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Editorial Notes.

The Provincial Co-operative Union and Rural Uplift Schools.

We are happy to state that following the suggestion made in the last issue of this journal, the Executive Committee of the Madras Provincial Co-operative Union have decided to conduct, of course with the co-operation of local officers and local co-operators, two rural uplift schools, one in Cuddapah district and one in Chittoor district, on the lines of the Salem schools, for the training of village guides. These schools are to be of two months' duration, whereas the Salem schools have been of one month only. We believe this is a wise decision. The provision made in the Salem schools for instruction in rural welfare subjects like agriculture, sanitation, co-operation, etc. is only one hour a day, as will be seen from the report of the Dharmapuri school published elsewhere in this number, and that school to typical of the Salem schools. We hope this provision will be increased in the Cuddapah and Chittoor schools in order that the village guides may be better equipped for their task. We should also like to suggest that first aid and scouting should be added to the subjects taught in these schools so that the guides may be enabled to start scout troops in villages through whom much help could be obtained for village uplift, as the example of the United Provinces shows. There are hundreds of troops there who are carrying out a useful programme of improving sanitation, providing educational facilities, especially for adults, popularising manure pits, opening windows in houses and other items. Prohibition is reported to have started quite well in Cuddapah and Chittoor districts. We hope the schools also will start equally well. We express the hope once again that the co-operators of these districts will avail themselves largely of this opportunity to get trained in the proposed schools and begin a better life campaign in their villages.

Character the Foundation.

We published last month the main part of a paper on 'co-operation and character' read by Mr. V. Krishna Mohan, Assistant Secretary of the Madras Provincial Co-operative Bank, before the students of the Central Co-operative Institute, with Mr. T. Austin, I.C.S., late Registrar of Co-operative Societies, in the chair. Though the whole idea of the co-operative society is based on character, in practice—in our country at any rate—it is so generally forgotten that we should think Mr. Krishna Mohan did a service to the students he was addressing by emphasizing its paramount importance. He declared, "I feel quite confident I shall be able to conclusively establish that all failures attributed to the co-operative movement are entirely due to lack of character and lack of character alone." This statement may be somewhat too sweeping, as some failures are due to lack of experience and fall in prices, but it is no doubt generally true, especially in the case of credit societies. Both Mr. Krishna Mohan and Mr. Austin stressed the necessity for admission into a society and the election to offices being made to depend upon the applicants possessing good character. Unfortunately in our country it is most usual to elect office-bearers from among influential people, whether they possess good character or not, and these hardly exercise any discretion in the admission of members. Hence we do not see much successful "capitalisation of honesty." On the other hand, personal credit is receding to the background in co-operative institutions and credit based on tangible security is coming more and more into prominence. That is to say, our societies are not showing themselves to be the man-making institutions they are intended to be. Let us take warning even now and put the societies on their rails.

Multiple Membership.

At the last Mysore Provincial Co-operative Conference a resolution was passed after much discussion requesting the Government to

repeal the rule which prohibits a person from being a member in more than one credit society. Those who spoke for the resolution argued that the rule was detrimental to the working and growth of credit societies in urban areas, that it was an infringement of the right of a society to admit as members those whom it considered eligible and that any such prohibition, if desirable, should not be imposed by the executive of Government but by the legislature. On the other side it was pointed out that the rule was made by Government on the recommendation of the (Chendrasekhara Aiyar) Co-operative Enquiry Committee of 1936, that it had been laid on the table of the Legislative Council for two months and no objection had been taken by it, and that it was framed in the interests both of the members and of the societies. We entirely agree with the latter views. The rule is a wholesome one. It has been in force in this province for some years and has been recognised as a very desirable one. The argument that it is detrimental to the working and growth of urban societies is curious. Societies which depend on multiple membership do not indeed deserve to exist. Though the object of an urban bank is to finance the small trader and producer, it is well known that in our country the majority of those who borrow from urban societies are employees who take loans for unproductive purposes. The more facilities they are given for borrowing, the more indebted do they become. They are as much in need of control of credit as the rural inhabitants are. When a person is permitted to be a member of two or more credit societies he generally borrows from one society to pay the dues of another society and goes on increasing his total indebtedness, instead of decreasing it Later on the societies are faced with irrecoverable loans. The rule therefore is a wholesome one and we hope it will be retained by the State.

Debt Relief for Wage-earners in Malaya.

Mr. J. P. Brander, I.C.S., (Retired) has drawn attention in the April-June number of the *Indian Co-operative Review* to the debt relief legislation for wage-earners adopted in Malaya in 1936 with very good results and has recommended the adoption of a similar measure to the Provincial Governments of India. It appears that in Malaya Government servants of all classes, both clerical and menial, and bank and other clerks, are often heavily indebted to Sikh money-lenders who, like money-lenders in India, take acknowledgments for several times the sum actually lent, and take fresh acknowledgments which include huge sums of capitalised interest, so that the debts become colossal and impossible of repayment. For shame or fear of losing their jobs the debtors do not seek relief by declaring themselves insolvents but become so worried that they cannot do their work properly. The legislation of 1936 enables the Supreme Court of each State to inquire into the debts of wage-earners, 'without the stigma of a public inquiry, or the debtor being declared a bankrupt', and to reduce the debts to proper dimensions, allowing interest on them at 8 per cent. and that only up to the date of settlement. The enactment applies to wage-earners not earning more than Rs. 544 per month. A preliminary inquiry is made by the Official Assignee, "who, if satisfied that none of the debts was contracted in trade or business, issues the applicant a certificate that he is a wage-earner and that a Wage-earners' Administration Order may properly be made by the Supreme Court. The Registrar of that Court hears the case in chambers in a summary fashion. He consults the head of the debtor's department or other employer as to what the debtor can pay monthly and also takes the opinion of the Official Assignee. The Registrar makes the order. The applicant is referred to as 'debtor', not as 'bankrupt.'"

It is reported that care is taken to see that honest creditors do not suffer and that the enactment is working very well. It seems there are two other pieces of legislation on the statute book in Malaya—the Usurious Loans Enactment and the Public Servants Liabilities Enactment—both of which have failed to achieve their object. The wage-earners' debt relief enactment also might have failed if co-operative societies for employees had not been started for promoting thrift and providing controlled credit. We are told there are 71 such societies with a paid up share capital of Rs. 82½ lakhs and that many Government servants have joined those societies. We are further told that the Official Assignee keeps in close touch with the Co-operative Department.

Better Living Propaganda Needed.

Mr. Brander quotes an interesting paragraph from the Official Assignee's annual report in which the usual causes of the indebtedness of the wage-earners is enumerated. They include sickness in the family, going surety for friends, supporting idle adult relatives, costly family events like the wedding of a sister or the funeral of a grandfather, rash borrowing and readiness to sign for any amount without thinking of one's ability to repay and renewals of I. O. U's. Indebtedness among Government servants and other salaried men is nearly as common in India as it is in Malaya and for almost the same causes. The great need is the development of the sense of thrift among them. Their education, recently reinforced by that of their wives, has only made them constantly raise their standard of living without a proper consideration of their income. An official as habitually lives above his means as a trader of the same income, for instance, lives under it. A large number of employees' co-operative societies have been started in all Indian provinces, but it has to be admitted that they

have rather provided un-controlled credit than promoted thrift. Debt relief legislation on the lines of the Malaya enactment may have its uses for our country as suggested by Mr. Brander, but the more important thing is to remove the false sense of status among them and to teach them that it is more praiseworthy to avoid debt than to support idle relatives or to celebrate family events in a costly manner. The need for better living propaganda is greatest among our educated classes.

Our Land Mortgage Banks.

The Madras Central Land Mortgage Bank had another year of smooth and successful working. During 1937-38 the number of its individual members increased from 457 to 478 and that of the society members from 90 to 94. The paid up share capital increased by Rs. 1,35,000 to Rs. 6,69,300. The Government guarantee on the Bank's debentures was raised during the year from Rs. 125 lakhs to Rs. 150 lakhs and subsequently to Rs. 200 lakhs. Debentures of the value of Rs. 25·87 lakhs were issued at 3 per cent. interest, the total value of the debentures outstanding at the end of the year being Rs. 131·86 lakhs. The primary banks met in full their dues to the Central Bank both in respect of principal and interest—being Rs. 7·85 and 6·07 lakhs respectively. Loans to the extent of Rs. 35·79 lakhs were disbursed during the year, raising the total outstanding amount to Rs. 140·80 lakhs. The amount of loans issued was considerably less than expected and less than that issued in the previous year, because for about four months loan transactions were held up on account of the passing of the Agriculturists' Debt Relief Act. Generally loans are taken by the numbers of the primary banks for discharging their prior debts and until the Debt Relief Act was finally passed it was not possible to know what the debt amounts would be. Therefore loans were held up in the primary banks as well as in the Central Bank. It earned a net profit of Rs. 92,962-3-0 as against Rs. 64,422-5-0 in the previous year.

During the year the Government insisted upon the Bank creating a Sinking Fund for the redemption of debentures when they mature, by retaining a margin of at least 2½ per cent. between the rate of interest paid on debentures and that charged to the ultimate borrower. and limiting the rate of dividend to one per cent more than the interest on debentures. In consequence, the rate of interest for the ultimate borrower was raised from 5 to 5½ per cent. and dividend was limited to 4 per cent. Another change introduced during the year was that debentures which were redeemable by the drawing of lots were made irredeemable for a period of ten years. All the debentures redeemed during the year were re-invested in the new series. The Deputy Collector Secretary who had been forced on the Bank in the previous year by the then Government was withdrawn after the expiry of his term of one year.

Of the primary banks affiliated to the Bank 65 worked at a profit and 30 at a loss. A sum of Rs. 86,000 odd was overdue to the primary banks from their members in respect of the funds of the Central Bank passed on to them, of which about Rs. 66,000 was under decrees or closed loans. Now that the prices of agricultural produce are somewhat improved, we hope that the overdues in the primaries will disappear altogether during the current year and the reputation of our land mortgage credit will be completely free from blemish.

The report of the Central Bank speaks of the delay caused in disbursing loans to the members of primary banks on account of the unwillingness of their creditors to give the necessary information. It says: "Even after the passing of the Act, great difficulty is experienced in disbursing sanctioned loans as the creditors are not willing to take payments as scaled down by the Debt Relief Act, and there is no machinery by which the creditor could be compelled to receive payment. There is no provision enabling a debtor to move the court and have his debts scaled down as per the Act or even to deposit the money where the debt is not a mortgage debt. These difficulties are being felt in most of the banks and a large amount of money remains undisbursed in the hands of the banks. It is for the Government to introduce suitable legislation to meet these diffi- culties." We join the Central Bank wholeheartedly in urging the Government to take suitable action in this direction.

Co-operative Societies and the Debt Relief Act.

We have published in this number the replies received so far from central banks and urban banks to our inquiry regarding the effects of the Agriculturists' Debt Relief Act on the transctions of co-operative societies. It will be seen from those replies that the demand for loans has increased in primary societies, that they are borrowing to a greater extent than before from central banks, that new members are joining societies and that new societies also are being formed. Of the formation of a large number of new societies we have abundant proof in the intimation that is sent to us for publica- tion by the various Deputy Registrars. The replies of the banks also show that money-lenders are not to any appreciable extent investing their monies in co-operative institutions but are continuing to lend to individuals, adopting certain devices to get round the provisions of the Agriculturists' Debt Relief Act. We hope the Government will take due note of these devices and think of the steps to be taken in order that the intention of their relief legislation may not be further defeated.

Credit Facilities.

In this connection we are glad to note that the Government have issued a press note refuting the criticism made in some quarters that consequent on the passing of the Debt Relief Act the ryots are not able to command the credit needed to meet their

requirements and that this has caused more hardship to the ryots now than before the Act was passed. The press note has set out the increased transactions that are taking place in co-operative societies and banks, and the increased facilities that are now offered to ryots to join them. It then points out that there is no dearth of money within the co-operative movement, that the central banks have so far experienced no difficulty in meeting the growing demands on them and that the Provincial Bank has enough funds for the loans which the central banks may want of it. 'There can therefore be no cause for complaint' says the note, 'that credit in any way has been curtailed.'

It is sometimes pointed out that the credit needs of all the ryots of the province come to many crores and that the advances made by the co-operative societies form only a very small proportion of them. This way of looking at the question does not appear to us to be the right one. The doors of the co-operative movement are open to every deserving ryot. If anyone does not choose to enter it, he has to blame only himself. We can only point out that to all those who enter it, ample credit facilities for meeting their agricultural require- ments are available. Co-operative credit is controlled credit. The just complaint in our country is that it is not controlled as much as it ought to be. Those who object to the exercise of any control are not suitable material for co-operative societies and have no claim on the sympathy of the State or of society at large. They will, we suppose, continue to resort to the money-lender and submit to his impositions. We cannot take note of their requirements. But for those who seek credit in the co-operative societies there are certainly ample facilities and they can be further augmented as required.

Registrar's Circular.

While on this subject we wish to draw the attention of our readers to a very timely circular issued by the Registrar, found on another page in this number, on the expansion of the movement by the organisation of new societies. Therein he has pointed out to the Deputy Registrars that out of 52,000 villages in the province only about 15,000 are at present served by societies and that a very much larger number could be served by giving up the policy of 'one village one society' and by including two or three adjacent villages not only in new societies but also in the existing ones. He rightly observes that by thus widening the area of operations of a society, more competent human material will become available for the management of societies— a very great desideratum at present. The wider area may also enable the societies to employ paid staff. What we welcome most in the circular is the Registrar's instruction that the new societies may be formed on unlimited or limited liability as the members desire. Their formation on a limited liability basis no doubt requires, under the present Act, exemption from Government but that will be sought. So, without giving up the present efforts at consolidation and rectification, a policy of expansion is already adopted and every deserving ryot who is in need of credit can join the co-operative society and benefit by it. No ryot need feel that he cannot get the necessary credit for carrying on his occupation.

Debt Conciliation Boards.

In an article we published in the October issue of our journal, it was pointed out that the Debt Conciliation Boards, possessing as they do insufficient powers to deal with recalcitrants and depending for settlement on the consent of creditors, failed in the Central Provinces to contribute all that was required for the solution of the problem of indebtedness, and that therefore the Government of the Central Provinces had introduced legislation to replace Boards by Courts. While welcoming the creation of more Debt Conciliation Boards in this province as has been done recently, we feel their mere constitution will not solve all the difficulties unless they are empowered to scale down debts compulsorily under the Agriculturists' Debt Relief Act. As long as conciliation is optional and not compulsory, these Boards will not be of help in solving the problem of indebtedness. By investing the Conciliation Boards with all the powers of Civil Courts in regard to relief under the Agriculturists' Relief Act, automatically the prior consent of creditors for settlement is done away with, and the Boards can proceed and settle the debts on an application under the Debt Conciliation Act. To effect this change it may be necessary to alter the law and the Government should not hesitate to do so, in order that unnecessary expenditure involved in adjudication by the Civil Courts may be avoided. As in most cases the Revenue Divisional Officers are the chairmen of the Conciliation Boards, it may be possible to liquidate the scaled down debts by means of loans under the Agricultural Loans Act, if the parties satisfy the conditions of such loans. In areas where the Conciliation Boards have not been set up, the Loans Officers may be empowered to act as Conciliation Boards.

We have also yet to know the Government's scheme for co-ordinating their efforts with those of the Land Mortgage Banks in regard to the relief of indebtedness. We would earnestly suggest that an arrangement should be arrived at with the Land Mortgage Banks to deal only with loans above Rs. 1,000. From the latest annual report of the Central Land Mortgage Bank it is seen that 831 loan applications for amounts Rs. 1,000 and below were sanctioned involving Rs. 4,78,605 in 1937-38. There must have been similar amounts in previous years also. To allow two agencies, the Government and the Land Mortgage Banks, to deal with the same class of debtors will only lead to overlapping and the benefits which would accrue to a larger number, if there were a clear line of demarcation, would thereby be frustrated. We would urge that a scheme for the relief of indebtedness should be framed by Government in consultation with the co-operative banks engaged in a similar task.

Co-operative Societies and Agricultural Debt Relief Act.

Some time ago we invited the central banks and some urban banks to state briefly for the benefit of our readers what the effect of the Agriculturists' Debt Relief Act had been on the transactions of co-operative societies in their respective areas. They were requested to state, in particular,

(*a*) whether there had been an increase in loan applications from societies affiliated to central banks;

(*b*) whether in the societies there had been an increase in loan applications from members;

(*c*) whether new men were joining societies because they found it more difficult to get accommodation from money-lenders;

(*d*) whether those who were doing money-lending business now preferred to make deposits in co-operative societies and banks; and

(*e*) what sort of devices money-lenders were adopting to defeat the provisions of the Agriculturists' Debt Relief Act.

We have received answers from several central banks and a good number of urban banks. We tender our grateful thanks to them. Their answers to the different questions are grouped and given below. The answer of the Salem District Bank is given in a separate section by itself.

I

By Rao Sahib T. M. Chinnayya Pillai, B.A., B.L.,

President, Salem District Urban Bank, Salem.

I called for opinions from the co-operative institutions and prominent co-operators in the District on the points raised in your letter and the views thus received are summarised below. For facility of comparison, two periods of eight months before and after February 1938 have been studied in furnishing replies to the queries marked (*a*) and (*b*) in your letter.

2. On the first point, namely, increase of loan applications received in the Bank, I am glad to say that there has been an increase both in the number of loan applications and in the amounts disbursed. As against 313 loan applications received prior to February 1938, 427 were received subsequent to that month. The total increase in

the disbursement of loans since the passing of the Act is Rs 1,04,018 of which the increase in short term loans is Rs. 42,642 and in long term loans Rs. 61,376. The increase in short term loans is specially noteworthy because of the fact that such loans were not quite popular hitherto. The shrinkage of credit has evidently made the villagers turn to the co-operative society for financial assistance in places where till now the money-lender had his advantage because of nearness to the borrower and facility to lend quickly. Cash credit accommodations for cultivation expenses have not been taken into account for this purpose. Features like the establishment and expansion of the cash credit system in many areas of the District and the bringing in of some food crops like paddy within this scheme render it difficult to take up this important item of co-operative financing for comparison, but the avidity with which the ryots have availed themselves of this system of credit in these areas leads to the inference that the ryot is coming to realise that the means of his economic uplift are available only in the co-operative movement.

3. As regards the increase in loan applications and their amounts and the increase in the membership of societies, opinion is unanimous that there has been an increase in all these aspects of the movement. Co-operators in some parts of the District are, however, guarded in their statements and make it out that it is difficult to state whether the increase in membership is due to the coming in of the Agriculturists' Relief Act or to other activities of the co-operative movement like the controlled credit system, starting of thrift deposits and intensive propaganda for expansion of co-operative activities in the District. Inspite of such prudent expressions of views, it is quite possible that the coming in of the Act has had its effect, though it is too early to guage the extent of this influence within the first year of the passing of the Act. The large number of loans disbursed to discharge the prior debts scaled down under the Act indicates this trend. In 9 of the 11 Unions' areas in this District there has been an increase of over 2¼ lakhs in the amount disbursed by societies.

4. Information received upto now does not show that there has been much of enthusiasm on the part of money-lenders to put in their surpluses in unlimited co-operative societies. This appears to be due, in the first place, to the ill-feeling that the professional money-lender has always had to the co-operative societies. Besides, the money-lender has not yet given up his hopes of finding investment locally by way of loans, and the ryots seem still to be amenable to his

overtures, as will be found in the succeeding portions of this letter. The alternative of investment in landed properties also appears to have appealed to the money-lender. Incidentally, this last aspect deserves notice for it is an indication that agricultural land is getting back its value, probably because of the Act. With these reservations, it is also to be stated that money-lenders are hard put to find safe investments for their surplus funds. Occasional deposits from them are received in co-operative societies which are, however, mostly Urban Banks. Surpluses of money-lenders also seem to find a way to Joint Stock Banks and one case of an investment in the Imperial Bank of India, Salem, has also been brought to my attention. It is too early to say whether the money-lender will be induced to invest in rural credit societies in the near future. The better and really effective way of tapping deposits seem to lie in the pooling of small balances in Hundi boxes and this district has already made a move in this direction. The following are the figures of collections of such deposits as on 30-9-1938.

	Rs.
In thrift deposits with the Salem District Urban Bank, Ltd., Salem...	1,312
Deposit balances in the 2 thrift societies ...	812
Hundi box savings collected in the villages from ryots ...	11,416
Total Rs.	13,540

5. The money-lender has not still given up his hopes of finding an outlet for his money among the agriculturists. In the first place it appears that borrowers have been persuaded to execute fresh documents for the amounts due with interest at the old rate without reference to the original contract. It is not possible to state what percentage of the rural borrowers have succumbed to such overtures, but it may be said that most of these will be found among those whose debts are heavy, who have no tangible securities to offer and whose repaying capacity will not warrant their being accommodated by the ordinary type of credit societies which in this district can lend upto a period of 5 years only. In such cases a threat of legal proceedings may make the borrower yield to any suggestion that will save him from the law court. As regards fresh credit, the practice of the money-lender appears to be to write up deeds stipulating the rates as fixed by the Act, but the amount advanced is said to be much below what is found in the document, and deductions towards interest calculated at

high rates seem to be the other method used, along with the first method or without it. Payment of interest in kind is said to be another device adopted to defeat the objects of the Act. Outright sale documents of lands in consideration of amounts advanced without specifying the oral understanding to reconvey the properties to the borrower on his paying the principal amount and the exhorbitant rate of interest demanded by the money-lender, are also said to be the rule where the professional money-lender still advances to the ryot. All these tricks are characteristic of the business; only they may have assumed larger proportions since the passing of the Act. Even with all these subterfuges, it is reported that in some areas the money-lender stipulates that his money should be paid back within a period of one year at the most. This is but natural, since with the advance of time the devices are bound to become too common and the ryot sufficiently educated to resent them.

6. After stating all this, I have also to add that reports from a few areas disclose that the borrower also has added to his troubles by assuming a defiant attitude towards the creditor. A gentleman who is an authority in this matter, and who is also a President of a Co-operative Union states that threats of ill treatment are offered to the money-lender if he resorts to coercive steps to realise his dues. It appears that in such cases the money-lenders had even agreed to scale down the dues as provided in the Debt Relief Act.

II

CENTRAL BANKS.

ANSWERS TO (*a*)

District Co-operative Bank, Ltd., Cocanada:—There is an increase in the loan applications from societies in the period and an amount of Rs. 1,13,135 has been disbursed as loans from 22-3-38 to 30-9-38 as against an amount of Rs. 77,578 disbursed in the corresponding previous period.

The South Arcot Co-operative Central Bank, Ltd., Cuddalore, O. T:—Yes.

The Co-operative Central Bank, Ltd., Vizianagaram:—There is an increase in loan applications from the affiliated societies which can be seen from the figures furnished hereunder.

Loans issued from July to September.	...	1936-37	1,01,088.
	...	1937-38	1,43,374.
	...	1938-39	2,90,377.

The Chittoor Dt. Co-operative Central Bank, Ltd., Chittoor:—Societies which were feeling nervous before the coming in of the Act are approaching the Bank for loans now.

The Co-operative Central Bank, Ltd., Tanjore:—A comparison of the number of loan applications received during the 1st quarter of the year 1937-38 and 1938-39 shows that there has been no increase in the applications received.

The Guntur District Co-operative Central Bank, Ltd., Tanali:—There are now not only more applications for loans from members (new and old), but there is also great enthusiasm for organisation of co-operative societies throughout the district.

ANSWERS TO (*b*)

The District Co-operative Bank, Ltd., Cocanada:—Yes. There is an increase in loan applications from members in societies.

The South Arcot Co-operative Central Bank, Ltd., Cuddalore, O. T:—Yes.

The Co-operative Central Bank, Ltd., Vizianagaram:—Yes. There is an increase in loan applications from members to societies.

The Chittoor Dt. Co-operative Central Bank, Ltd., Chittoor:—Though the increase is not appreciable at this stage, ere long the loan applications from members are bound to increase automatically.

The Co-operative Central Bank, Ltd., Tanjore:—It is seen from the reports received from the Unions that there has been slight increase in loan applications from members in general.

The Guntur District Co-operative Central Bank, Ltd., Tenali:—Loan applications to the Central Bank have also been on the increase.

ANSWERS TO (*c*)

The Dt. Co-operative Bank, Ltd., Cocanada:—Yes. There are applications for fresh societies also and new societies have been organised.

The South Arcot Co-operative Central Bank, Ltd., Cuddalore:—Yes.

The Co-operative Central Bank, Ltd., Vizianagaram:—Yes. Now members are joining the societies as they are not finding any other source of financial assistance.

The Chittoor Dt. Co-operative Central Bank, Ltd., Chittoor:—New men are seeking admission in co-operative societies, as the credit outside has dried up.

The Co-operative Central Bank, Ltd., Tanjore:—New persons are reported to join societies to get credit accommodation. This is perhaps due to the difficulty in commanding credit from money-lenders in some cases.

The Guntur Dt. Co-operative Central Bank, Ltd., Tenali:—New societies are being organised and new men are joining the societies. This itself is a clear indication of the fact that accommodation of money is not so free as before by money-lenders. It is not merely because of this that the people have been resorting to co-operative societies for borrowing. It is the reduced rate of interest as well, coupled with the advantages of a co-operative society over private lender, that has contributed to this. It is also due to the fact that four propagandists have been doing vigorous propaganda about co-operation throughout this district.

ANSWERS TO (*d*)

The Dt. Co-operative Bank, Ltd., Cocanada:—Not so encouragingly.

The South Arcot Co-operative Central Bank, Ltd., Cuddalore:—No such indication noticeable.

The Co-operative Central Bank, Ltd., Vizianagaram:—Money-lenders are not yet investing in this bank. Perhaps it is due to the existing reduced rate of interest on deposits paid by this bank.

The Chittoor Dt. Co-operative Central Bank, Ltd., Chittoor:—On enquiry in villages, I find that persons who are carrying on money-lending business, do not prefer to deposit their surplus in co-operative societies, as the interest offered by societies on such deposits is too low. Moreover, owing to the stagnation of the movement in the district, and the existence of a large number of bad societies, the money-lender does not repose as much confidence as he should in a co-operative society. By the admission of new members in societies, the management of societies might improve. The result could be seen only then.

The Co-operative Central Bank, Ltd., Tanjore:—Persons doing money-lending business have not come forward to make deposits in co-operative societies and banks, so far, in this bank area.

The Guntur Dt. Co-operative Central Bank, Ltd., Tenali:—There is not sufficient evidence to show that the local sowcars actually prefer depositing their sums in co-operative institutions, but they are not freely lending monies now as before, but are content with endeavouring to recover their previous investments and keeping the amounts with them safe.

ANSWERS TO (*e*)

The Dt. Co-operative Bank, Ltd., Cocanada:—It is rumoured that money-lenders have been collecting interest in advance fixing a low rate of interest in case of fresh loans. On the whole, money-lending has become slack and the agriculturists are not getting loans from private money-lenders, even on the security of immovable properties and the agriculturists are feeling the pinch of money scarcity.

The S. Arcot Co-operative Central Bank, Ltd., Cuddalore:—They take possession mortgage or conditional sale of the properties.

The Co-operative Central Bank, Ltd., Vizianagaram:—There are not many money-lenders here and it is not yet known what they are contemplating to do.

The Chittoor Dt. Co-operative Central Bank, Ltd., Chittoor:—I learn that money-lenders, in order to thwart the provisions of the Agriculturists' Debt Relief Act, take pronotes for higher amounts or take interest from borrowers for specified periods, perhaps at a rate higher than what is stipulated in the pronote, and pay only the balance to the borrower.

The Co-operative Central Bank, Ltd., Tanjore:—We have not come across any device adopted by money-lenders to defeat the provisions of the Agriculturists' Debt Relief Act in respect of loans so far advanced by us.

The Guntur Dt. Co-operative Central Bank, Ltd., Tenali:—As far as I can see, amounts due to sowcars from agriculturists are being collected with a spirit of adjustment. But, where either of them is litigious-minded, they usually go to a court of law which decides. The cruelty that was a speciality in a lender hitherto, is, I believe, fast disappearing. It is also learnt that sowcars while paying money on pronotes or mortgages deduct the interest at 12 per cent. or more and pay the rest and in the bond interest at 6¼ per cent. is noted. The debtors are satisfied with this devilish way in-view of the urgency for money.

COMBINED ANSWERS.

The Malabar Dt. Co-operative Bank, Ltd., Calicut :—The Act has increased the loan transactions in many a society and has put a new life into the movement. During September 1938, the Central Bank advanced Rs. 58,705 as loans to societies, whereas the amount lent for the same month of the previous year was only Rs. 3,550. New members are also being admitted into the societies; but it cannot be said with any certainty that such men are coming in simply because they do not get accommodation from money-lenders. There may be other causes also such as the dearth of money on account of failure of some of the other financing agencies and the like. Money-lenders are still there and they are, so to say, more exacting and extortionate. They collect interest at their own rates in advance.

The Cuddapah Dt. Co-operative Central Bank, Ltd., Cuddapah:—There has been an increase in the transactions of the co-operative societies in our district as the effect of the Agriculturists' Debt Relief Act. From 1-7-38 up to date we have disbursed loans to the extent of Rs. 13,480 to 12 agricultural societies as against Rs. 1,250 to only 2 societies last year. Even in societies there has been an increase in membership, and in the demand for short term loans and also long term loans for liquidation of prior debts, in which case steps are taken to see that prior debts are properly scaled down when loans are disbursed. The increase in membership is really due to the restricted credit outside, as the ryots are really finding it hard to borrow from outside sowcars who are too conservative to lend; there is also a tendency on the part of the money-lenders to deposit their monies in co-operative banks and this is slowly increasing.

There is no doubt a certain amount of discontent among money-lenders owing to the enforcement of the Act, but any successful attempts are not seen to thwart the provisions of the Act. Most of the money-lenders seem to be satisfied with the present scaling down of debts as they would get at least the principal amount.

III

URBAN BANKS.

ANSWERS TO (*b*).

The Mangalore Co-operative Town Bank, Ltd, Mangalore :—No increase.

The Hindupur Co-operative Town Bank, Ltd., Hindupur :—Yes.

The Melur Co-operative Urban Bank, Ltd., Melur :—Yes. Considerably.

Trichinopoly Co-operative Credit Bank, Ltd., Trichinopoly :—More loan applications have come in recently, which is perhaps due to the reduction of the rate of interest from $7\frac{1}{2}$ per cent. to $6\frac{1}{4}$ per cent. per annum.

The Periyakulam Co-operative Urban Bank, Ltd., Periyakulam:—The admissions, so far as this Bank is concerned, have not increased to any appreciable extent.

The Dharapuram Co-operative Urban Bank :—As usual.

The Shiyali Co-operative Urban Bank, Ltd., Shiyali :—As a consequence of the Agriculturists' Debt Relief Act private money-lenders and to a certain extent Joint Stock Banks have generally withdrawn lending money to agriculturists. The only agency that they can now approach is the co-operative society. The loan applications to co-operative institutions are on the increase after the introduction of the Act.

The Co-operative Town Bank, Ltd., Kaveripatnam :—Of course, there is an increase in loan applications. But we cannot say that the increase is mainly due to the agriculturists' application as this place is a trading centre also.

Krishnagiri Urban Co-operative Credit Society, Ltd:—This society is a limited liability urban society and there has been an increase in loan applications by 22 amounting to Rs. 12,736. We cannot say that this increase is due to the Agriculturists' Debt Relief Act.

The Co-operative Bank, Ltd., Vizianagaram :—Between 1-3-38 and 30-9-38 this Bank admitted 450 fresh members and lent Rs. 2,04,490 in 1,205 loans, while during the same months of the previous year there were 285 fresh entrants and Rs. 1,51,328 were disbursed in 914 loans.

It is decisively evident that there is an increase of loan applications. The marked increase in fresh admissions shows that credit outside the Bank was curtailed to them. But since the Bank reduced its lending rate to the attractively low minimum of $6\frac{1}{4}$ per cent. it may as well be that some members might have been induced to take a loan not imperatively needed.

The Co-operative Credit Society, Harapanahalli :—The loan applications from members to societies for such purposes are also on the increase. But the same difficulty is felt to finance them. To the extent the urban banks get deposits, such loans are disbursed. Owing to the fear of the creditor, and to the relief provided by the Act, the borrowers are longing for long term credit in societies.

The Co-operative Urban Bank, Ltd., Pattukotai :—There is no appreciable increase in either the membership or the loan applications received in our bank after the passing of the Act.

ANSWERS TO (c).

The Mangalore Co-operative Town Bank, Ltd. :—Yes.

The Hindupur Co-operative Town Bank, Ltd. :—Yes

The Melur Co-operative Urban Bank, Ltd. :—Yes.

Trichinopoly Co-operative Credit Bank, Ltd. :—It is rather difficult to say which is which. That some applicants for loans must have found it hard to get loans from money-lenders is very likely. The agriculturists rarely apply for loans from this Bank and the Debt Relief Act has not in any way affected the transactions of the Bank.

The Periyakulam Co-operative Urban Bank, Ltd., Periyakulam :—No deposits have been received from such persons within the year.

The Dharapuram Co-operative Urban Bank, Ltd. :—As Usual.

The Shiyali Co-operative Urban Bank, Ltd., Shiyali :—Local money-lenders cannot advance money on such favourable terms as the societies. Accustomed as they are to charge comparatively high rates of interest they are unwilling to lend out at **6** per cent. or $7\frac{1}{2}$ per cent. the interest usually charged in co-operative institutions.

The Co-operative Credit Society, Harapanahalli :—Even for short term credit money is not available as it used to be from money-lenders. Many are thronging to become members in credit societies for finance. The number of admissions on this score is on the increase.

The Govt. Servants' Co-operative Society, Ltd., Cuddalore:—Yes.

ANSWERS TO (d).

The Mangalore Co-operative Town Bank, Ltd., Cuddalore :—No.

The Hindupur Co-operative Town Bank, Ltd. :—Money-lenders are contemplating where to deposit and some are keeping cash with them alone instead of depositing either in Co-operative Banks or other Joint Stock Banks on account of certain failures.

The Melur Co-operative Urban Bank, Ltd. :—Not much. They efer to buy lands outright or lend on the security of gold and adopt e methods given in answer to (*e*).

Trichinopoly Co-operative Credit Bank, Ltd. :—We cannot definitely say that it is so. We should rather think that after the ravancore National Bank crash, people would rather invest their oney in lands and houses than in the Bank.

The Dharapuram Co-operative Urban Bank, Ltd. :—Not much.

The Shiyali Co-operative Urban Bank, Ltd., :—As results re not markedly visible, it may take some time more for proouncing any definite opinion on the matter.

Krishnagiri Urban Co-operative Credit Society, Ltd. :—There are eposits in this society from money-lenders. The borrowers are not eliable in the opinion of the money-lenders and hence the money-enders resort to investment preferring low rate of interest.

The Co-operative Bank, Ltd., Vizianagaram :—Fixed deposits hat the Bank received in the months between **1-3-38** and **30-9-38** mounted to Rs. **43,200** while those received in the corresponding months of the previous year amounted to Rs. **53,900**. But call monies kept with the Bank continued to be static in the seven months of last year, whereas they rose from Rs. **50,000** on **1-3-38** to Rs. **60,000** on **30-9-38**.

It cannot therefore be said that professional money-lenders are depositing in Co-operative Banks on account of the Act, because they know where the shoe pinches the debtor. Thay are reducing their lending rate to the level of Co-operative Banks, which would at least be higher than the Bank deposit rate. People with a limited capital, who have nothing else to fall back upon for a living, are, however, depositing their all with Co-operative Banks, as they find it is more secure though less paying.

The Co-operative Credit Society, Harapanahalli :—Not many, but few who were having money-lending as their business, have come forward to deposit their amounts in societies. It will take some years for all of them to join the movement and deposit their surplus.

The Co-operative Urban Bank, Ltd., Pattukotai :—So far as our Bank is concerned, we can't say that the professional money-lenders have made deposits in our Bank in preference to money-lending.

We think this may be due to the recent bank scare almost synchronising with the passing of the Act.

The Government Servants' Co-operative Society, Cuddalore:—Yes.

ANSWERS TO (*e*).

The Mangalore Co-operative Town Bank, Ltd.:—So far as it is known private money-lending is decreasing.

The Hindupur Co-operative Town Bank, Ltd.:—Money-lenders are mostly lending on the pledge of gold and without any proof as regards interest.

The Melur Co-operative Urban Bank, Ltd.:—No money-lender in these parts lends money as he used to do on the mortgage of landed properties or pronotes. The following devices are adopted by most of them to evade the operations of the Debt Relief Act.

(i) Money is advanced only on mortgage with possession (*i.e.* Othi) and the interest is got by way of rent.

(ii) In case of pronotes for short duration of say one year the interest which the money-lender claims is taken in advance before the amount is paid and of course the usual stipulations and the allowable rate of interest is mentioned in the document.

The Trichinopoly Co-operative Credit Bank, Ltd.:—I am not able to give any opinion on this point.

The Periyakulam Co-operative Urban Bank, Ltd.:—So far as we know, the following devices are adopted by money-lenders to defeat the provisions of the Debt Relief Act.

(i) In the case of mortgage loans now, they get usufructory mortgages, and also a lease deed for the amount of their annual interest from the mortgagor himself.

(ii) Seldom do they advance loans on personal sureties now-a-days. When they issue any loan in Municipal area, they see that, if the applicant is an agriculturist, he is made to pay higher tax and made a non-agriculturist. In other cases, the interest for one year at their *original rate* is added to the actual amount and the total amount is noted as the principal in promissory note. These are two ways now practised by the money-lenders that have been brought to the notice of the public.

The Dharapuram Co-operative Urban Bank, Ltd.:—The money-lenders generally get pronotes executed from borrowers for the sum actually paid plus interest calculated at a rate agreed upon by the parties for 3 years, but the rate of interest in the pronote is 6¼ per cent. (in the pronote will).

The Shiyali Co-operative Urban Bank, Ltd.:—Not definitely known.

Krishnagiri Urban Co-operative Credit Society, Ltd:—The money-lenders seem to adopt false methods to get over the Debt Relief Act by taking bonds for double amounts or outright sale of the holding with a promise to resell on private conditions between the debtor and creditor.

The Co-operative Bank, Ltd., Vizianagaram:—Private money-lending has not ceased to flourish though co-operative banks are ready to help the debtor out of the mire. The reason may be traced to the fact that a borrower will have to submit to a certain scrutiny before he can get a loan in a co-operative bank. Borrowers with a false sense of personal perstige are not wanting, who find such scrutiny inconvenient, and therefore resort to the customary lender who would accommodate them without demur.

The Co-operative Credit Society, Harapanahalli:—The money-lenders are devising the following measures in our area to defeat the provisions of the Act:—

(i) Taking the deed, pronote or bond for double the amount actually paid.

(ii) Getting sale deeds for monies lent, on trust of agreed payment.

(iii) Taking a separate pronote without consideration to enforce payment of high rate of interest as agreed upon. The ryots have lost credit with the money-lenders. Societies are not able to finance them, either long term or short term, in time of need, as their financing bank cannot undertake to do it. The creditors are pressing for summary payment on pain of executing fresh sale deeds or mortgages for double the amounts. The poor ryots are at their wits' end. Some have faced the situation bluntly and have refused to yield to lenders, but many owing to distressed conditions have fallen a prey to the tactics of the money-lenders.

Long term finance through central banks to redress such grievance is a necessity to save the ignorant ryots from the clutches of the greedy money-lenders.

The Co-operative Urban Bank, Ltd., Pattukotai :—Various devices are, of course, adopted by the money-lenders to defeat the provisions of the Act. Chief of them are given below:—

(i) Promissory notes are taken for a sum far in excess of the amount actually lent, usually for twice the amount. The poor debtor will not be able to prove the same at the time when a suit is filed, as in the case of Negotiable Instruments, the consideration is presumed and the burden of proof is on the executant and the attestors to the promissory notes will invariably be persons attached to, or liable to the influence of the money-lenders.

(ii) Sub-clause 'h' of Clause 4 of the Act exempts from the operation of the Act debts due to a woman on 1-10-37 under certain circumstances. Taking advantage of this provision, promissory notes are indorsed in favour of the payees' near women relatives anti-dating the endorsement before 1-10-37. Two witnesses of the village are usually made to attest the indorsement and the poor debtor, who probably belongs to another village, is helpless in the matter.

(iii) When a document refers to several prior documents the prior documents are sometimes suppressed, and in that case the debtor does not have any record to show the original principal, and the court has to act on the evidence available and come to some conclusion.

(iv) In many cases money-lenders have received monies from their debtors without endorsing them on the documents. They do not keep regular Day Books and Ledgers but they give a return to the Income-Tax authorities showing the amounts received by them from each debtor. Under the Income-Tax Act the debtor is not entitled to a copy of the account furnished by the creditor along with his return to the Income-Tax authorities. So, when the creditor denies the payment the debtor is not able to prove the same.

The Government Servants' Co-operative Society, Ltd., Cuddalore:—Money-lenders are taking documents for larger sums than they lend and have oral understanding to settle the accounts if the debtor returns the money actually lent with a higher rate of interest as really agreed to at the time of lending; failing which, the lender files a suit for the sum actually noted in the deed. Another device is to take, in advance, interest for an agreed period at higher rate of interest, say 12 to 18 per cent., at the time of disbursement of the loan. This amount is not shown as receipt in the document. If

the debtor fails to refund the money or write a fresh deed at the end of the agreed time, for the principal and any other amount outstanding and again agree to have advance interest deducted from the amount in the deed, suit is therefore to be filed. These are the two devices now adopted by money-lenders in villages. In towns, the lenders adopt the same methods and give money on jewels at higher rates of interest to be taken in advance for short periods and auction the jewel if it is not redeemed or fresh deed similar on terms executed at the end of the period. This period is generally 3 months and rate varies from 18 to 36 per cent. and is adopted mostly by Marwaries.

The methods are successfully followed by professional money-lenders.

COMBINED ANSWERS.

The Paramakudi Co-operative Society, Ltd.:—Perhaps, being an Urban Bank, no appreciable effect is being manifested by receipt of more loan applications from members, nor are new men joining the institution, nor do the money-lenders now prefer to make deposits here. We are not in possession of any facts to say anything about the devices or methods adopted by the money-lenders to defeat the provisions of the Agriculturists' Debt Relief Act.

IV

The Narasapur Co-operative Land Mortgage Bank, Ltd., Narsapur,

(*a*) No.

(*b*) Yes.

(*c*) Yes.

(*d*) No.

(*e*) Money-lenders are refusing to take payment from the Land Mortgage Banks of the monies due from their debtors who applied for loans to the Land Mortgage Banks. They are also refusing to give dates of the pronotes and mortgage bonds and other particulars required by their debtors so as to enable them to apply for a loan in the Land Mortgage Banks. Money-lenders are also lending at a lower rate.

Health Co-operatives :—A successful Bengal Experiment.

BY PROF. S. K. YEGNANARAYANA AIYAR, M.A.

Everyone who has carefully studied the problems that confront the Provincial Governments as well as social workers who are trying their best to ameliorate the condition of our masses in our country will feel that one of the most, if not the most, urgent problems is to raise the health level of our people. Statisticians have proved that the number of deaths that occur in this country every year from preventable diseases exceeds many times the huge loss of life caused during the four years of the great war. Apart from mal-nutrition which makes many of our poor people liable to diseases, there are thousands of cases of diseases which, if detected at an early stage, could easily be prevented without much cost.

The problem of undertaking health improvement on a nation-wide scale is so vast and difficult that even the Central Government in co-operation with Provincial Governments may not be able to tackle it in its entirety. In this as in many other matters the people themselves will have to find out a measure whereby they would be able to do the utmost possible to help themselves.

Dr. Rabindranath Tagore is not only a great poet but also an eminently successful businessman in the highest sense of the term—I mean not a business man who makes the making of money by fair or foul means the only aim of his life, but a person who knows that before undertaking any venture the business aspect of it has to be carefully gone into, and has in this way undertaken some very useful experiments. The formation of health co-operatives for the benefit of people in rural areas and, what is far more important, throwing the burden of running these co-operatives mostly on the villagers themselves, has been successfully accomplished by the poet in a very interesting experiment which the Rural Development Department of the Santinekaten has been carrying on for some years. The experiment has been so successful that its sponsors, the poet mainly and the band of workers working under him, have thought it fit to bring forth a brief history and a clear and careful account of the actual working of this experiment in the form a Bullettin published by 'Viswabarathi'. This Bullettin No. 25 gives an account of how the experiment for the improvement of villagers' health has been carried on in ten villages in the District of Birbhum in Bengal, a district which from the health point of view is evidently one of the worst.

The main features of the scheme are that the fundamental distinction between urban and rural areas is recognised, and the method of operation both in prevention and cure of diseases is suited to the requirements and the economic strength of the rural population. Moreover, as was mentioned before, the demoralisation that is visible in most of the rural welfare centres conducted in many parts of the country by the agencies who run them with the best of motives is avoided by the villages themselves being made financially responsible for the scheme and what is still more important, every health unit that caters to the needs of an easily manageable number of villages is affiliated to a bigger organisation known as the Health Union which will take up the higher kind of medical relief and propaganda. Not only is the scheme reasonable from a theoretical point of view, but it has been tried for some years and a record of good work done is set forth in plain terms in the Bulletin.

The system that is being worked in these societies is as follows: First of all, a preliminary survey of the health condition of the village is made and statistics gathered about general health and incidence of disease of every member. As far as possible more attention is paid to prevention than to cure. In the case of Malaria, for example, standing water is drained away or is sprayed with oil and thus the breeding of mosquitoes is prevented. Bore-hole latrines are made popular, so that surface pollution of the soil is prevented. With regard to diseases they try to treat them as efficaciously as possible consistent with the resources available. And in the case of operations the cases are transferred to more skilled hands at the headquarter of the Health Union. The family instead of the individual is made the unit and small collection made from every family is utilised as a premium against diseases.

We have only one recommendation to make to the authorities of the 'Viswabarathi' who have tried this experiment and to others who may emulate their worthy example by starting health co-operatives in their own centres. The Health Unit according to Tagore's scheme is made self-supporting. The carefully prepared budget hopes to get an income of Rs. 1,000 from 250 families at the rate of Rs. 4 a year, and it is balanced by an equally well thought out scheme of expenditure. But a Health Union which is a federation of Health Units, shows a deficit of Rs. 800 and the idea seems to be that this deficit is to be made up by a contribution from the District Board. The recommendation that the writer of this article wishes to make is that the Insurance Societies both Indian and foreign that are working in the particular area may be asked to make some contribution, because as is well known the Insurance Societies are interested in seeing to it that all their clients lead as long a life as possible. If the Health Units working under the guidance of Health Unions can, by arousing the health conciousness of the people, by advising them with regard to the prevention of diseases and by rendering them medical assistance when a disease has taken hold of them, benefit the Insurance Societies, it will be pure business on their part thus to ensure the longevity of their clients by contributing their quota to the good work done by the health co-operatives.

The Minister in charge of Public Health in our own Province has an idea of getting a legislative enactment passed in order to raise the standard of public health in this Province. He may give the scheme as elaborated in Bulletin No. 25 (published in Viswabarathi at Santiniketan, Bengal and priced at 2 annas only a copy) a fair chance in this Presidency also. It has the advantage of having been tried by an experienced social worker among villagers whose conditions, cultural and economical, are not far different from the conditions obtaining in own Province and hence the hope that what has succeeded in Bengal may succeed in Madras as well. One great advantage that this scheme has is that it economises the cost of running the whole machinery as the burden is evenly distributed amongst the actual beneficiaries.

The Questionnaire on Co-operation.

A CRITIQUE.

Co-operators in this Province have now the rare privilege of being invited to answer a questionnaire issued by the Development Department in advance of the appointment of a Committee of Enquiry by the Government of Madras. The talk of a Committee on Co-operation is some months old; and yet there has been no announcement of the personnel. Meanwhile a questionnaire has been framed not merely as a tentative draft to serve as a basis of discussion for the Committee but has also been issued to the public, including perhaps to would-be members of the Committee, to be answered before the 15th instant. We do not know what the members of the Committee, when they are appointed, would think of the procedure, though it is not altogether novel in this Province. For, the first question that a prominent *member* of the Townsend Committee asked a prominent *witness* was : "Who was responsible for drawing up the Questionnaire ?" The President intervened and said that he did it in consultation with the Registrar and the Secretary. We can understand the Government only laying down the terms of reference to the Committee but not framing a questionnaire too. Normally it is the Committee that should frame the questionnaire at its initial sittings in accordance with the terms of reference. The mind of the members of the Committee can be seen to some extent by discerning answerers of the questionnaire. This opportunity is denied on the present occasion by a Department of Government forestalling the work of the Committee.

The questionnaire, covering 12 pages, may look frightfully long to the work-a-day co-operators, some of whom, we hope, are invited to answer. There are about 250 questions in all including the subdivisions. It must tax the energies of the most painstaking and enthusiastic co-operators. Unfortunately people who take it up seriously would belong to the latter variety. Like the young examinee, who has not had much previous experience, many of our co-operators might exhaust themselves in trying to answer elaborately the initial questions on which they might not be really so competent to speak, and be disappointingly brief or silent on questions on which the Committee might expect to hear their valuable practical experience. Some of them might not be called upon to supplement their written replies by oral evidence. And we are not sure whether in the urge for economy this Committee, like its predecessor, the Townsend Committee, which had less excuse, will withhold the printing and publication of all the evidence tendered. With a becoming modesty the Department states that the "Questionnaire does not claim to be exhaustive" and invites short notes on fresh points. It would have been more to the point if a courteous hint was given that no one need attempt to answer a question bearing on institutions of which he had no special knowledge or personal experience.

Now of the questions themselves, some of them are too general and are likely to bring in too long answers to be quite helpful or even publishable unless drastically edited. Questions should, as far as possible, be such as to admit of categorical answers and not invite long discussions or need elaborate investigation. It is more important to elicit statements of facts than canvass opinions, which might often be based on limited study or experience. Judged by these tests, the following questions do not appear to be very well chosen, especially as initial questions:

> Do you think the Co-operative Movement in this Province has developed on sound and efficient lines?
>
> Has it improved the economic and moral condition of the members?
>
> To what extent has the Movement been able to reduce the indebtedness of the ryots?

On another set of questions, one is at a loss to know what exactly the Committee should be enlightened upon. A more specific indication of the problem or problems on which light is wanted is necessary if relevant and pointed answers are expected. The following questions illustrate the difficulty:

> How far has the Movement withstood the effects of the Economic Depression?
>
> Do you think there is enough co-ordination between the Co-operative and other Departments such as Agriculture, Industries, etc.?
>
> What part has the Movement played in the general scheme of debt relief of Government in recent years?

On a number of important subjects, a single, all too comprehensive, question is asked and is not followed up by detailed points of enquiry. Many witnesses who might be in a position to supply

relevant facts on particular aspects, if specified, would not bring them out in their answer to a stray question. The following belong to that category:

> How far and in what directions can the Co-operative Movement be of help to the agriculturists in the Zamindari areas of the Province?
>
> Why are credit societies unable to do non-credit work like joint-purchase and sale permitted by the bylaws?
>
> In what directions can agricultural non-credit societies be organised or developed in the near future? Is there any scope or demand for developing such types of societies?

Is it really difficult to suggest some pertinent points under each head that may be answered with facts and figures?

The following important institutions are disposed of with a single question or two on each, though there are a number of problems involved in the working of each of them: the Madras Provincial Co-operative Bank, the Madras Central Land Mortgage Bank, the Madras Provincial Co-operative Union and Language Federations put together, the Milk Supply, Butter and Ghee Societies all rolled in one, Better Living Societies, Insurance of Cattle and Crops.........

What is more regrettable is the absence of any single specific question on important types of societies or activities such as rural and urban stores, agricultural supply, house-building and printing societies. We trust the omission is not intentional. It might be that some of the above activities such as the supply of agricultural and domestic requirements might be expected to be better carried on by credit societies themselves, as indeed the bylaws of the Raiffeisen societies permit them to launch on a number of activities. Pointed attention is drawn to the existence of these bylaws in one question, but it is not followed up by any on the actual fulfilment of these professed objects.

The recommendations of the Agricultural Credit Section of the Reserve Bank of India which have received very wide publicity and plenty of influential support are given a lot of weightage, as one would expect in this country. Opinions are invited on multi-purpose society, banking unions and on closer contact with the commercial world by the offer of seats on the board of management to businessmen and to depositors. We ourselves believe that there is not much to be said in favour of any of these 'reforms' and there is a good deal to be said against the last. In the questionnaire, there is no evidence of any hearty approval of the recommendations of the Reserve Bank. Some questions indeed seem to solicit approval of the points of view against the recommedations.

On the question of liability in agricultural credit societies, on which the Reserve Bank is not very expressive, there are some fundamental questions, but somewhat theoretical and negative. Would not the Committee like to have positive data on the actual enforcement of unlimited liability in as many societies as possible, rather than an answer to the hypothetical question whether limited liability would attract persons who are scared away by unlimited liability?

We began by saying that the questionnaire might look too elaborate to the work-a-day co-operator. We have seen, on the other hand, it is inadequate in several respects. Is it possible to reconcile these two opposite points of view? It will not do to frighten the co-operator working in any particular field with a flood of questions on aspects in which he is not interested. But where he is interested he may be able to give details, but only in answer to pertinent questions which are raised. The solution seems to lie in cutting up the questionnaire into a few sections, make each section full and send only the section in which one is obviously interested to be answered. There may still be a general questionnaire, with fewer questions but more evenly spread over several subjects that may be sent to be answered by the leaders of the Movement and other citizens conversant with more than one branch of co-operation in the Province.

The Scheme for the Marketing of Agricultural Produce.

The following scheme proposed by the Registrar of Co-operative Societies, United Provinces, has been accepted by United Provinces Government and brought into force. It will be found to be of the greatest interest to co-operators and others interested in rural welfare all over the country. We are therefore publishing this with much pleasure.

1. Organisation.

The organisation will be as follows:—

(*a*) Better farming and sale societies with limited liability for multiple purposes in villages.

(*b*) A seed store at the headquarter of the supervisor, and

(*c*) A Union or Board at a central marketing place.

(*a*) *Better Farming and Sale Society.*

The object of such a society will be:—

(*i*) To make cash advances to members against their crops and produce upto a fraction of the estimated value of the crops and produce, for cultivation expenses and in special circumstances, for rent and maintenance,

(*ii*) To advance grain for seed or consumption purposes in the months when they borrow from the village bania.

(*iii*) To arrange for the purchase or hire of agricultural implements, machines and supply of manure, seed and other requirements, and

(*iv*) To organize better living societies.

(*i*) *Supervision.*

The supervisor will control 10 to 20 societies according to the quantity of produce handled by him. It is expected that he will handle about five thousand maunds initially and the total quantity of the agricultural produce which he will handle eventually may be put at fifty thousand maunds. During the harvest time he will be paying visits to villages to get the produce properly cleaned, graded, bagged and stored (if necessary) in the presence of the growers.

The village functionaries will be paid according to the local practices either by the selling member or the purchasing Union or Board as may be arranged.

(ii) System of purchase.

The produce will be purchased out-right at the village rate. The system to be followed will be the "Pucca Arhat" system. As things stand at present the growers can hardly be expected to wait for the price till the produce is finally sold.

(iii) Sale.

The scheme of marketing the produce on commission basis (Kuchcha Arhat) does not seem to have good prospects of success, at least for the present. The risk of fall in prices before the final sale will have to be taken by the Union or the Board. The Union or the Board will not indulge in speculation. It will arrange for the sale as soon as it can do so advantageously, howsoever small the profit may be.

(iv) Transportation and storing.

As soon as the processing of grain in the village is finished, the supervisor will arrange on behalf of the Union or the Board for the transport of the produce to the closest Mandi and stock it in the Arhatia's godown or at a central place whichever is feasible. In case the above agency is not available at the centre the produce will be stored in the village till a market is found and necessary rent of godown will be paid from profits.

(v) Levy.

A village society may charge from its members a certain percentage on sale which should be less than the market dues ordinarily paid by the sellers in the Mandis.

(vi) Subsidy.

To encourage co-operative sale the growers will be given a small subsidy by the financing agency which may be counted as charges for the collection of dues.

(b) Seed Store.

The seed store will stock seed required by the growers and will make purchases as far as possible from the village organisation. It may also stock good grains for consumption and lend them on the sawai system to the members when required. The agricultural implements and manures may also be kept in stock for the benefit of the members. The seed store will be a *separate registered body* and will recruit share-holders from the group of villages controlled by one supervisor. The supervisor in charge of the circle will supervise and control the seed store and may be assisted by a field-man or a kamdar. The accounts of the seed store will be kept by him.

(c) Better Farming and Sale Union.

The Union will be organised to push systematically the programme of better farming in villages and arrange for the sale of the produce for

various circles. It will employ a business manager having experience of grain marketing. He will closely watch the markets and advise the management to sell the produce at the proper time. He will not be solely guided by the Arhatias at different centres but will independently study the markets so that maximum prices may be obtained for the produce stocked by the Union. The Union will further consolidate other requirements of seeds, manures and implements and arrange for the stock being kept in the Seed Store which will be affiliated to the Union. The Union will serve as a collecting agency for the funds given by the financing agency. As given above the financing agency will give a certain subsidy to encourage the growers to deal with the co-operative organisation. The Union may have a storing centre in the nearest Mandi or in a central place. It will be for the Union to decide whether to have one reliable selling agent for all the storing centres or different Arhatias for various groups.

2. Cost of Management for one Circle.

The cost for each circle to be met by the sellers, purchasers, the financing agency and the Government grant will be as below:—

On every 10 to 20 societies according to circumstances there will be :—

	Rs.	A.	P.
(*a*) One supervisor at (Pay Rs. 25, travelling allowance Rs. 12, contingencies Re. 1, Porter's pay Rs. 7) 45 by 12 ...	540	0	0
(*b*) During the purchasing season an extra man may be needed for bagging, despatching and other purposes. It is suggested that one of the members may be employed temporarily or paid an honorarium according to the quantity of commodity handled. He may work as a member kamdar and may also help in seed distribution. He may cost about Rs. 25 to Rs. 30 for the season. ...	...		
(*c*) An assistant to supervisor, if needed, may be given on Rs. 15 p.m. ...	180	0	0
(*d*) Subsidy in the form of higher rate to be given by village organisations may be made by the central banks at the rate of 2 to 3 per cent. as collection charges for the amount so realized. ...	...		
(*e*) Other incidental expenses may be met from the levy charged from the members for the purpose of marketing and also from the profit of the societies if the rates of purchases are fixed lower			

		Rs.	A.	P.
B. F.	...	720	0	0
than the selling rate according to the local circumstances.	...	...		
(*f*) On every 100 societies there will be a Marketing Inspector who will act as secretary of the Union or the Board. He may be assisted, if necessary, by the Manager of the Union who may get a salary with a share in profit. Such an Inspector must be selected from among persons having experience of trade. He may be paid at Rs. 80 a month. The cost will be as follows :	...	...		
Pay Rs. 80 p. m.... Rs. 960	...	...		
T. A. Rs. 25 p. m. „ 300	...	...		
Peon's pay Rs. 10-8-0 „ 126	...	1,386	0	0
		2,106	0	0

3. Guarantee.

Government may guarantee losses in the first five years to the extent of 2 per cent. purchase of value. In the meantime the Board will gradually build up a fund from its takings to insure against losses due to fluctation in prices.

4. Summary of Expenses per Circle.

		Rs.	A.	P.
(*i*) 5 supervisors on 100 societies (Pay Rs. 25, Travelling Allowance Rs. 12, Contingencies Re. 1, Porter's pay Rs. 7) equal Rs. 45 by 12 by 5 equal 2,700.	...	2,700	0	0
(*ii*) One assistant to each supervisor—(Pay Rs. 15 p.m.) Rs. 15 by 12 by 5 equal Rs. 900	...	900	0	0
(*iii*) One Inspector at Rs. 80 p. m. as pay	...	960	0	0
(*iv*) T. A. to Inspector at Rs. 25 p. m.	...	300	0	0
(*v*) One peon to the Inspector at Rs. 10-8-0 p. m....		126	0	0
(*vi*) Guarantee to cover loss at 2 per cent.	...	3,000	0	0
Total	...	7,986	0	0

Subsidy in the ordinary course, if the rate of wheat is Rs. 3 a maund, will be about 2 per cent. which will be met by the bank as collection charges.

Under the present scheme the societies will be multi-purposes societies doing credit work in addition to non-credit activities. Those of

existing credit societies, therefore, which are in a position to give effect to the present scheme, will be converted into multi-purposes societies, where credit will be linked up with marketing and sale. This will, however, not be possible in each and every case to start with. While our final aim will be to link up credit with non-credit activities all over the province, in the beginning there will remain a considerable number of societies which will be doing only credit work and similarly quite a number of those which will be doing marketing work alone.

Government have given a grant of Rs. 25,000 for marketing this year. Six months of the year are practically over now. If the marketing is taken up and staff is engaged from the 15th September next, it will be possible to extend the scheme to at least 8 centres within the limit of this year's grant.

FIVE-YEAR SCHEME OF DEVELOPMENT

Under the Rural Development scheme the United Provinces Government is starting Village Uplift work in about a thousand centres this year. The Rural Development movement is intended to be the precursor of the co-operative organisation in a village. If that is to be, beginning should now be made with the co-operative work in some of the Rural Development centres, preferably those where seed stores are being organised.

It is proposed to take in hand credit, marketing and village uplift work in such centres through co-operative organisation.

Details, of the scheme have already been submitted to Government by the Registrar, *vide*, Letter no. 2051, dated 25/26th August 1938. In broad outlines the scheme will be as follows :—

One co-operative organiser will be posted to each unit preferably a Rural Development Unit where we are having a seed store. The Organiser will organise better farming and sale societies with limited liability for mulitple purposes in each of the villages of the unit. These primary societies will undertake better living activities, make advances to members in cash or kind against crop, arrange for the supply of improved implements etc.

A seed store at the headquarters of the unit and a union for sale at a central marketing place will be organised. The seed store will arrange for the supply of the seed, implements etc., while the sale union will arrange for the marketing of the produce.

The scheme in its execution can be divided up into two parts :—

(*i*) A five year programme of expansion through 1,000 Rural Development centres consisting of 35 villages each.

(*ii*) The recruitment and supply of the organisation staff for the scheme.

(a) It is proposed to start with 200 organisers and add 200 per year for 5 years to come. Fresh recruitment will then cease. Each of these batches of 200 workers should be able to organise 7,000 villages in the course of five years in the following manner :—

In the first year inspite of some spade work done by the Rural Development organisers, the pace will be slow and the co-operative organiser will not be able to organise more than 15 villages. The total number of villages tackled in the first year will, therefore, be 3,000. In the second, third, fourth and fifth years the same batch will be able to take 1,000 more villages per year, that is, an addition of 4,000 villages in all. Thus each organiser will be able to organise 35 societies in 5 years or the batch recruited in any one particular year will organise 7,000 villages in 5 years during which the Government contributed towards their costs. Thus the batches recruited in 5 years will be able to take in hand all the present 1,000 Rural Development centres and carry the message of co-operation to 35,000 villages *i. e.*, to one third of the total number of villages in the province.

It may be mentioned that the work of the co-operative organiser will be of a very responsible nature. He will be dealing not only with the monies of the financing agencies but also with the produce of the members. He will be dealing with goods worth thousands of rupees every year. The position that he will occupy will be of great trust and responsibility and the success of the entire scheme will depend on the right choice of these men. It will further be necessary to have the emoluments of the post sufficient not only to attract honest men but sufficient to allow men to reasonaly live under conditions that will foster integrity.

It is, therefore, proposed that these organisers should be paid on the same scale as are the supervisors of the credit societies. Their emoluments should in no case be less.

It is further proposed that in the first two years the Government should bear the whole cost of organisation as new societies cannot be in a position to bear the expenses on the organising and supervising staff. In the third and fourth year the Government should bear only half the cost, the other half being borne by the societies or the bank. In the fifth year the Government will pay only ¼ of the cost and the rest will be borne by the movement itself. It is expected that after the fifth year the business activities of the societies will be sufficient in volume to yield a margin of profit to enable the societies to become self-supporting as far as organisers are concerned. On the above basis the cost to Government will be as given in Appendix A.

Besides the cost of organisers the Government will also have to maintain a staff of inspectors and auditors for the supervision and audit of societies. It is expected that with the area of working being made compact an inspector will be able to supervise 250 societies and an auditor to audit 150 societies per year.

The scale of pay proposed for the inspectors under this scheme is the same as the scale prevalent for the credit work in the department. What has been said about the work of the organisers applies with greater force to the inspectors' case. These inspectors will be occupying the key position in the whole organisation. On their supervision and interest will depend the efficiency of the scheme, and unless we are able to secure the right type for the job, the scheme will have no future.

Financing institutions have been very reluctant to advance loans to non-credit societies mainly for the fear that the money may not be recovered and be lost on account of market fluctuations and other losses.

Agricultural prices particularly of wheat and oil seeds are subject to uncertain fluctuations. In exceptional years prices at the harvest time have been higher than the prices later on.

This uncertainty in the periodicity of the fluctuation is the principal cause of the above mentioned attitude of the banks of these provinces.

The chances of a net loss are no doubt meagre yet they exist. In order to give more courage to the financing agencies, it is necessary that Government should come forward with a guarantee against losses which may be calculated, if necessary, on the working of three years. I (The Registrar) propose a gurantee to the maximum of Rs. 500 or 0-8-0 per maund of the produce handled, whichever is less to every marketing unit, i. e., an organiser's circle.

APPENDIX A.

Scheme for the development of co-operative societies in Rural Development areas through 200 supervisors recruited every year for 5 years.

Year.	Total No. of Supervisors.	Paid by Government.	Cost to Govt. at 550 per Organiser.	Total No. of villages tackled.
1st	200	200	1,10,000	3,000
2nd	400	400	2,20,000	7,000
3rd	600	500	2,75,000	12,000
4th	800	600	3,30,000	18,000
5th	1000	650	3,57,500	25,000
6th	1000	450	2,47,500	29,000
7th	1000	250	1,37,500	32,000
8th	1000	150	82,500	34,000
9th	1000	50	27,500	35,000
10th	1000	...	...	35,000

Copy of the G. O. No. 7907-C/XIIB-135, dated Lucknow, October 31, 1938 from P. M. Kharegat Esq., C.I.E, I.C.S., Secretary to Government, United Provinces, to the Registrar Co-operative Societies U. P.

With reference to your un-official note No. 2051, dated August 25th, 26th 1938, with which you forwarded a scheme for special marketing societies, I am directed to say that multiple purpose societies should be started in rural development units and that one Co-operative Supervisor should be appointed for each selected Rural Development unit where there is a seed store. The Supervisor should organise these societies in as many of the villages of the unit as possible. They should undertake not only better living activities but also credit and marketing. He should also organise the Unit Union which will after a year or two take over the seed store. To start with, 80 supervisors should be appointed forthwith, if available, at an annual cost of Rs. 43,000. For subsequent years a suitable scheme should be framed for the appointment of more such supervisors every year so that these activities may be established in all the Rural Development units in the course of the next few years. The plan may provide that Government should meet the whole cost of the supervisors in the first year, half of the cost in the second year and one-fourth in the third year and thereafter the Union and the Bank between them should meet the cost from their own funds. I am to convey the sanction of the Governor to the payment during the current financial year of a grant of Rs. 17,000 to the U. P. Co-operative Union for the maintenance of 80 supervisors in the rural development units for organising better living, credit and marketing societies and a Union in each of the 80 units.

2. Sanction is also accorded to an expenditure of Rs. 1,500 during the current financial year for grants, not exceeding Rs. 300 in each case, to the existing co-operative seed unions.

3. Sanction of the Governor is further accorded to the creation, with effect from the date of entertainment and till March 31, 1939 of ten temporary posts of Inspectors in the Co-operative Department on Rs. 80 per mensem each in the scale of Rs. 80-5-150-10-220. The pay and scale are provisional and liable to reduction with the introduction of further revised scales by Government. Each Inspector should supervise the work of eight supervisors and help and guide them.

4. An expenditure of Rs. 4,500 is also sanctioned for the starting and running of training classes, three for organisers and one for Inspectors as proposed in your letter No. 3481 of October 6, 1938.

5. The cost will be met from the lump provision under the head "40-Agriculture-K-2-Extra allotment for rural development including communications, Water Supply Cottage, Industries in the budget for the current financial year.

Report.

DHARMAPURI RURAL UPLIFT SCHOOL

REPORT BY MR. A. F. W. DIXON, I. C. S.,

Collector, Salem District.

1. *Introduction.*—The results of the Rasipuram Uplift School conducted in May 1938 were so encouraging that I submitted proposals to Government suggesting that nine schools similer to the Rasipuram school should be conducted in each of the other taluks of the District. In G. O. No. 1828, Ms. Development Department, dated 28th July 1938, Government ordered that Rural Uplift Schools, might be held for the present in four taluk head-quarters of the District instead of in nine, as proposed by me, each school being intended for students drawn from two or more taluks. A special staff of two physical instructors and one peon was sanctioned for the purpose for a period of five months. The first school, started in accordance with this G.O., was opened by me on the 9th of August 1938 at Dharmapuri. It was closed by the Honourable the Minister for Agriculture and Rural Development, Sri V.I. Muniswami Pillai, on the 8th of September 1938.

2. *Strength.*—Recruitment to the School was confined to the taluks of Dharmapuri and Harur chiefly. 32 students were admited from the Dharmapuri taluk, 10 students from Harur taluk and 1 from Omalur taluk. Seven village school masters were deputed by the President of the Dharmpuri District Board. One student dropped out in the middle of the course, with the result that only 49 students went through the complete course. The students were drawn from various communities and included Brahmins and Harijans. A pleasing feature was that all played and fed together, without distinction.

3. *Physical Education.*—As in the Rasipuram School, physical education and rural recreation were the chief items in the programme of the School. During the first week, Mr. H. C. Buck, Principal of the Y. M. C. A. College of Physical Education, spared the services of his assistant, Mr. P. M. Joseph, to help in starting the classes and in instructing Messrs. P. I. Joseph and Victor Chelliah who were employed as Physical Instructors of the School. As both these instructors had passed out of the Y. M. C. A. College of Physical Education and as one of them had already assisted in the Rasipuram Uplift School, they got into the right spirit of the school very soon and trained the pupils of the school with enthusiasm and energy. Games were played regularly from 6-30 a. m. to 8 a. m. every day except on Sundays. A few Police constables joined in these games on some days. From 10 to 11 a. m. nearly every day the students were given instructions in physical education and in rules governing sports clubs, tournaments, etc.

4. *Instruction in Rural Uplift.*—From 11 to 12 a. m. every day instruction was given in such subjects as agriculture, co-operative credit, land mortgage baking, co-operative marketing, co-operative production, bee-keeping, cattle rearing, poultry-farming, debt relief legislation, general education etc. Persons most competent to deal with these subjects lectured to the students and gave practical demonstrations whenever feasible. The names of those who spoke and the subjects on which they spoke are given in appendix. It will be observed from it that the educational department and the revenue department in addition to departments represented at Rasipuram contributed their quota towards training in rural uplift work in this school. Officers of both departments delivered useful and instructive lectures.

5. *Excursions to adjacent villages.*—As at Rasipuram, the after-noon hours of the Dharmapuri Uplift School were occupied in excursions to adjacent villages such as Hale Dharmapuri, Kumaraswamipatti Kadagathur, Rajapet, Nallampalli, Annasagaram, Chinthalpad, Indoor, Admankotta, and Gollapatti. The first visits of the students did not attract such large crowds as the visits of the Uplift School Students at Rasipuram did, partly because ploughing and sowing were in full swing after the recent rains; but, as the days rolled on, the enthusiasm of the country-side was roused and the visits to villages in the 3rd and 4th weeks of the school drew crowds nearing a thousand. At every visit the students exhibited a little drill and played some rural games. These were invariably followed up by the local village youths joining with the students at rural games such as Chudugudu. An innovation was the playing of friendly matches between teams organised by the students of the school. Thus, at Adamankotta a team from Nallamballi played against a team from Annasagaram while the Komaraswamipatti team played a match with the Annasagaram team when the students visited Annasagaram. Most of the visits to villages by rural uplift school students ended with propaganda for savings in hundi boxes and cinema shows on public health.

6. *Intensive work in villages.*—As at Rasipuram, the visits to each village by the school students were pursued by 'follow up' work by selected students. Not only were rural games organised in this 'follow up' work but sports clubs were built up in the villages visited. It is gratifying to observe that whereas at Rasipuram only 7 such clubs were started, at Dharmapuri 15 clubs were organised in 15 villages. They competed in the athletic and chudugudu tournaments at the end of the closing days of the school about which more is said later.

7. *Rural Exhibition.*—For the first time, in the history of Dharmapuri, a rural exhibition was organised at Dharmapuri. It was held in the premises of the Dharmapuri District Board High School and

was opened by me on the 2nd of September. As at Rasipuram the Agricultural Department, the Health Department, the Veterinary Department and the Co-operative Department took a section each in the exhibition. The Educational Department was a new addition at Dharmapuri as also the women's section. Most of the exhibits were the same as those at Rasipuram, but among the products of village industries arranged by the Revenue Department and the District Board a greater variety was provided and wooden toys from Palacode with the toy manufacturer at work were a great attraction. The women's section was a complete novelty and revealed what school-mistresses and school-girls could do in their spare hours in shape of knitting, embroidery, basket-making, etc. The exhibition was a success not only by reason of the large crowds that visited it every day, estimated at over 50,000 in all, but also by reason of the desire that was expressed on all hands that an exhibition of this sort should be repeated every year.

8. *Visitors.*—When the students of the Dharmapuri Uplift School visited Hale Dharmapuri with me on 10-9-1938, the members of the Dharmapuri Taulk Prohibition Committee and the members of some of the village committees in the neighbourhood accompanied us and watched the evenings entertainment. They saw for themselves what interest was aroused in the locality by rural games and how these could provide an effective and useful diversion during the evening hours, formerly often times spent in a drink shop.

Sri V. Venkatasubbaiya, member of the Servants of India Society and Editor of the Madras Journal of Co-operation, and Sri N. Lakshmanan, Editor of the 'Kutturuvu' Coimbatore, were two outsiders who visited the School to find out how it assisted rural uplift work and Prohibition. One of them accompanied the students to Adamankotta and the other to Annasagaram.

9. *Intervillage sports and Chudugudu tournament.*—The activities of the School were brought to a close on the 8th of September 1938 when the Hon'ble the Minister for Agriculture and Rural Development Sri V. I. Muniswami Pillai visited the School. The principal items were the finals of the inter-village sports and the Chudugudu Tornament. The crowds on that day in the grounds of the Dharmapuri Board High School exceeded 5,000. The sports tournament was won by Papparappatti village and the shield presented by Sri M. G. Natesan Chettiar, M.L.A., President of the Dharmapuri District Board, was given away by the Hon'ble the Minister to the winner. The Chudugudu finals were played between the team from Papparappatti and the team from Komaraswamipatti. The game was played with much caution as a result of which it could not reach a finish that day. It was continued the following morning in the midst of villagers from the competing villages and the Komaraswamipatti team won. The shield presented by Sri K. V. Ramaswami Naidu, Mittadar of Chinthalapady, was presented to the victorious team, and the captain of the team was carried shoulder-high with his trophy and led in procession from Dharmapuri to Komaraswamipatti a distance of half a mile. There the villagers gave

them a rousing reception with music, camphor and garlands and thanks-
givings were offered at the local temple. The winners of the Sports
Shield were entertained similarly at Papparappatti which lies ten miles
away from Dharmapuri. They were hailed by a large crowd of men,
women and children with shouts of joy and taken in procession round
the important streets of that village and the temple.

10. *Rural Uplift for Women.*—At Rasipur I commented on the
absence of women who could and should play such a large part in rural
useful work. They were not forgotten at Dharmapuri. I have already
indicated above the contribution of the school mistresses and school girls
in the taluks of Harur and Dharmapuri towards the rural exhibition.
A special day namely, the 7th of September, was celebrated as Women's
day. The rural exhibition was reserved for women visitors alone that
day. In the afternoon at 4 P. M. the Special Development Officer met the
women in the premises of the Girls School at Dharmapuri and spoke
to them regarding the part that women could play in rural uplift work
such as the promotion of thrift, tree planting, subsidiary occupations, etc.
The Inspectress of Girls Schools, Coimbatore and the Deputy Inspectress
of Girls Schools, Salem were present and lent their whole-hearted sup-
port. This was followed up by games played by school girls at the
High School premises, where there was a crowd of over 500 women and
an equally large number of men who could not be prevented from forcing
their way in. The sales effected at the women's section of the exhibi-
tion are likely to encourage school mistresses and school girls to employ
their leisure hours in useful knitting and embroidery work.

11. *Acknowledgments.*—The various departments that co-operated in
the successful conduct of the Dharmapuri Uplift School and the Dharma-
puri Rural Exhibition deserve thanks. The District Educational Officer,
The District Health Officer, the District Veterinary Officer, the
Deputy Registrar of Co-operative Societies, the Assistant Director of
Agriculture, the Revenue Divisional Officer, Dharmapuri, the Inspectress
of Girls Schools, Coimbatore, and the Inspector of Police, Dharmapuri
and their staff helped in the conduct of the school. Among non-officials,
the President of the District Board, Dharmapuri, the Head-Master of the
Dharmapuri Board High School, the President and the Secretary of the
Dharmapuri Co-operative Union, the President of the Panchayat Board,
Dharmapuri and a number of others contributed their quota for the
successful working of the school and the exhibition.

12. *Conclusion.*—Due perhaps to the agricultural operations pro-
ceeding on a wide scale after late but copious rains, the school did not
arouse so much interest in the village at first as in Rasipur, but in the
end the interest aroused fully equalled that created in the first school.
The students worked with an enthusiasm which was infectious. It is
much too early yet of course, to say how many of the students will turn
into active village guides and rural uplift workers, but judging by the
interest taken by them during the course in village visiting I am hopeful
that most of them will turn into active workers. I will report further
on the lasting results of the school, at a later date.

Dharmapuri and more particularly Harur Taluqs are not among the
more advanced in the District and the school had the effect of rousing
villagers from their lethargy and making them take an interest in life.
The novelty of our methods aroused keen interest, and the seeds of a
better and fuller village life have certainly been sown.

Reviews.

INTERNATIONAL CO-OPERATION 1930-36.

The third volume of International Co-operation (1930-36) (Vol. I 1924-26 & Vol. II—1927-29) recently published by the International Co-operative Alliance, London, contains reports on the activities of fifty National Co operative organisations situated in twenty seven countries with an introduction by the International Co-operative Alliance which is more or less a summary. Some countries have more than one National Co-operative organisation and this accounts for the difference in the number. The reports are only from the members of the Alliance.

Germany and Italy, the co-operative activities of which we should be very glad to know, unfortunately do not figure in the volume. The former is reported to have gone out of membership and the latter perhaps never joined. We have also to note with regret the absence of a report from our own country. It is stated that no reports were received from India, Turkey and Spain. Reports from South Africa and New Zealand have appeared for the first time. This third volume claims to give some additional statistical tables which may be of "use to students and practicians in the World movement of Co-operation."

The International Co-operative Alliance being composed mainly of consumers' organisations, we do not find much of the activities of the movement on the credit side. Nor does the agricultural co-operation of every country find a place in the report. Still it contains some activities of Agricultural Societies in such of the countries as are members of the International Co-operative Alliance. It should be noted that as the International Co-operative Alliance publishes only the reports of its own members, we cannot expect a complete report of all the co-operative activities in all countries.

The introduction gives a brief account of the co-operative activities of all the member countries under the following heads; Consumers' Co-operation, Workers' Productive Societies, Educational Progress, Press and Propaganda, Legislation, Taxation and State-control, Agricultural Societies, Credit Societies, Co-operative Banks, Co-operative Insurance and New Developments. Substantial progress on the whole is reported from most countries. "In spite, however, of many and considerable drawbacks, the co-operative movement has advanced, and is still advancing, in practically every country in which the voluntary association of men for improving their lot and contributing to the achievements of civilisation is still freely exercised."

Consumers' Co-operation.—In spite of the transfer of 92,000 societies with 35 million members in U. S. S. R. to the Department of State Trading, there were 1,25,000 societies with a membership of 71.5 millions.

In a great majority of countries there was a steady increase of membership and in some there was even rapid growth. There was a set back in almost every country in the early period due to the world depression of 1929. But all recovered before the close of the period of the report. It is satisfactory to note that everywhere co-operative trade seems to have suffered appreciably less than private trade. Many wholesale societies show remarkable results in their own productions. It is interesting to note that in addition to the production of the ordinary articles of consumption they have entered into new fields such as the production of artificial silk, cellulose, electric lamps, etc.

As usual the Workers' Production Societies have not fared well.

Though the number of reports of Educational activities received was less, their real activities in this direction did not decrease. The Danish Wholesale Society started a co-operative college in 1933 and every country is bestowing more and more attention to co-operative education. Propaganda through films is being done more and more in addition to the journalistic activities through co-operative press.

In some countries State control has increased. Special concessions to co-operative organisations are continued in some countries while in others they are being slowly withdrawn. Attempts are made in some to tax the profits of co-operative societies just like other concerns. Norway was one. But the attempts were frustrated by the prompt action of the union there. Even in England there is a fight going on against the special tax known as National Defence Contribution.

Though the activities of Agricultural Societies are not reported as fully as we in India would wish, nevertheless, their work especially in the direction of preparing the agricultural produce for marketing, and in marketing the products, several countries have shown very great progress. Denmark continues to maintain the first rank in spite of innumerable difficulties. The co-operative organisations of Denmark are responsible for 80 to 90 per cent. of Nation's output of bacon and butter. In France as many as 3,80,000 farmers get their electric supply through co-operation. In Hungary the turnover in co-operative marketing has increased four-fold. In spite of the handicaps due to the economic depression, Agricultural Co-operation has played a great part in marketing produce—particularly wheat, cattle and meat products. One special feature is that Agricultural Purchase and Sale Societies are now increasing more rapidly than credit societies. We in India have to take a lesson here and try to direct our attention more and more in that direction.

It is only from a few countries that the International Co-operative Alliance got reports of the activities of credit societies and co-operative banks. The economic depression and the great fall in the price of

agricultural roduce have affected them very seriously. Out of the nine countries which have reported, three "have only to present the obituaries of what were once flourishing" institutions. The Co-operative Banks in the remaining six countries have progressed.

Electric supply societies are prominent in many countries. We in Madras should learn a lesson here. Now that the Madras Government is pushing through vigourously very big hydro-electric projects the time is opportune for the organisation of societies for at least the distribution of electric power. Already many Joint Stock Companies have appeared on the scene and are exploiting the consumer. Let not co-operators wake up too late. The Provincial Co-operative Union should take up the question in right earnest.

V. S. R.

INTERNATIONAL DIRECTORY OF THE CO-OPERATIVE PRESS.

The international Co-operative Alliance has brought out the fourth edition of the 'International Directory of the Co-operative Press.' It gives an exhaustive list of not only all the co-operative journals issued by the national organisations affiliated to the I.C.A., but also of other local and regional journals.

The circumstances of changing social order, political unrest and economic depression have combined to hinder the advance of co-operative journalistic activities. There were 726 co-operative journals in 31 countries as against 1,009 in 33 countries in the previous edition. Germany is unfortunately not found. Particulars as to publisher, editor, year of foundation, period of subscription, total copies under circulation and the character of the journal are all given. In spite of the less number of journals, the total circulation has increased from $8\frac{3}{4}$ millions to $9\frac{1}{2}$ millions. This increase is remarkable when we take into consideration the absence of the $1\frac{1}{2}$ million circulation of the German journal 'Volkshatt'. In about a dozen countries a remarkable development has occurred of a new form of a Family and Popular journal. In Japan one such journal, called 'Light of the Home', has a circulation of 13,25,000.

As the co-operative press is conducted by men of conviction and enthusiasm, its influence on social problems and as the educator and animator of the co-operative cause is great.

V. S. R.

News and Notes.

Mr. A. F. W. Dixon, I.C.S., in his report on the working of the Prohibition Act in Salem, refers to the effect of Prohibition on ordinary crime and gives the following interesting figures for police crime.

Average of preceding five years	...	938
This year	...	836
Private complaints of hurt:—		
Nine months 36-37	...	653
Nine months 37-38	...	501

The reduction is substantial, though not more than what was expected.

* * *

The Government have ordered the assignment of 341 acres in Nandibanda, North Arcot district, to toddy-tappers who may have lost their livelihood as a consequence of the introduction of Prohibition in Salem, Chittoor and Cuddapah districts.

* * *

Research in varieties of rice has revealed the fact that some of the coarser and coloured varieties are specially rich in vitamins and that if cooked without extra-washing and polishing they are nearly as nutritious as wheat.

* * *

While inaugurating the thrift campaign at the Municipal scavengers' colony at Cuddapah, Mr. V. S. Hejmadi, I.C.S., Collector, appealed to the audience to lead other places in respect of thrift, as every pie that was put in the boxes would be a saving to the society to have other amenities. Before parting he took a promise from the members that they would return the boxes filled each time.

* * *

The Salem Co-operative Supervising Union reports that the membership of its affiliated societies doubled itself within the last two years as the result of the introduction of controlled credit and of the working of the Agriculturists' Debt Relief Act. It advises the societies to see that every ryot is brought within the co-operative movement in the near future.

* * *

The Tiruchengode Sale Society in Salem district earned during the last co-operative year a net profit of Rs. 4,228 over sales amounting to Rs. 3,41,056. Coconut jaggery made by ex-toddy-tappers was a considerable item of sale in the society.

* * *

As many as 500 better living societies were registered in Bengal during 1937-38 with the object of promoting sanitation and subsidiary occupations like poultry-farming, handloom-weaving and vegetable gardening.

During the first six months of the working of the Madras Agriculturists' Debt Relief Act, from March to the end of August 1938, the number of cases disposed of by all the Civil Courts in the Presidency, relating to debts and interest on them, was 36,000; the amount involved in them was Rs. 40.5 lakhs; the percentage of reduction was 47.

* * *

Accepting the recommendation of the Co-operative Enquiry Committee, the Government of Mysore have passed orders restricting the loans of co-operative credit societies to short and intermediate term loans not exceeding five and ten years respectively.

* * *

After the introduction of Prohibition in Cuddapah, where formerly there was an arrak shop a reading room was opened under the auspices of the Patha Cuddapah Ryots' Association. The Stationary Sub-Magistrate formally declared the reading room open.

* * *

The Rural Development Week was celebrated with great enthusiasm in the United Provinces in the beginning of November. Processions of men, women and children went round the villages in the mornings singing rural development songs. District officers and prominent non-officials like Parliamentary Secretaries to Government joined with the villagers in cleaning the villages. The example of the United Provinces deserves to be followed by other provinces.

* * *

Reviewing the progress of rural uplift work in Tinnevelly District, Mr. V. Ramakrishna, Collector, stated at the last quarterly conference of district officers that from the Government of India grant so far 184 tube-walls had been sunk, that village officers were being trained in the proper maintenance of these wells, that satisfactory progress was being made with the cottage industries emporium and that the sanction of Government was being awaited for the starting of a training school in cottage industries by the District Board at Tirukkarangudi. This progress is very satisfactory.

* * *

In his report on the development of Indian cattle and Dairy industry Dr. N. C. Wright has advocated the creation of a Central Dairy Institute to investigate into the nutritive value of indigenous milk products and the award of scholarships for post graduate training in animal genetics. He has also urged the establishment of pedigree herd books and milk recording societies so as to facilitate the breeding of cattle having a high milk yield. The starting of such an Imperial Dairy Research Institute has been engaging the attention of the Government of India.

* * *

The Bengal Government has sanctioned a subsidy of Rs. 24,00,000 to Bengal Provincial Co-operative Bank to be paid at the rate of 2,00,000 every year as compensation for the loss incurred by the Bank on account of the failure of Jute Sale and Supply Societies.

During the last co-operative year the Coonoor Co-operative Urban Bank removed as many as 168 persons from membership, chiefly for being defaulters in respect of loans. But it also admitted 73 new members. After carrying Rs. 250 to the bad and doubtful debts reserve, the Registrar has declared the net profit of the society to be Rs. 1,320, which permits of a dividend of 3 per cent. to be paid on the share capital. During the year the society began giving jewel loans and in order to facilitate their issue it introduced a "B" class membership with shares of only four annas. Many poor men and women took these loans—which numbered 204 and amounted to Rs. 11,000. In the last five years thrift deposits from members have steadily increased from Rs. 2,641 in 1932-33 to Rs. 28,657 in 1937-38. The percentage of overdues is, however, rather high for a good society and steps are being taken to reduce it.

*　　*　　*

Mr. Abdul Huq, Registrar of Co-operative Societies in Mysore, has formulated a scheme for organising co-operative societies for the betterment of areca-growers in the Malnad Taluks of the State. According to his scheme three societies will be formed in the three areca-growing taluks. The Government will advance monies to these societies, which will in turn advance them to their members in the shape of loans, against the deposit of their produce in the societies. The entire produce thus deposited will be sent to a warehouse in Shimoga where an officer of the status of an Amildar (Tahsildar-Sub-Magistrate) will be appointed to deal with its marketing. The progress of the scheme will be watched with interest by all co-operators.

*　　*　　*

The Madura cum Ramnad Districts Public Servants' Co-operative Society, which is now 21 years old, has addressed the Government on the baneful effects of the amendment of section 60 of the Civil Procedure Code, which enables a member of a society to withdraw the authority given by him to the salary-disbursing officer to pay the instalment due by him to the society. This amendment is bringing about the ruin of almost every employees' society. If the section is not again suitably amended these societies will have to go out of existence and the employees as a class will have to lose a valuable help.

*　　*　　*

The British Administered Area Central Co-operative Union, Secunderabad, had in 1937-38, 26 societies affiliated to it, of which 1 was a central and urban bank, 13 were employees' credit societies, 4 stores and buying clubs and 8 housing societies. Two buying clubs and four housing societies did no work and they will have either to be revived or liquidated. The accounts of all the affiliated societies were audited by the Union and advice and help for their efficient working given. During the year under report the Union received a grant of Rs. 1,000 from the Local Government, which enabled it to function more efficiently than before. It earnestly prays that the grant may be continued this year also, to which we not only say amen but hope that it will be continued for some years.

The Membership of the Tirupathi Co-operative Town Bank increased during the last co-operative year from 1,316 to 1,418, its paid up share capital from Rs. 86,695 to Rs. 92,907, deposits and borrowings from Rs. 3,65,430 to Rs. 3,93,717 and the total working capital from Rs. 4,87,368 to Rs. 5,24,308. The overdues under principal and interest were 16·2 and 3·0 per cent. against 13·1 and 3·9 in the previous year. The net profit was Rs. 5,410, which is considerably less than in the previous year, owing to the fact that a sum of Rs. 1,800 was credited to the building fund and Rs. 500 spent on the opening ceremony of the new building from the profit, besides decrease in interest earned. The building has cost the Bank Rs. 25,000 odd, of which about Rs. 17,000 is a liability and it will be met at the rate of Rs. 1,800 per year from the profits. Owing to technical difficulties the bylaw permitting gold and jewel loans has not yet been put into force.

*　　*　　*

The University of Maryland in the United States of America, one of the oldest institutions there, has adopted a special four-year curriculum in co-operative organisation and administration. To advanced students it is in a position to offer practical experience with co-operative societies handling particular duties, as the University is located in Washington which is the headquarters of the national federation of all agricultural co-operative societies in the United States.

*　　*　　*

At an emergency meeting of the executive of the International Co-operative Alliance held at Amsterdam in the third week of October, it was decided to start a fund for the relief of Czech co-operators. It was opened with a contribution of £2,000 from the funds of the Alliance. The C. W. S. of England and the Scottish C. W. S. have contributed 1,000 gunias and £500 respectively. An appeal has been addressed to the co-operators of the world.

*　　*　　*

The reports of the collectors of Cuddapah and Chittoor on the working of the Prohibition Act during its first month (October last), declare that it has worked with quite good success. The Cuddapah collector says: "Women all over the district are tendering their gratitude for the Prohibition Act. The Act is popular and its working has been smooth on account of the general acquiescence of the former drinking population." The Collector of Chittoor says 'with a measure of confidence that Prohibition in Chittoor District is definetely succeeding.' He also reports: "Women specially welcome Prohibition. Conditions in villages are fast changing. Street brawls and family squabbles which were previously common are tendering to disappear, etc." All this is very gratifying.

*　　*　　*

Addressing a large conference of villagers at Penumoor in Chittoor district, attended by about 2,000 persons of whom about 500 were women, and arranged by Mr. P. Ramakrishna Reddi, village munsiff and member of the Taluk-Prohibition Committee, the District Collector, Khan Bahadur Javad Hussain, invited those present to follow the example of the Rajaji Rural Reconstruction Centre at Venganapalle, two miles from Chittoor where the villagers were themselves laying out roads, sinking wells and running a Charkha Sangh.

Government Order.

Copy of G. O. No. Mis. 2523, Dated the 11th October 1938 from the Development Department.

. . . .

Subject :—Co-operative Societies—Act—Rules—Rule XXIV—**Draft amendment**—Published.

. . . .

Read the following paper :—

From the Registrar of Co-operative Societies, No. B. 5905/38 dated 2—9—1938.

. . . .

ORDER :

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

Notification.

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

Notice is hereby given that the draft will be taken into consideration on or after the 19th November 1938 and that any objection or suggestion which may be received with respect thereto from any person before the said date will be considered by the Government of Madras.

Draft Amendment.

In clause (iii) of rule XXIV of the said rules, for the word 'Secretary', the word 'President' shall be substituted.

(By Order of His Excellency the Governor.)

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

Registrar's Circulars.

No. A. 9135/38.

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES,
Madras, Dated 3-11-1938.

SRI RAO BAHADUR M. GIRIAPPA, B. A.,
Registrar of Co-operative Societies.

. . . .

I

CIRCULAR.

Subject :—Co-operative Movement—Expansion—Organisation of new Societies—Instructions.

. . . .

There are 52,000 villages in the Presidency, out of which so far only about 15,000 villages are covered by Co-operative Societies, though it is more than 30 years since the movement was started in the Presidency. The amount required for cultivation expenses in the Presidency is estimated by the Provincial Banking Enquiry Committee to be about Rs. 60 crores. But the total amount advanced by both the Agricultural and non-Agricultural societies for actual cultivation expenses during 37-38 is about Rs. 60 lakhs only, while the total amount advanced for agricultural expenses including cultivation expenses, payment of Sircar kist, purchase of food and purchase of cattle is only about Rs. 2 crores. It is obvious therefore that there are vast areas into which the waters of co-operation have not yet flowed. It cannot be that the entire area is barren or that the entire people are bad. It only means that steps have not been taken to investigate the possibilities of irrigating these areas with the waters of co-operation. Perhaps owing to ignorance and illiteracy, the people in those areas would not or dare not approach the departmental authorities or the central banks for the organisation of societies. We have thus a curious, if not sorry, spectacle, of ryots struggling for finance on the one hand and a Provincial Bank with a large surplus eager to finance the movement on the other. It is necessary that this gulf should be bridged and now is the time for it. I do not mean that we should force the pace of Co-operation. I only want that opportunities should be given to the people residing in the areas to enter into the co-operative movement and be benefited by it. It has already been pointed out in this office Memo. No. A. 1070/38 dated 9-9-38 that speedy steps should be taken to organise societies in areas where there is need for co-operation. But the progress so far made is very poor. Representations have been made to me and to the Hon'ble Minister that Deputy Registrars are declining to register societies even in deserving cases lest it should increase their work. I am not sure if they are correct. However, I expect a much more speedy progress in the organisation of societies in future.

2. In organising societies, it should be noted that it is not necessary that one society should be organised for a village. Experience has shown that the principle 'one village one society' has not been generally successful, for, in the small ambit of a village the field of choice of human material to work the society is very narrow. Moreover, small societies are unable, out of their meagre income to pay for staff and contingencies. The result is that small societies with the area confined to one village have not proved quite a success. I should like that the new societies to be organised should be models to the societies already existing so that the existing bad societies may be transformed into good societies eventually. For this purpose, more than one village may be taken up, but the villages selected should be adjacent. If the necessary human material cannot be found in one village, the neighbouring village should be looked up for it. If in that village too, all the necessary men are not available, a third village should be taken up. It should be noted, however, that the area should not be too wide. The area of the existing societies may also be widened by the inclusion of one or more adjacent villages not already served by co-operative societies. The liability of the society may be limited or unlimited according to the wish of the people. If the liability is unlimited the bank may be more ready to advance money to cater to the needs of the members. If, on the other hand, the liability is limited there may be some defficulty to get money from the bank. Moreover, section 4 of the Act provides that the liability of a society of which the majority of the members are agriculturists, shall be unlimited. If the liability is to be limited, exemption from Government will have to be sought for.

3. These societies need not be multi-purpose societies. They may take up all the functions of a credit society and include also better living and better farming. They may also advance loans on the pledge of produce, provided suitable godowns are available in the area of the society and provided the Central Bank is also agreeable to it. But marketing need not be done by these societies, for, marketing can only be done at marketing centres. It is not advantageous to do piece-meal marketing in villages, but on the other hand, it is desirable to pool the produce of villagers and sell it in bulk at more advantageous terms at the market centres. Marketing should therefore be done through Loan and Sale Societies located at market centres. There is no harm in doing business as agents in these societies, for, there is no risk in it. Multi-purpose societies of the Alamuru type may be organised after the Committee on Co-operation meets, comes to definite conclusions on the subject and Government passes orders thereon.

4. In these circumstances, I consider that the Department and the Banks should no longer rest content with rectification and consolidation

only, but that there should be a more speedy organisation of societies. While I consider that rectification and consolidation should proceed I feed that we should proceed also with the organisation of societies. There is a growing demand for co-operative societies in the Presidency and it is necessary that the legitimate demands of the ryots should be met promptly. I expect therefore a much better but cautious expansion of the movement in the Presidency.

(By order).
(Sd.) G. CHANDRASEKHARAN,
Manager.

B. 9621/38. *Madras, Dated 18-11-1938.*

II

CIRCULAR.

SUBJECT:—Loans—Individual Maximum Borrowing power—Enhancement of.

. . . .

It has been brought to the notice of the Registrar that the individual maximum borrowing power of Rs. 250 fixed for societies newly registered is hardly adequate to meet the agricultural needs of the royts and that it should be enhanced. The amount of Rs. 250 was fixed only to meet the short term needs of the ryots so as to encourage the societies to do more short term business. But this, it has been represented, will be enough to meet the cultivation expenses of only food crops, such as, paddy, cholam and ragi and that it is hardly adequate to meet the expenses for raising garden crops, such as, sugarcane, plantains, etc. The Registrar has considered these suggestions and has no objection to the enhancement of the limit to Rs. 500 in respect of short term loans for cultivation expenses subject to the following conditions :—

(1) The limit up to which credit can be given to a member should be assessed and an individual limit fixed for each member by the society in consultation with the Banks. This limit should be split into two, one for short term and the other for intermediate. The individual maximum borrowing power in the bylaws also should be fixed separately for short term and intermediate loans.

(2) Special sanction of Central Bank should be obtained for loans exceeding Rs. 250 to any individual member.

(3) A forecast should be made by the Panchayat of the actual requirements of each member of a society and the loan application sent sufficiently in advance and the lump sum loan got sanctioned by the Bank so that the amount may be disbursed by the society to the members by the President or Secretary through cheques on the Bank. Care should be taken to see that large sums are not unnecessarily placed in the hands of the members as it would lead to misapplication. When once the amounts are sanctioned by the Bank, no fresh approval is necessary for actual disbursement to members.

The Central Bank may sanction the loan for a period of one year to be drawn upon as and when required by the societies and they need not main tain fluid resources in respect of such forecast loans sanctioned.

(4) Every time a portion of the loan is applied for a list of persons to whom loans are to be disbursed should be sent to the financing bank.

(5) Continuity mortgage bonds should be obtained from the members as security for all the loan that he requires to meet his agricultural needs during a year.

(6) The financing bank through its agency of supervisors should take care to see that the amounts are not misapplied either by the societies or by the members. If it is done, the loan should be recalled. The Bank may call for reports from the supervisors whether they have conducted the test check in any of the areas to see whether any instalment of loan drawn from the society has been properly applied.

(7) The society should take care to see that the amounts advanced for cultivation are recovered during the next harvest without fail and the amounts promptly remitted to the Bank.

(8) It has also been represented to the Registrar that it is necessary that societies should give what are called intermediate loans for the purchase of cattle, improvement of lands, etc., and that the maximum for such loans may be fixed at Rs. 1,000 to each member repayable within a period of 5 years in annual instalments. The Registrar has no objection to this proposal. Contunity mortgage bonds are not necessary for these loans. Care should, however, be taken to see that the borrowers have sufficient capacity to repay the loans within a maximum period fixed and are advanced on proper security.

(9) The Registrar trusts that, as a result of these measures, the credit societies will meet the requirements of the members adequately and that they would stand by the ryots in their hour of need.

(Sd.) M. GIRIAPPA,
Registrar.

No. A. 8223/38. *Madras, Dated 22-11-'38.*

III

MEMO.

Sub :—Central Banks—Rectification and collection—Programme of work for 1938-39.

Read :—Registrar's Memo. A. 731-37, dated 20-8-'37 and A. 7313-37, dated 22-12-'37.

. . . .

In Registrar's Memo. A. 731-37 dated 20-8-'37, a programme of rectification and collection work for 1937-38 was called for from all Deputy

and Assistant Registrars and they were instructed to send along with their programmes a statement showing the main itmes of assets and liabilities of all the societies in their districts. In approving the programmes, the Registrar emphasised the reconstruction of the societies with deficit assets and the development of those which had accumulated a fair surplus. This was reiterated in the Registrar's Memo. A. 7313/37 dated 22-12-'37 and all District Officers were directed to submit similar statements for the current year by 1-10-'38. The statements have so far been received only from the Deputy Registrars, Guntur, Rajahmundry, Cuddalore Mangalore and Madura. All other Deputy Registrars and Assistant Registrars are requested to submit the statements without further delay.

2. They are also requested to submit a programme of rectification and collection work for the current year. The instructions issued in paragraph 1 of Registrar's Memo. A. 731-37 dated 20-8-'37 should be borne in mind in drawing up the programmes. The following additional instructions are also issued.

(1) The Deputy and Assistant Registrars should make out a list of societies in which either the penal provision has not been deleted or the rates of interest have not been reduced and see that this work is completed before the close of the year.

(2) They should in consultation with Central Banks draw up a list of societies which can afford to give special concessions to their members as contemplated in Registrar's Circular B. 7618/38 dated 29-10-'38 and see that necessary provisions are introduced in the bylaws of the societies and that the concessions are extended to the borrowers.

(3) The examination of loans under the Registrar's scheme of rectification has been completed by most of the Central Banks. The process of recovering the doubtful debts or of securing them by obtaining additional securities is however proceeding very slowly. Deputy Registrars should see that this work is pushed through during the current year. The Central Banks may be asked to allot a certain number of societies having large ill-secured debts to each supervisor, if there is no special staff for the purpose and to make him concentrate his attention on them.

(4) Side by side with this rectification and consolidation work, the expansion of the movement should also form one of the items in the programme of work. The attention of Deputy and Assistant Registrars is drawn to Registrars Circular A. 9135/38 dated 3-11-'38. Deputy Registrars should in consultation with unions and Central Banks select the centres at which new societies are to be organized and see that the societies are organised promptly at these places.

(5) The 'kist loans' during the previous year did not show marked improvement in spite of instructions. Of the loans issued for the payment of kist, the proportion actually known to have been paid direct to the Village

Officers was small. Credit should be controlled in this respect also in the sense that the loan applied for the pay kist should go towards kist payment. The Deputy Registrars should keep themselves in touch with the Revenue Officers on the one hand and the societies on the other and see that the 'system' of kist loans is popularised on a large scale. Societies for this purpose should be selected.

(6) The system of 'forecast' loans should also be introduced in a larger number of societies. In order to encourage this system and to meet the growing credit needs of the members the Registrar has permitted the increase of the individual maximum borrowing power from Rs. 250 to Rs. 500 in new societies. (Please see Registrar's Circular B. 9621/38 dated 15-11-38.) Societies should be selected and steps taken to popularise the system.

(7) There are a number of societies under the management of agents under bylaw 62 (2). This is not a happy feature of the Government and is an admission of the failure of the movement in such areas. But in some cases the arrangements seem to be continued merely to give work to the agents or because the agents are anxious to continue in office. Deputy Registrars should examine each case in which the management has been entrusted to agents and arrange to restore the management to the regular Panchayats. The number of societies in charge of agents should be reduced to a minimum.

(8) While there was a slight reduction in the overdues last year alround, there was an increase under 'arrear interest.' The inference is that in certain bad societies where interest arrears had accumulated, the arrears were allowed to continue. Deputy Registrars should draw up a list of such societies where arrear interest remained uncollected and pay special attention to them. Though there was a 'fall' in the percentage of arrears last year, it was not appreciable. Deputy Registrars should see that adequate action is taken to bring down the arrears considerably.

3. All Deputy and Assistant Registrars are requested to draw up a plan of work for the year in the light of the above instructions and work it up vigorously. A copy of the programme of work done should be submitted to the Registrar before the commencement of the Christmas Holidays. Deputy Registrars who have already submitted their programmes are also requested to revise them in the light of the instructions now issued and to submit their revised programmes as early as possible.

(Sd.) M. GIRIAPPA,
Registrar.

B. 7618/38. *Dated, 29-10-38.*

IV

CIRCULAR.

Subject :—Relief to borrowers—concessions to "D" Class Societies—extended to others also—instructions issued.

Reference :—Registrar's Circular No. B. 5785/37 dated 28-10-37.

. . . .

In Registrar's circular quoted, concessions by way of reduction of rate of interest, and abolition of penal interest were suggested for all classes of societies and certain further concessions were suggested for members of "D" Class Societies only. From the quarterly progress reports received from Deputy Registrars, it is seen that the special concessions intended for members of "D" Class Societies have not been availed of to any appreciable extent. It cannot be denied that the generality of borrowers in Co-operative Societies will try ro pay their dues promptly if only some concessions are shown to them. The reason for the poor progress in the realisation of dues of members might be due to one or other of the following reasons.

(i) Some "D" Class Societies might not have been able to extend the concessions, to their members owing to their weak financial condition even though the members may deserve the concession.

(ii) Members of societies placed in other classes could not get the concessions even though, they deserved them as the societies of which they are members are not "D" Class Societies.

The remedy seems therefore to extend the concessions to all deserving members irrespective of the class of the society of which they are members. A deserving member should not suffer because he is a member of A or B Class Society.

2. In view of these facts, the Registrar considers that it is desirable that concessions outlined in para 2 of Registrar's circular B. 5785-37 dated 28-10-37 should be extended to members of all societies, irrespective of their classification, provided of course, the general body of the Society and the Central Bank agree to the course in each case and provided also that the financial condition of the society permits it.

3. All Deputy Registrars and Assistant Registrars are requested to issue necessary instructions to societies and to advise them to see that the concessions are availed of to the fullest extent possible. The special concessions will be in force for the year 1938-39 only. The Deputy Registrars and Assistant Registrars will please watch the results and report early in September 1939.

(By Order),
G. CHANDRASEKHARAN,
Manager,
3-11-38.

No. Pdl. 14 C./38.

OFFICE OF THE
DEPUTY REGISTRAR OF
CO-OPERATIVE SOCIETIES,
Madras, Dated 11-10-1938.

FROM

SRI M. G. PADMANABHA MUDALIAR, M. A.,
Deputy Registrar.

TO

The Secretary

....

Sir,

Subject : —Depressed Classes—Registration fees and encumbrance certificates fees—Subsidy to members of Co-operative Societies —Sanction and disbursement—Procedure.

Members of Scheduled Classes who are members of Co operative Societies and who apply for mortgage loans will continue to pay the registration and encumbrance certificate fees in the first instance or the societies may advance the fees on their behalf. The societies have to send a monthly statement in the following form to the Deputy Registrar to reach him on or before the 5th of the succeeding month of every year showing the total fees paid to the Registration Department during the month.

S. No.	Name of society.	Name of member on whose behalf subsidy is claimed.	Community of the member.	Date on which fees were paid to the Registration Department.	Nature of the expenditure (encumbrance certificate or registration fees).	Amount of fees paid (i.e. subsidy claimed).
1	2	3	4	5	6	7

The Deputy Registrar will consolidate the statements for a year ending with 31st December and apply to the Registrar to sanction the grant and draw the amount for payment to societies. The first statement due from the society may be sent so as to reach the Deputy Registrar by 6-11-1933.

(By order),
(Sd.) M. G. PADMANABHAN,
Head Clerk.

P. C. U. Examination Results.

The following is the list of candidates who passed in the Co-operative Training Examination held in **August 1938**, by the Provincial Co-operative Union, Madras.

BEZWADA AND VELLORE CO-OPERATIVE TRAINING INSTITUTES.

First Class.

Regd. No.	Name.	Regd. No.	Name.
[illegible]			

ERRATA.

BOARD OF MANAGEMENT.

In the results of the election to the Board of Management published last month, please *read* Berhampur L.C.U. *for* Gopalpur L.C.U. under the heading Institution represented, against the name of Mr. Iswara Sahu.

998 Sitharama Sarma K. V.
1000 Chalapathirao K. V.
1031 Ramachandran A. S.
1033 Ramachendra Reddy C.V.
1034 Balaraman K. R.

Passed in Part I only.

983 Hanumantha Rao I.
984 Ramalingasastri M.
999 Narasimha Rao K.
1017 Thulasi M.
1018 Ramachandra Pillai P.
1026 Ganesan A. V.
1040 Krishnamurthi K. V.

Passed in Part II only.

1021 Ekambaram D.
1035 Srinivasan R.
1036 Kandaswamy A.

List of Societies Registered in November 1938.

Serial No.	Name of the Societies	District.
1	The Kagita Ramachandrapuram Co-operative Credit Society ...	Kistna
2	The Erikepadu Sree Sitharamaswami Co-operative Society ...	"
3	Agniparru Sree Vizialakshmi Co-operative Credit Society ...	"
4	The Pedatummidi Co-operative Credit Society ...	"
5	The Narasingapalem Sri Kodanda Co-operative Credit Society ...	"
6	The Chorampudi Co-operative Credit Society ...	"
7	The Vandurru Co-operative Credit Society ...	"
8	The Jinjeru Sree Rama Co-operative Credit Society ...	"
9	The Potluru Co-operative Credit Society ...	Guntur
10	The Vaddihatti Co-operative Credit Society ...	Bellary.
11	The Kuruvalle Co-operative Credit Society ...	"
12	The Kuntanahalu Co-operative Credit Society ...	"
13	The Venkatagiri Co-operative Stores, Ltd. ...	Nellore
14	The Palamanda Chintamakulapalle Co-operative Credit Society ...	Chittoor
15	The Nagari Co-operative Loan & Sale Society, Ltd.	"
16	The Chikkapalle Co-operative Credit Society ...	Anantapur
17	The Thummalakuntlapalle Co-operative Credit ... Society ...	"
18	The Dimmagudi Co-operative Credit Society ...	"
19	The Real Madras Handkerchiefs and Sarams Co-operative Production and Sale Society Ltd. ...	Madras
20	The Sree Ramakrishna Mission Employees' Co-operative Society, Ltd. ...	"
21	The Sangeethamangalam Co-operative Credit Society ...	S. Arcot
22	The Madam Co-operative Credit Society ...	"
23	The Maniampathi Co-operative Credit Society ...	"
24	The Parpathi Co-operative Credit Society ...	"
25	The Mudaliarchavadi Co-operative Credit Society	"
26	The Perungalampoondi Co-operative Credit Society	"
27	The Vaniyambadi Municipal Superior Employees' Co-operative Society ...	N. Arcot
28	The Polur Muslims' Co-operative Credit Society, Ltd. ...	"

Serial No.	Names of the Societies.	District.
29	The Athanoor Co-operative Society ...	Salem
30	The Thenur Co-operative Society ...	"
31	The Pudupalayam Moopers' Co-operative Society...	"
32	The Allavoipatty Tappers' Co-operative Society...	"
33	The Kutharpundi Co-operative Society ...	"
34	The Vellar Co-operative Society ...	"
35	The Bannihalli Co-operative Society ...	"
36	The Mittahalli Co-operative Society ...	"
37	The Palayar Co-operative Society ...	"
38	The Adaikkalapuram Co-operative Credit Society	Tinnevelly
39	The Nainarpuram Co-operative Credit Society ...	"
40	The Anavardanallur Co-operative Credit Society	"
41	The Urudayankudiyiruppu Co-operative Credit Society ...	"
42	The Nanguneri Chintamani Co-operative Credit Society ...	"
43	The Guravagoundenpalayam Co-operative Credit Society ...	Coimbatore

List of Societies Cancelled in November 1938.

	Names of Society.	District.	Date of cancellation.
1	Dowleshwaram Co-operative Society ...	East Godavary...	1-11-38
2	Chavali Christian Co-operative Society...	Guntur ...	1-11-38
3	Ethakota Co-operative Society ...	East Godavary.	2-11-38
4	Neikunnam Co-operative Society ...	Tanjore ...	2-11-38
5	Korome " " ...	Malabar ...	8-11-38
6	Gullichettipatti " " ...	Mudura ..	8-11-38
7	Ayakarambalam Mariamman Co-operative Society ...	Tanjore ...	9-11-38
8	Saidapet Co-operative Urban Bank ...	Chinglepet ...	11-11-38
9	Sathankuppamcheri Co-operative Society	South Arcot ...	12-11-38
10	Parasurampatti Co-operative Society ...	Madura ...	16-11-38
11	Tsundur Co-operative Society ...	Guntur ...	18-11-38
12	Kadavakallu Christian Co-operative Society ...	Anantapur ..	23-11-38

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