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The Late Professor Fred Hall.

THE

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Editorial Notes.

Audit Fees.

When the Hon. Mr. V. V. Giri visited Tiruppur on the 4th of August last, the Directors of the Tiruppur Cotton Sale Society presented him with a welcome address in which they pointed out that while their society earned only a commission of six annas per hundred rupees worth of cotton sold, they were required to pay to Government as audit fee as much as four annas out of this six annas. A more glaring case of injustice it is hard to imagine. The Directors made the very reasonable request that either the audit fee should be reduced to a figure that would not be oppressive, or they should be permitted to join the Coimbatore Audit Union, the audit fee levied by which is 50 per cent less than that of Government. During the past six years the society has been doing very valuable work in popularising the cultivation of Combodia cotton by supplying pure seed to cultivators who make use of the society for the sale of their cotton. Until last year it was getting aid from the Indian Central Cotton Committee for this work. This year, though deprived of that help, it has nevertheless arranged to continue the work and to supply some 60,000 maunds of pure seed intended for 60,000 acres. By using this seed the ryots are expected to benefit to the extent of Rs. 15 per acre, or Rs. 9 lakhs in the aggregate. Of course, it is very important that the society should be left with sufficient resources of its own to carry on this and other useful activities.

Mr. Giri was very sympathetic, admitted that the audit fee was too heavy and promised to issue at an early date an order that would be helpful to the society. Mr. Giri has been making such promises for a pretty long time now—for nearly a year. It was last year about this time that we had the previlege of focussing attention on the excessively high incidence of the audit fee in our Province and the need for reducing it. Even before that, the Government was considering the question of revising the rates of audit fees. Early orders are being promised all these many months but the orders have not been issued. Surely it cannot be a very aggreable task for the Minister in charge of the portfolio of co-operative societies to be continually promising early orders and to appear to be unaware of the fact that he has not actually passed the orders. We do not know where lies the cause for delay, but we think it is high time that the spokesman of the Government gave us something more substantial than promises

The Coimbatore District Central Bank.

The Coimbatore District Urban Bank celebrated its Silver Jubilee on the 11th September last—though three years later than it was due—under the presidency of the Hon. Mr. V. V. Giri. During the last 28 years the Bank has made steady and very satisfactory progress under the able leadership of men like late Mr. C. N. Krishnaswami Aiyar, the late Rao Bahadur T. S. Balakrishna Aiyar and Mr. T. A. Ramalingam Chettiar. Started in 1911, its working capital was Rs. 8.5 lakhs in 1920, Rs. 36 lakhs in 1930 and is about Rs. 50 lakhs now. It has throughout been very careful in the collection of dues from societies and has been showing a remarkably low percentage of overdues. It has cared less far making profits and more for rendering services, as can be seen from the fact that while its net profit was Rs. 87,000 in 1928-29, it was only Rs. 34,500 in 1937-38. This reduction in profit, in spite of a large increase in working capital, is due to a reduction in the general rate of interest on loans, to special encouragement given to loan and sale societies in the shape of subsidies and specially low rates of interest, to paying contributions to the supervision fund on behalf of the societies and to rural reconstruction activities. Supervising unions, which have not been much of a success in other districts, are reported to be working very satisfactorily in the Coimbatore district, and no difference of any importance is said to have occurred in the Board over any question of

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management between the representatives of societies and of individual shareholders. In other district banks there has been much contraction of business since 1929 as a result of the depression. But no such phenomenon is observed in the Coimbatore District Bank which issued fresh loans to the extent of Rs. 28 lakhs in 1937-38. On these various bright features of its working we congratulate it and hope it will have an equally bright future.

Mr. Ramalingam Chettiar's Advice.

In welcoming Mr. Giri and other guests on the occasion, as President of the Bank, Mr. Ramalingam Chettiar made an interesting speech, reproduced elsewhere in this number, in which he dealt with several important current topics. It is not to be expected that his views on all those topics will be acceptable to other co-operators, but being based on wide experience and emanating from one of his eminent position in the field of co-operation, they certainly deserve careful consideration. Specially instructive is the portion of Mr. Chettiar's speech dealing with the Supervising Union and societies of Kollegal Taluk. A policy of sympathy and patience—a refusal 'to take drastic action to suppress the Union, to employ direct agency by the Bank to sell out everybody that had borrowed and to liquidate most if not all the societies in the taluk' but giving the societies time to repay loans and gradually admitting new members and reviving the societies—has quite justified itself. Mr. Chettiar's advice to societies not to look upon a member merely as a borrower but to consider all his needs and to try to meet them as far as possible, is not based on any new doctrine of business or association but is contained in the principles of co-operation. The need for the advice arises on account of some of us forgetting, in our zeal for being business-like, that co-operation is something better than and more than mere business.

Mr. Nanavati Explains Multi-Purpose Societies.

We have also published in this number the speech delivered by Mr. M. B. Nanavati, Deputy Governor of the Reserve Bank of India, while opening the new building of the Surat District Co-operative Bank, which occupies an outstanding position among the district banks of Bombay Presidency and enjoys very deservedly the utmost confidence of the public. It is interesting to note that Dewan Bahadur C. M. Gandhi has been its President uninterruptedly since 1917 and that the Bank 'has been singularly happy in that there has been no sudden disturbance in the management.' It has a working capital now of about Rs. 42 lakhs and is able to get its deposits from the public at $\frac{1}{2}$ to $1\frac{3}{4}$ per cent. interest. Most of its money, however, is invested in Government securities, the amount so invested on 30th June 1938 being more than Rs. 27 lakhs, against about Rs. 7 lakhs lent to individuals and societies including overdrafts. It was in view of this fact that Mr. Nanavati advised the authorities of the Bank to adopt a new policy of promoting, through paid agents, multi-purpose activities—production, sale, purchase, etc.,—in the societies, so that the villagers may be benefited to a much greater extent than at present by the cheap money, which the bank is able to obtain from the public.

Mr. Nanavati took the occasion to answer some criticisms made against the multi-purpose societies and banking unions recommended by the Reserve Bank, or rather to clear some misconceptions regarding them, as he put it. He said: " Some accuse us of parading an ancient idea as an original discovery. But we claim no originality for the idea. In fact, it is implicit in the existing by-laws of most village societies. In these by-laws, co-operative purchase, co-operative marketing of produce, education of members etc. are already included as legitimate functions. This list is usually rounded off with a reference to 'such other activities as would conduce to the welfare of the members.' Multi-purpose societies would therefore come into being when existing societies live up to their by-laws." We are afraid it was not the fault of the critics if they understood the Reserve Bank to recommend the multi-purpose society as a new type. If the idea had been put forward in the Bulletin as Mr. Nanavati has put it, there would have been no misconception about it. Then he referred to the criticism, made in these pages and elsewhere, that trading should not be combined with banking. His reply is: "We have nowhere said that trading, in the ordinary sense, which inevitably contains a certain measure of speculative risk, should form part of the activities of the societies. All purchases of the society would be on the indent system. There would therefore be no danger of societies being left with unsaleable stocks on their hands; similarly the societies would only be acting as agents of their members in the marketing of their produce." On this point also, if the Bulletin had been as clear as Mr. Nanavati is, there would have been no room for the criticism. Perhaps the criticisms—which, while claiming to answer, Mr. Nanavati has only admitted—have helped the authorities of the Reserve Bank to become clear in their ideas. Referring to the opinion that separate societies for different functions are to be

preferred to one society undertaking the different functions, Mr. Nanavati observes, "when it is difficult to find enough men to run one credit society in a village, it would be the height of optimism to expect to find enough men to run a number of co-operative societies." With this everybody will agree. In fact, it has been difficult to find enough men to run efficiently even the credit side of the society. Hence it is that the other objects included in the by-laws are not much given effect to. Where men have been available to manage non-credit activities on the indent or agency system, such activities have been undertaken by the present credit societies here and there, and where business was considerable separate societies with fairly wide areas of operation also have been started. The much ado about multi-purpose societies thus reduces itself to a recommendation to attempt the development of non-credit activities in credit societies. Regarding the criticism made about the banking unions, Mr. Nanavati said: " What we are most keen about is that these functions should somehow be performed—never mind by whom. If the central banks as at present organised are found fit to exercise these functions, well and good. We have nowhere advocated that the district central banks should be scrapped and replaced by banking unions." If the emphasis is shifted in the manner done by Mr. Nanavati, the difference between the Reserve Bank and its critics largely disappears; though even then we should say that one strong central bank for a district, with branches where necessary, is a much better ideal than a banking union for every taluk. We heartily welcome this speech as a supplement to the Bulletins of the Reserve Bank.

A New Co-operative Sugar Factory?

At a meeting of ryots and others, held at Kampli in Bellary District, it was resolved to request the Government to organise a co-operative sugar factory at Kampli. The meeting was attended among others by Rao Sahib A. D. Tandu Mudaliar, President, Central Bank, Hospet, Dr. R. Nagganna Gowda, President, District Board and Mr. C. Kannan Nair, Deputy Registrar. Mr. Tandu Mudaliar and the Deputy Registrar explained the implications of a co-operative society and gave a kind of warning. The meeting, however, resolved to collect from the public Rs. 75,000 as share capital and to request the Government for a loan ten times the amount. The working of co-operative sugar factories and cane growers' societies, started in this Province a few years ago, is so unsatisfactory that we cannot welcome the starting of this new factory at Kampli. It is being given out as expert opinion that the present production of factories in India is enough to meet the whole of the internal demand and any further increase in production is bound to lead to a glut in the market. It would be worth while examining whether a suitable market could not be found for the cane-growers of Kampli through co-operative organisation without embarking on the starting of a factory. We are sure that in the light of past experience the Registrar will consider every aspect of the proposal.

Wanted a New Life Movement.

At the conference of rural workers held at Periyanaykanpalayam near Coimbatore early in May last, of which an authorised report is now available, Mr. A. N. Sudarisanam, Editor of the "Guardian", urged the starting of a New Life Movement in India as in China. He said :

> "The New Life Movement of China was started in 1934 by Marshal Chiang-Kai-Shek and his able wife. It swept over all China, including the rural parts, and modernised it. This movement was started because of the spiritlessness of the people. We face similar conditions in India to-day. The spiritless nature of our people is our greatest problem. There is a lack of hope and ambition. Indifference is common. Cynicism is a common village response to any uplift work. Therefore it is most necessary to build up the spirit of the people as well as to work a concrete programme".

This New Life Movement, Mr. Sudarisanam further said, should be a mass movement. It should rouse mass energy and mass enthusiasm. It should have a programme including items like Khaddar, prohibition, debt relief, removal of untouchability, etc. It should be started by young minds as similar movements were started in Germany, Italy, Russia, China and Japan. Movements like the Scout and Red Cross and schools could be of great help in promoting it.

Everybody will agree with Mr. Sudarisanam in deploring the spiritless of our people—their lack of hope, ambition and will to be better—and in recognising the need for a New Life Movement. In fact, co-operators recognised the need for a 'better life' and started their movement. The example of China at the present time should prove a great inspiration to our country. More than even the Scout

and the Red Cross, the co-operative movement with its thousands of organisations all over the country, should be helpful in the regeneration of the country. For that the societies should first of all become regenerated themselves. May their souls be kindled and may they kindle others' souls.

Unlimited Liability*

We wish to draw the earnest attention of our readers to the interesting and scholarly article on 'Unlimited Liability in Theory and Practice' by Mr. K. C. Ramakrishnan which we have extracted in this number from the April-June issue of *The Indian Co-operative Review*. Therein he points out that while unlimited liability is unknown in England and the United States of America, it is prevailing to a most surprising extent in Denmark, Holland and Czechoslovakia. "The interesting, rather perplexing, point is that, in these countries unlimited liability is the basis of not only credit societies but of all almost every kind of agricultural societies: creameries, bacon factories, purchase and sale societies, some of them covering a very large area. It is the form of liability adopted not only by primary societies but also by central societies and land mortgage banks, extending over a whole of a Province or even country." It is funny that persons who are members of several societies pledge their unlimited liability to each one of them ! But the really important point is that there is no case reported of any member being called upon to make good a deficit as a consequence of the unlimited liability. Whatever be the danger of unlimited liability in theory, in practice there is none in those countries owing to the co-operative character and business abilities of the members. That, of course, is not the case with us and therefore the adoption of unlimited liability there, is no guide to us.

In our country the Co-operative Societies' Act lays down that the liability of the agricultural credit society *shall be unlimited*, as if it is a matter of principle. It is nothing of the kind. We took it from the German Raiffeisen societies, but when they adopted it the only liability known to law in Germany was unlimited liability. Mr. Ramkrishnan quotes J. R. Cahill as follows : "The question of unlimited liability is not a matter of principle but of expediency." "The question of unlimited or limited liability is not essential. You want to create a security. If you can get together a sufficient number of persons to create a security, then you have created credit."

* The Editor only is responsible for the views expressed in this note.

The manner of enforcing unlimited liability is now laid down by law in our country, and has become difficult and ineffective. Before it was so laid down by law, it was enforced arbitrarily and ruthlessly in one or two districts, and there everyone is now definitely against it. Where it has never been enforced it is accepted by the villagers and strongly adhered to by the central banks. The latter are not unaware of the position to which the enforcement of unlimited liability has now been reduced. But they value it as a means of getting propertied people interested in the collection of dues when a society is under liquidation. We do not think this is very much of an advantage. It is common enough for central banks to write off amounts due to them from liquidated societies. Recently a district bank wrote off Rs. 3,500 due from a liquidated society. If unlimited liability is not meant to be enforced or is not capable of being enforced, whey should it be retained in our societies, preventing intelligent and propertied men from joining societies which are in a bad way and improving them ? Japan has practically given up unlimited liability, adopting multiple or reserve liability in its place. It may be of interest to note that in Mysore State there were in 1936-37, 96 *agricultural* credit societies with limited liability against 1,241 societies with unlimited liability. The former issued new loans to the extent of Rs. 5 lakhs while the amount issued by the latter was only Rs. 3 lakhs, and the percentage of overdues in the former was 32 while that in the latter was 66.6. The committee of the Madras Provincial Bank, which with great care has examined the Madras Co-operative Societies' Act, has suggested, among other amendments, that the liability of agricultural credit societies should be unlimited 'ordinarily' and not invariably, and further that the Registrar should be empowered to direct that it shall be limited by guarantee. We hope this relaxation will commend itself to the Legislature.

We shall be glad to receive the views of experienced co-operators on this question.

The Name Co-operative.

The Friendly Societies Act, under which co-operative societies in England are registered, is now being amended, one of the items of amendment being the restricting of the use of the word "co-operative" to *bona fide* co-operative societies. In India this restriction was adopted so long ago as 1912. In this connection *The Co-operative News* says, "It is amazing to what extent use has been made of

that name. Investment companies, property companies, trading organisations of all kinds, accident claims societies, even foot-ball pools, have put the magic word in their titles." By using the word co-operative, the promoters of these money-making concerns want to exploit for their own selfish purposes the confidence which the public have in co-operative concerns and the sympathy which they have for co-operative principles. Regarding the confidence of the public in co-operative institutions in England, the same journal observes, "Co-operation's reputation for financial integrity stands high. People have lost money in co-operative societies, but not many of them. While the savings wiped out by companies in the post-war years must be reckoned in hundreds of millions, the savings lost in co-operative societies count only in hundreds of pounds." In our country also co-operative banks enjoy a very high degree of public confidence, in spite of the loud criticism, in season and out of season, of the unsatisfactory state of the co-operative movement. For, the investor knows that this very criticism is a characterestic feature of safety in co-operative societies. In our co-operative failures there have no doubt occurred some losses, but what are they compared, say, with the amount involved in the failure of a single Joint Stock Bank like the Travancore National and Quilon Bank ? That amount is more than half of all the deposits in all the central banks of this province—and they are among the strongest in the whole country. The confidence of the public is therefore by no means indiscriminate. Though late, the British Parliament is doing the right thing in protecting the public from being exploited by self-seekers for the confidence they have in co-operation.

The Late Professor Hall.

The most outstanding figure in the field of co-operative education in England, Professor Fred Hall, Principal of the Co-operative College and Adviser of Studies, Co-operative Union, Manchester, passed away suddenly on the 28th of August last. He took ill while having a walk near his home and expired before medical aid arrived. He was born in 1879 at Rochdale, the Mecca of the consumers' movement, gave up school at the age of 13, worked in a mill as an operative, clerk and commercial traveller for fifteen years, and then joined the Manchester University, where he took the B. Com. degree in 1908 and the M. A. degree in 1910. Then for five years he was a lecturer in industrial and commercial organisation at the Belfast College of Technology and in 1915 took up the appointment of

Adviser of Studies to the Co-operative Union, Manchester. He was more responsible than anyone else for the organisation of the Co-operative College at Manchester in 1919 and for its subsequent expansion and work. Referring to an interview he gave on his appointment as Adviser of Studies, *The Co-operative Review* says:

> "In 1915 he saw that there were vast sources of co-operative enthusiasm untapped; he wanted to make contacts with young men and women; he wanted new classes in co-operative finance, international co-operation and sociology; he anticipated the development of correspondence courses and study circles; he wanted co-operative economic theory strengthened; he wanted a bureau to advise class teachers; he wanted technical information to be available at Holyoake House for the use of societies entering new trades, and mentioned milk as an example; he wanted research work to be undertaken and statistics to be put into a more suitable form for assimilation; he first saw that the Movement would eventually require a Co-operative College. All these things have been achieved, and few men with so many ambitions have lived to see so many of them fulfilled."

The Co-operative College has attracted many students from foreign countries—India, China, Japan, Egypt, etc. They have all come back profoundly inspired by Prof. Hall. In the different courses of instruction in co-operation and technical subjects organised by the Co-operative Union under his advice there are now some 52,000 registered students. We are glad to hear from Mr. K.C. Ramakrishnan that Prof. Hall took a great deal of interest in the study tours made by him and his fellow delegate from India in Europe last year and was pleased to arrange every detail of their programme of visits to several co-operative institutions and factories in and around Manchester, including Rochdale. For our province we want a Co-operative College and even more, we want a Professor Hall.

A College for Co-operative Training.

By C. S. Rangaswamy Iyengar.

The proposal to open a college for co-operative training in Madras, will, I am sure, be welcomed by all co-operators. But opinions are sure to be divergent in the matter of (1) the management and (2) the curriculum.

The Government is certainly not a desirable manager for such a college. The Co-operative Department in Madras, as in other parts of India, has been engaging itself in a form of credit co-operation, that, after a third of a century, has become a ghastly failure. Cheap money for the agriculturist might have been desirable. But ready money upto the limit of the borrower's capacity was wrong. What else could have been done if the movement was to be shown to be progressive? An increasing number of societies every year and an increasing amount of transactions seemed an index of apparent growth.

Our Departmental officials again have been trained to look up to this activity as co-operation *in exelcis*. It is indeed true that it appears under many names—the building society, weavers' and other artisans' societies, irrigation and so on, all lending societies, the names indicating only the purposes of the loans. The one kind of real co-operative work, upto which the Department has somehow stumbled so far, is the Marketing societies, going under the curious and significant name of Loan & Sale. (Our friends could not think of co-operation without credit—without loans).

There are, of course, a few unprogressive examples of real co-operation—the consumers'—with us. Madras has, somehow, earned an undeserved name for good work in this direction. Even the greatest of them—the Triplicane Stores—is nothing more than a chain grocery store. New branches are opened every now and then for selling salt and chillies, as the Tamil proverb would say. Where is the broader base of its growth, the attempt to sell to its constituents every article they require? I think that the school master, secretary of the Salem Town Co-operative Stores, (I speak of things I know) sells more articles than can be got in the 'Triplicane' and its branches.

Then again what about production for distribution? Country after country, in every part of the world, has gone on making enormous strides in this direction. Witness Sweden and its K. F., now put before the U.S.A., as a model. Swedish co-operation has successfully fought its capitalist profiteers and International Carterls and Trusts.

Agricultural Marketing and Distributors' societies are two things that the Indian villager needs. He must be taught that his produce must be better in quility, must avoid middlemen, dishonest and otherwise, and must be prepared for a distant market. And how many different kinds of work have to be done for the purpose! Scientific research has to be done with reference to every factor that will affect the quality of the raw product: "the soil, the grass seeds for the animals to be raised, the health and productivity of milch cows, the quality of laying hens, the quality and fecundity of fruit trees etc. It is to these manifold and exacting tasks that the central organisations of Agricultural Marketing Co-operative societies first devote themselves, *with or without the co-operation of the public authorities* . . . . ." The "Valio," the great central export organisation of co-operative diaries in Finland produces on its laboratories necessary bacteria for enriching the soil with Azote. The "Danske Landboforeningers Froforsyning"—the special co-operative society for the production and sale of seeds in Denmark produces and distributes selected seeds. Similarly, in Czecho-Slovakia, the 'Selecta' has its own testing and experimental services, and a net work of seed-raising stations and is actively engaged in improving the internal and external qualities of widely cultivated plants by means of selection and crossing. In the United States, the National Co-operative Milk Producers' Federation has been instrumental in promoting prophylactic legislation for eradicating tuberculosis and Bang's disease and has succeeded in eliminating poor and diseased and tuberculosis-infected cattle from its members' herds. The South African Co-operative Citrus Exchange States, "Much of the insect pest-control work is done *co-operatively* for the members by the local companies which are members of the Exchange." Such examples could be multiplied usefully, but I desist.

Among other tasks undertaken by these societies are the education of producers in the best methods of cultivation, breeding milking, gathering, etc., and training of technicians. They encourage emulation among producers and technicians and by disciplinary

action, inspections, control societies, sanctions, tests and guarantee marks, assure consumers of the best articles their money can purchase.

Distributive co-operative organisations take great care in the purchasing, warehousing and distribution of food stuffs, in producing themselves the greatest possible number of these products in the best condition of hygiene, in educating their staffs, members, and the *public at large*, and in collaborating with public authorities in passing food laws and participating in official bodies established for preventing and repressing frauds and improving the quality of food stuffs. Co-operative education must be able to train men for these services.

In this connection, it may be pointed out that the French Co-operative Wholesale Society enrolled the following numbers of students from foodstuffs departments in the respective grades of classes in 1936.

Apprentices	1,786
Salesmen	1,382
Branch Managers	109
Departmental Managers	18

This is the kind of education, this, the kind of training that we require for our co-operators. Our technicians will have to be men of genuine co-operative sympathies; and neither the Provincial Co-operative Union's scheme nor Mr. Varkey's scheme provides it. Co-operative education has to be looked at from an altogether new angle of vision, and a syllabus must be framed from the point of view of the consumers' and marketing societies. Will the Dapartment be able to reconcile itself to this revolutionary programme? Its third of a century tradition is against it. And even the *Ad hoc* committee proposed for it must be something altogether different from such, as are proposed. Men of vision, who can, from the beginning, envisage a different growth of co-operation--different from the upas tree, we now are fostering—will have to sit on it and courageously wrestle with the difficult problem. Syllabuses and courses of education should be obtained from all great organisations in other countries, studied with care and adopted, so as to suit the present conditions of India.

Co-operation as the Key to Village Reconstruction*

BY MR. N. LAKSHMANAN.

My pilgrimage in India with the Royal Commission on Agriculture revealed to me the immense possibilities of co-operation as the key to rural reconstruction. During the past ten years, I have systematically worked towards village guidance through the co-operative societies, first under the auspices of the Coimbatore District Urban Bank, and then under the auspices of the Tamil Nadu Co-operative Federation, Coimbatore. This paper indicates some aspects of that work and proves that co-operation is the natural basis for educational, social and economic development of rural India.

The Linlithgow Report of 1928 says that the Indian cultivator "lacks leadership." The co-operative movement in India has already given this leadership to some extent, and bids fair to supply a larger number of trained local workers for rural service. The oft-quoted conclusion of the Linlithgow Report—"If co-operation fails there will fail the best hope of rural India"—has reached the years of the village co-operators, especially through the co-operative Panchayat Training Classes recently financed by the Government of India.

Adult Education in Bombay.

The progress of the co-operative movement in the Bombay Presidency is intimately associated with the life and labours of Sir Vittaldas D. Thackersey and Sir Lalubhai Samaldas Mehta. Long before the Government of India's grant for co-operative education was thought of, these two departed leaders not only recognised the value of educating the village co-operators but also took early steps to impart Adult Education through the agency of trained co-operators. It is to be hoped that the recent recommendations of the Bombay Adult Education Committee would soon be implemented, and that the other provinces will be benefited by that experience.

Consolidation of Holdings in the Punjab.

Now we pass on to the land of five rivers. The Punjab peasants are mostly Muslims. The martial people of the Punjab, with their experience of military life, offer very good "Human material" for the successful conduct of different types of co-operative societies. This is nowhere seen in bolder relief than in the Punjab villages.

* (Substance of a lecture delivered before the Madras Presidency Agricultural Conference at the Coimbatore Agricultural College in June 1938.)

It is well-known that the Indian peasant is passionately attached to land and that he goes on patiently cultivating even an uneconomic holding. The co-operators have been dinning into the ears of the Punjab peasant that "Fragmentation of holdings obstructs progressive agriculture at every step." Mr. H. Calvert, "The Punjab's Raiffeisen", one of the members of the Linlithgow Commission, said to me in the Coimbatore Agricultural College that he was chiefly interested in the two acre man and the three acre man. It was pleasant to see in the Punjab villages the fruits of his pioneer labours towards consolidation of holdings. The movement was initiated in the Punjab in 1920 by Mr. Calvert, the then Registrar of co-operative societies in that Province. A recent investigator* gives the following description of the advantages of co-operative societies for consolidation of holdings in the Punjab.

1. Reduction in Litigation.
2. More Efficient Irrigation.
3. Increase in Area under cultivation.
4. Enhancement of Rent.
5. Enhancement of Revenue.
6. Better Implements.

It is no wonder that the movement of voluntary consolidation is spreading in the Central Provinces, the United Provinces and elsewhere. The Oakden Committee reported in 1925 that the co-operative movement in the United Provinces was deteriorating, but the latest annual report records all-round progress. And there are now 94 co-operative societies for consolidation of holdings in the three Districts of that industrial Province.

Anti-Malaria Societies in Bengal.

Malaria is the curse of rural Bengal. The late lamented Dr. Sir Jagadish Chandra Bose once presided over the Water Hyacinth Committee which gave practical suggestions to eradicate that malaria-breeding pest. His noble friend, Poet Rabindra Nath Tagore, has bestowed considerable thought on the subject especially with reference to villages decimated by Malaria. Rural workers at Sri-Niketan, the Visva Bharati Department of Rural Reconstruction, are ably conducting co-operative Anti-Malaria societies. The Linlithgow Report refers to these societies as doing "a great amount of practical

* (Ata Ullah. *The Co-operative Movement in the Punjab*—Allen and Unwin, 1937, pp. 243-251.)

good by arousing Bengal villages to the necessity and the possibility of improving the health of their villages by their own efforts."

During the year 1936, Sri-Niketan centre received a grant of Rs. 11,000 from the Ministry of Public Health, Bengal, for starting five new health societies. In my paper on Tagore, last year, I referred to the value of Folk Schools. The Visva Bharati Report dated April 1938 says: "It is necessary to train and educate the farmers in the principles and ideals of rural reconstruction, for, unless the village farmers are educated and the production and marketing of their economic resources are improved, no rural reconstruction is possible." So they organised a camp for one month, in co-operation with the Secretary of the Visva Bharati Central Co-operative Bank, in order to educate 25 adult farmers from different villages of Birbhum District. This is a striking illustration of the Linlithgow Report's observation that "co-operation is coming to be regarded as the natural basis for economic social and educational development" of rural communities in India and elsewhere.

Orissa's Hope.

Orissa is a land of frequent famines and floods. Mahatma Gandhi began his walking tour in unhappy Orissa and came face to face with the most poverty-stricken people in all India. Even here, in the midst of many handicaps, the co-operative movement is helpful in village guidence, for, we read in the Deivasikhamani's Report (just published) as follows :—

"Apart from the general lowering of the interest rates, the co-operative movement generally encouraged or facilitated improved agricultural conditions through the introduction, in some areas, of new crops such as sugarcane, vegetables, etc.; it made contributions towards village or adult education; in some other places attempts were made to promote rural sanitation, while yet in other places provision for drinking water through the digging of wells or the repairs of tanks was made. Where the societies were good—though these are few and far between in Orissa—a desire for associated effort, however feeble, was created. These are no mean results and to be sure, cannot be forgotten by a sense of the financial collapse and gloom which just now overshadow the movement."

Land Mortgage Banks in Madras.

Weil, that was said about Orissa. But, as an agency for rural reconstruction, the co-operative movement has a bright future in the

Madras Presidency. The Madras Central Land Mortgage Bank serves as a model for the rest of India. There are now 94 Primary Banks and the Congress Ministry proposes to establish at least one Primary Land Mortgage Bank for each Taluk. The Madras system of controlled credit has attracted the attention of the leaders of co-operation in other Provinces. For the scheme is "designed to link up the land mortgage bank, the rural credit society and the neighbouring sale society and secure for the ryot the best price for the proceeds of his harvest and independence from harrassing middlemen." Mr. Austin, the popular Registrar of Co-operative societies, has already started three societies for consolidation of holdings and he is keen on starting more societies of this type in the Madras Presidency. He says that during his recent tour in the Punjab he was impressed with the rural uplift work done in that Province through the co-operative movement.

The revival of interest in cattle breeding is to be seen in city and village alike. Owing to the pioneer efforts of Dewan Bahadur Sri K. Deivasikhamani Mudaliyar, the Madras Co-operative Milk Supply Union continues to make steady progress. I respectfully invite the delegates of the conference to see the Coimbatore Milk Supply Union and its branches. The co-operators of Madura are making a similar endeavour. The Puthur (S. Canara) division "Mahali" or "Kola-Roga" Prevention Co-operative Society has 443 members on its rolls with a paid up share capital of Rs. 4,500. It distributed 147 sprayers of the value of Rs. 9,632 and chemicals worth Rs. 13,662. It is estimated that about 4,000 acres of Arecanut garden land were sprayed during the year 1936-37 with the materials supplied by the Society. Last but not the least, the activities of the Tirupur Co-operative (Cotton) Sale Society are known all over India. In Coorg, Swami Sambavananda of the Sri Ramakrishna Mission has organised a Co-operative Society for marketing of Honey with considerable success.

Co-operation has been aptly called by Kagawa as Brotherhood Economics and it offers scope for a devoted land of trained missionaries.

Relief of Indebtedness.

By Mr. R. Suryanarayana Rao,

Servants of India Society.

At the time the Madras Agriculturists Relief Act was enacted it was said the Act would fail to deal effectively with the problem of rural indebtedness unless some steps were immediately taken to enable the agriculturists to clear their debts as scaled down under the Act. It was also pointed out at the time that some simple and summary procedure should be devised to save the agriculturists from the expenses of costly litigation which resort to Courts would naturally impose. In their Communique dated May 6, 1938, the Government explained how the provisions of and the procedure under the Debt Conciliation Act as applied to the conditions created by the provisions of the Agriculturists Relief Act could be utilised. Even a cursory reading of the Debt Conciliation Act will show that the procedure laid down for conciliation of debts depends for its success on persuasion by the Boards and not on compulsory scaling down under the Agriculturists Relief Act, which the Courts only are empowered to do. If, as stated in the Communique quoted above, debts payable by agriculturists automatically stand scaled down in accordance with the provisions of the Agriculturists Relief Act, and the difficulties and the expense involved in adjudication by Civil Courts are thereby saved, it is not understood why an agreement under Section 14 of the Debt Conciliation Act, instead of an order, should be drawn up at all. The fact of the matter is, the agreement postulates that creditors to whom more than fifty per cent. of the total amount of the debtor's debts is due should be agreeable to come to an amicable settlement. In spite of this, it is not known how the communique can assert that there is no question of persuading the creditor to agree to a voluntary reduction of the claim. It is true that if the creditors go to a Court they cannot claim a pie more than what the Agriculturists Relief Act allows. But as far as the Conciliation Boards are concerned there must be either voluntary reduction of the claim or creditors, to whom more than fifty per cent. of the total amount of debtor's debts is due, should be agreeable to a settlement to enable the Boards to draw up an agreement under section 14 of the Debt Conciliation Act. It may be remembered that the Madras Debt Conciliation Act is based on a similar measure obtaining in the

Central Provinces. While recognising the C. P. Debt Conciliation Act had contributed much to the solution of the problem of indebtedness, the Hon. Mr. S. V. Gokhale stated recently that it had failed to do all that was required, the Boards possessing insufficient powers to deal with recalcitrants and depending for settlement on the consent of the creditors. So the Hon. Mr. Gokhale proposes by his new Bill to replace Boards by Courts. It would have been far better if he had thought of investing the Conciliation Boards with the powers of the Courts, a suggestion which did not find favour with the Madras Premier when the Agriculturists Relief Bill was on the anvil. Therefore, it is doubtful if even the Conciliation Boards can prove helpful in scaling down debts as the Courts can do. Just to spite the debtors, the creditors may invariably have recourse to Courts. This is fairly evident from the communique issued by Government on July 16, 1938, more than two months after the Agriculturists Relief Act came into force. Such relief as has been obtained has been afforded by the Civil Courts only. It will be interesting to know in how many instances and to what extent the Conciliation Boards have afforded relief even after the communique of May 6, 1938. So it seems to be absolutely necessary that if the difficulties and the expense involved in adjudication by Civil Courts are to be avoided, the Conciliation Boards should be empowered to act as Courts in the matter of scaling down of debts, if need be even by amending the Agriculturists Relief Act.

The rules for the grant of loans for the relief of indebtedness under the Agricultural Loans Act recently published, evidently to utilise the provision of 50 lakhs made in the budget for the purpose, support the view already stated. The loans will practically be available only for satisfying decrees of Courts, as rarely can the Conciliation Boards pass similar orders. In districts where there are no Conciliation Boards—they are established only in six districts—the Loans Officers, empowered to grant loans under the rules, can scale down debts with reference to the provisions of the Agriculturists Relief Act with the consent of the creditors. Under rule VII no application for a loan shall be entertained in respect of debts for which no decree or order has been passed by a Civil Court or a Debt Conciliation Board, unless the application is accompanied by a statement of consent of the creditors agreeing to the scaling down of debts by the Loans Officer. It is needless to say it is most difficult to obtain such consent, and if the debtor is anxious to clear his debts he may have to go on his bended knees to the creditors to sue him for the debts due from him in a Civil Court. Moreover, it is doubtful if such consent is valid for all time and has the force of lawful consent as it would be if it is made before a Conciliation Board. The Agriculturists Relief Act does not enable a debtor to go to Court and file an application for the settlement of his debts as he can do under section 4 of the Debt Conciliation Act. The debtor can initate proceedings only in respect of decreed debts.

So, if the benefits conferred by the Agriculturists Relief Act are to prove real, and if litigation and the consequent waste of time, energy and money are to be saved, it is necessary to invest the Conciliation Boards with all the powers conferred on the Courts in regard to the administration of the Agriculturists Relief Act. Then the Conciliation Boards under the Debt Conciliation Act should be associated with all Loans Officers so that prior consent of the creditors need not be insisted upon for entertaining loan applications. Section 3 of the Debt Conciliation Act will have to be amended in respect of qualifications prescribed for the Chairman as also if necessary in regard to constitution of Boards. Perhaps it would be better if the Loans Officers are invested with all powers of courts to deal with unsettled debts as it may not be possible to constitute Conciliation Boards in all places. Above all, the debtor should always possess the right to initiate proceedings whether they are to be before a Civil Court or a Conciliation Board.

Under the loan rules recently framed no application for a loan above Rs. 1000 to discharge debts after they are scaled down, can be entertained. While every one will appreciate the anxiety of Government to go to the aid of the small debtor in order the meagre provision made in the budget may be usefully employed, it is necessary to devise other methods for the relief of indebtedness of those whose debts, exceed Rs. 1,000, fixing, if necessary, an upper limit consistent with the ability of institutions designed for financing such debtors. The Land Mortgage Banks are eminently fitted to perform this function. They should be required to deal with loans above Rs. 1,000 and if the guarantee given to the Central Land Mortgage Bank is not sufficient to enable the Bank to meet the demands, the Government should be prepared to increase the guarantee as the Bank is co-operating with the State in performing an essential function. The Government should even be prepared to assist the Bank in other ways as well by undertaking to collect the instalments due as arrears of land revenue.

The value of the security demanded by Government is far too high, being two and a half times the amount of the loan. As the property offered as security will be unencumbered and as the loan offered is to the agriculturist to rehabilitate himself, such security of high value is not necessary. Then again the loan carries interest at 6¼ per cent. per annum. When it is remembered that the Government are able to raise loans between 3 to 3½ per cent, it is not known why there should be such a large margin. In similar circumstances the Government have considered 2½ per cent. as a sufficient margin in the case of loans given by the Land Mortgage Banks. So the Government may adopt that margin for their purposes as well and reduce the rate of interest to 5½ per cent. The fact that under sections 12 and 13 of the Agriculturists Relief Act the rate of interest fixed on scaled down debts and new loans is 6¼ per cent. need not be an argument as the Government themselves had fixed a lower rate of interest in the published orginal draft bill.

These points need the immediate and sympathetic consideration of Government if the benefits conferred by the Agriculturists Relief Act are to prove real and the help offered by Government by way of loans is to prove effective in solving to some extent at least the problem of rural indebtedness.

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Rural Exhibitions.

BY MR. K. UNNIKRISHNA MENON,

Dy. Director of Agriculture, IV Circle, Coimbatore.

An Exhibition as a means of advertising new methods and wares is considered to be very useful. It really creates a sense of healthy rivalry and has served to produce very valuable results in improving the efficiency of production and the quality of the produce. It is accepted on all hands that exhibitions are a necessary means to progress. Even the ignorant and illiterate can be educated very effectively through their sense of sight by presenting things in the most attractive manner in an exhibition. Thus an exhibition is fundamentally a means for the education of the masses.

Government Departments and business organisations have conducted or taken part in exhibitions with great success. Such exhibitions were mostly arranged in urban areas or in very important villages where alone they could secure the necessary co-operation from the local public. From them a few of the organisations have without much effort been able to achieve very good results to help them to make progress and expand their business, while others have not had such good opportunities in spite of the great pains taken and care bestowed in putting up the show in a very telling manner. Businessmen who were attempting to secure patronage from a wider circle or to popularise their goods have found exhibitions so useful that the latter have become an array of show rooms or shops wherefrom sales are effected to new customers. Stalls containing curios, fancy goods, toys, carving and inlaid works, furniture, etc., are the most popular places in these exhibitions; cotton, woolen or silk fabrics take the next place of importance, while exhibits of rural importance such as agricultural, sanitary etc., attract the least attention. The reason for this state of affairs is not far to seek; since it is due to the simple fact that the visitors to such exhibitions are mostly urban people who can have little taste or interest in rural subjects. Taking into consideration the fact that more than three-fourths of the population of India live in rural parts, it will be clear that these urban exhibitions can hardly benefit them, from the point of view of education which forms the essential purpose of an exhibition.

We had exhibitions in certain places on festive occasions. Though they were in rural areas and attracted very large crowds, the people who came there appeared to have come to transact some particular business and as soon as they finished that, they were found to get away

in order to avoid the congestion of the place. Most of the people that came into the exhibition stalls and spent sometime there were such as had little by way of occupation. They could not have benefited by the show as they were either devoid of the taste to study things or were too lazy to do so. At times it was found that such persons spoke disparagingly about things they saw at the exhibition and conducted, as it were, an anti-propaganda.

For instance at the Tiruvannamalai Deepam festival we have one of the biggest gatherings in South India. Those who come to purchase cattle finish the bargain and get away as soon as possible, since it is difficult to keep and look after the animals in a crowded place. The largest gathering is on the most important Kirthika day when devotees coming for the occasion from distant places anxiously await the lighting up ceremony and follow the grand procession of the deities round the hill with all religious fervour. Most of them have little leisure to get into the exhibition stall and study agricultural matters, since the sight seeing and religious functions in the temple continue throughout the day.

Thus it will be clear from the above facts that in such gatherings also the real ryots are not so fully attracted as one would at first sight expect. The ryots who do gather on such occasions are immersed in the gaities of the fair or festival or are preoccupied with the socio-religious aspects of the function. They are also in too light a mood to think of and bestow attention on their own profession on these occasions and so fail to benefit by the exhibition to the extent we desire. In cases where conditions were very agreeable some were really benefited. But we are not satisfied with this small achievement which is never commensurate with the efforts made. So also in Jamabandi camps wherein the gatherings are more exclusively of village officers and agriculturists, the lectures and exhibitions conducted did not produce the desired effect as the people were preoccupied with grievances which they were placing before the Jamabandi officers. The village officers themselves are most anxious about the trial they have to stand and the final orders they have to receive from the Jamabandi officers on their year's work. Another attempt made was to stage our shows in weekly shandies. Here too the progress made has not been very great for the reason that such shandies are too short in duration and the ryots attending them have little time for self-education after transacting their more serious business of selling and buying things for which they go to the shandy.

It has become the fashion to arrange in urban areas what are called " All India Exhibitions" and in these places a large number of sections is represented under the categories of Fine-arts, Industries, Forest, Health, Agriculture, etc. The visitors to such exhibitions are mostly urban The very few villagers that get into the grounds are often attracted to the curio shops or bucket shops where the crowds are thick. Unless it be following a prominent visitor like the Priemer, the exhibition of rural subjects remains mostly unnoticed. The modern tendency is to conduct a number of " All India Exhibitions" simultaniously in different parts of the same province and as such the " All India " scope of the exhibition is very much curtailed.

One exhibition in a town for the whole district also appears to attract too little attention of the rural population and much less it is that they attempt to avail themselves of the occasion for exhibiting their own products and compete for prizes. Experience shows that divisional or Taluk exhibitions are sharing almost the same fate, as they have also failed to create a real sense of competition among the farmers of the area. However, it was found that in the two latter types of exhibitions people could be made to take interest and to exhibit some of their products when Agricultural Demonstrators concerned exerted much from behind the screen. Proceeding in this strain, the idea of conducting a rural exhibition was thought of and a scheme was prepared. The Director of Agriculture was kind enough to encourage the scheme.

The scheme is fundamentally different from all other kinds of exhibitions as it is meant to cater directly to the needs of the villagers in the rural areas so as to create a desire from within to produce better things, to adopt better ways of life and to exhibit them with a healthy sense of rivalry.

We have a number of organisations meant to improve the lot of the villager. They have often failed to attain their objects, for the simple reason that they could not stimulate individual effort towards progress. This novel kind of exhibition is ment to create a feeling of competition among the individuals of a locality in excelling one another in adopting improvements in all aspects of village life particularly with reference to farming which is the basic industry of the villager. The villager is encouraged to make his surroundings more and more sanitary by conserving all sorts of refuses as manure in the best way possible. He is forced to put in individual effort to produce the best crops by adopting improvements in cultivation, manuring,

weeding or by the use of improved seeds and to take up all profitable side lines of farming.

Since we met here last I have been thus able to make some progress in advertising agricultural and other lines of improvements in village life. From the experience gained by the one exhibition conducted in Malabar I am able to assure you that it has acted as a powerful force to make the villager adopt improved methods in all aspects of rural life; more powerful than any other method of propaganda so far adopted.

I venture to place before you the following few details to indicate what was actually done in this "socio-economic experiment" and the effects produced thereby in the locality.

The Tirtala Exhibition.

The scheme was printed in English and vernaculars and distributed liberally in the centre advertising the exhibition nine months in advance in a few villages in and around Tirtala, a village on the bank of the Ponnani or Bharata River. The village was selected for the reason that suitable human material was found available there to work up the scheme. There is also a good co-operative organisation working in that centre. The responsibility for arranging and conducting the exhibition was largely entrusted to the co-operative organisation, under the guidance of the local Agricultural Demonstrator.

The society made available to the ryots the necessary materials like seed, manure, pamphlets, etc., to enable them to start the work early enough and to do their part best to compete for prizes. When later on it was found that a large number of people of the locality attempted to compete in adopting agricultural and other improvements to help rural welfare, a committee of judges was formed consisting of the local Agricultural Demonstrator, the Co-operative Inspector and three good ryots of the place. Numerous plots of paddy crops grown with improved strains of seed, properly cultivated plantain, vegetables, fruits and root crops besides fodder and green manure crops, pulses, gingelly and well preserved manure in pits, etc., came up for competition. Their households and cattle sheds with clean surroundings also competed, for prizes. They were all judged in their respective places to the entire satisfaction of the competitors.

The final meeting was held on 13th February in a spacious pandal specially erected for the occasion and decorated with evergreens, flags, etc. The neighbouring ryots gathered in large numbers and accorded a warm and fitting reception to the visitors. There was also a regular exhibition arranged in the pandal and the school building nearby. The exhibition thus put up was quite an interesting display of big roots of Tapioca, large plantain bunches, fine specimens of pineapples and a variety of vegetables and selected seeds, all specially grown for competing for the prizes. Jams and jellies made from different fruits, good bunches of coconuts and arecanuts, etc., live bee colonies, improved poultry, choice cattle including good cows, work bullocks and breeding bulls were the additional features. There was a separate health section with a baby show Some of the schools exhibited their products—labours of their children in embroidory, basket making, drawing and clay models and competed for prizes. Competitions were held in spinning, both by boys and girls, in public speaking, wrestling and music. A health show, exhibiting control measures against infectious diseases and sanitary aspects of village life, was put up by the Health Department. A small departmental show of improved agricultural products, specimens of pests and diseases and charts was also put up in the school building. The Health and Veterinary departments co-operated whole-heartedly with the Co-operative and Agricultural departments in making the show a success. There was a number of instructive lectures delivered by the Departmental officers particularly with regard to Health and Sanitation, Co-operation, Veterinary science including cattle rearing, and agricultural improvements all bearing on village uplift. Manure conservation with a view to utilise all waste materials as such by making them harmless to the household in order to provide necessary sanitation was given great emphasis as the basic work on which advance in farming must depend. It is interesting to note here that a ryot who won the first prize in manure conservation had more prizes to his credit, namely, the first prize for the best paddy and best plantain crop, besides others for the sanitary condition of the cattle shed and clean household. Thus 76 prizes were awarded for various items for which there was keen competition. In most of the items three prizes were awarded.

The Boy Scouts from a neighbouring High School added to the grandeur of the occasion by the display of scout drill; so too kolattam by school girls. The scouts were very helpful in making arrangements for the exhibition and maintaining order in the big gathering. The ryots, who mustered strong, evinced keen interest in the exhibition aud great enthusiasm prevailed.

The vistors from distant places were eager to see what a rural exhibition meant. The Co-operative Union came forward with a request that the Government Departments may help them to make this exhibition an annual event and offered to conduct the exhibition in December. The workers of the place extended invitations to a few more villages round about Tritala to join the exhibition and compete for prizes.

At the very outset by way of providing necessary materials to the ryots to introduce Agricultural improvements, the Co-operative Union undertook to stock and sell improved seed, manures and implements etc., thus the union began to serve the locality as a useful depot. There was a ready response from the ryots to adopt Agricultural Improvement advocated by the Department and the Union agreed to increase the scope of the Co-operative depot to meet the demands for competition next year. A sub-depot has thus been practically opened there. In short, it may be said that Agricultural reconstruction is set on foot in this centre on a firm basis, thereby paving the way for a demand for such knowledge and a keener incentive for their adoption was made to arise from within.

The judges and competitors walkiug from field to field for judging crops was an impressive show in itself. This roused a sort of enthusiasm and spirit of healthy competition which was given free expression by ryots by way of challenging one another for prizes in the next exhibition.

The Exhibition centre is gradually becoming a centre for the dissemination of knowledge on rural welfare. The depot gets sufficiently advertised. Rural Development would become easy if the Development Departments heartily co-operate. This one show has attracted the attention of people in different places, and more centres are seeking help for the conduct of such exhibitions.

If an exhibition of this kind becomes an annual event in several centres in the same taluk there may possibly arise a sense of competition among different such centres and the progress may become more rapid.

Health week, Baby show, Educational, Industrial (Rural) and Agricultural Exhibitions can all be held in the same place at the same time. This should certainly add to the utility and grandeur of the occasion attracting more people. I would even go to the extent of suggesting that such a show may last for two or three days with instructive lectures and useful programmes for demonstration and competition, besides a few items of varietal entertainments to break the monotany of its business aspect. Radio sets can come in hand for a part of such entertainments.

The last, but not the least, is the question of finance. It often happens that the enthusiastic worker in a village is a poor man and the villagers are themselves poor. It was therefore necessary at the outset to admit exhibits free of charge into the stall and the amount collected as local subscription was necessarily small. It is however gratifying to say that they contributed their utmost in cash, thereby providing funds for awarding prizes. The kind support given to it by the President and Secretary, Palghat Agricultural Association was a substantial help.

I would suggest that this may be accepted as one of the lines of work for which financial grant may be made by the Government on the recommendation of the Departmental officers. Such help may be required in the initial stages until the organtisations build up their own finance. I commend the results of this exhibition to the workers assembled here and invite their valuable criticisms and remarks indicating how further improvements can be effected in the programme.

SUMMARY OF THE PAPERS ON "RURAL EXHIBITION"

The purpose of exhibition and the part played by exhibitions in advancing progress and its educative value are explained. The various kinds of exhibitions through which agricultural propaganda was made were detailed and how the idea of rural exhibition was evolved is summarised, showing how rural subjects are not popular in urban areas. The actual work done as a socio-economic experiment at the Rural Exhibition conducted at Tirtala in Malabar is detailed.

The effects produced on the locality by conducting the rural exhibition is detailed. As a natural consequence as to how a Co-operative Agricultural depot was established on a firm basis and how a desire to introduce agricultural improvements was created to arise from within the village.

The need for making it an annual event in centres of work is explained and how such exhibitions can stimulate local enthusiasm and to serve the country well if all development Departments co-operate and conduct it to advance rural uplift work.

The need for financing such exhibitions by the state is also explained, as the money so spent can produce useful results.

Requesting the audience to suggest improvements in the programme by constructive criticism the paper is concluded.

Note on the working of the Madras Provincial Co-operative Marketing Society.

The society was registered on 2—10—1936 and started on its work on 12—10—1936.

2. *Operation.* The area of operation is confined to the Madras Presidency.

3. *Objects.* The main objects of the society are:

(i) to arrange for the sale of produce of the affiliated societies and their members to the best advantage and also to act as agent for the disposal of the produce of the members;

(ii) to co-ordinate the activities of the various non-credit societies by getting into touch with the market places, the places of production and the prices prevailing in the Presidency;

(iii) to serve as an information bureau of raw products and articles available in the Presidency and elsewhere; and

(iv) to advance money on the pledge and produce of members sent for sale.

4. *Members and Share Capital.* Membership is open to individuals and to non-credit co-operative societies other than building societies. The authorised share capital is Rs. 50,000 made up of 500 'A' class shares of Rs. 50 each for societies and 1,000 'B' class shares of Rs. 25 each for individual members. The value of the shares taken is to be paid in one lump sum.

The number of members and the paid up share capital on date were as follows :—

Members.			No. of Shares.	Paid up Share Capital.
Individuals	45	...	59	1,475
Societies	74	...	76	3,760
	119		135	5,235

5. *Funds.* The funds of the society are mainly composed of (i) share capital contributed by members, (ii) subsidy from Government and (iii) subsidy from the Madras Provincial Co-operative Bank.

Subsidy from the Government. Government have given free the services of one Sub-Deputy Registrar who is the Secretary, one Senior Inspector who is the Outdoor Assistant, two clerks and two peons. The above establishment is sanctioned for a period of three years. Besides the above, a subsidy of Rs. 2,800 per year is given by the Government for a period of 3 years to meet the rent of godowns, office premises, pay of 2 godown keepers and two peons. The office is at present located in the upstairs at 582, Pycrofts Road, Triplicane. The down floor is utilised as godown for wholesale and retail sale of ghee, butter, hand-pounded rice, milled rice, tamarind, jaggery, ginger preserve, honey and hair oil. The rent for the office, inclusive of the godown, is Rs. 70 per mensem. The establishment in the godown at Triplicane is as follows:

One godown-keeper *i.e.*, a salesman, on Rs. 25, one peon on Rs. 12 and a chokra on Rs. 3.

The second godown has been taken up at No. 38, Bunder Street, near Kothwal Bazaar, Madras, on a monthly rent of Rs. 60 per mensem to sell Kodur oranges, limes, mangoes etc. The establishment in the Fruit Depot is as follows:

One godown-keeper, designated as Accountant and cash keeper, on Rs. 25 per mensem and one peon on Rs. 12. The above expenditure is met out of the subsidy sanctioned by the Government and the expenditure under each head is within the budget allotment.

A third godown for the sale of potatoes of the Nilgiri District Potato and Agricultural Produce Growers' Society, Ootacamund, has been opened since 1-4-1938. The establishment in the potato mundy is as follows:

One Accountant on Rs. 25 per mensem and one salesmen on Rs. 20 per mensem.

Apart from the establishment, a salesman on Rs. 30 and tricycle peon on Rs. 12 are maintained in the Fruit Depot. Their pay and the pay of the establishment of the potato mundy is met out of the subsidy of Rs. 3,000 given by the Madras Provincial Co-operative Bank for co-ordinating the work of the non-credit societies in the presidency. This subsidy is intended to meet charges other than travelling allowances to Directors and staff not provided by the Government. The balance available was only Rs. 25-10-11 on 31-3-1938. Even this amount has since been spent.

6. *Management.* The Management is vested in a Board of Directors consisting of not more than 9 members, of whom 5 are representatives of societies and the rest of individuals, two of whom are residents of Madras. The present Board consists of the following gentlemen nominated by the Registrar for the first three years.

1. Sri T. A. Ramalingam Chettiar, B.A., B.L., M.L.C., *President.*
2. " V. Ramadas Pantulu B.A., B.L., *Vice-President.*
3. " P. N. Marthandam Pillai, B.A., B.L., *Treasurer.*
4. " N. Satyanarayana.
5. " R. V. Sundara Reddiar.
6. " N. R. Samiappa Mudaliar.
7. " Rao Bahadur C. Tadulingam.
8. " Diwan Bahadur M. Balasundaram Naidu.
9. " K. A. Nachiappa Gounder, M.L.A.

The Joint Registrar of Co-operative Societies, Madras and the Provincial Marketing Officer are ex-officio members of the Board.

The President, the Vice-President, the Treasurer, the Joint Registrar, the Provincial Marketing Officer and three other members of the Board form the Executive Committee.

The Board of Directors have resolved to deal for the present in the following articles:

1. Potatoes and other root crops.
2. Oranges, plantains and mangoes.
3. Onions and garlic.
4. Eggs, honey, ghee and gingelly oil.
5. Hand-pounded rice and milled rice.
6. Chillies and jaggery.

The main commodities sold by the society upto 30-6-1938 and the societies which utilised its services considerably are given below.

A commission at the rate of 3 pies for every rupee of the sales effected is being charged in the case of all commodities, except fruits and potatoes.

For fruits the purchaser pays a commission of one anna for every 105 fruits purchased by him and the producer pays at the rate of one anna on every rupee of the sales. Out of the commission of one anna collected from the producer 9 pies is reserved to meet losses if any on account of credit sales. If there be no loss the amount is payable to the Koduru Fruit Growers' Co-operative Society.

The commission charged for potatoes is $2\frac{1}{2}$ per cent.

Enquiries. There were 421 enquiries regarding prices, possibilities of marketing etc., upto 30-6-38 from individuals and societies.

Information Bureau. A weekly bulletin is issued showing the prices (wholesale) at which the chief primary products of this presidency sell in Madras.

Names of Societies helped in Marketing of Commodities.

Serial No.	Name of Societies.	Name of Articles.
1	Rasipuram Co-operative Sale Society ...	Ghee.
2	Maipad Co-operative Loan and Sale Society	Handpounded and milled rice.
3	The Chittoor Co-operative Loan and Sale Society	Jaggery, tamarind.
4	The Nilgiri District Potato and Agricultural Produce Growers' Co-operative Society	Potatoes.
5	The Coorg Honey Co-operative Society ...	Honey.
6	The Tadpatri Co-operative Loan and Sale Society	Ghee, green chillies.
7	The Nidubrole Co-operative Loan and Sale Society	Butter.
8	The Mangalore Ladies Thrift Loan and Sale Society	Ginger preserve.
9	The Palamaner Co-operative Loan and Sale Society	Tamarind.
10	The Kodur Fruit Growers' Co-operative Society	Sathukudi oranges, limes, sour oranges.
11	The Chinnganjam Eggs Marketing Society	Eggs.
12	The Puthur Fruit Growers' Co-operative Society	Sapotas.

Statement showing the commodities sold by the Marketing Society upto 10th June 1938.

Serial No.	Name of the Commodity.	Quantity.	Sale amount. Rs.	A.	P.
1	Ghee ...	668¾ tins.	14,244	6	10
2	Handpounded rice (Raw)..	1,627¾ bags & 6⅓ mrs.	12,790	8	9
3	Milled rice (Raw) ...	542 bags.	3,913	14	0
4	Butter and butter melted ghee ...	...	3,547	7	1
5	Jaggery ...	115 bags, 405 Mds. 6 visses, 20 palams.	1,230	4	5
6	Tamarind ...	72½ bags, 127 bundles.	1,683	5	5
7	Honey ...	2¾ tin. 82 lbs. 20 oz. & 91 bottles.	132	2	11
8	Potatoes ...	1,672 bags. 2,508 lbs.	12,595	2	6
9	Eggs ...	10 baskets & 1,07,613 eggs.	242	14	1
10	Coffee seeds ...	36½ visses.	40	1	6
11	Sathukudi oranges ...	8,16,986.	36,534	13	2
12	Tomatoes ...	61 baskets.	41	13	0
13	Limes ...	102 baskets 6,500.	1,303	8	9
14	Sapotas ...	47,872.	320	4	0
15	Grapes ...	1,414 baskets.	2,892	3	9
16	Melons ...	921 baskets.	420	5	0
	Total ...		93,224	8	9

Recent Utterances.

Delivered by Mr. M. B. Nanavati, Deputy-Governor, Reserve Bank of India, Bombay, on the occasion of the opening Ceremony of the New Building of the Surat District Co-operative Bank, Ltd., on 21st August, 1938.

Diwan Bahadur Gandhi and Gentlemen,

I am very glad to be able to congratulate you on this occasion on your achievement over a period of 30 years. Starting as a District Co-operative Urban Union, mainly with the intention of affording finance to individual members, your Society has transformed itself into a Co-operative Central bank of the normal type, with finance to societies as its main function. This transformation, in the function and outlook of the bank, has been accompanied by appropriate changes in the composition of the managemnt in which an increasingly greater share has been given to the representatives of rural societies. The history of your Bank, which has been prepared by Mr. Parikh, reveals a picture of gradual and steady improvement. You can legitimately be proud of the fact that upto 1931 your bank was placed in 'A' class by the Registrar, and was almost held out as a model to other banks in the Province. If, since then, you have been unable to maintain that position owing to increasing overdues, the sole responsibility for that can scarcely be attributed to you. This record of almost continuous achievements has been made possible by the succession of able, dis-interested and public spirited gentlemen who have devoted their time and energy to further the interests of the Bank. I see from the history of your bank, that in its early years it had to change its habitation with great frequency. It should therefore be a matter of great satisfaction that, at long last, you have acquired a permanent habitation. It is possible to regard this event as the fitting culmination of a period of achievement. It is also possible to regard it as the beginning of a new era in your history. It is in the latter light that I would urge you to regard it. It is my earnest wish that the opening of this building should coincide with a new orientation in its policy. It is with this hope that I have accepted your invitation to open the building.

I shall therefore venture to offer a few remarks on the working of your Bank, in the certainty that these would be construed not as carping criticism but as suggestions offered in a spirit of good-will. The first thing that strikes me is the great facility with which you have been able to attract deposits. I am glad to be able to observe that these deposits have been obtained spontaneously, so to say, and not drawn in by the offer of uneconomically attractive terms. The rates of interest which you offer on deposits are comparatively low. To this extent, the size of the deposits is an indication of the confidence that the public have in the soundness and usefulness of the bank. But apparently it has not been found possible to put these deposits to very great use. A very large proportion of these deposits have been merely invested in securities and this proportion has been increasing in the last few years. It has increased from 77 per cent. in 1934 to 88 per cent. in 1937. As a corollary to this, the proportion of the funds loaned out to societies and individuals has correspondingly diminished from 21 per cent. in 1934 to 16 per cent. in 1937. Further, out of the amount utilised in granting loans and advances, the proportion used for financing societies has fallen from 83 in 1934 to 54 in 1937, while the proportion of loans granted to individual members has increased from 16½ in 1933 to 45 in 1937. It is quite easy to see that the economic depression and the present state of the co-operative movement are the two factors primarily responsible for this state of affairs. For example, I believe I am right in drawing the inference that since 1933 your bank has been engaged mainly in withdrawing the advances already made to societies as best as it can. There does not appear to have been any new financing. On the other hand, the fact that the adoption of this policy leaves in your hands greater and greater idle money has naturally induced you, and to a certain extent justifiably, to increase your loans to individuals, though I am glad to note that this has been done with caution. The large amounts of funds at your disposal is a great temptation to extend credit to individuals, and though there has been some expansion, I must say that this temptation has been very creditably resisted. This brings me to the major problem that confronts you and most sound central banks in your position, *viz.* the disposal of the large amount of deposits lying idle. To the extent that these deposits have to be increasingly invested in Government securities, the institution functions more as an investment trust or a saving bank than a co-operative financing institution. Incidentally, I may say that even as an investment trust the Bank performs a highly useful service. In effect, the small savings of the people are being pooled by you and invested in Government securities. It is possible that, but for the intervention of this bank, these small savings might have been either hoarded or utilised in a more risky and unsound manner. The mobilisation of savings is an essential function of a bank. But to make these funds available to those who need it and for production purposes is an even more important function. Here, again we are confronted by a paradox, similar to that which confronts the whole economic system to-day, namely, the co-existence of poverty and plenty, of over-production and want. On the one hand, we have large funds, almost crying out for investment, and on the other, there are a large number of agriculturists who are similarly crying out for chief credit. And yet the necessary nexus cannot be established. It

is in the direction of bridging this gap that I want your bank to turn its attention in its future career. To put it in other words, your effort should be to utilise your funds in a manner which will at once be financially profitable to you and of great advantage to the agriculturist.

Rural Credit.—A moment's thought would show that this problem would continue to remain unsolved so long as primary societies continue in their present state. The larger interests of the country as well as your own special private interest require that the rural societies should be brought back to active life. Any trouble that you may take and any money that you may spend for this purpose will be abundantly justified. How then can the rural societies be brought to life again, and made to flourish in vigour? The answer to this has been suggested in the various bulletins published by the Agricultural Credit Department of the Reserve Bank. To put it briefly, we have suggested that the only way to bring back village societies to life is to enlarge their business in such a way that by becoming immediately and genuinely useful to their members they would call forth the support and loyalty of the agricultural population itself. The remodelled village society should undertake all the functions necessary to make the economic life of the cultivator more tolerable and full. We have gone even further and suggested that they should not confine themselves to undertaking merely economic functions but should also attend to the educational and social well being of the members. Such a reconstruction, namely, the transformation of the existing societies into multi-purpose societies will be possible only by the genuine co-operative effort of the villagers; but in the present state of our village life of educational backwardness and general ignorance of the cultivating classes, the initiative has unfortunately to come from above. I would suggest that you can do a great deal in providing this initiative.

The conception of a "multi-purpose society" and the way in which it should be organised and worked, would already be familiar to you. The main point is that the co-operative society should cease to be a mere co-operative money-lender. "An ad-hoc meeting of borrowers to get loans from a co-operative financing institution" will not be an altogether unjust description of many existing co-operative societies. These go to sleep, the moment funds are obtained and the loans distributed. Even the recoveries of these loans are left to the Government, if not to the financing agency. Working in this way, a co-operative society is only a glorified moneylender, but with the difference that in the last resort it can wield coercive powers which are not open to an ordinary money-lender. To this extent, it is worse than a money-lender. In areas where co-operative societies have functioned in this way they have naturally become very unpopular with the cultivator. The reorganised society has to live down this reputation. It should have a continuous and active life, not becoming dormant after distribution of loans. As before, credit will form an important part of its activity but not the only part. It will have to supervise and guide the use of the credit it gives. In doing so, it will automatically discover the other functions it has to undertake. Take, for example, a loan granted to buy manure, obviously, the best way to see that the loan is used for the purpose is for the society itself to supply the manure. To be developed successfully along these lines, the societies should at the very least take up co-operative marketing of agricultural produce, and the co-operative buying of the ordinary necessaries of the farmer. These activities would bring the members into continuous contact with the society, and in the financial sphere this contact would be represented by the running account which each member will then maintain with the society.

From a financial point of view, your function in stimulating the organisation and growth of multi-purpose societies would consist in making fresh short term finances available irrespective of the fact that the old loans are still outstanding. You are already in possession of al the funds necessary for this purpose and there will be little danger in making available such new finance, provided it is preceded by a careful selection of members and loans are restricted to strictly short term purposes. Recoveries can be made certain and almost automatic if it is understood that fresh short term loans would be available only to those who undertake to market at least a part of their produce sufficient to repay the loan through the society. The produce can then be marketed wholesale by the society and after deducting the loans due to it, the balance can be either given back to the member or better still kept to his credit in current account. This technique is by no means new especially to you. For I find that practically the same procedure has been followed by you in financing the 18 cotton sale societies in this district. The revitalising of village societies in this way would thus afford you a very valuable outlet for your funds. I should even think you would do well to appoint paid organisers to form such multi-purpose societies. If only the right men are selected and if they work in the right area, the extra profits that you will derive will more than cover the expenditure that you will have to incur. Another way in which you can aid the development of societies is by financing, partly at least, the construction of godowns and warehouses, the need for which would be very urgently felt if societies are to take up enlarged functions.

I would like to take this opportunity to reply to some criticisms of the idea of a multi-purpose society. Such criticisms usually originate from a lack of clear understanding of what a multi-purpose society means. Some accuse us of parading an ancient idea as an original discovery. But we claim no originality for the idea. In fact it is implicit in the existing bye-laws of most village societies. In these bye-laws, co-operative purchase, co-operative marketing of produce, education of members, etc. are already included as legitimate functions. This list is usually rounded off with a reference to " such other activities as would conduce to the welware of the members". Multi-purpose societies would therefore automatically come into being when existing societies live up to their bye-laws. Criticism from another angle attacks combination of various functions. It is suggested that trading should not be combined with banking, as trading losses might impair the very foundations of the banking side of the society. In this connection critics have quoted the fate of the early Raiffeisen societies which, encouraged by their success on the credit side, hastily undertook a variety of other functions. This kind of criticism misses the point altogether. We have nowhere said that trading, in the ordinary sense, which inevitably contains a certain measure of speculative risk, should form a part of the activities of the societies. All purchases of the society would be made on the indent system. There would therefore be no danger of societies being left with unsaleable stocks on their hands: similarly the societies would only be acting as agents of their members in the marketing of their produce. Ordinary prudence would require seperate accounts to be kept of all these transactions. With these safeguards, I see no reason whatever to think that the performance of a variety of functions is too risky an affair. On the other hand, a society which does not undertake all these functions would have little real vigour and would die of anæmia.

An other point worth considering is this: Even those who object to the multi-purpose society are in favour of the co-operative principle being applied to marketing, purchase, etc. They advocate a seperate society for each such function. The need for co-ordinating the activities of these societies is recognised, but it is thought that this can be done in something like the following manner. Thus, a member who has taken a loan from a credit society would be advised to take his crop to a marketing society which would deduct the dues to the credit society before paying the member for his produce. It is easy to see how cumbrous and impracticable such co-ordination will be. The most important single cause for the failure of the co-operative movement so far has been the lack of enough good co-operators. When it is difficult to find enough men to run one credit society in a village, it would be the height of optimism to expect to find enough men to run a number of co-operative societies. On this ground alone, the idea of a multi-purpose society is justified.

I have explained that a village co-operative society should not be a mere money-lender. For the same reasons, it will not be enough if a central financing agency merely makes available to the village societies the savings of the townspeople. It would then be a bank, but not a 'Co-operative' bank. Financing would, of course, still continue to be the major function of a central bank, but financing is interpreted in a wider and more liberal sense. The financing agency should take measures to see that funds are utilised for the purpose for which they are advanced. It is not every village society that would be able to find men capable of conducting its varied business without external assistance and advice. Here a central financing agency can most suitably step in. Again, just as the village society ascertains the needs of its members so that it can make common purchases, the financing agency should render similar services to the village societies. It is a matter of considerable doubt whether the existing central banks which have to deal with a large number of village societies would be able to undertake these delicate and varied functions. It is this doubt that led us to suggest the desirability of forming banking unions operating over a small area, say a Taluq This suggestion has been subjected so severe criticism, much of which is again due to misunderstanding. What we are most keen about is that these functions should somehow be performed, never mind by whom. If central banks as at present organised are found fit to exercise these functions, well and good. We have nowhere advocated that district central banks should be scrapped and replaced by banking unions. If, on the other hand, it is proved that by its very size and organisation the district bank is incapable of fulfilling these functions, then it will have to be replaced by a banking union. It is far too early to come to a categoric conclusion on this matter. You have therefore a rich field of experiment before you. The results would be keenly watched all over the country. The Surat Central Bank has certain preliminary advantages in undertaking these new functions. It has large funds at its disposal. It commands the confidence of the public. It has a good record of work and it has the good fortune to have the services of able and willing honorary workers. Finally, it has already five branches in the various Taluqs. The constant supervision of the new village societies can obviously be better exercised by a district central bank with branches, than by a central bank which has its offices at headquarters only. It is my earnest wish that the opening of the new building would be accompanied by a new orientation of policy on the lines I have suggested. I hope that you will exploit to the full the preliminary advantages I just mentioned, and if it is proved that a district central bank can effectively fulfil this new role, it will be an object lesson to others.

The Coimbatore District Urban Bank.

SILVER JUBILEE CELEBRATIONS.

WELCOME ADDRESS

BY SRI T. A. RAMALINGAM CHETTIAR,

President of the Bank.

The Hon'ble Mr. Giri, Mr. Austin and Gentlemen,

I have very great pleasure in welcoming you to this function of the Bank which is belated by very nearly 3 years. The Board of Management appreciates very much your kindness in responding to our invitation and especially that of the Hon'ble the Minister and the Registrar who amidst their multifarious engagements have found time to come and grace this occasion.

The Board of Management has prepared an account of the history of the bank from the beginning and it has been circulated to you all. From the report you will find that the bank has been making a steady progress and extending its help wider and wider. Beginning as a 'Shareholders' bank by gentlemen who were interested in the advancement of ryots, it has developed into the central financial institution of the district managed for the ryots and mostly by themselves. Even though a third of the Board of Management is elected from among the individual shareholders, this quota of individual shareholders is elected at the Genera Body meeting, at which the representatives of the Societies form four-fifths of the shareholders. The bank was started with the ideal of help to the ryots, and I am glad to say that from the beginning it was managed with this ideal before it; and by the present constitution the self-government of the borrowers for whom the bank was intended is fulfilled. It has been said in certain quarters that the domination of the borrowing societies in the central banks is not safe and proposals have been made for the introduction of such strange elements as depositors on the Board of Management. Speaking as a person concerned with a District Bank which has to its credit some good work for the last 28 years, I cannot recollect even a single occasion on which on matters of business principles or efficient management of the bank there was difference of opinion between the representatives of the Societies and the representatives of the individuals. The representatives of Societies have always welcomed the co-operation and help of individuals who really help them. Of course, when people for the sake of power or prestige or for securing some influence want to get into such institutions without any previous record of real work done for the Societies, then the trouble begins. The introduction of depositors' representatives and outside financiers will only create trouble in an otherwise smooth working movement.

It has to be realised that the co-operative movement while being based on strict principles of finance and business management is a movement dealing with human beings and their activities and intended for them, and is not a movement for mere business, and increased business,

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and profits and increased profits. I have to deplore the tendency in certain quarters to think and speak of the movement more in terms of the profits made than in terms of the services rendered. There are certain institutions even in the co-operative movement which seem to be obsessed with the idea of profits rather than of means of employing the resources available for the support and increased activities of the movement.

Those in the movement are realising more and more that if any lasting good is to come out of the movement, the movement will have to take charge of the ryot as a whole and deal with his economic position and his habits of living rather than confine itself to make facile credit available to him. The supply of facile credit is at best only a palliative and at times it does more harm than good by making the ryot more heavily indebted and sometimes even more extravagant. The real position has to be appreciated that ordinarily the ryot has no employment for a large portion of his time. He has got a large number of dependents who likewise are not employed. The agricultural occupation which is also the way of his life is so precarious in most parts of the country that he is not sure what he will get, and the little he can get out of his labour is even minimised by middlemen by want of knowledge and by his absolute poverty. If the ryot is to be rehabilitated it can only be by educating him to understand his own life, the possibility of bettering it and his limitations and bringing into existence the organisations which will enable the poor, the ignorant and the helpless ryots to take advantage of up-to-date facilities in agricultural improvements, processing, marketing and side occupations. It is only by a comprehensive dealing with all matters concerning the ryot and making available to him all knowledge of agricultural improvements, technical skill and other resources that he can be improved. If the co-operative movement has taught anything since it was started in India it is this: that we have to deal with the ryot as ryot and man, and not merely as a borrower to whom facile credit should be given whatever the rate of interest may be. This is the new orientation that has to be given to the movement and I do hope that all those in the co-operative movement, both officials and non-officials, will think over and see whether my statement of the requirements is not correct; and if they think like me they will put forth every effort and give effect to that conviction in action and not merely go on talking as if we were giving advice to others and not laying down courses of action for ourselves.

Looking over the past history of the bank I am very glad to say that in this district, the officials and the non-officials have always worked together with one common aim—to help the ryot and the occasions for difference of opinion, much less for any serious conflict have never occurred. In this connection, on behalf of the bank I ought to express our special indebtedness to the late Mr. Dewan Bahadur R. Ramachandra

Rao who organised the bank, the late Mr. L. D. Swamikannu Pillai, who contributed very much to the financial support and proper organisation of the bank in the early days; and Messrs. Deivasikamani Mudaliar and Giriappa who were very helpful in the expansion of the activities of the bank and arranging for the supervision of Societies by Unions. It was also a matter of gratification to us that the district was never without non-official co-operators in different parts of the district who were prepared to give of their best, in time and efforts, for working in the movement. The movement in this district is based, as may be seen from the report, on the proper working of the supervising Unions. The supervising Unions are formed of the Societies themselves for mutual supervision. These Unions are managed entirely by the rural co-operators. They have drawn to themselves all the active elements in the movement and the Unions are vying with each other in good management. We have instituted a Shield to be given to the best-managed Union in the District and there were at least six Unions in the district which have competed for it this year. Even the other Unions are also trying to come up later on so that if not this year, they may take the first place as the best-managed Union in the district. I feel that without these supervising Unions it will not be possible to organise the movement in the district and draw to them the active elements and make them interested in the work and give them a feeling that they are responsible for the working of the movement. The Unions have got Supervisors attached to them and working under them. The bank does not employ any separate inspecting agency of its own, except the Assistant Secretary, who is the administrative officer of the bank looking after supervision generally and helping the Unions. With very rare exceptions, the Unions have worked satisfactorily. At the instance of the Unions themselves, the supervisors and the clerks working under the Unions are placed on a district cadre and appointments are made to this cadre by the bank and not by the Unions concerned. It is this close co-operation of the official and the non-official elements that has contributed to the progress of the bank in this district.

There is a feeling expressed in some quarters that the provision of unlimited liability in the rural societies scares away the substantial men and unlimited liability should not be the rule in the rural societies. Speaking for this bank, I do not see how we could have worked with limited liability in the rural societies. We depend upon the society and the Union to grant loans and make collections. Will this continue under limited liability? We generally look to the management of the Society and its past conduct in the granting of loans. If limited liability becomes the rule, the responsibility of seeing whether each borrower will be able to repay will be transferred to the bank as in the case of Land Mortgage Bank and will not be confined to the Society. Will the bank be in a position to sanction loans easily if this drastic change is made in the constitution of the rural society?

Another matter about which the movement has to be careful about is, the question of audit. I have great regard for certified auditors, the knowledge and character of several of whom is admirable. But at the same time, we should not forget that co-operative audit is something different from ordinary audit and that in co-operation we depend more largely on public opinion and safe management. There is the belief that the Government are looking after the co-operative institutions and the Registrar of Co-operative Societies is burdened with the responsibility, in my opinion rightly, of audit in the statute itself. Giving the choice of selecting the auditor to the institution concerned, even though a panel from out of which the auditor should be chosen is made, is not strictly enabling the Registrar to exercise his responsibility; nor is it altogether taking away the choice of the auditor from the institution concerned. I have been always of the opinion that even in Joint Stock Banks, the audit should be in the hands of the Government. The irregularities which are becoming more and more apparent in the Joint Stock Banks ought to make one very wary before introducing the system of selection of auditors by the institutions concerned, in however modified a form it may be. Even with the audit of the departmental officers irregularities have been found in some of the co-operative institutions. So a case has been made out for a more stringent audit by a better constituted departmental audit and not for leaving the audit in the hands of the institutions themselves by the auditors chosen by themselves. But at the same time, I ought to appeal to the Government to reduce their charges reasonably and not to impose heavy charges which they levy at present, which is, in some cases, the only reason for institutions to ask to be allowed to choose outside auditors. The Government ought to realise their responsibility in this matter and should not think merely or making every exercise of its functions to be self-supporting. There are matters in which they owe it to the public that security and proper management are provided. I consider the audit as one of such security services which the Government is rendering to the rural population, and if by providing this on a reasonable basis the Government find there is a deficit they ought to bear it. I ought also to say that in many cases, especially in Loan and Sale Societies, Land Mortgage Banks etc., the charge they propose to levy will be felt extremely hard.

The question of overdues looms large in many of the banks in the Province and hangs heavily on the movement as a whole in the opinion of many people. Even the circulars issued by the Registrar show an amount of nervousness. I am happy to say that that is not one of the burning questions in this bank. I have had opportunities of examining the question in some districts. It has to be realised that the agriculturist wants money for various purposes and he can repay many of them only in instalments. There is a feeling in quarters which ought to know

better and in some of the central banks that money should be advanced only for a short-term, which in co-operative parlance means, should be repaid from the next crop. So far as the agriculturist himself is concerned, he does not make any difference between a short-term purpose and a long-term purpose and he cannot naturally differentiate between one loan he takes and another. It is not fair to lend money to a ryot for a purpose which will not enable him to repay within a year as a one-year loan. The natural tendency in such cases is to apply for a loan and mention in the loan application a purpose which under the rules will justify a short-term loan, but when the time comes for repayment, naturally he is not able to pay back the whole loan at the end of the year and overdues go on accumulating. It is unfortunate that the position of the ryot is not appreciated and advice is given even by such high authorities as the Reserve Bank based on commercial practices and Joint Stock banking. As the ryot is not given loans for all his legitimate purposes and for the time needed to repay them, he goes and borrows wherever he can get loans. When the harvest comes he pays the most pressing debt. I for one will not find fault with the ryot for this state of affairs which has led to the appalling overdues in several of the banks in the Presidency, the moment the depression set in and the prices went down. In my humble opinion, unless the co-operative movement is prepared to finance for all the needs of the ryot and make the payment reasonably easy for him from the produce he gets, we cannot expect any prompt and regular payment from the ryot and we should not expect him to learn punctuality, and thrift or to improve his habits so as to live within his means. For he has to go and borrow elsewhere for some at least of his needs at present and it does not matter to him whether he borrows a hundred or a five hundred, so long as there are people to lend money to him. If we arrange to meet all his needs by loans given by the co-operative institutions themselves, we can reasonably expect the ryot not to borrow elsewhere and to bring all his produce for sale through a loan and sale society and have the proceeds distributed among the several co-operative institutions which have lent money to him and then pay the balance to him either to save or to meet his other demands. The rigid differentiation between short-term loans and long-term loans and fixing the proportion of them as to each individual or to each Society is, in my view, based on a wrong appreciation of the needs of the ryot. With due deference to such high authority as the Reserve Bank, I have to state that we cannot deal with short-term loans only and leave the ryot to find funds for his other needs elsewhere. That will surely lead to a breakdown of the movement and it will not in any way rehabilitate the ryot and our country, and the bank should be prepared as it is at present only to figure as one of the numerous creditors of the ryot.

Another thing which has made the position worse is not taking into consideration the capacity of the ryot to pay but to insist on his keeping his contract and paying at the appointed time. In the first place, when a loan is given, the capacity of the ryot to repay should be considered carefully and such time as is necessary should be allowed to him for repayment. I saw in several banks that every loan was given as a short-term loan and when the default occurred, as was only inevitable, suits were filed, execution was taken and properties were brought to sale and in many cases the societies themselves had to take the properties in auction. When this method was not found satisfactory, liquidation was resorted to and a very large number of societies were liquidated in a hurry and people were scared away by the enforcement of the unlimited liability. This was one of the reasons for the agitation in some quarters for changing the constitution of the rural societies from unlimited liability to limited liability. If only, when default occurred, people had taken the trouble to go and study the condition of the ryots and allow time for repayment in instalments spread over a long period, I do not think either the wholesale liquidation or the large number of executions would have been necessary. In our own district in the Kollegal taluk, conditions became very grave both on account of the continuous drought extending over several years and the failure of the main support of the taluk, namely, silk rearing, which was practically killed by foreign competition. We were advised both by officials and non-officials to take drastic action to suppress the Union, to employ direct agency by the bank to sell out everybody that had borrowed and to liquidate most, if not all the societies in the taluk. We studied the situation. We found the people were really hard hit. It was not because of their perversity that the people were not paying. We thought the best solution was to give them time to pay. Only last year there was a good crop within the past 5 or 6 years. Silk-rearing is also looking a little bit hopeful. We have been able to bring down the overdues in the taluk to only 17 thousand rupees. All those who advised drastic action are now approving of the course taken by the bank. In some societies, the assets have almost vanished. In such cases we have allowed the small amounts that still remained due to the bank to be paid out of the profits of future years in a period of 8 or 10 years. We are gradually reviving the old societies and even starting new societies in the area. The movement is being revived in the taluk. Even the Department sometimes advises writing off of the liabilities of the societies unnecessarily. The best course is to help the societies by studying their real position, giving them time needed to repay and gradually admit more members and revive the working of the societies. Any way that is the policy we are following in this District. It has so far succeeded. I do think that the same policy may be tried in other places with profit to the bank and benefit to the people.

Reviews.

CO-OPERATION IN TRAVANCORE STATE.

The State of Travancore occupies the southern-most part of the West Malabar Coast between the Arabian Sea and the Ghats. Its area is 7,625 square miles. It is very densely populated, having nearly 670 inhabitants to the square mile. It consists of a fertile strip of flat coast land where rice and coconuts grow and a hilly region inland, producing teak, cardamoms, pepper and coffee chiefly. The land is very productive. A large percentage of the people are educated. The Government has always been good, the present unrest being due to the fact that, in a progressive State, impatience at the rate of progress is a normal factor.

The report of the working of co-operative societies in this place is interesting. It is well written, giving information on the different phases of co-operative activity. A map and two charts help one to appreciate the extent and growth of the activity. Comparative tables are many. But the most interesting feature is the attempt to explain in fine English its important features.

A new Act or Regulation has come into force. It is expected to check the deterioration in the working of the societies and to improve them. It will 'help the Department in tiding over many practical difficulties and assisting societies in the prompt realisation of dues.' Statistics show that the peak year in the advance of co-operation was M. E. 1108 (5 years ago) when the number of societies and the number of members were highest and the financial condition was most favourable. Since then, as elsewhere in India, there has been deterioration, although it has been comparatively insignificant. But the Registrar is sensitive to it and points out how 'fall of commodity prices,' 'large decline in land values,' and 'unfavourable seasonal conditions' have crippled the 'slender resources of agriculturists.' The great majority of societies being agricultural credit institutions, collection of dues and overdues is found difficult, although 'the Department spared no pains to push forward collection of arrears both by presuation and concession and by pressure and coercive steps.' The new Act gives further powers and a sympathetic use of them should make it possible to reduce overdue percentage.

Rectification and consolidation work is going on. 46 bad societies were liquidated while 27 new ones, only three of which were agricultural credit societies, were registered in the year. Cancellation of registration is stated to be carefully done.

But the Department has come to recognise that so long, it has been ploughing co-operative sands. The Registrar says, "If the problem of agricultural indebtedness is to be solved through co-operation, it should help to improve the economic condition of the farmer by increasing his earning capacity and by limiting his expenditure. His economic regeneration cannot be brought about by providing cheap credit alone. If real progress is to be achieved the co-operative movement must deal with the cultivator comprehensively. All his needs, as producer and consumer must be served and all activities which will give him a surplus income should be taken up. It is this re-orientation that the movement stands in need of."

With this purpose in view, the Department encourages 'special types' of societies for 'co-operative production, distribution and sale.' To improve collections in villages, the system of 'Kettuthengu deposit' was introduced. 'Where facilities existed,' members were induced to hand over some of their coconut tree to societies, which collected the produce and auctioned it for the best price and credited the sale proceeds to the accounts of the members. By collective sale, five to ten per cent. profit was realised. One and a half lakhs worth of nuts were so sold and the system is growing popular.

Here is the beginning of agricultural co-operative marketing. Coconuts in this part of the country are not able to compete with the Ceylon produce. Attempts should be made to produce bigger and finer seeds more suitable to the market and to find good markets. And coconuts are not the only commodity that deserve attention. Tea and coffee, cardamoms and forest produce, even timber will have to be improved by the adoption of the latest improvements. That is what most great agricultural co-operative societies do elsewhere in the world. Officers of the Agricultural Department are said to work in close co-operation. It is a fortunate circumstance and a great deal can be achieved by proper co-ordination. Some of the 'Studies and Reports' of the International Labour Office of Geneva on Co-operation would be found very useful in this connection.

Again consumers' co-operation has come in for some attention, although not for as much as it deserves. Their number is going up—24 new societies having been registered in 36-37. The Trivandrum Store has done some good business. But the most significant fact in this part of the Report is the fact that two village societies did business to the extent of Rs. 18,600 and Rs. 6,300. What a fine prospect opens, if this activity is encouraged in every village society! The 1,750 societies would be able to show crores of rupees worth of transactions, proving a veritable gold mine to the harassed co-operator! What an army of men and women will find employment in a hundred capacities! How production and marketing will shoot up! How those beautiful villages which nestle under coconut topes will become veritable lines of profitable, useful, activity! Our go-ahead Registrar should pay most attention to this work.

The necessity for training co-operators seems to have been much felt. Good training improves official and non-official workers. But instruction should not be on the lines rendered orthodax in India. A good syllabus which will lay stress on agricultural marketing, consumers' movement and production for consumption and relegate credit co-operation to a low place in the training, should be thought out and instruction should be based on it. England, Denmark, Sweden and the United States provide fine courses of studies and their experience should stand us in good stead.

A fine report furnishing useful information and rousing thought, sums up my impression of this report.

C. S. R.

Correspondence.

To

The Editor,

Madras Journal of Co-operation.

Dear Sir,

Repayments in Building Societies.

The hardship caused to building societies by Rule 8 of the Rules for the grant of State Loans to co-operative building societies as amended by G. O. No. 1297, dated the 13th September, 1935, was brought to the notice of the Registrar of Co-operative Societies, and the Joint-Registrar of Co-operative Societies was pleased to issue a circular, dated the 16th December 1935, stating the aims of the amended rule, and hoped that the societies would not be put to any hardship. This circular states that "in determining the amount of annual instalment due to Government the correct procedure to be adopted is that each of the outstanding members' loans should be taken into account separately and the amount payable to Government is the aggregate of the amount due from each individual member and not a fixed sum as originally fixed in the bond executed by the society."

The circular is not clear whether the members' loans due to Government alone, or the members' loans due to the society should be taken into account. In the original loan bond executed by the society to the Government only the loan for the Government was taken into account and one-twentieth of the loan taken from the Government was fixed as the annual instalment. Hence it is fair that in fixing the amount payable by the society under the revised rule and the Registrar's circular only the members' loans due to the Government should be taken into account. For example, a member has borrowed Rs. 4,000 from the society, of which Rs. 3,000 is from the Government loan and Rs. 1,000 his own share capital; he has agreed to pay Rs. 200 per year to the society. Is this amount of Rs. 200 to be paid towards the Government loan or only Rs. 150? If the former is to be the aim of the rule, as interpreted by some Deputy Registrars, then the whole loan to the Government becomes cleared in 15 years and the statement that the Government advances loans for 20 years is meaningless. Even the original bond contemplated only one-twentieth of the Government loan as annual instalment. Hence it stands to reason that the amount due from each member should be only the amount due towards the portion of the Government loan taken by him.

Further, the advance payments made by a member have to be remitted to the Government. A member was due to the society hand, it should be possible for the women of Malabar to replace a portion at least of imported biscuits with Swadeshi confectionary.

* * *

Mr. Harold Butler, Director of the International Labour Office, Geneva, who was on a visit to India and other Eastern countries, last year, says in his latest report to the League, that the comparative inefficiency of labour in India is the result of a combination of poverty, ill-health and illiteracy.

* * *

Addressing the students of the Central Co-operative Institute, Madras, the Hon. Dr. T. S. S. Rajan, Minister for Public Health, advised them, as co-operators, to see that the villages, where they should work later, were supplied with good protected water, that the diet of the people was made balanced and healthy, and that the cattle wealth of the country was improved. He wished them to visit the villages in Poonamallee area where rural reconstruction work in the matter of public health was being done under Government direction.

* * *

Dr. Spencer Hatch, the well-known Director of the Y. M. C. A. rural centre at Marthandam, opened recently a Rural Service Exhibition at Oollannoore. On that occasion he described a system of co-operation practised in the village of Paranium. Under the guidence of the local Y. M. C. A. the members of the co-operative society who are bee-keepers and poultry keepers exchange part of their goods on the barter system and market the surplus through the society.

* * *

The Scouts and other students of Board High School, Chittoor, have taken up the improvement of Jenakaripalli, which is about a mile from Chittoor. They have opened a night school for adults and are arranging for weekly magic lantern lectures and bhajanas. Recently a batch of 250 scouts and students marched to the village, dug manure pits, taught games to children and entertained the villagers. Such uplift work is done by Scouts in many villages in the United Provinces. We commend the example of the Chittoor boys to the pupils of other High Schools.

* * *

Mr. D. M. Amalsad, Principal of the Government Textile Institute Madras, advised the members of the South Canara District Hand Loom Weaver's Co-operative Society to take to hand-spinning and to weaving Khadder when they had not enough work on hand with mill yarn. This is quite a good proposition because the wages of weavers have gone down, so that in Salem town weavers are reported to be getting only 3 annas a day. The earnings from hand-spinning and weaving Khaddar would be somewhat higher.

* * *

The Pudukotah Legislative Council has passed an Agriculturists' Debt Relief Bill on the lines of the Madras Agriculturists' Debt Relief Act. The Bill contained a clause exempting co-operative societies from

the operation of the Act. A member moved for the deletion of this exemption clause, but the amendment was opposed by several on the ground that co-operative societies lent money to their own members and not to outsiders. The amendment was defeated.

* * *

Opening the Rural Reconstruction School at Tiruchengode in Salem District—which is the third school of the series—Mr. A. F. W. Dixon, Collector, observed that the co-operative movement was greatly responsible for the constructive work following Prohibition in the District. For the benefit of the tappers a number of societies had been started for making jaggery out of the sweet juice of the coconut and palmyrah trees. The co-operative movement had also benefited the ex-addict by teaching him thrift. During the last six months in 200 societies thrift deposits had amounted to Rs. 17,000. This is something of an achievement.

* * *

On the 3rd September 'the tree planting ceremoney and the festival of rains,' was observed at Shantiniketanam, the great educational institution of Dr. Rabindranath Tagore. He presided over the ceremoney and amidst the chanting of Mantras and singing of songs blessed 200 plants, which were distributed among six sorrounding villages for being grown. On that occasion he said, "In this age man has failed to acknowledge his debt to nature for the hospitality she has given him; he has exploited her resources with unashamed greed, with the result that nature has been deprived of fruitfulness and prosperity."

* * *

At Nellore a representation was made to Mr. Giri on behalf of political sufferers that many of them were leading hapless lives on account of unemployment and therefore they might be given employment under the nation-building departments. Mr. Giri replied that he had placed before Government a scheme for establishing an agricultural colony of 500 acres in each district for the benefit of the unemployed including political sufferers, and that under the auspices of an Ashram to be established there, the unemployed would be taught agriculture, cottage industries, etc. More interesting still, he said: "Funds for the maintenance of the Ashram might be met from an annual collection of a rupee from each employee in Government and quasi-Governmental institutions, the Government paying a like contribution from their funds." It is a bold idea which we should very much like to see put into practice.

* * *

It is quite possible for us to have Indian made receivers for Rs. 30, is the opinion expressed by Mr. Manu Subedar, M.L.A., (Central) in a recent statement to the Press. A set made in Japan costs the importer now Rs. 17 only after paying freight and duty. The duty is Rs. 8 and the freight and packing charges as calculated by Mr. Subedar is Rs. 3. So the manufacturer's price seems to be only Rs. 6. Even in the first year, we should be able to manufacture a set at a cost of Rs. 15 and including all charges it should be available to the user at Rs. 30. Government experts and businessmen are putting their heads together and there is reason to expect that the Rs. 30 set will soon be an accomplished fact.

* * *

Rural Uplift work in Hyderabad State is being directed during the last two years by a central Rural Reconstruction Board, of which the Rt. Hon'ble Sir Akbar Hydari is the chairman. In every taluk one village is selected where a village reconstruction society is formed with an official chairman. Each society appoints 3 sub-committees, *viz.*, Better Farming, Better Business and Better Living Sub-Committees. Out of 104 villages selected, in 80 villages societies are already working and in the other villages they are being formed. The programme of these societies is varied and comprehensive and includes the popularisation of Scouting, the holding of village sports and the provision of play grounds and Gymnasiums.

* * *

While declaring open the Rajapalayam Textile Mills at Rajapalayam in the early part of September, Mr. Giri pointed out that the production of Khaddar as a subsidiary industry for agriculturist, who had agricultural work for only about six months in the year, was a necessity in this country as unemployment relief. Necessary also were the mills and handlooms, and he thought the time had come for defining the respective boundaries of the mill, handloom and the Khaddar industries. As shrewd businessmen the mill owners, he said, would no doubt like to pay the lowest price possible for the cotton they wanted, but by that policy they would be killing the goose that laid the golden eggs. For the agriculturist was their best customer and they should not lower his purchasing power. He pointed out further that a sure guarantee for the success of the new mill would be the giving of just and reasonable conditions to the workmen.

* * *

The Government's review of the working of co-operative societies in Hyderabad State in Fasli 1345 notes with satisfaction that there was an increase in the number of societies and their working capital. The Dominion Bank, under the guidance of its President, Dewan Bahadur Aravamuda Aiyangar, reduced its rate of interest on lendings from 7 to 6 per cent., increased its owned capital from Rs. 12.86 to Rs. 14 lakhs and also showed better recoveries compared with the previous year. The propagandists of the Central Co-operative Union delivered more lectures and conducted more training classes than in the previous year. The Central Banks were able to make more collections than in the previous year and to add a considerable amount to their reserve funds. The number of agricultural societies increased from 2,335 to 2,435 and the new loans issued by them to their members increased from Rs. 2.92 lakhs to Rs. 3.95 lakhs, but their recoveries were less satisfactory, and on the whole their position was much the same as in the previous year. But there was an all-round progress in non-agricultural societies whose lendings and collections were several times greater than those of agricultural societies. Cotton sale societies increased during the year under report from 3 to 8 and worked satisfactorily, while a Co-operative Life Insurance Society was newly started. There was a fall in the number of societies that were audited during the year, though the Government had instructed that as far as possible all societies should be audited during the year. We suppose the remedy for this lies in appointing an adequate staff for the purpose. The Government were still awaiting the report of the Committee appointed to report on the financial condition of the banks and societies.

Extracts.

UNLIMITED LIABILITY IN THEORY AND PRACTICE

BY K. C. RAMAKRISHNAN, M.A.

University of Madras.

Unlimited liability has been idolised by many a writer on agricultural co-operation. Wolff considered it the 'very pillar of the Raiffeisen system while it provides an absolute security for the protection of the creditor, there is nothing like it "to sharpen the wits of people concerned, to make them watchful, critically observant, inexorable ....." It was an article of faith with Raiffeisen and his followers who thought that without it there could be no 'co-operative spirit.' Schulze Delitzsch valued it for its utility in attracting deposits and putting members on guard, though he saw in it ; 'two edged sword.' Neither of them, however, had at the time of founding their societies any choice, as the privilege of limited liability had not been accorded by law. After this was done in Germany, the followers of Schulze gradually went over to limited liability, which is to-day the prevailing form in urban societies everywhere, each of them drawing members from a far wider circle than a village. On the other hand, agricultural credit societies are still in several parts of the world based on the Reiffeisen model with unlimited liability—the outstanding exceptions being those in Great Britain, the United States, France and recently Japan.

I

PREVAILING FORMS OF LIABILITY IN FOREIGN COUNTRIES.

It could be seen from M. Digby's *Digest of Co-operative Law* that unlimited liability is a statutory obligation on members of rural credit societies in Austria, Czecho, slavokia, Germany, Ireland, Canada, New Zealand, New South Wales-South Africa, Egypt, etc. Though the law in the following countries permits any form of liability, members have actually undertaken unlimited liability in most of the agricultural credit and even non-credit societies in Denmark Holland and Finland, while multiple or supplemental liability has been undertaken in Hungary Belgium, Switzerland, etc. It is only in Great Britain and the United States that liability is in all cases strictly limited. The law for a long time in France and recently in Japan has permitted limited liability ; but societies where either the members or the managing Committee undertake unlimited liability are accorded greater privileges in respect of borrowing from the State or taking deposits from others.

Unlimited liability has not been popular in France. The French peasant proprietor seeks security above everything and shuns everything smacking of risk. He is notoriously thrifty; and savings banks had developed earlier in the countryside than credit societies. Co operative credit has come into vogue in the post-war period not for paying off prior debts, but for effecting agricultural improvement. The village credit societies which have multiplied more than ever in the last 18 years and are generally based on limited liability, are quite subordinate institutions, not holding cash, nor inviting deposits, and serve more as branches of Regional Banks. The latter look into loan applications of members of village societies before sanctioning them, and send them statements of dues to be collected in instalments from individual borrowers leaving the societies little scope for initiative and management. Otto Rothfield would not commend them for adoption in Bombay 15 years back. "French societies are safe, but do not achieve anything brilliant. Our best societies are revolutionising the countryside economically, socially and morally, but many are still thoroughly unsound and dangerous."[1] The situation has certainy worsened in Bombay, while it has improved in France.

The British farmer has been more averse to unlimited liability than the French peasant. He is more conversant with commercial banks and lives in a business atmosphere. He makes more use of personal credit and the pledge of produce, his immoveable assets not being proportionately high. There is none who advocates unlimited liability for the British farmer. J. R. Cahill who was convinced of the benefits of that liability in most parts of Germany would not recommend it for England in his famous report. "The question of unlimited liability is not a matter of principle but of expediency. It may well be the case in England that unlimited liability having been long abandoned in business, may appear so far-reaching in its possible consequences that to secure its general adoption might present almost insuperable difficulties to the extension of the co-operative movement ......Consideration might be extended to the prevalent disinclination in this respect. The essential point is that members should incur such liability that, in rough proportion to their means and to their utilisation of the services of the society their interest in its success, as well as an adequate basis of credit for the society, should be scured. This object is attained under the system of limited liability in Saxony and Pomerania.)"[2]

The American farmer who has considerable landed property would not look at unlimited liability. Professor T. N. Carver could recognise its utility only "among very poor and struggling farmers no one of whom owns more than a very few hundred dollars worth of property and all of whom are about equally wealthy or poor" and he looked forward to the development of co-operative credit associations with limited liability in the United States. J. R. Cahill told the American Commisston on Agricultural Co-operation in Europe: "Some members of your Commission have said that if it were proposed to establish an unlimited liability society in America, the first thing to be done with the person making the proposal would be to put him in a lunatic asylum. The question of unlimited or limited liability is not essential. Yau want to create a security. If you can get together a sufficient number of persons to create a security, then you have created credit.'.[3]

1. Impressions of the Co-operative Movement in France and Italy, pp. 23, 24.
2. Agricultural Credit and Co-operation in Germany, p. 86.

Sir Horace Plunkett, the founder of the agricultural movement in Ireland, set great store on unlimited liability in credit societies. But such societies have failed more than any other type in that country and their revival is still a problem. The Commission on Agricultural Credit, (1912-14) while recommending their restoration and improvement, noted 'the difficulty in attracting the better off farmers to a credit society with unlimited liability' and proposed that societies should also be formed with limited liability. The Commission, by the way, was definitely against the assumption of trading functions by the credit societies. What even Free State Ireland seemed to lack was 'a large class of persons capable and willing to serve a local credit society with success' like the priests and school masters in some of the Continental countries.[4]

Japan, which adopted in 1900 the pure Raiffeisen model of agricultural credit with unlimited liability felt it necessary later on to convert such societies into limited and more recently into guaranteed liability societies. According to an authoritative publication of 1934, unlimited liability societies formed only 8 per cent. of the total number of societies, though 8 per cent. of the societies had credit as their object, singly or in combination with other purposes.[5]

Unlimited liability is still going strong in some of the European countries where agricultural co-operation has most advanced. It is difficult to speak of the movement in Austria, and Germany at present; but there is no doubt that unlimited liability holds the field in Denmark, Holland and Czechoslavokia. The interesting, rather perplexing, point is that in these countries unlimited liability is the basis of not only credit socities, but of almost every kind of agricultural society: creameries, bacon factories, purchase and sale societies, some of them covering a very large area. It is the form of liability adopted not only by primary societies but also by central societies and land mortgage banks extending over the whole of a province or even country. Mutual knowledge among members, a *sine qua non* of unlimited liability, is impossible in the nature of things in societies so big, nor is the risk undertaken in a trading or producing society so simple as that in a village credit society. This may imply extreme faith and confidence in the co-operative character and business abilities of fellow-countymen. In fact, there is said to be practically no case of any member called upon to make good a deficit. But such a liability cannot be taken up by members in less advanced countries with impunity. When members are prepared to pledge their unlimited liability in several societies at a time, its value is obviously neutralised. Attention has been drawn to this caricature of unlimited liability by C. F. Strickland, who considers it unsound

3. Report, p. 848.
4. Agricultural Co-operation in Ireland (H. P. Foundation), pp. 374, 385.
5. Report by the Central Union of Co-op. Societies in Japan p. 10.

in theory and contrasts it with the Indian system which does not, rightly, permit unlimited liability of members in more than one society and in secondary societies.[6] Here is the latest view on the working of unlimited liability in Holland. Dr. C. Weststrate of the Raiffeisen Central Bank, Utrecht writes in the Year Book of Agricultural Co-operation, 1938: "If we have learnt anything in these last years, it is that unlimited liability may be a foundation stone, but that we must do our utmost to let it lie very quietly where it is. To make use of unlimited liability is like taking a foundation stone away to repair the top of the building; it looks all right again, but its solidity has suffered. Use of this liability naturally impairs the support of the members, and the necessary feeling that co-operation is valuable to them. We have learnt, or rather we have realised that a sound economic purpose, good organisation and good management of the co-operative societies are much more essential to the well being of co-operation than the most complete liability of members."

II

EARLY HOPES AND FEARS OF UNLIMITED LIABILITY IN INDIA.

It is but natural that when India had to copy a foreign model, the early advocates of co-operative credit should recommended unlimited liability, so much more in vogue in peasant-farming countries in those days. The virtues of the system have been sung not only by Nicholson but by one committee after another. The Famine Commission of 1901 insisted on unlimited liability "for under such conditions a few ordinary villagers can readily provide a guarantee to satisfy (creditors)........The feeling of joint responsibility induces each member to exert himself to the utmost to safeguard the common interest, it compels caution in the distribution of loans to members, and causes them to hesitate over the introduction of any new members likely to cause loss to the association by unpunctuality or backwardness in making payments." The Commission added however: "It remains to be seen whether the principle of limitation by guarantee will not be equally efficient and more acceptable".[7]

Misgivings were entertained by a few even in the early days. For instance, while the Bill was under discussion in the Imperial Legislative Council in 1903, the late Mr. G. K. Gokhale said that "unlimited liability is a principle which our raiyats in many parts of India can scarcely be made to understand ....this is to them an entirely foreign idea and in most parts, it is to be feared, would deter people from joining such association. Responsibility in equal shares on the common partnership principle may be better appreciated and would be enough for a start ....it will be a mistake to aim at too much in the start Insistence on such a principle would keep away from the new societies those very classes, whose help and co-operation would be very indispensable".[8]

6. Studies in European Co-operation, Vol. I, pp. 3, 160.
7. Report, p. 96.
8. Gokhale's Speeches (Natesan), p. 279.

The Government did not indeed force unlimited liability on agricultural credit societies at first. In fact the societies organised in Madras in the first two years were all on the basis of limited liability. But by persuasion and later examples they gradually changed over to unlimited liability. The first Madras Registrar in his third annual report averred: "The apprehension at one time entertained that people will be generally very unwilling to accept unlimited liability has proved groundless".[9] This elicited the encomium of the enthusiast Wolff: "Rather curiously there appears to be in India a pronounced predilection for unlimited liability which one ought not to discourage. The reason for such predilection obviously is that unlimited liability is of the two forms the most readily understood even by untutored minds. In Madras there are even societies which have deliberately converted themselves from limited into unlimited liability societies".[10] A few years later when difficulties arose in one district the then Registrar had a fear that "if loans were given liberally in such societies, the civil courts might refuse to enforce an unlimited liability which most of the members had never understood or accepted".[11]

The Government of India reviewing the working of societies all over India in the first ten years expressed entire satisfaction at the way in which this principle was received by the people even though "many experienced persons anticipated innumerable difficulties on this ground alone. The instinct of association, however, is familiar to the Indian mind, and the principle of unlimited liability has been accepted without demur. It is, indeed, better understood in the villages than limited liability and for rural credit it constitutes the main basis of co-operation in this country".[12]

Soon after, the Maclagan Committee on Co-operation recommended the retention of unlimited liability in no uncertain terms. "It has been, contrary to the anticipations of many, unreservedly accepted by the people and we have evidence before us to show that is constituted an important factor in the confidence reposed on societies both by the central institutions inside the movement and by the joint-stock banks outside it. Its adoption has not kept out the richer peasants, nor have we met with any demand for the substitution of limited responsibility." The Committee was not quite sure of the exact legal obligations of members under unlimited liability (how much and when to contribute to the dues of the society); nor did the danger of alienating assets by members escape its attention. It contended itself with stating that there were no difficulties so far of enforcing the liability; that it should take the form of 'contributory unlimited liability' by which the ultimate deficit due by the society to the creditors should be secured by a series of levies *per capita* on members, direct proceedings by any creditor against individuals being forbidden[13]—an understanding not always observed by Central Banks until the law was amended in some provinces.

9. Report for 1906-7, p. 1.
10. People's Banks, p. 526.
11. Report for 1913-4, p. 29.
12. Resolution dated 17th June 1914, para 14.
13. Report, pp 27-8.

III

RECENT EXPERIENCE OF THE WORKING OF UNLIMITED LIABILITY.

Some of the Provincial Banking Committees have devoted some attention to the worsening situation in the co-operative movement and its reaction unlimited liability. The dissolution of a large number of societies in every Province began even before the depression, and the results of liquidation served to reveal people's understanding of the liability they had untertaken and their capacity for wriggling out of it. But almost all the Committees came to the conclusion that in spite of defective appreciation of the responsibilities involved in unlimited liability by the members it had undoubted value and should not be scrapped or replaced by limited liability. The Bengal Committee was unequivocal. "Joint and unlimited liability has been found from experience to be absolutely essential for agricultural credit; and as a matter of fact, instances in which one member has been made to pay more than his own dues to the society are so very rare as to be utterly negligible". But it was admitted that where membership was heterogenous, the richer members dominated and gathered all power in their hands.[14] So where security was strengthened, co-operative spirit weakened. The United Provincess Committee discovered the same antithesis between security and liberty, but looked to co-operative education to reconcile the two and in that hope recommended the continuance of unlimited liability. The Central Provinces Committee while recognising the value of this liability found in the very security that it afforded the cause of reckless advances to members. Indeed it was argued "if members were to be merely borrowers and do nothing else, they could be more effectively drilled and disciplined and made to repay loans by a purely Governmental agency".[15] The Bihar Committee went further and supplied figures as regards enforcement of unlimited liability in liquidation proceedings. Out of a total of Rs. 210,502 realised in such proceedings, only Rs, 4,498 was realised by the enforcement of unlimited liability principle. The Committee recommended to wide publication of these figures in as clear a manner as possible, to reassure the well-to-do who had joined or would be willing to join credit societies. But actually the few cases where the principle was enforced did create a wide spread uneasiness among the well-to-do.[16]

The Indian Central Banking Committee echoed the opinions of Provincial Banking Committees and held that in spite of the apprehension of alienation of property, the safeguards provided for were sufficient and the protection to creditors was ample, which accounted for the inflow of funds from the public. "Co-operators find that with the observance of these precautions and the restrictions of loans to members selected for their honesty, the unlimited liability is of great practical value in raising and dispensing co-operation credit instead of being a danger and a snare." They had,

14. Report, p. 151. 15. Report, pp. 268-9. 16. Report, pp. 136-7.

however, no objection to trying limited liability where co-operative credit could not make headway under limited liability.[17]

But Manu Subedar in his dissenting minute expressed grave doubts of the practical value of unlimited liability as it generally worked in India, though he did not underrate the moral value of the principle wherever it was accepted after an understanding, and enforced by local public opinion among members. He felt that "public opinion among members is not strong enough to compel prompt and regular discharge of obligations to repay. The forces of laxity must have outweighed the forces for enforcement." He was of the view that public confidence in co-operative banks was due not so much to unlimited liability as to the feeling that the moral authority of the Government was behind the deposits, to the Government's action in paying off fully all depositors in a crisis as in Burma and to the statutory audit of co-operative societies by Government agency or Government control.[18]

There was indeed room for optimism among creditors—usually Central Banks – as long as the law was not clear as to the stage and the manner of enforcement of unlimited liability. The highest courts of law in Madras and Patna held divergent views on the subject. There was a legal doubt whether creditors could or could not proceed against individual members of societies to collect their dues. The Bombay Act of 1925 specifically laid down that creditors could *not* proceed against individual members, whose liability could be enforced only after the liquidation of a society and on a pro-rata basis. The Madras Act of 1932 followed the Bombay Act and that indeed was the theory propounded by Calvert—Contributory Unlimited Liability and accepted by the Indian Banking Committee. As a matter of fact, we are told by a high authority that in Madras the Central Banks were able before 1932 to get decisions or awards against defaulting societies executed against individual members of such societies. "Often such decisions or awards were used to induce a prominent member of a society to take interest and collect the dues from the borrowers and pay the dues to the Central Bank concerned." The power to enforce unlimited liability against any one at any stage was itself a mighty weapon, though sparingly used. On the few occasions in which it was used it provoked a lot of local resentment. Charges have been freely bandied against official liquidators and authorities of Central Banks that they used their power to satisfy their private or party grudge against independent individuals, who had not themselves borrowed at all. The legislation of 1932, combined with the acute economic depression, would seem to have turned the tables against Central Banks. Since the depression set in, dissolution of defaulting societies has become common, and the Central Banks have found it increasingly difficult to collect their dues not only from impecunious borrowers but also from the apparently solvent members despite the vaunted unlimited liability.

17. Report, p. 120. 18 Minority Report, pp. 89-91.

How thin is the protection afforded by unlimited liability to creditors in several cases has been revealed in the annual administration reports of the Registrar in Madras. It was enforced in 34 cases in 1930-31 and the contributory orders were for Rs. 77,960. It rose to 361 cases in 1933-34 with contributory orders for Rs. 3.2 lakhs. In 1935-36 contributory orders were for Rs. 3.89 lakhs enforced against 2,679 persons. The actual amounts collected by liquidation were insignificant by the side of the amounts due. In most cases liquidators have had to purchase the properties of members for values often less than half of the amounts to be recovered. And it was by no means easy for them to realise even the purchase price by the resale of such properties. There was a scarcity of bidders in the village, due partly to the economic depression, but more to the combination among villagers. The Registrar even in 1931 complained of "the obstacles put in the way of the liquidator by seasoned defaulters and an unsympathetic public in the villages".[19] We have been assured that liquidation itself is not resorted to lightly or hurriedly—perhaps the Central Banks would say, not promptly enough. It is done only "when all methods of recovering arrears from members persuasive and coercive—are exhausted" by which time most of the outstanding debts become bad or irrecoverable. Benami transactions and alienations of properties are reported to take place freely when a society has begun to decline. Supersession of Panchayat by a single agent is said to be a little more effective than liquidation; but it is unpopular and cases have been reported of such an agent himself abusing his power or winking at members' fraudulent transactions.[20] No wonder the Central Banks ask for powers to proceed against individual defaulters or to appoint a Receiver who can take action as in land mortgage banks.

Such difficulties are by no means peculiar to Madras. The worst had happened in Burma where the drastic action taken to enforce unlimited liability led to "inefficiency and mismanagement by appointed agents of the liquidator and to surreptitious disposal of valuable land by members of societies before the liquidator appeared on the scene".[21] The Registrar in Bombay has been complaining of the difficulty in disposing of the properties of members. Agriculturists have no cash and a few who have "hesitate to shoulder any odium by purchasing the properties of their fellow villagers in distress". The liquidator has to purchase them and think of resale outright or by hire-purchase system or of some method of extensive cultivation—all of which present difficulties.[22] The Registrar of the Punjab has reported: "The difficulty of finding good liquidators continues unabated Whole-time liquidators are now being engaged as an experiment . . . . Liquidators get no help or sympathy and as a general rule the whole village combines to obstruct proceedings in any way they can".[23]

[19] Report for 1930-31, p. 15.
[20] Madras Journal of Co-operation, July '37, p. 16.
[21] Reserve Bank Bulletin No. 3, p. 11.
[22] Report for 1934-35, pp. 34-5.
[23] Report for 1934-35, pp. 52-3.

The enforcement of unlimited liability or the fear of it has surely everywhere scared away the well-to-do ryots from joining a society or continuing in one. In the Punjab "in many societies it is unfortunately the good members who are apt to go, either from the fear of the enforcement of unlimited liability or because owing to the default of the fellow members (over whom they have evidently had no control) the society's credit with the financing bank is reduced and they are unable to get loans which they really need and to which their individual credit should entitle them."[24] In the Central Provinces "honest and solvent agriculturists are reluctant to form societies on account of the fear of coercive action and enforcement of joint liability" which the Registrar wanted to be counteracted by propaganda. Though he was later on gratified at the effects of education and supervision in removing the fear so far as new societies were concerned, he admitted: "Several non-official co-operators, however, feel that still better results would be achieved if the new societies were allowed to be organised on limited liability basis" and stated that the question of organising limited liability societies was under consideration.[25]

The authorities of the Reserve Bank of India apparently advocate the continuance of unlimited liability in the new type of co-operative village bank or the multi-purpose society they have been recommending. In their latest Bulletin they recommend: "The reconstructed societies must also as in Burma be strengthened by the enrolment of new good members. It has been generally said that the existence of unlimited liability acts as a deterrent to new members joining societies which have not worked well in the past. However, strange as it may seem, in spite of the fact that this liability was so harshly enforced in Burma, no difficulty has been experienced there in inducing well-to-do members to join the societies. It may not be so easy in India, but an attempt must be made to revitalise the societies with the introduction of subsantial people."[26]

IV

A PLEA FOR A CHANGE IN THE FORM OF LIABILITY.

The scheme at Alamuru (East Godavari, Madras) of a multi-purpose society for a group of villages, but based on limited liability, is at any rate more logical. Co-operators in this tract have had a bitter experience of the enforcement of unlimited liability on the richer members in a number of credit societies, though it is admitted that loans had been advanced recklessly in some cases, while the depression reduced the repaying capacity of many. The President or Secretary played havoc, while the Panchayat slept on, in a few societies. Transactions in the union area have fallen from Rs. 9 lakhs to less than Rs. 1 lakh. The well-to-do ryots have been scared away by unlimited liability. There is no prospect of a rapid revival without limiting liability.

[24] Report for 1932-33, p. 25.
[25] Report for 1935-36, p. 9.
[26] Reserve Bank Bulletin No. 3, p. 45.

The Alamuru Co-operative Rural Bank, Ltd., registered last February, offers to grant loans on the pledge of gold upto 75 per cent. of its value, on the pledge of produce well-secured upto 60 per cent. of its value, and on the mortgage of unencumbered immovable property belonging to the borrower upto 50 per cent. of its market value. Cash credits are granted on continuity mortgage bonds which dispenses with the need to renew the mortgage frequently. Encumbrance certificates and legal opinion on titles are, of course, obtained in every case of mortgage. It is significant that loans on personal surety are not provided for. In these respects it runs counter to the orthodox co-operative view which prefers personal surety to mortgage security—though in Madras mortgage security has been in vogue from the early days of the movement and the Central Banks have often insisted on it in the case of larger loans for longer periods.

In spite of such precautions from the banking point of view, the new rural bank as attracted only a limited amount of deposits from individuals, members and non-members, and the Central Bank in the area has so far not advanced any loans to the new society. Is this illustrative of the profound (or pathetic ?) faith of Central Banks in unlimited liability, which in theory offers a wider target for creditors ultimately, and in practice may serve to frighten the solvent members into a sense of their obligation to the creditor bank ?

It is easy to argue that unlimited liability cannot be a danger or a snare so long as the safeguards associated with it are effective : the power to select members, the right to refuse loans and to watch the use of funds and see to the punctual repayment of dues. If all or most members or at least the Panchayat were vigilant, there would be no trouble to members subscribing to unlimited liability. Without such safeguards, even limited liability might not save the society from collapse ; only the creditor would have to suffer more and the richer members much less. If the risk of unlimited liability does not act as a spur to vigilance, the assurance of limited liability is less likely to arouse a sense of duty. Sir Horace Plunkett said : "The moment you begin to say—'well, after all, it only costs us so much if the bank bursts'—the bank will burst."

These are no doubt valid arguments, but they have not prevented the Central Banks from lending to limited liability urban societies (with members offering no material security though their repaying capacity can be more easily assured) and to loan and sale societies which have only produce as their security which is no better than the varieties of security including mortgage offered by Alamuru Bank. On the other hand, have not Central Banks in the past depended too much on unlimited liability, and granted loans without any enquiry into the human material for management in the village credit societies, once they found one or a few rich men as members ? Have they tried to pull them up by proper inspection or supervision—with the new powers the Central Banks now have ?

The Editor of the ***Madras Journal of Co-operation*** in reviewing the Movement in Japan wrote, "In this respect we think the Japanese are wiser than we have been. Unlimited liability has not yielded, at any rate in our country, the moral and material results that were expected of it. Nor is it easy of enforcement in practice. It has not proved a greater guarantee to the creditor against loss than limited liability. On the other hand, it has the serious disadvantage of keeping out intelligent and propertied men from societies, who would have been invaluable in managing them efficiently. The fact that everywhere in our country limited liability societies are more efficient than the unlimited liability societies should open our eyes to the superstitious regard we have for unlimited liability. Unlimited liability should become the exception and not the rule as is the case in our agricultural credit societies."[27]

This view might appear too categorical. There are surely other factors than the form of liability that contribute to the comparative success of our urban societies and the failure of rural societies. But the Editor has done a distinct service in calling the attention of co operators to the actual experience of unlimited liability in contrast to the idealistic conception of it. Wherever that liability is properly understood and cheerfully accepted, it is best to leave it alone and pay our tribute to the members. But for the rest, is it not wiser to adopt a less rigorous and less abstract liability with safeguards more concrete than those fondly associated with the old liability?

From the Indian Co-operative Review.

CO-OPERATION—SRINIKETAN.

Following the example of Yugoslavia, the Institute of Rural Reconstruction at Sriniketan, Visvabharati, of which the founder is Poet Rabindranath Tagore, have established during the past few years several such health co-operative societies in the villages in the district of Birbhum. The working of these societies has already revealed their potential values and their equal efficaciousness on the soil of this province.

The features of the societies are that three or four villages with a minimum of 200 families are combined to start a society in which each family is represented by at least one member. Each member pays a subscription of rupees three to four a year, which may however be partly in cash and partly in kind, *e.g.*, free labour, and even entirely in kind, in case of indigent members. The society employs a whole-time staff consisting of a qualified medical officer of the status of Sub-Assistant Surgeon, a dispensing compounder and a servant. The cost on account of the staff including contingencies is about Rs. 800 per annum which can be usually met from the yearly contributions of the members. A dispensary is maintained by the society accommodation for which as well as residential accommodation for the medical

[27] January 1935, p. 344.

officer are generally provided by some generous person or persons of the localities. Each member of the society is entitled to free treatment at the dispensary for himself and for all the members of his family. He receives medicines from the dispensary at cost price, while non-members pay at *bazar* rates. If a member calls in the medical officer to his house he has to pay a fee of annas four only for each call; on the other hand, a non-member must pay for such call at the *bazar* rates, *viz.* Rupee one or two per call. All such call fees are credited to the funds of the society and utilised for the purchase of the required drugs and medicines, together with the prices realised for them the members. Thus, save the assistance that may be necessary in the initial stage *e.g.*, in suitably housing the dispensary, these societies sooner or later become self-supporting and many of the Visva-Bharati's creations have actually become so.

The co-operative health societies have not only brought cheap medical relief within the easy reach of the villagers but have also undertaken through their members,—especially those who offer free labour as their quota of contribution - such sanitary works as clearing jungles, filling up *dobas* (stagnant pools of water), cleaning tanks, excavation of drains, etc. Some of them have further, constructed roads, and organised paddy stores and are maintaining primary school and carrying out other works for the uplift of the villages. Naturally, therefore, every villager is induced to become a member of such a society and thus participate in the benefits conferred by the society.

These societies, being based on the willing co operation of the villagers, have functioned as the most economic and most effective means of solving the problems of public health in the rural areas. There is undoubtedly, however, room for improvement. The advantages of a full-fledged hospital and of a sufficient number of capable medical practitioners, which are available in well-developod towns, cannot possibly be obtained in the interior of the province. Nevertheless, it is desirable that the dispensaries of the health societies should be able to supply free of cost, or at least at a concessional price, costly drugs and medicines required for treating common ailments in the villages, and that a medical officer with qualifications not lower than a University degree, and preferably with training in public health, should be employed to supervise and control the work of the health societies. Arrangements should also be made for undertaking by the societies adequate public health measures in the villages, *e g.* irrigation schemes for the eradication of Malaria, provision of copious pure drinking-water which is an essential safeguard against Cholera and other water-borne diseases, and so on. For these purposes, however, the income of such societies is obviously too small, and the societies must look up to the Government, the district boards and other benevolent bodies or persons for financial aid in the matters. While small annual grants from the Government are bound to enhance the utility of the societies, such grants should not be a heavy strain on the revenues of the Government. The intrinsic values of the Visva-Bharati Health Co operative Societies and the unprecedented success they have attained encourage us to suggest that, when the Government are considering a scheme for medical relief in the rural areas, they should decide to give such societies a fair trial, if not accept them at once as a suitable model, throughout the province.

From The Modern Review.

List of Societies Registered in September 1938.

Serial No.	Names of the Societies.	District.
1	The Kothuru Co-operative Society ...	Vizagapatam.
2	The Kuppili Co-operative Society ...	"
3	The Sree Rama Co-operative Society ...	"
4	The Chintada Co-operative Society ...	"
5	The Krishnapuram Co-operative Society ...	"
6	The Ethurallapadu Co-operative Society ...	"
7	The Sree Harinath Co-operative Society ...	"
8	The Madhupada Co-operative Society ...	"
9	The Ravivalasa Co-operative Society ...	"
10	The Sree Satyanarayana Co-operative Society.	"
11	The Koragam Co-operative Society ...	"
12	The Kesavarayunipalem Co-operative Society.	"
13	The Sree Muthukrishna Co-operative Society.	"
14	The Kambhalacheruvupeta Co-operative Better Living Society, Ltd. ...	E. Godavari.
15	The Rajahmundry Co-operative Milk Supply Society ...	"
16	The Rajahmundry Weavers' Co-operative Sale Society, Ltd. ...	"
17	The Madras Provincial Co-operative Bank Staff Co-operative Society ...	Madras.
18	The Madras Catholic Social Guild Weaving Co-operative Production and Sale Society ...	"
19	The Meenakshiammanpet Women's Cottage Industries Co-operative Society ...	"
20	The Ralumathiya Ravulakothu Co-operative Credit Society ...	Nellore.
21	The Gandavaram Co-operative Consolidation of Holdings Society, Ltd. ...	"
22	The Proddutur Spinners and Weavers Co-operative Society, Ltd. ...	Cuddapah.
23	The Kadirivaripalli Co-operative Society ...	"
24	The Etur Co-operative Society ...	"
25	The Bestavarapetah Weavers' Sale Co-operative Society ...	"
26	The Pyapalli Weavers' Co-operative Sale Society, Ltd. ...	Kurnool.
27	The Pattikonda Weavers' Co-operative Sale Society, Ltd. ...	"
28	The Nervada Co-operative Society ...	"
29	The Hindupur Municipal Weavers' Society, Ltd. ...	Anantapur.
30	The Thirunarayan Co-operative Credit Society.	S. Arcot.

Serial No.	Names of the Societies.	District.
31	The Assiz Nagar Settlement Co-operative Thrift Society ...	S. Arcot.
32	The Vadakkumelur Co-operative Credit Society	,,
33	The Apirambathur Co-operative Credit Society	,,
34	The Vanatharoyapuram Co-operative Credit Society ...	,,
35	The Thanamcheri Co-operative Poultry farming Society, Ltd. ...	,,
36	The Rajagiri Co-operative Credit Society ...	Tanjore.
37	The Manamedu Hand-pounded Rice Co-operative Society, Ltd. ...	Trichinopoly.
38	The Seethaparuppanallur Co-operative Credit Society ...	Tinnevelly.
39	The Sivagurunathapuram Co-operative Credit Society ...	,,
40	The Thisayanvilail Co-operative Stores, Ltd...	,,
41	The Harvey Mills' Co-operative Housing Society, Ltd. ...	,,
42	The Aranunarikadu Kongu Mooper Co-operative Society ...	Salem.
43	The Thannirpandalpalayam Co-operative Society ...	,,
44	The Rasipuram Co-operative Stores, Ltd. ...	,,
45	The Namakkal Co-operative Building Society.	,,
46	The Calicut Co-operative Stores, Ltd. ...	Malabar.
47	The Ramnattukara Weavers' Co-operative Sale Society, Ltd. ...	,,

List of Societies Cancelled in September 1938.

Serial No.	Names of the Societies.	District.	Date of Cancellation.
1	Injampalayam C. S. ...	Coimbator ...	30-8-38*
2	Velappanchavadi Co-operative Society.	Chingleput ...	30-8-38*
3	Venugopalapuram Co-operative Building Society ...	South Arcot ...	7-9-38
4	Ellore Municipal High School Students' Stores ...	W. Godavari ...	7-9-38
5	Payambalasseri Co-operative Society...	Malabar ...	10-9-38
6	Kovangudi F. L. C. S. ...	Tanjore ...	22-9-38
7	Vadakkur Co-operative Society ...	,, ...	22-9-38
8	Netla Co-operative Society ...	South Kanara...	23-9-38
9	Satyavedu Co-operative Society ...	Chingleput ...	26-9-38
10	Agaramcheri Co-operative Society ...	North Arcot ...	27-9-38
11	Maruvur Land Reclamation C. S. ...	Tanjore ...	27-9-38
12	Thorayur Co-operative Society ...	Malabar ...	28-9-38

* Societies not included in the list for August 1938.

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