters one after another. The co-operative Banking system obtaining in Madras has been acknowledged to be superior in every respect to the systems obtaining in other parts of India. Experts who have visited our Banks and studied their conditions have testified to this effect.

We do not suffer from either too big or too small a size of the Banks. Our Banks are in a much better financial position than the Banks elsewhere in India. If the movement as a whole is not as satisfactory as we could wish, the fault lies elsewhere with primary societies. The system of lending adopted at present depends, as I have already stated, upon the theory that primary societies are genuine co-operative societies and that the members of such societies feel their collective responsibility. When we however actually see in practice that the Panchayat of societies do not

discharge their duties properly, the system is at fault and not the Central Banks. At one time we thought that supervision was not effective. We arranged at first mutual supervision by societies themselves through what are called local unions. When we thought their supervision was not effective, we introuced Federation of such unions at the top. When again we thought they were not satisfactory, we abandoned our original idea that supervision should be separate from finance and entrusted the work to Central Banks. This is the present position but yet we are not satisfied with it. We should remember however that supervision and education can go only up to a point. They cannot replace management. If management is defective for certain inherent weaknesses as I have stated above, supervision cannot always set them right. The Central Banks cannot therefore be blamed for not keeping the primary Banks up to the mark. There is therefore no need to abolish the Central banks and create in their places branches of the Provincial bank. I do not know how a branch is going to be an improvement over the Central Banks. Will it reduce the cost of the management? There should be a local committee and a local staff. Even if there be a small reduction—I do not think there will be—it is not worthwhile changing the system. The system of the present financial structure has not been proved to be at fault or defective. No change is therefore called for. The Reserve Bank of India, for certain reasons advocate the reduction in the size of Central Banks. I have studied the working of small Banks in other parts of India and particularly the Banks in Orissa. The Orissa Banks have failed for, among other reasons, the smallness of their size and I would therefore advise the co-operators of the province not to agree to reduce the size of the Banks. On the other hand I would prefer that the small Banks might be amalgamated into bigger Banks.

Multi-purpose Societies.

The Reserve Bank in one of their bulletins have suggested the formation of multi-purpose societies as in their opinion the failure of primary credit societies is due to their inability to attend to all the needs of all the villagers. They give as their reason for the change the success of such societies in one or two isolated areas. I may bring to your notice, that every credit society in Madras is a multi-purpose society. The bylaws of a village credit society provide not only for giving loans to its members, but to do other items of work which a multi-purpose society is expected to do. The society can own costly agricultural implements and give them on hire to members. It can maintain stud bulls for the benefit of its members. It can arrange for the joint purchase of agricultural and other requirements of its members and for the joint sale of their produce. A group of members can join together and cultivate their lands jointly and obtain finance from the society for the purpose. They can sink a well to use its water jointly. A group of trader members can join together and do some trade. It is said in some quarters that a small society like the village credit society cannot be expected to do all these activities and a limited liability society of a bigger size for a bigger area should be formed and it should be allowed to do all these items of work. The local unions are permitted in their bylaws to do every item of joint work which a primary society can do on behalf of its members. They can do the work on a bigger scale for a larger number of people. It should be remembered that the available men for doing the work are limited and it cannot be said that new societies can bring in new men. This experiment has been tried before. What are called Trading Unions were started and they were allowed to function for a large area. There is really no need for new societies to be started for this purpose. Any of the existing societies can do the work without much trouble or inconvenience.

It may not be out of place if I mention here that at one time for a number of years intensive work was done to develop non-credit work. Societies were *made* to attend to all the needs of their members—supply of credit, supply of seed, manure, agricultural implements, domestic requirements, joint sale of produce. A periodical return was prescribed to be sent to the Registrar by each District Officer and I believe this return is still sent. Some work was done so long as the drive was there but when this was relaxed the work ceased. All that I say is 'Do not force everybody to try the experiment. Select one or two good areas and try the experiment there. Let the others copy it when they feel the need for it.'

Financing the Primary Societies.

The money required by the ryot may be put into three classes :—

(1) Short term loans (2) Medium term loans and (3) Long term loans.

The Central Banks cannot be expected to deal with the third class. We have decided that these should be left to Land Mortgage Banks. The first is now dealt with by the Central Banks. There is no satisfactory arrangement at present for the second. I suggested some years ago that the Central Banks should be permitted to float debentures for this purpose. The condition to which primary societies have now been reduced by the unsound financial arrangement and the consequent embarassing position in which some of the Central Banks are likely to be placed, should be a warning to all concerned that the position should be set right before long. The Central Banks could have floated successfully some years ago, debentures repayable in 20 years for this purpose. Now with the debentures of the Central Land Mortgage Bank in the market backed up by Government, it is very doubtful if Central Banks can make an attempt. The Provincial Bank may obtain money in this way but its

efforts alone will not be sufficient. I would suggest that the Government also should come forward at this juncture to give long term loans repayble in ten to twenty years to Central Banks. The Government are now giving long term loans to ryots repayable in 20 to 30 years on a large scale. They have provided 50 lakhs of rupees in the current year's budget. I am not therefore asking Government to embark upon any new policy. In the earlier stages of the movement Government were lending to societies. A few years ago, they gave loans to certain Central Banks to afford relief to ryots. For some years they have been financing building societies. There can therefore be no difficulty for them to give loans to Central Banks for this purpose. If Government give loans, the Central Banks will be in a position to resell to the owners the lands which have been taken away from them for arrears of moneys due to societies. The Hon'ble the Minister for Co-operation is now fortunately in our midst and I would request him to look into this important problem now confronting Central Banks and societies and to give the necessary help.

Rectification of Societies.

The Registrar's Administration Report for 1936-37 says that 21 Central Banks have almost completed the examination of individual loans in primary societies according to the Registrar's Scheme of Rectification. The Scheme was devised by me about ten years ago after inspecting one or two Central Banks and it was embodied in the Presidency Administration Report for 1931—32. To my knowledge it produced good results in certain districts. Additional securities were obtained and large collections of money were made as a result of the enquiry instituted. According to the scheme, action should be taken on every loan simultaneously with the examination. There is no question of examining the loans at one time and taking action at a later time. This scheme was introduced in many districts in 1933 when I was the Registrar and it came to be known as "The Registrar's Scheme of Rectification" and it produced the desired results. It is now five years since the scheme was made to work. During this period much water has flowed down the bridge and the scheme requires considerable modification. The problem now in several districts is what to do with the frozen debts which remain yet to be discharged, even after action was taken in accordance with the above scheme. Large extents of lands have come into possession of societies in several districts and the question now is what to do with these lands. It is not possible for societies to keep these lands indefinitely in their hands. Some method ought to be devised by which the land should be taken away from them. I have sent up a scheme to the Registrar with a view to get a long term loan from Government so as to enable the societies to give back the lands either to their owners or others on the hire purchase system. I hope that the Government will see their way to give help in this direction.

Liquidated Societies.

A very large number of societies have been liquidated during the last ten years. On the 30th June 1937, there were 1,365 societies under liquidation in the province with 69·71 lakhs of assets to be collected. The cash collections during the year amounted only to 6·4 lakhs. The process of the liquidation is admittedly very slow. I have known instances where not a pie was collected since the day of cancellation of registration of the societies concerned. I know collections in liquidated societies are very difficult. The Inspectors in charge of these societies could not make much headway against combination in villages or for want of local knowledge as to what should be done in particular cases. I have made a suggestion that as an experiment the Central Bank itself may be appointed liquidator where the Bank is the sole creditor. I request that the Hon'ble Minister will give his best consideration when the matter comes before him. It would be better if the registration of societies is not cancelled until the Central Bank exhausts all processes and until asks for cancellation. The cancellation should come only at the stage if and when unlimited liability has to be enforced.

Audit fees.

Audit fees levied by Government on certain societies are at present very high. The scale was prescribed at a time when the policy of the Department was to compel societies indirectly to arrange for their own audit in view of the paucity of inspectors available at the time. The Registrar gave the societies the choice either to pay the higher scale of fees levied or to arrange for their own audit either through audit unions or certified auditors But the policy of Government has been changed. According to the present orders the audit is, as a rule to be done by the Government staff. It may be that Government are not making any profit out of the fees collected but the scale is certainly very high compared with the rate which obtains in the market. The cost to Government becomes high owing to the scattered nature of the societies to be audited. This cannot be a sufficient reason for making the societies pay much more than the market rates. In other Provinces where the audit is done by the Federation of societies the Government are giving a contribution towards the cost of audit. This means that the deficit is borne by Government. There is no reason why the Local Government should not make up the deficiency from their own funds. When they spend 8½ lakhs of rupees of tax payers' money for controlling the Co-operative Movement, they should not grudge to spend two or three thousand of rupees more to make up the deficiency in the cost of audit as the burden on individual societies is heavy. I would suggest that the fees may be levied at 50 per cent of the present rates.

ALL INDIA CO-OPERATIVE ASSOCIATIONS.

Proceedings of the Joint Session of the Standing Committees, Vizianagaram, 16th and 17th April 1938.

The following interesting speeches were made at the Joint Meeting of the Standing Committees of the All India Provincial Banks' Association and the All India Institutes' Association which took place at Vizianagaram on the 17th of April 1938.

The Chairman, the Hon'ble Mr. V. Ramadas Pantulu, in opening the proceedings said :

On behalf of the Indian Provincial Co-operative Banks' Association and the All India Co-operative Institutes' Association, I desire to thank the co-operators of Vizianagaram, particularly my friend Mr. K. Kalidas Pantulu, president of the Vizianagaram Central Bank for affording us facilities to hold our joint session here and for making the necessary arrangements for the comfortable lodging of our members.

Before, we begin to discuss the resolutions that were framed yesterday, I wish to say a few words about the general position of the movement. It is now fully recognised it should have done, not only because we are deficient in the virtues of co-operation and our business methods are not sound but also because the general conditions for the advancement of an economic movement like co-operation are now existing in India. Generally speaking, my experience is that the economic position of the members of the societies who are drawn largely from the agricultural classes is very weak, their economic vitality and purchasing power low, and the handicaps which we suffer from are as much due to factors outside the movement as to factors within it. Therefore, our endeavour should be now to press on the attention of the Provincial Governments the need to improve the economic position of the agriculturists and the members of societies. In the absence of such an effort on the part of the Provincial Governments, I do not think much headway can be made by the movement in any province in India. Therefore, we must make it a part of our programme to constantly press on the attention of the Governments the need to bring about a change in the standard of living and outlook on life of the peasant and worker. To the extent that such programmes succeed, the co-operative movement will be largely benefited. We have not taken as much interest as we should have in the general rehabilitation of the masses, which ought to be an integral part of the programme of co-operators in future.

Another important point that we should press upon the Provincial Governments is the need to use the Co-operative Movement as an integral part of their economic planning. They have schemes for rural uplift, for promotion of cottage industries, and various other items of social amelioration, but co-operation has not been used to the extent that it should be in carrying out their plans. Elsewhere, the co-operative movement is a great factor in the prosecution of such schemes. In India, the potentialities of the co-operative movement for such social amelioration have not been realised either by the people or the Government. Even the provinces in charge of the Congress Governments are not more fortunate in regard to this matter. Somehow the congressmen have, of course with exceptions, kept themselves aloof from the co-operative movement all these years. Our leading congressmen would not touch co-operation, because they had a prejudice against it, that it was an official movement. Therefore, we do not find many co-operators among congressmen. The ministers were themselves not associated with co-operation in the past. Therefore, to impress upon them the potentialities of co-operation and the part which it can play in the programme of the autonomous provinces in regard to the improvement of the economic position of the people is a great necessity but at the same time a difficult matter. The difficulties should, however, be overcome by constant exertion on our part. I must say that there is more economic illiteracy at the top than at the bottom.

There has been in the past not much co-ordination between the various nation-building departments. The Agricultural Department, the Co-operative Department and the Industries Department did not know enough of each other's activities. There should be common planning and joint action among all the departments. In some provinces, as in Madras, Co-operation is in charge of one Minister and Agriculture in that of another; and Agricultural Co-operation has to look to both these ministers who may not meet and discuss common problem. This position is not conducive to the development of the co-operative movement. If necessary, and where conditions require it, we must ask for a development commissioner who will look after both the departments. A non-official who is conversant with the social and economic conditions of the people in rural areas will be preferable to an official, in this behalf.

With regard to co-operative education, we have, on previous occasions, passed a number of resolutions indicating that co-operative education should be in the hands of non-official organisations. So far, no action has been taken in this behalf. It may be that such a step may not be possible for want of sufficient funds. For instance, in Bihar the movement cannot be further taxed for purposes of co-operative education. But the ideal to be aimed at is that co-operative training and education should be vested in non-official hands. Each province has an co-operative union or Institute of its own, and I think that institution is the proper agency to conduct co-operative training and education. In Bombay the Institute is vested with the function of education. Government must finance and subsidise the activities of the Institutes in this behalf. We should urge on the Provincial Governments to discontinue the policy of officialising co-operative education, wherever there is such a tendency, and concentrate all efforts at co-operative education and training in the Institute of the Province.

Another point of importance is audit, the arrangements for which are not quite satisfactory in any province. Without of course minimising the statutory responsibility of the Registrar, audit must be in the hands of an impartial and independent agency. Audit by the staff of the Registrar, who are subject to administrative control of his subordinates is as objectionable as audit under the supervision of the societies themselves whose accounts are audited. I have known cases where the auditors under such a system, have done their work very indifferently. Such a state of affairs not only affects the prestige of the institutions concerned but also the prestige of the Department, which controls the audit staff. Some thing must be done to rectify the position, and each province must evolve a scheme suitable to local conditions. You are aware that in the case of local boards and municipalities, while they are subject to departmental administrative control, audit is done by an independent staff. Some such scheme must, in my opinion, be devised in the cases of co-operative societies also.

In Bihar the audit has been in the hands of the B. & O. Co-operative Federation. When I was there in the first week of this month for presiding over the 20th session of the Bihar Co-operative Congress, I had no hesitation in advising my Bihar friends to transfer audit to the hands of the Department, though they were reluctant. They looked upon my advice with a certain amount of surprise. I gave that advice because the system had practically failed, and the interests of the movement had to be safeguarded. A resolution was accordingly passed by the congress to hand over audit to Government. At the same time, I informed the congress that audit by Government would be of no use, if it was done by auditors who are controlled by the co-operative departmental officers. We must devote more attention to this problem and put the system of audit on a satisfactory basis.

Yesterday, we framed resolution regarding the rehabilitation of the co-operative movement. Though in some provinces the position is particularly distressing, generally speaking, the conditions are more or less the same all over India. Many of the loans cannot be recovered in the normal course. We have not tried scientific methods of scaling down these debts to the extent that they can be repaid without at the same time embarassing the position of the societies. In Madras, we have had a thorough examination of the individual loans in societies. Nearly 7000 societies were tackled in this behalf. We must place these loans on a definitely long term basis, finding the necessary long term capital for it. I plead for prompt action in this direction, with due regard to the repaying capacity of the members. In some provinces this work can be undertaken without State aid. But in some others, it cannot be attempted at all unless the Government gives substantial financial assistance partly by subsidy and partly by loan. I am glad to say that the Government of

Bihar have definitely decided to help the Co-operative Movement on the lines mentioned above. I hope and trust that it will be possible for the Movement in other provinces to receive as much help as is possible from their respective Governments.

Finally, we must see that the democratic charactar of the Movement is retained. There has of late been an increasing tendency to assume more and more control over the Movement. I know that all this is sought to be done in the best interests of the movement. I also know that no Registrar is anxious to assume the role of a dictator of the movement. But I must say that State-managed co-operation is no co-operation at all. That official control and a stringent Co-operative Act are not the remedies to resuscitate the co-operative movement is proved by Bihar which has the most stringent Act in force ensuring utmost official control. Nevertheless, the movement in Bihar has practically collapsed and about a dozen central banks have practically gone into liquidation. The other banks too are working at a loss year after year, including the Provincial Bank. At such a time the Bihar Co-operative Societies Act was passed. There was no necessary financial help, advice or guidance. A section of the Act even permitted the creditors being called and composition being effected. It helped many central banks to carry on bankruptcy proceedings without going to the Civil Courts. But the Movement has not advanced an inch in fact it is in a worse position to-day.

My advice to you, therefore, is to see that the Governments take up the question of amending the Co-operative Societies Acts by making the Society the centre of the picture and not the Registrar. We are not asking for transfer to non-official agencies Registration, Snpervision, Inspection, Audit and Liquidation, which are the statutory functions of the Registrar. All that we want is that the Movement must be administered by the people, for whom it is intended with as little interference in our internal management.

There is a feeling in some of the Congress provinces that the Congress Government being a popular Government, official control and State-hold upon the movement will not necessarily be an evil. I am afraid that this is an entirely wrong notion. Even in self-governing countries the co-operative movement is subjected to hardship. The methods of the State and the Co-operative Movement are not necessarily the same in all cases. The State may be dominated by capitalist interests. State-controlled co-operation is a contradiction in term, in my opinion. I for my part feel that we are not going to get very much from even the Congress Governments. We must, therefore, safeguard our interests even in the Congress provinces from encroachment of the vested interest of capitalism and other isms.

In regard to development of cottage industries, we must do something. There are various small industries which can be organised on a

co-operative basis. I hope and trust that the Standing Committees and the Provincial Co-operative Institutes will interest themselves in this direction. I also hope that the Registrars of Co-operative Societies in the Provinces and States will interest themselves in this behalf.

Bofore I conclude, I must say a word about our meetings. These meetings of ours have been very useful. They enable us co-operators from all parts of India to meet on a common platform and exchange ideas. The Registrars of Co-operative Societies of the Provinces, when we met, have been good enough to attend our meetings, and their presence was very useful to us in our deliberations. Neither the Registrar nor the Joint Ragistrar of Madras has thought fit to attend this meeting. I cannot congratulate my province on this position. I understand that in U. P. the Government have issued a circular asking the departmental officials to attend co-operative conferences and meetings to which they are invited, and participate in the proceedings. It is a step in the right direction, for it is by official and non-official collaboration that it will be possible to extricate the movement from the present deplorable position.

The Chairman then said that as the draft resolutions were framed the previous day after a full discussion, much time would not be needed to go through and adopt the resolutions, and that therefore, it might be useful if the members present gave an account of the working of the Movement in their respective provinces.

The Movement in various Provinces.

Prof. V. G. Kale: I am glad to have an opportunity of saying a few words about the position of the co-operative movement in the Bombay Presidency. In Bombay, in certain areas in any case, conditions are extremely bad, but taking the province as a whole, we are as well off or as bad as most of the other provinces of India. The Urban Co-operative Movement, I am proud to say, has really made some headway in our Province. In fact it has advanced much further in Bombay than in other provinces, but with regard to the agricultural credit movement, there has been, in some parts, over financing, as we call it. When prices were high and other conditions favourable, loans were advanced freely, without due regard tothe repaying capacity, and when the depression set in, there has been practically a dead-stop; and money has been locked up. For the last three or four years, we have been trying to encourage recoveries, by wiping off overdue interest. We are making it a condition that if 25 per cent of the principal is returned along with interest of the current year in a few cases the entire overdue interest would be written off. I am glad to say that the experiment which has been tried during the last three years has to a large extent succeeded. Of course, as in other provinces, we are trying to put these overdue loans on a long term basis, consistently with the repaying capacity of the borrowers.

We have now a Congress Government and we are impressing on that Government the necessity of taking ameliorative measures for the uplift of the rural masses. We have placed before the Government a scheme which includes the undertaking of legislation with regard to the indebtedness, scaling down of debts, improvement of agriculture and cottage industries. As our Chairman has just now said, the Congress Ministers in other provinces kept themselves at arms length from the Co-operative Movement. Our Minister in charge of Co-operation is very keen about the movement. The first thing that he did on assuming his duties was to order an enquiry into the condition of the movement for taking suitable measures. The work was entrusted to only two people, of whom one was the Registrar. The report of this enquiry is now before the Government, who are expected to issue orders on the various recommendations made at an early date.

Unfortunately the Provincial Co-operative Institute of Bombay is deprived much of its powers. It is deprived even of its normal functions. It is a strange irony of fate that one of our best co-operative friends who was associated with this enquiry, should have recommended that the Institute should conduct co-operative education only and have no other functions. We have now put forward a modified scheme, and I hope the Minister and the Registrar will give a sympathetic consideration to it. The position of the Co-operative Institutes is going down and from that point of view I must say that the movement in India is worse off than elsewhere. We in India are carrying on things in a spirit and manner entirely different from other parts of the world, while in other countries the movement is in the hands of non-official organisations. In India it is in official hands, and we are nowhere. However, if we strive hard, we can regain the position which we have lost. I do not think that the Congress Governments are prejudiced against the movement and would stand in the way if they organise themselves. As our President has pointed out, we have to educate our Ministers and the Congress Government.

With regard to the land mortgage banks, we entered the field rather late. We have now about 13 such banks. The Government of Bombay, I should say, are rather slow. They have already wasted nearly two years in settling the form of debentures to be used for the finances of land mortgage business. We are consequently very much handicapped. I hope that in the course of two or three months, the debentures will be issued.

In Bombay, we have now a number of bills, money-lenders bill, tenancy bill etc., which are bound to have repurcussions on the co-operative movement and therefore, the co-operators there were taking care to see that the best interests of the movement were not affected by these bills.

All these bills are of a radical character and our sympathy and support went to the Government, but we have to see that injustice is not done to to the co-operative movement.

I entirely agree with the President with regard to the remarks he made about audit. We have been urging on the Registrar that with regard to the central and urban banks, there should be a panel of auditors qualified for the work, from whom the banks concerned may select one of their choice. The independence of the audit will thus be maintained and the cost also will be to a great extent minimised. There is duplication of work now as the banks themselves maintain their own auditors besides the Government auditors. If we get the choice of selecting our own auditors we can certainly have audit done more efficiently at even half the present cost. The Registrar, in our province, has agreed to this scheme and he is going to try this system.

With regard to the co-operative training, I mean the training of members of societies and panchayatdars under the Government of India scheme we had expected that the Provincial Co-operative Institute would be consulted. I regret to say however that this was not done. The Government are having their own machinery for the purpose. There has thus been no co-ordination between the Government and the Institute in this respect. I hope and trust that the Government will consider the desirability of entrusting the Provincial Institute with this task.

Khan Mohd. Bashir Ahmed Khan. I will just explain the system prevalent in the Punjab regarding audit. This system has so far worked quite satisfactorily. Audit of societies and central banks and the provincial bank in the Punjab is in the hands of the Provincial Co-operative Union. The audit staff is employed and paid by the Union. Government maintains no audit staff of its own. We have about 400 men as auditors. They are employed by the Punjab Provincial Co-operative Union for the audit of societies. They conduct audit of all societies and as I have said before, they are paid by the Union. They start with a salary of Rs. 120 and go up to Rs. 150 per month. We have a special staff of Senior Auditors who take up the audit of central banks and a few big primary societies whose audit is technical and difficult such as the Post and Telegraph Co-operative Society having 40,000 members and the Railway Co-operative Society consisting of many thousands of members. Senior Auditors are 4 in number and they are also paid by the Co-operative Union. Primary village societies are audited once a year and urban societies twice a year. For the audit of central banks we have a different system. We have 50 central banks and 65 Banking Unions and one Provincial Bank. Previously the audit of all the central banks and banking unions was done twice a year. Some of the banks had concurrent audit also, but for the last 2 or three central and urban banks which are working satisfactorily were found not to require two audits in one year. Now therefore, the central banks whose working capital is about 4 lakhs are audited once a year. Senior Auditors inspect as many banks as they can. The Balance-Sheet is prepared on the 31st August every year and therefore, we insist that every bank should be inspected by the end of December every year. We give sufficient time to our auditors. Besides the auditors appointed by the Union, we have also a panel of professional auditors approved by the Registrar. In cases where the audit is not done by the Union auditors, these professional auditors do the work. Their programme is arranged for audit by our men. The professional auditors also do their audit once a year.

With regard to audit fees, we charge from every society or central or urban bank 10 per cent of its net profits made every year, subject to a minimum of Rs. 10. Even banks and societies working at a loss must pay the minimum fee of Rs. 10 per annum but no society is working at a loss. No society is charged anything for audit in the first year of its working. The Provincial Union gets an annual income of approximately 5½ lakhs of rupees from audit fees and supervision, education and propaganda fees.

In our province, central banks have got no Supervisors. All supervisors are appointed by the Provincial Union. They are known as sub-inspectors. Their duties and the duties of the auditors are interchangeable. An auditor may be a supervisor or *vice versa*. These supervisors are given the minimum of 50 societies to supervise. Some 4 years back they were divided into auditors and supervisors so that they may not overlook the defects of their own institutions. So far as work is concerned, supervisors work under the Government inspectors but so far as their promotion and increment etc. are concerned, they are under the Provincial Co-operative Union. For the professional auditors there is a fixed fee once a year. Senior professional auditors are given a higher fee. The maximum scale for such auditors is Rs. 0-8-0 per thousand of rupees of the working capital but the scale is reduced to Rs. 0-3-0 per thousand of working capital in excess of Rs. 5 lakhs. As I have said before, they have inspectors for 50 societies in their charge and auditors from 100 to 150 societies. The Government give a fixed recurring grant of Rs. 50,000 to the Provincial Union on the basis of one man for 150 societies. The Union has got another grant also. All banking unions, Central Banks, Land Mortgage Banks, Commission shops and sale societies are the members of the Union. We do not, however, charge any membership fee.

Land Mortgage Banks in the Punjab have not made much headway, Since the first Land Mortgage Bank was started in the Punjab very little further headway has been made. The existing Land Mortgage Banks practically devote their attention to the recovery of the old dues of such banks and no new loans are being given.

Sir M. G. Deshpande—I do not say that the movement in Central Province in very bad, but owing to the depression our recoveries are not satisfactory. We have lost sight of the principles of business methods. In Central Provinces and Berar financing has been stopped. When we do not finance any member, we cannot expect any recovery from him. I think that after a few years we shall be able to revive our movement if the prices show a satisfactory rise. At present the prices are so low that the members of societies are not in a position to pay our instalments from the income they get out of sale proceeds of their produce. In some banks interest due on loans from members of societies had to be written off as the members were found not to be in a position to pay.

We regard to audit, I do not agree with the Chairman. At present the audit of societies is done by the societies' auditors in Central Province and a fee of Rs. 10 per day is paid for audit. It is satisfactory that this audit is under the Registrar of Co-operative Societies. We have not found any misapplication of rules by the auditors under the Registrar as was just now said by the Chairman. I do not agree with the suggestion that men from outside should be permitted to audit our co-operative banks. Our Minister in charge of co-operation in Central Province is a man from Raipur. We are very glad to have a man like him, who takes a very keen interest in the co-operative movement. Whenever we find any difficulty, we approach him.

As regards the official control of the movement, I regret I do not agree with the remarks of the Chairman. We must try to find out how official control has come in. Officers are required to interfere when we are not working properly and are not able to solve our own difficulties. As regards Land Mortgage Banks in Central Province and Berar, we find that we are working on sound lines. We have all along adopted the system followed in Madras. With regard to the accounts of individual members of primary land mortgage banks, the Provincial Bank is asked to keep such accounts in the office of the Provincial Bank. This has increased our work very much and with the increase in cost, the profit has gone down. All the land mortgage banks send their accounts and at the end of the year they send a copy of the loan ledger to the Provincial Bank. Is it necessary that separate accounts of members should be kept at the Provincial Bank also? We have to send accounts to all the individual members annually. When every account is maintained by the Primary Land Mortgage Bank, there does not seem to be any necessity to keep such accounts separately also at the Provincial Bank.

Hon'ble Mr. V. Ramadas Pantulu.—You raise the entire funds by the issue of debentures and you take all mortgages of the property of members in hypothecation, so every day, at any time, you can know what is the state of your mortgages and how many of them have been discharged if separate accounts of borrowers of primary land mortgage banks are also maintained by your office. The Provincial Bank has got in this the safeguard for its investment.

Rao Bahadur Khare—Berar forms a part of Central Province but we are different from the Central Province. Our land tenure is also different. In Berar audit is done not by the institute but by the Government at their own cost. We raise funds for our own purpose in the institute. We charge Rs. 0-5-0 per hundred of the working capital of every central bank and raise about Rs. 50,000 per year. This fund is for audit, supervision and writing of accounts in the primary societies. The Institute in Berar looks after the writing of accounts, supervision, propaganda and education of societies. There are 12 central banks in Berar with a working capital of Rs. 1½ crores. The number of staff engaged by the Berar co-operative institute is 55 out of which 20 are called G. O. and the rest are called A. G. O. etc.

Once Berar was considered to be the richest province. The greater the riches, the greater the indebtedness. The members borrowed recklessly and the central banks in Berar advanced recklessly. Now there is a failure of crops for some years in our part of the country and money is not coming from the societies, with the result that the lands of members are now being sold every year by auction and the banks have to purchase them as there are very few other purchasers. The central banks in Berar have at present 46 thousand acres of land at their disposal. Land revenue on these lands has to be paid annually to the Government and it amounts to about Rupees one lakh and a half per annum. If this land revenue is not paid the lands may be lost to the societies and the banks. In addition the lands which have been taken in mortgage from members against their advance by the societies appear to be also neglected by the members as very few of them pay the rent due on these lands. The land revenue on parts of the lands mortgaged to the societies has also to be paid by the central banks. The additional amount in rent, the central banks have to pay on this account amounts to Rupees one lack and a half per annum. The greatest difficulty of the central banks in Bihar is therefore in connection with the payment of land revenue on the lands purchased by them and the societies, as well as the land mortgaged to the societies. Every year the burden of land revenue is growing bigger. In Berar we have partly applied a scheme of reconstruction and if we succeed there is some hope of revival but if the present state of affairs continues there is of course a very dark future for Berar.

We rely on the All-India Provincial Co-operative Banks' Association to take us out of this mire. Our hope is that if we have better crops, members may be able to pay off the liabilities of the societies and the societies in their turn can pay up the liabilities of the central banks. Otherwise the future is very gloomy.

Mr. S. K. Chatterjee.—In Bengal, the audit is done by the Registrar and his staff. A fee of 10 per cent on the working capital is charged from every society, urban and central bank, subject to a maximum of Rs. 150 per each urban society and Rs. 350 per each central bank respectively. The audit of the Provincial Bank is done free as it is done by the Government and no audit fees are paid.

With regard to the Land Mortgage Banks, myself and another director of the Bengal Provincial Co-operative Bank were deputed to study the system of Land Mortgage Banking in Madras and elsewhere, and evolved a scheme suitable to Bengal. The system prevalent in Madras has been mostly adopted. Every application for loan from a mortgage bank is very carefully scrutinised and 50 or 60 per cent of the applications have to be rejected due to the system of land tenure, as it is very difficult to satisfy the requirements of the mortgage banks regarding the title. I must say that the progress made in Bengal in regard to land mortgage banking is rather slow. We have only 5 banks now with a working capital of about Rs. 2 lakhs. Some of the main reasons for the slow progress are the high lending rate, which cannot be lowered unless debentures bearing Government guarantee of both principal and interest are floated, the continuance of the economic depression and the consequent low repaying capacity of the applicants, unwillingness of the co-sharers to join in the execution of the mortgage bonds, inability to produce sureties by the applicants and the introduction of the Bengal Agricultural Debtors' Act, which has raised in the minds of the agriculturists a hope that better advantages would be available from the operation of the Act for the repayment of outstanding debts rather than by borrowing from the Land Mortgage Banks. Debentures have not yet been floated. The draft of the debentures has been sent to the solicitors and all the important provisions necessary for the successful issue of such debentures have been incorporated therein. This form, however, has not been settled, though it has been under consideration for a long time past.

The question of revision of rates of interest with a view to give adequate relief to the primary borrowers has also been engaging our attention. We are often accused of lending at a higher rate of interest than other provinces. Ordinarily we charge 9⅜ per cent in our loans to members of societies. So far, however, it has not been found possible for the central banks to reduce their lending rates any further, suited to the repaying capacity of the primary borrowers. A rebate however, is given to members through the societies on punctual payment of current demand. So far the Provincial Bank also has not been able to affect any reduction in the lending rate beyond allowing a rebate of 1½ per cent on punctual repayment of current interest. This rebate, however, has not been availed off by most of the central banks.

the earthquake the Government agreed give a loan of Rs. 20 lakhs to the Provincial Bank repayable in 15 years at 4 per cent. By that time the movement was so bad that this sum was found to be insufficient. The present Government realising the urgency of the situation intend to sanction the floating of debentures with Government guarantee of principal and interest to the extent of 60 to 100 lakhs. It is hoped that with this financial backing, it will be possible to restore the credit of the movement and put it once more on a sound footing.

Mr. T. A. Ramalingam Chettiar.—I only wish to refer to the progress of the Land Mortgage Banking movement in my province. There are about 90 primary mortgage banks in Madras. besides the Central Land Mortgage Bank which is the apex institution for the primaries. The Provincial Government have guaranteed the principal and interest of the debentures of the Central Land Mortgage Banks to the extent of Rs. 150 lakhs. The Government have recently laid down that there should be a margin of 2 per cent between the rate at which the Central Land Mortgage Bank raises funds and the rate charged to the members of primary banks. The borrowers were charged till recently only 5 per cent per annum but in view of the Government order mentioned above, the rate was raised to 5½ per cent. There are 3 Deputy Registrars and about 25 Sub-Deputy Registrars in charge of the work connected with Land Mortgage Banks. The services of the 3 Deputy Registrars are paid for by the Central Land Mortgage Bank while those of the Sub-Deputy Registrars are paid by the Government.

We should concentrate our attention on the producing side of the members in order to enable them to repay the loans taken by them. On the better income and purchasing power of the agriculturists alone must depend his repaying capacity and the consequent success of primary societies. I regret very much to say that not much attention was paid to this aspect of the matter.

With regard to the working of loan and sale societies (commission shops as they are called in the Punjab) the Provincial Bank in Madras is subsidising the central banks for the development of loan and sale societies. The Provincial Bank grants loans to central banks for financing loan and sale societies at 3½ per cent per annum while its normal lending rate is 4 per cent. In cases where the ultimate borrowers, *i.e.* the members of loan and sale societies were charged only 4 per cent, the Provincial Bank lent even at 3 per cent per annum. Want of proper trained men in the technique of marketing, is a serious handicap to the development of these societies.

I deplore that the Madras Provincial Co-operative Union, unlike the Institutes and Unions in other Provinces, has been very much in the background. Beyond running the monthly co-operative journal, the

Union is practically doing nothing. Co-operative training and education was conducted under the auspices of the Union for some time but the Government were now having their own Central Institute for this purpose in Madras. The Union runs only two peripatetic institutes, one in the north and another in the south of the Presidency. Even when the Government of India grants for training members and panchayatdars of societies were made, the Union was asked to contribute a minimum amount from its own funds, which in fact the Union did thanks to the magnificient grant made by the Provincial Bank from out of its own common good fund.

Mr. N. G. Kothari.—We, like others, were very much worried about the heavy arrears in societies. The organisation of Land Mortgage Banks in Indore was impossible. In order therefore, to solve the question of arrears a scheme was framed for the organisation of a bank called "Arrears Bank" consistent with the law relating to the land revenue in the State. It is hoped that the Government of Indore would give their sympathetic consideration to the scheme.

The President then requested Mr. Khan Mohd. Bashir Ahmed Khan, Secretary of the All India Co-operative Institutes' Association to formally move the draft resolutions which were framed the previous day. Mr. Bashir Ahmed accordingly moved the resolutions one by one and they were adopted unanimously.

THE INDIAN CO-OPERATIVE REVIEW.

After the resolutions were adopted, the President asked for a donation from the Indian Provincial Banks' Association for the conduct of the *Indian Co-operative Review*. The Association sanctioned a donation of Rs. 1,000 as given in the previous years.

In winding up the proceedings, the President said that there were only 400 subscribers to *the Indian Co-operative Review* and if all present at the meeting made serious efforts to increase the number of subscribers, it could easily be raised to 500 in no time. Unless the number of subscribers increased to 500, it was unlikely that the Review would be self-supporting, meeting all its expenses out of income realised from subscription. He therefore requested the representatives of the Provincial Banks as well as the co-operative institutes to secure more members for the Review and thus not only popularise it but provide means whereby it could prosper and develop in future years.

Extracts.

BURMA.

THE TENANCY CO-PARTNERSHIP CO-OPERATIVE CREDIT SOCIETIES IN THE SITTANG COLONIES.

By

J. F. Buchanan,

Administrator of Government Estates, Burma.

These colonies lie along the west bank of the estuary of Sittang River. They consist of about 200 square miles of accretions from the Gulf of Martaban formed within the last seventy-five years. These lands are protected from the sea by further and more recent accretions. The soils are mainly light and friable, mostly covered with deposits of estuarine silt and of considerable fertility especially for paddy, which is the main crop.

They were originally made into forest reserves for fuel and ulimately disafforested and colonised with Tenancy Co-partnership Co-operative Societies. The main intention in colonising on the co-operative system was to prevent the settlers becoming overloaded with debt by providing co-operative finance on easy terms and to make impossible the alienation of the land by leasing it to the societies in their corporate capacity and thus avoiding the acquisition of a transferable right in it. Between the years 1915 to 1923, 83 of these societies were formed and allotted land. The average membership of each society is about 30 and the average holding worked by a member is about 40 acres. Every society has its village site of about 100 acres. Agricultural loans were issued to the societies by Government in the first two or three years only and these had to be repaid in instalments. At one time the loans issued amounted to about 23 lakhs; this was reduced to 2 lakhs by 1931, but increased again by 4 lakhs when the paddy prices collapsed in 1932. The outstanding now is over 3 lakhs and at least 2½ lakhs of this will be paid off before the end of June this year (1937). The societies' other creditor is their own central bank formed with shares subscribed by them.

There are now 79 societies with a total membership of about 2,500 cultivators, with 15 supervising and guaranteeing Unions. The working capital of these societies amounts to 32 lakhs. The tenants in the four societies which were dissolved have now reformed themselves into societies and have asked to be registered again.

No tenancy society was registered after 1924 as it was decided that the Government Estates system of colonisation should be followed. The old co-operative system, with rental rates, is now favoured again and it is expected that this system of colonisation with finance from the central society of the old colonies will be reverted to in the near future.

The central bank for these societies is the Sittang Colonies Co-operative Banking Union Ltd. The working of the societies is on the whole satisfactory. "Co-operation was the price of the land" at the start; but with the material advantage obtained through this scheme they are beginning to realise that co-operation is for their mutual benefit. Most of the members now take an active and intelligent interest in the movement and know that default in the repayment of a loan due is a great violation in the business of the society. All dues to the society from members are collected in kind and collectively marketed through the central society—the Sittang Colonies Co-operative Banking Union Ltd. All the produce payments are assembled at convenient collecting centres and sent to the Banking Union Rice Mill at Rangoon. In addition to the dues for payment, members also send their other surplus paddy for sale to the Banking Union Mill. This is called the trust paddy and they can obtain a loan up to 75 per cent of the value of the paddy and may sell at market price on any date. This trust paddy business is very popular as it gives them a chance to wait for a rise in the market. The cultivators in these colonies are much better off than the other peasants outside. When the price of produce dropped they were able to adjust themselves to the new conditions much better than their neighbours. In fact, the trade depression was a blessing in disguise as it made them self-reliant and less extravagant.

The Sittang Colonies Co-operative Banking Union Ltd., was originally registered to function only as a central bank for the colony societies. Credit, however, is only one of the needs of the cultivator; its organisation through co-operation touches but the fringe of the problem. Therefore the Union in its amended scheme is now functioning more like a central trading and organisation society, and makes the local societies adopt the rule of one village, one society for the supply of everything that the cultivator needs—*i.e.*, credit, marketing, supply of requisites, etc. This appears to be the only way to attack the exploiter on all fronts.

For this purpose it carries on the business of (1) collective marketing of produce; (2) financing the actual need of the cultivator for productive purposes only; (3) supply of the requirements of the cultivator through a store; (4) in addition, it is helping societies to liquidate chronic old debts of members through a Conciliation Board.

(i) The joint marketing of the produce of societies has been productive of some substantial results. The Banking Union own a rice mill in Rangoon and have storage godowns and property at their main collecting centre—Kayan. These properties are worth over 1½ lakhs. They can now sell either rice or paddy, whichever is more advantageous in a well-regulated market. The collection and assembly, the grading, the transportation, risk bearing and financing in all stages, have been fairly well organised and they are mostly carried out by the members of the societies and their children. It is expected that in a few years all the surplus paddy from the colonies and their neighbourhood will be marketed through this branch of the Banking Union Ltd. The other business taken on in connection with marketing is the trust paddy business, which has already been described. The amount of paddy transactions carried on by the Banking Union in a year now amounts to about 17 lakhs of baskets or nearly 30,000 tons of rice and rice products.

(ii) Loans to cultivators are now very carefully checked and cash is given only when the requirement cannot be supplied in kind. The cash loans have been greately reduced; in fact, they are given only for transplanting and reaping expenses.

(iii) A stores-branch of the Banking Union has just been established at Kayan and societies are being encouraged to have a branch in each convenient village or Union and three branches have started work. This branch buys at wholesale prices the requirements of its members and furnishes them at prices eliminating the middleman's profits. It is still in its infancy and has perforce to go very cautiously. The turnover is only about 1 lakh of rupees. The stores branch at Kayan has already stopped profiteering by other shopkeepers.

(iv) As funds, permit the Union is doing its best in helping to liquidate the old unauthorised debts of some of its members through a kind of Conciliation Board. The rates of interest on these debts are seldom less than 30 per cent per annum. In the past season, with a sum of about 1 lakh of rupees, the Banking Union settled off about 2½ lakhs of principal of such loans outstanding without taking into account the interest accumulated. It is hoped that these burdens will be relieved before long and the people may then have only one creditor—the Banking Union. When conditions improve a bit, the savings branch of the Banking Union will be the most important work that will be concentrated on. The working capital of the Banking Union is about 18 lakhs. The paid-up shares, which are really portions of the reserve funds of the societies, amount to about 7½ lakhs; and the reserve fund is about 4 lakhs. Its outside liability is practically nil and the annual repayments of loans by the societies are good.

In the attempt to keep the pioneer on the land there have been many failures—probably at least 30 per cent.—but the failures are the fault of the individual and not the system. Better small men have come in to replace the failures. On the whole the Tenancy Co-partnership Co-operative Credit has been fairly successful in establishing peasants on the land. If we turn to finance it seems clear that the colonists could not have developed their lands as rapidly as they did and could not have reached their present degree of prosperity, if loans on easy terms had not been accessible through societies. Some of the societies have got behind

hand witl ayments and have been borrowing money from outside. Unfortuna y it has always been too easy to obtain money from outside and these ocieties have taken the easy road of making good their deficiencies this way, rather than concentrating on keeping their members up to the ark. It is such societies that the Banking Union has now to rescue th ugh its Conciliation Board.

If tl re has been any success at all in the working of these societies it has be achieved only because they are closely supervised and controlled by Gov nment Members are doubtless enthusiastic enough about the system, o long as it works for their immediate advantage; but it would be absurd suppose that they have any love for the system in itself or that they would be likely to run their societies for the purposes for which they were created if this should be opposed to their own immediate interests. There are, however, hopeful signs that before long many will work the societies in the true spirit of co-operation as they have realised that it is for their good. To make these societies permanently successful Government control will have to continue for some time. It is stated that the best way to develop a sense of responsibility is to give over responsible control to those in whom it is desired to create that sense. Experience in Burma has shown that greatest caution is required in the application of this principle. Only a small staff is required to supervise and control the working of these societies and the method of assessing rental rates on their lands not only pays for this staft but yields a handsome profit to Government.

Review.

A scheme of Rural Reconstruction. A. B. Mande, M.A., published by Ram Narain Lal, Allahabad.

Mr. Mande's attack of the problem reminds us of Don. Quixote attacking the wind-mill. The book badly states the problem which Mr. V. N. Metha I.C.S., of Allahabad has stated with much skill*. The remedies adumbrated are those mentioned with restraint by that talented administrator.

His prescription for the ills of rural India is to revive the extinct panchayat system as a Co-operative Better Living Society Panchayat and invest it with powers innumerable. This panchayat is to be the administrative and judicial head of every village, its educator (compulsorily till the age of 16 for children with some education for adults) and the executive authority to look after village planning, communication, drainage, maintenance of channels, tanks and wells, stud-bulls, pasture, afforestation, culverts and so on. (The order is Mr. Mande's). The decrees of its arbitrators cannot be appealed against in an ordinary court of law. Lawyers are his anathema and he does not want them to confuse with their (legal subtleties the no very clear heads of his arbitrators. (Incidentally, the author forgets that ignorant touts will take the place of lawyers and keep the fire of fight and quarrel burning in the heart of the villager). And he has other tasty morsels of direction to give to the would be reformer of the country side.

And who is to be the executive authority of this panchayat? He is the village guide, a local man of no great learning (or as I take it, cleverness) on a salary of Rs. 7 to 12 per month. His duties are (1) to teach all the boys and girls of 6 to 9, (2) to run adult school and later an evening club to diffuse life and knowledge in the village population in general, (3) account-keeping local secretary of the Co-operative credit society, (4) help superior officers in agricultural, sanitary and cultural programmes and (5) lead the village people by his example, vaccinating his children, keeping his house clean, sending his children to school, doing spinning at home and improving his own fields. Truly a great friend, philosopher and guide. One wonders how far his school of 50 to 100 children reading in three or four classes, his adult school or club costing two hours in the evening, his secretaryship of the local co-operation whose functions are many and onerous will benefit by the exertions of this superman.

Similar is the author's abiding faith in the work of other men, teachers especially (I am a teacher) for groups of primaries and Unions of groups. In his card-house, there comes a Vernacular High School, for 150 to 200 villages. The headmaster, besides administering the school will inspect the 8 to 10 middle schools, attend to the 200 lower primary schools the 200 adult

*Pp 379-398 Co-operation in India Edited by Prof. H.L. Kaji.

schools and the cultural activities of the area (200 evening clubs). The instructor in agriculture will have in his charge a seed sto e, an agricultural implements store, and maintain a demonstration plot from which he will supply vegetable and flower seeds as well as 'fruit plants' from a nursery. This, for 200 villages. The demonstration plot will have to be 'monstrously' big and the nursery of young fruit trees will have to occupy some acres. When is he to cultivate them all, when teach his pupils, and when sell all those things, seeds and plants?.

Equally fantastic are his ideas of co-operative credit. He would shelve the conclusions of those that had so far worked the movement. Having thus created an opportunity to poke his ideas – practical points, he calls them, he goes on adumbrating an impossible scheme which would do away with mahajans, takavi loans, district co-operative banks and make the credit society, with the village guide as the executive officer, the banker for the village! A number of objections come to my mind, but they do not matter. Let us have some of his dicta " We really wonder what 'repayments' in a co-operative society serves", "clause of ultimated (unlimited?) liability" "Deposits utilised as debts—No interest since it was the member's money" very fine, all of them.

And so goes on Mr. Mande, building his house of cards pointing the finger of scorn at substantial old structures laying down his own dicts, rejecting those of others until we wonder where we are led and what all that is for. A dangerous guide to a difficult problem.

News and Notes.

During the recent visit of Mr. P. H. Rama Reddi, Director of Agriculture, to Tanjore District, the members of the Thittai Co operative Society discussed with him a proposal for the adoption of joint cultivation of their lands.

* * *

In the report of the Income-tax Department in India for 1936-37 it is stated that the advent of land mortgage banks and co-operative societies has affected the rates of interest to the detriment of income from rural money lending.

* * *

Further allocation of grants to the districts from the Government of India grant for Rural Reconstruction has now been made by the Government of Madras. The total amount of the allotments now made is Rs. 2 lakhs.

* * *

It is learnt that the Registrar of Co-operative Societies, Madras, in the light of the experience gained by the working of the Co operative Societies Act of 1934 has suggested to the Government amendments to the Act to remove certain difficulties and that the Government are now actively considering these amendments.

* * *

H. E. H. the Nizam has promulgated three ordinances to help the indebted agriculturists of his Dominions. They relate to the establishment of debt conciliation boards and land mortgage banks and the control of money lending. The ordinances will be in force until the bills which are now under preparation are passed by the Legislative Council.

* * *

According to Dr. Spencer Hatch, who is in the head of the Marthandam Rural Centre in Travancore, conducted by the Y.M.C.A. about 1,000 men and women have been trained by the centre so far in rural work, and he has been keeping himself in touch with them and their work. This year's training school was attended by representatives from China and Egypt.

* * *

A correspondent from Kottayam writes that it has been decided to inaugurate a training course extending over a year in rural reconstruction at the Spencer Hatch Training Centre at Ollanore, in Central Travancore, that fifteen students will be admitted this year and that the course will be similar to that of the Marthandam Rural Centre.

* * *

Unfurling the co-operative flag before the Sholavandan Land Mortgage Bank in Madura District, the Hon'ble Mr. V. V. Giri observed recently that if the co-operative movement had not heitherto succeeded it was due to want of good personnel. The movement should not be used for party purposes as it had been used in the past. The officials must be above party politics and should feel their responsibility only to the people.

Mr. A F. W. Dixon, Collector of Salem, declared open a rural exhibition organised at Rasipuram under the auspices of the summer school of rural reconstruction. Samples of palm and coconut jaggery, bee-hives and ploughs were on show in addition to pictures, posters etc. Mr. Dixon spoke appreciatively of the Salem ryots, industrious habits but pointed that it was necessary for him to be engaged in cottage industries.

* * *

The idea of the Madras Premier to entrust the organisation of games in villages to police officers where suitable officers are available, is a very happy one. Apart from the fact that they are generally sportsmen and have received training in games and drill, this gives them an opportunity to come in contact with village people in a friendly way, which is so different from their contact with people in the course of their police duties. Two Sub-Inspectors of Salem district visited the summer school of Rasipuram to acquaint themselves with the physical activities taught there.

* * *

Rajamanthra Pravina S P. Rajagopalachari, First Member of Council-Mysore State, who presided over the Mysore District (Economic) Conference, spoke of the progress of sugarcane and other cultivation under the Irwin Canal during the last six years and stated that a scheme to settle in this area the educated unemployed as an experiment was under the consideration of Government.

* * *

A press communique says that the Government have issued orders withdrawing the powers they had delegated to the Inspector of Local Boards and Municipal Councils to remove the president or vice-president of a panchayat, and to dissolve or reconstitute a panchayat. The Inspector will, however, initiate and be responsible for the detailed examination of all the proposals relating to such matters.

* * *

The Government has passed orders for the abolition of the post of the Deputy Collector Secretary of the Madras Central Land Mortgage Bank. The post has been abolished with effect from May 1938. The Registrar of Co-operative Societies is the trustee of the debentures on behalf of the Government. Information is to hand that the Government are making arrangements for app inting an officer of the Co-operative Department to fill up the post.

* * *

Speaking recently at the Shengotiah Hall in Stanley Nagar, Washermanpet, Mr. T. R. Ranganatha Aiyangar, Deputy Registrar, Madras, observed that there were about 150 societies in the city many of which were working quite well. Of them those working for the benefit of the depressed classes were 56, but of these only ten were working satisfactorily. He appealed to his audience to help the depressed societies and to see that they worked better.

At the Andhra Weavers' Provincial Conference held at Tungabhadra in the last week of April, a resolution was passed requesting the Government to start at least 3,000 co-operative societies of weavers so that all the 350,000 handlooms estimated to be working in this province may be brought within the co-operative movement. It is a tall order, as the *Hindu* points out, considering that only 62 societies were in existance at the end of 1936–37 and they were not working particularly satisfactorily. But the Provincial Handloom Weavers' Society can certainly do a good deal to help the weavers, and it is to be hoped that it will put forth greater effort in the coming year in organising them co-operatively.

* * *

Rao Bahadur M. R. Ramaswami Sivan, Ex-Principal of the Agricultural College, Coimbatore, has been able to persuade the Annamalai University to start a co-operative society under its auspices with the object of colonising land belonging to the University with unemployed graduates. The University has set apart 100 acres of its land for being allotted to 10 colonists at the rate of 10 acres each. Besides the intending beneficiaries, persons connected with the University like the Vice-Chancellor, who could help the colonists are permitted to join the society. At the time of its inauguration four graduates were admitted as colonist members. They are reported to be undergoing at present preliminary training in a farm near Cuddalore. The colonists have been promised financial help by the land mortgage bank at Chidambaram.

* * *

It has been found after research that the transformation caused by the shooting of a high tension of spark in water contained in an insulated vessel and the effect of such water on biological specimens such as animals, plants and human beings is very marvellous and beneficial. To the agriculturist electrified water is very valuable in ensuring a good and healthy crop. When the plants are sprinkled with sparked water the effect of this water on the bark of a deceased orange tree in Mollapoodi village of the Chittoor District was considered to be remarkable after experiments. Similar experiments revealed that sugarcane sets soaked in sparkled water germinated better and grew more vigorously producing thicker cane.

* * *

Presiding over a taluk co-operative conference, Mr. G R. Pillai, Assistant Registrar of Co-operative Societies, Travancore, stated that out of about 1,700 societies in the State as many as 1,500 were practically doing no work. We did not think the proportion of moribund societies was so high as that. An interesting suggestion made by Mr. Pillai was that regional conciliation boards should be constituted to examine the loans due to societies which the members are unable to discharge and to scale them down reasonably. It is a suggestion deserving consideration not only by the Travancore Government but the Governments of other States and British Provinces as well.

At the same conference Srimati C. O Ponnamma, B.A., B.L., regretted ıt even poor people were taking the paddy to mills for getting it husked, ıen it was possible for co-operative societies to take up the industry of ddy-pounding by hand and thus remove unemployment among the poor ımen of villages and even towns. She wished the Travancore State to ler the use of hand-pounded rice in hospitals and jails as Madras had done.

* * *

When Mr. Green, Director of Industries, and Rao Bahadur M. Giriappa, int Registrar of Co-operative Societies, were recently at Ellore, the Presint and Secretary of the Andhradesa Palmyrah Jaggery Industrial Labour nion discussed with them the formation of a co-operative society of toddy ppers, with the object of elimintaing middlemen between the producers of lmyra jaggery and its consumers, namely, Messrs. Parry & Co. Dr. P.S.N. rma had a talk with Messrs. Green and Giriappa regarding the starting of cieties for promoting village industries.

* * *

The eighth Srivilliputtur Sathur Taluks Co-operative Conference was ld at Srivilliputtur on the 19th and 20th of May last with Dewan Bahadur . Deivasikhamani Mudaliar as president. Extracts from his address are given sewhere in this number. The Hon. Mr. V. V. Giri opened the conference d in doing so observed that there was more of quantity than quality in our ovement to-day and it was our duty to see that there was more quality than antity. Without subsidiary occupations, he said, our agriculturists were ıt in a position to repay their loans to co-operative societies and in any tempts to promote such occupations, co-operators could count upon the llest support of the Government.

* * *

At a public meeting organised by the Indian Club, Kodaikanal, speeches ere made on "The Ashramam as an Ideal" by Swami Visweswarananda Bangalore, Bishop Abraham Mar Thoma of the Syrian Church, Dr. ason Olcott of the American Arcot Mission, Rev. Kaithan and Mr. Paul adar. The speakers expressed the view that Ashramams and fellowships ere a useful means of promoting communal harmony and better understandg between different races and nations.

* * *

At Kondevaram in East Godvari District, where Rao Saheb G Jogiraju antulu, Assistant Director of Agriculture, has established a rural centre ith a suitable endowment for the continuance of its work, a co-operative eek was celebrated between the 15th and the 22nd May last. On the openg day the co-operative flag was hoisted by Mr. D. V. S. Prakasa Rao of ocanada and the inaugural meeting was presided over by Mr. V. Subraanyam, I.C.S., Collector. Among the other speakers were Rao Bahadur . Giriappa, Joint Registrar of Co-operative Societies, and the Principals of e P. R. College of Cocanada, and the Training College, Rajahmundry. he week was organised by Mr. N. Satyanarayana of Alamuru, Secretary, ndhra Sahakara Sammelanam, and a Trustee of the Kondevaram rural centre. Propaganda meetings were held in the surrounding villages during the week with the aid of songs, bhajana, magic lantern shows etc., in which several distinguished persons, some from outside the district, took part. An exhibition displaying different varieties of paddy, beans, agricultural implements etc., and also different kinds of handloom cloth from Uppada, was organised. The week was a decided success.

* * *

Mr. M. Venkataramayya, District Judge, now retired, who was appointed Court of Enquiry into the labour disputes of Coimbatore, and whose report has been well received by the public and highly appreciated by the Government, observes as follows in his report regarding the co-operative housing scheme which was inaugurated at Coimbatore some time ago :

> "I was informed of the inauguration recently of a co-operative scheme for housing, particularly of the workers employed in the textile mills and factories situated in the Coimbatore Municipality and taluk. The scheme was inaugurated by the Hon'ble Mr. V. V. Giri, Minister for Industries and Labour, after the Court of Enquiry started the enquiry. Being a cautious yet a sound one, it can be expected to solve the housing problem to some extent. But the housing problem of the textile mill workers is a vast one. I have already stated its extent; nearly 15,000 families have to be housed, even assuming that about 6,000 workers have their own houses. Even if a good progress is made by the co-operative society, it can only provide housing for 500 families with its expected resources."

PERIPATETIC TRAINING INSTITUTES.

The following resolution was passed on Peripatetic Training Institutes at the Executive Committee meeting of the Provincial Co-operative Union on Monday the 16th May 1938.

Resolution No. I. :—" The committee resolves that the Union should continue to work the training scheme only on the following plan and not otherwise.

1. The training in the two Institutes, one in the North and one in the South, should be precisely the same as that given in that Central Co-operative Institute at Madras, both in regard to the duration and curricula of studies. The qualifications of the students for admission should be the same in all the Institutes.

2. The training should last for 10 months, with a vacation for two months. The Institutes should be stationary and not peripatetic.

3. The teachers of the mofussil Institutes, including the Superintendents, should be appointed by the Provincial Co-operative Union and the staff should be permanent

4. The Students of all the three Institutes should sit for the same examination, should be given the same diploma and should be eligible for recruitment to service in the Department and Co-operative Institutions.

5. An Advisory Committee should be set up to advise the Registrar in regard to the conduct of the Institute at Madras, including the appointment of teachers.

List of Societies Registered in May 1938.

Serial No.	Name of the Societies.	District.
1	Kovvali Co-operative Milk Supply Society, Ltd ...	W. Godavari.
2	Chatapurru Co-operative Milk Supply Society, Ltd.	,,
3	Vatlur Co-operative Milk Supply Society, Ltd. ...	,,
4	The Cherukupalli Weavers' Co-operative Sale Society	Guntur Dt.
5	The Venkatapuram Co-operative Society ...	,,
6	The Narukur Co-operative Consolidation of holdings Society, Ltd.	Nellore.
7	The Kadannthala Audi Andhra Co-operative Society	,,
8	The Buchereddipallem Weavers Co operative Sale Society, Ltd.	,,
9	The Pudipatla Co-operative Credit Society ...	Chittoor.
10	The Kummaranatham Co-operative Credit Society.	,,
11	The Sri Nataraja Agricultural Co-operative Colonisation Society, Ltd.	S. Arcot.
12	The Vellore Co-operative Stores Society ...	N. Arcot.
13	Narasingapuram Co-operative Credit Society ...	,,
14	The Pernamallure Khaddar Co-operative Society.	,,
15	Kalleri Co-operative Credit Society	,,
16	The Suvalavetti Co-operative Society ...	,,
17	Sri Lakshminarayana Perumal Co-operative Credit Society	Tanjore.
18	The Sembattur Co-operative Egg Production and Sale Society, Ltd.	Trichinopoly.
19	The Villangamudi Co-operative Credit Society ...	Salem.
20	The Karukkalvade Co-operative Credit Society ...	,,
21	The Thimmapuram Co-operative ,, ,, ...	,,
22	The Settipatty Kanga Mooper ,, ,, ...	,,
23	The Dharmapuri Co-operative Sale Society, Ltd,	,,
24	The Coimbatore Co-operative Government Servants' Co-operative Society, Ltd.	Coimbatore.
25	The Komaralingam Co-operative Society ...	,,
26	The Chinnaparanjerivali Adi Dravida Christian Co-operative Society	,,
27	The Quilandy Artisans' Co-operative Society, Ltd.	Malabar.

List of Societies Cancelled in May 1938.

Serial No.	Names of the Societies.	District.	Date of Cancellation.
1	Pattikad Co-op. Society	Malabar ...	4-5-38
2	Komuttiyeri Co-op. Stores	North Arcot.	4-5-38
3	Vellamadai Co-op. Society	Coimbatore ...	4-5-38
4	Cherlokothur Co-op. Society ...	Kurnool ...	4-5-38
5	The Buntwal Building Co-op. Society ...	S. Kanara ...	5-5 38
6	The Srivaikuntam & Trichendur Audit. Union	Tinnevelly ...	7-5-38
7	The Tinnevelly Co-op. Audit Union ...	,, ...	7-5-38
8	The Alahalli Co-op. Society ...	Coimbatore...	7-5-38
9	Villiapalli Co-op. Society	Malabar ...	7-5-38
10	Palladam Local Co-op. Union ...	Coimbatore...	7-5-38
11	Thorukumala Co-op. Society ...	Nellore ...	10-5.38
12	Ekathurcheri Co-op. Society ...	Chingleput ...	17-5-38
13	Kankole Co-op. Society	Malabar ...	19-5-38
14	Azhiyar Co-op. Society	,, ...	19-5-38
15	Jaladurgam Co-op. Society	Kurnool ...	19-5-38
16	Perambalur, A. D. C. S.	Trichinopoly.	20-5-38
17	Palavanthamkattalai, F. L. C. S. ...	Tanjore ...	20-5-38
18	Rekalakuntla Co.op. Society ...	Cuddapah ...	24-5-38
19	Harischandrapuram Tenants' Co-op. Society	Guntur ...	24-5-38
20	Udayarpalayam North Panchama, C. S...	Trichinopoly.	25-5-38
21	Settithangal Co-op. Society... ...	North Arcot.	25-5-38
22	Vilathur Co-op. Society	Malabar ...	26-5-38
23	Yagapuram Co-op. Society	Trichinopoly.	27-5-38

Government Orders

GOVERNMENT OF MADRAS.

DEVELOPMENT DEPARTMENT.

G.O. No. P. 891, dated 2nd April 1938.

Abstract :—Co-operative Societies—Act, 1932—Rules—Adaptation of—Rule XV—Time limit for execution—New sub-rule—Amendments—Confirmed.

ORDER.

In the notifications specified in the Margin the Government under sub-sections (1) and (2) of Section 65 of the Madras Co-operative Societies Act, 1932, (Madras Act VI of 1932) published as required by sub-section (3) of the said section, certain amendments to the rules issued under the Act. No objections or suggestions have been received by the Government. The amendments published are hereby confirmed. The appended notification will be published in the Fort St. George Gazette.

(By order of His Excellency the Governor).

C. J. PAUL,
Secretary to Government.

1. Notification No. 129, dated 31st January 1938 published at page 216 of Part I of the Fort St. George Gazette dated 8th February 1938.

2. Notification No. 222, dated 2nd March 1938, published at page 335 of Part I of the Fort St. George Gazette dated 8th March 1938.

APPENDIX.

NOTIFICATION.

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

AMENDMENTS.

In the said rules—

(1) for the words "Local Government" wherever they occur the word "Government" shall be substituted ;

(2) after clause (*f*) of the definitions, the following clause shall be inserted, namely :—

"(ff) 'Government' means the Government of Madras," and 3 after sub-rule (7) of rule XV, the following sub.rule shall be inserted, namely:—

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

(*a*) the execution of decisions, awards and orders passed under the Act ; and

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

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

* * *

G.O. No. Ms. 986, dated 9th April 1938.

Abstract :—Co-operative Societies—Land Mortgage Banks—Registration fees—Exemption—Orders in G.O. No. 1081 Development dated 13th May 1937—Modified.

Read the following paper :—

Again G.O. No. 1081. Development dated 13th May 1937.

ORDER :—

In the Government Order read above, the Government directed that the Central Land Mortgage Bank and such of the primary land mortgage banks as had been in existence for more than three years from the date of their registration should, like other co-operative societies, pay half the fees chargeable under the Indian Registration Act for the registration of documents and for obtaining encumbrance certificates and that the other primary banks should be wholly exempt from the payment of these fees until the expiry in each case of the period of three years from the date of registration. Numerous representations have been received by Government that even these restricted concessions have not afforded adequate relief to borrowers and that it is important that full exemption from payment of fees which was in force prior to the issue of the above order should continue for a further period of years and apply to all individual borrowers and banks alike.

2. The Government have examined the question once again and now direct that in the matter of registration charges no concession be shown other than those enjoyed by ordinary co-operative societies ; *i.e.*, the borrower in the case of the mortgage deed executed in favour of the primary bank and the primary bank in the case of the assignment deed executed in favour of the Central Land Mortgage Bank shall pay half the usual registration fee.

3. The Government also direct that no fee be charged for encumbrance certificates granted in respect of applications for loans not exceeding Rs. 2,000 and that in the case of other applications half the usual fee be charged as in the case of ordinary co-operative societies, only a single fee being charged for each application in respect of properties situated in one and the same village irrespective of the result of the search as regards the number of owners. The Government are not prepared to grant any concession in the matter of fees so far as applications in respect of properties situated in different villages are concerned, as the indices are maintained separately for each village and the search is made in different sets of books.

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

NOTIFICATION.

In exercise of the powers conferred by clause (*b*) of sub-section (2) of section 30 of the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932), and in supersession of Development Department Notification No. 344, dated the 13th May 1937 published at pages 988–989 of Part I of the Fort St. George Gazette dated the 18th May 1937, the Government of Madras are hereby pleased to remit with effect on and from the 1st April 1938 one half of all the fees payable under the Indian Registration Act, 1908 (XVI of 1908) (*a*) by or on behalf of the Central Land Mortgage Bank, Madras, or in respect of any instrument executed by any officer or member of such bank and relating to the business thereof ; and

(*b*) by or on behalf of any primary land mortgage bank in the Province for the time being registered or deemed to be registered under the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932) or in respect of any instrument executed by any officer or member of any such bank and relating to the business thereof ;

Provided that no fees shall be charged for the grant of encumbrance certificates required by any such primary land mortgage bank in the case of applications for loans not exceeding Rs. 2,000 ; and

Provided further that in cases not falling under the foregoing proviso the fees charged for each application for an encumbrance certificate in respect of properties situated in one and the same village be reduced to that chargeable for search for entries or documents relating to one and the same property or in favour of one and the same individual, irrespective of the result of the search as regards number of ownerships.

(By Order of His Excellency the Governor),

C. J. PAUL,

(*Secretary to Government.*)

G.O. No. Press, 987, dated the 9th April 1938.

ABSTRACT.

Co-operative Societies—Central Land Mortgage Bank—Debentures—Government guarantee—Increase from Rs. 125 lakhs to 150 lakhs—Sanctioned.

ORDER :—

In notification No. 234, dated 31st March 1937, published at page 589 of Part I of the Fort St. George Gazette, dated 6th April 1937, the Government, under sub-section (2) of section 6 of the Madras Co-operative Land Mortgage Banks Act, 1934, increased the maximum amount of guarantee given by them in respect of the debentures issued by the Central Land Mortgage Bank to a total face value of Rs. 25 lakhs, exclusive of such debentures as the Bank might from time to time redeem, provided that the rate of interest on these debentures should not exceed 5 per cent per annum and that the debentures should be issued for such periods as might be fixed at the time of issue, not exceeding in any case 25 years from that date. Under sub-section (2) of section 6 of the Act aforesaid, the Provincial Government, after consulting both Chambers of the Madras Legislature, are now pleased to further increase the maximum amount of the guarantee given by them in respect of the debentures issued by the Madras Central Land Mortgage Bank to a total face value of Rs. 150 lakhs exclusive of such debentures as the Bank may from time to time redeem, such debentures being issued for periods not exceeding in any case 25 years from the date of issue and bearing interest at a rate not exceeding 5 per cent per annum. The Government have no objection to the inclusion of the terms of this further guarantee in the debentures to be issued by the Bank, which satisfy the foregoing conditions.

(By order of His Excellency the Governor).

C. J. PAUL,

Secretary to Government.

Registrar's Circular.

No. A. 9556/37.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, dated 22-4-1938.

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

Sub:—The Madras Agriculturists' Relief Act of 1938—Implementing the provisions by Co-operative societies.

Read:—Registrar's Memorandum A. 9556/37, dated 11-1-'38 and circular dated 21-1-1938.

In Registrar's Circular A. 9556/37 dated 21-1-38, the need for reducing the lending rates of Central Banks and societies with a view to give adequate relief to borrowers was emphasised. The Registrar has since examined the position of all Central Banks with reference to their borrowing and lending rates and commends the following suggestions for adoption by all Central Banks.

(1) Almost all Central Banks have reduced their rates of interests on deposits considerably. On current accounts, most banks pay only one per cent. There are however, a few banks which pay $1\frac{1}{2}$ or even 2 per cent. The Registrar considers that 2 per cent is rather high and suggests that the rate may be reduced to $1\frac{1}{2}$ per cent if not 1 per cent.

(2) On Reserve Fund deposits of societies, the Registrar has already suggested that the rate may be reduced to 3 per cent in his Circular A. 9556/37, dated 25-12-'37. Central Banks have generally accepted this suggestion and some of them have since reduced the rate accordingly. The remaining Central Banks are also requested to give effect to this suggestion as early as possible.

(3) Central Banks pay generally low rates on fixed deposits and in most banks, the rates do not exceed $3\frac{1}{2}$ per cent. In view of this, the Registrar considers that there should be no difficulty in reducing the rate of interest on new loans to 5 per cent. The Registrar is pleased to note that the Central Banks at Vellore, Coimbatore, Tenali, Masulipatam, Bezwada, Madura, Salem and Trichinopoly have already done so. Some Central Banks have reduced the rates to $5\frac{1}{2}$ or $5\frac{3}{4}$ per cent but there are still some which charge 6 per cent or even more. It is needless to reiterate that the benefit of cheap money should be passed on to the ultimate borrowers who have been hit hard by the depression. The Registrar trusts that all Central Banks will bring down the rate to 5 per cent before long. In any case the rate should not exceed $5\frac{1}{2}$ per cent.

(4) On outstanding loans the rates of interest still continue to be high in several Central Banks. The Registrar is glad to note that the Coimbatore District Urban Bank has reduced its rate to 5 per cent even on outstanding loans and makes the money available to the ultimate borrower at 6 per cent. The Madura Ramnad Central Bank has also reduced the rate to 5 per cent on all outstanding loans. The Registrar is aware that though Central Banks have reduced their rates of interest on new deposits, some of them are still paying higher rates on a considerable portion of their borrowings which consist mostly of old deposits or such deposits as provident deposits etc., and that a sudden reduction in the rates on all outstanding loans will not be possible in all cases. But even here, there can be no justification for charging any high rate. Primary societies have been advised to reduce their rates on all outstanding loans to 7½ and unless the Central Banks reduce their rates at least to 6 per cent the societies will not have the required margin. In the previous years Central Banks were advised to charge not more than 6½ per cent on outstanding loans by adopting transitory provisions in their by-laws and though all the banks generally accepted the suggestion, some banks laid down a condition that the dues should be paid by the societies before the close of the year to be eligible for the concession. All Central Banks are advised to impose no such restrictions and to charge the lower rate whether or not the interest dues are paid before the close of the year. It is hoped that all Central Banks will reduce their rates on outstanding loans to not more than 6 per cent.

(5) Where the Central Banks have reduced their lending rates to 5 per cent on new loans, there will be no need for societies to charge 7½ per cent as at present. A margin of 1½ per cent to 2 per cent should be ordinarily sufficient for the societies. The Registrar therefore considers that in areas where the Central Banks have reduced their lending rates to 5 per cent, the societies should not charge more than 6½ per cent to their members.

(2) Under Sections 12 & 13 of the Madras Agriculturists' Relief Act, 1938, the maximum rate of interest payable by agriculturists on loans has been fixed at 6¼ per cent and if Co-operative Societies have been exempted from the provisions of this Act, it is in the hope that they will sooner or later bring down their rates to this level. The Registrar trusts that all Central Banks will try to fall in line with the principles of the Act.

(By order),

A. SINGARAJU,
Manager.

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 15-6-38.

		Rs.	A.	P.
1	Chillies (Pari) per candy of 500 lbs.	91	0	0
	,, (Ramanathapuram) ,,	87	8	0
	,, (Rangoon) ,,	80	8	0
	,, (Guntur) ,,	84	0	0
2	Garlic (Tiruppur Calcutta) ,,			
3	Onions (Bellary) ,,	11	0	0
4	Potatoes (Ooty) Kidney Round Uru per candy of 500 lbs.	29	0	0
	,, Big Rasi ,,	Rs. 24 to 25	0	0
	,, Big Podi ,,	,, 22 to 23	0	0
	,, (Rangoon) Uru per candy of 500 lbs.	28	0	0
	,, ,, Rasi ,,	23	0	0
	,, ,, Podi ,,	19	0	0
5	Jaggery (Ambur and Vellore) 'A' class per candy of 500 lbs.	38	0	0
	,, ,, 'B' ,,	Rs. 24/8 to 28	0	0
6	Sathugudi oranges (Kodur) per 105 fruits Big and medium size mixed.	7	9	0
	,, ,, ,, Small size	4	1	0
7	Sapotas per 105 fruits Big size. ...	0	15	0
	,, ,, Medium ...	0	11	0
	,, ,, Small ...	0	9	0
8	Plantains (Bangala) per 6 bunches Big, Medium & Small	6	0	0
	,, Green plantains per 1,000	7	8	0
	,, Rasthali per 1,000	8	8	0
9	Ghee per tin of 12 visses Rasipuram ...	24	4	0
10	Butter-Tenali special per tin of 12 visses. ...	18	14	0
	,, -Gudivada special ,, ...	18	4	0
	,, Ordinary ,, ...	16	12	0
11	Lime fruits per 1050 Big size. ...	2	12	0
	,, ,, Small size. ...	1	8	0
12	Soapnuts per candy of 500 lbs.	Rs. 42 to 45	8	0
13	Ginger green per maund of 25 lbs. ...	1	8	0
14	Pepper (office) 1 maund of 25 lbs. ...	4	4	0
	,, (Bedagi) ,, ...	6	8	0
15	Yam (1 maund of 25 lbs.) ...	0	7	0

			Rs.	A.	P.
16	Tamarind (Bangalore) per candy of 500 lbs.	...	28	0	0
	„ (Chittoor and Vellore) „	Rs. 17/8 to	22	10	0
17	Brown sugar (per candy of 500 lbs.)	Rs. 30 to	35	0	0
18	Coriander seeds (Cuddapah) per candy of 500 lbs.	...	43	12	0
	„ (Guntur) „ „	...	36	12	0
19	Green Chillies per maund of 25 lbs.	...	1	4	0
20	Brinjals per maund of 25 lbs.	...	0	4	0
21	Hill plantains per 1000 Big size	...	11	0	0
	„ „ Medium	...	8	8	0
	„ „ Small	...	6	0	0
22	Hand pounded raw rice (Molakulukulu) per bag of 32 Madras measures	...	8	12	0
23	Milled raw rice (Molakulukulu) per bag of 32 Madras measures	...	8	0	0
24	Hair oil produced by the Viziavada co-operative Better Living Society, Ltd., Bezwada per bottle	...	0	9	0
25	Honey-Dindugul per 1 lb.	...	0	6	0
26	Thirupathur dholl 4¼ measures	...	1	0	0
27	Tomatoes 1 maund of 25 lbs. Big size red colour	...	2	8	0
	„ Medium „	...	1	12	0
	„ Small white colour	...	1	4	0
28	Turmeric per candy of 500 lbs.	...	50	0	0
29	Mangoes Malgoa per 100 fruits	Rs. 6 to	10	0	0
	„ Peethar „	„ 4 to	5	0	0
	„ Goa „	„ 5 to	7	0	0
	„ Rumani „	„ 3 to	4	0	0
	„ Bangalora „	„ 2 to	3	8	0

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