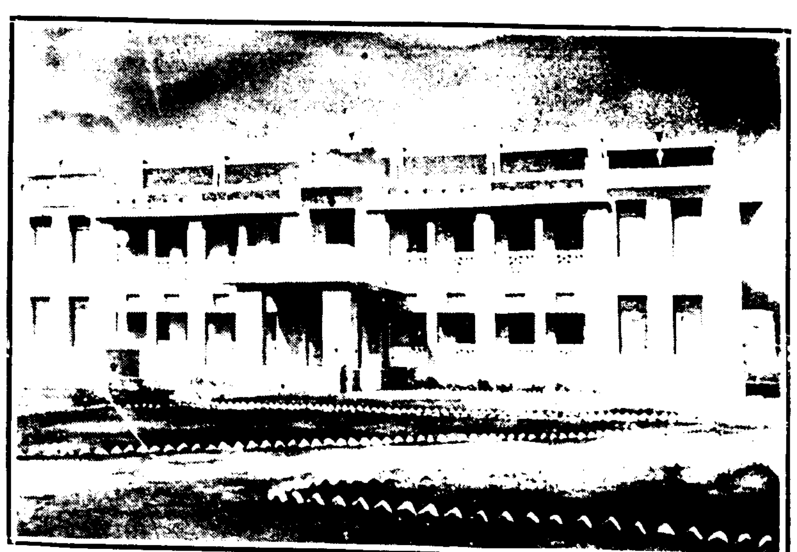
The Salem District Urban Bank.



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Editorial Notes.

Co-operation in Salem.

Salem is co-operatively an interesting district. It has an individuality of its own. It has the courage to take risks and to strike out new paths. Ten years ago, inspired and guided by the late Dewan Bahadur R. Ramachandra Rao and the late Mr. Adinarayana Chettiar, it launched a scheme of intensive development of the societies in the Rasipuram area, the chief features of which were the adequate financing of agricultural operations, the marketing of produce through co-operative societies, fighting the drink evil and the promotion of spinning, village sanitation and other beneficial activities. For this purpose the Central Bank employed a specially trained field staff. The scheme was not fully carried out on account of the unfortunate illness of Mr. Ramachandra Rao, but the experience gained by its working has proved useful at the present time in promoting welfare activities in the district in the wake of Prohibition and in carrying out the controlled credit system with the help of sale societies, to which we shall refer presently.

We are pleased to learn from the report of the Central Bank for 1937-38 that it had no surplus funds as such and that except Rs. 4.13 lakhs invested in G. P. notes, no portion of its funds remained invested outside the movement. During the year it issued loans to societies amounting to Rs. 7.32 lakhs and collected dues to the extent of Rs. 8.32 lakhs. The amount outstanding with the societies was a little over Rs. 19 lakhs. The percentage of overdues under principal was 28.2 and under interest 0.2, compared with 34.3 and 0.9 in the previous year. Apart from the reserve fund which amounts to about Rs. 1,90,000, it has other ear-marked funds amounting to Rs. 2,42,000, of which Rs. 85,000 represents the bad debts reserve. In lands, buildings and furniture the Bank has invested about Rs. 1 lakh, of which the most interesting item is the Chatram, with rooms in the ground floor and a meeting hall upstairs, completed during the year under report and opened in June last by the Hon. Mr. Giri.

An interesting feature of the district is the controlled credit system, under which cultivation expenses upto Rs. 10 per acre for cotton and groundnut and smaller amounts for other crops are advanced to members in instalments as required, on condition that they market the produce through the sale societies, which are authorised to recovers the amount advanced under the system. There are at present six sale societies covering nearly the whole district, of which three are new ones. The other three—those at Salem, Rasipuram and Tiruchengode—had sales of nearly Rs. 7½ lakhs during last year. The system is working very satisfactorily, the overdues on account of the controlled credit being negligible.

Co-operation's Help to Prohibition.

The report speaks of the special activities undertaken by the Bank on account of Prohibition. Chief among them are the thrift campaign and the starting of jaggery-making societies for the benefit of toddy-tappers Mr. A. F. W. Dixon, I.C.S., Collector, to whose zeal, tact and wisdom not a little of the success of Prohibition in the district is due, bore eloquent testimony to the services rendered by the co-operative movement in this direction, in a message sent by him to the general body of the Bank when it met on the 16th of October last. Therein he said :

> "In looking for agencies to assist us in ensuring that the masses in this District benefited to the full from the blessing of Prohibition, we naturally turned first to the co-operative societies, and they have not been found wanting. They have been of immense help in the past, and will, I confidently hope, be of even greater help in the future. To mention only some of the activities carried on, there is the thrift movement, organised entirely by the co-operative movement; there are the toddy-tappers' societies of which there are already nearly forty; there are the toddy-tappers' land colonisation societies, the first of which only awaits registration; there are the Rural Uplift Schools, largely helped and fostered by the co-operative movement; there are the village halls-cum reading room-cum godown, there are co-operative societies which are taking over whole villages for rural development and last but not least you have lent us Mr. Ryan."

Further, Mr. Dixon pointed out that Prohibition and the Agriculturists' Debt Relief Act had created special opportunities for the expansion of the co-operative movement and exhorted the co-operators present at the meeting to establish sound societies in every nook and corner of the district.

Better Life Propaganda.

We hope the example of Salem will be followed by the co-operators of Cuddapah and Chittoor districts where Prohibition has been introduced from October last. It is true that the resources of the central banks and the state of societies in these districts are not the same as in Salem, but that need not stand in their way. The main thing is for the co-operators to become improvement-minded and to make others improvement-minded. For this the first requisite is enthusiasm. Enthusiasm in one rouses enthusiasm in others. Prohibition affords a fresh opportunity for rousing people's enthusiasm for a better life—which is the object of the co-operative movement. Therefore co-operators should take this opportunity fully for doing propaganda regarding "better farming, better business and better life" and promote all sorts of healthy activities, such as bhajana, games, reading rooms, thrift etc., the co-operative society in the village becoming the centre for those activities. Recreation, instruction, organisation—all these can be provided by the societies and the whole of rural life could be quickened and brightened.

Rural Uplift Schools.

For this purpose Rural Uplift Schools like those that are being conducted in Salem district will prove a great aid. Students for these schools are chosen from village young men who have received general education at least upto the Eighth Standard. They are given training for a month, mainly in indigenous and western games and their organisation. They are also taught the elements of subjects like agriculture, co-operation, sanitation, village panchayats etc. After undergoing training they do not expect to be given jobs by Government or anyone in particular, but go back to their villages to their own occupations. They will however start clubs, organise games, mix with young and old, put a new spirit into them all and help beneficial institutions like co-operative societies and village panchayats. In these schools special emphasis is laid on games, because they teach discipline, promote team spirit, obliterate class distinctions and make people physically fit and cheerful. The passage from games to more serious forms of association is comparatively easy. These schools can serve for our province more or less the purpose served by the Folk High Schools of Denmark. We are glad to note that the Collector of Cuddapah, Mr. V. S. Hejmadi, I.C.S., intends to organise two such schools, one at Jammalamadugu and another at Rajampet. We hope these classes will receive unstinted co-operation from the central bank and other co-operative institutions in the district.

Legitimate Function of Co-operators.

Apart from what the Collector proposes to do, we should think it the legitimate function of those who are in charge of the co-operative movement to conduct these rural uplift schools in Cuddapah and other districts. The Registrar and the authorities of the Provincial Co-operative Union are agreed that the instruction to be provided in the proposed College of Co-operation should include not only co-operation and rural economics but also other subjects like village administration, rural sanitation and village panchayats, in order that those who graduate from the College may make satisfactory village development officers. This broadened outlook is desirable not only in the higher but also in the lower spheres of co-operative education. The provision of training, such as will make one not only a good co-operator but also a good village guide, is therefore in our opinion quite the proper thing for co-operators to do. We are of opinion that these rural uplift classes may be arranged from the special grant made by the Government of India for the training of official and non-official workers in the cause of co-operation. We hope the Registrar of Co-operative Societies and the authorities of the Provincial Co-operative Union will between them evolve a suitable scheme with a suitable curriculam for the teaching of village guides, especially in the districts of Cuddapah and Chittoor which co-operatively are backward and need outside help for reaping the full harvest of Prohibition.

Our Insurance Societies.

We are glad to note that both the Bombay and Madras (South India) co-operative life insurance societies did satisfactory business during the last co-operative year, that is, 1937-38. At the end of the year the Bombay society (established, March 1930) had 5,829

members while the Madras one (established, March 1932) had 6,647 of whom 35 were societies. These have contributed Rs. 37,050 as share capital against Rs. 8,549 contributed by 6,612 individual members. The Bombay society does not seem to have share capital as such, as it does not figure in its statement of liabilities. New proposals received during the year amounted in the case of the Bombay society to Rs. 24 lakhs and in that of the Madras Society to Rs. 25 lakhs. The policies actually issued by the Bombay and Madras societies respectively were 1,877 for Rs. 20,20,350 and 2,276 for Rs. 19,75,225. The average value of a policy was thus appreciably higher in Bombay than in Madras, which is not surprising since the standard of income in Bombay is higher than in Madras. Also the premium rates of the Madras society are lower than those of Bombay. The business done during the year was remarkably greater than in the previous year in both societies, the improvement being about Rs. 8 lakhs in the Madras society and Rs. 10½ lakhs in the Bombay one. The total business in force at the end of the year amounted to Rs. 51.69 lakhs in the Bombay society and Rs. 47.43 lakhs in the Madras society. The premium income of the Bombay society was Rs. 2.69 lakhs, while that of the Madras society was Rs. 2.25 lakhs; the expenses of management were Rs. 1.28 lakhs in the Bombay society and Rs. 1.11 lakhs in the Madras one ; and the Life Assurance Fund at the end of year was Rs. 3.36 lakhs and 2.84 lakhs respectively.

The Bombay society has invested Rs. 3 lakhs in an imposing building of its own, from which it got a rent of less than Rs. 7,500 last year and on the security of which it had borrowed a sum of Rs. 85,000, presumably from the Provincial Co-operative Bank. There must be some unexplained important business reason for the society to invest such a large part of its resources in the building, the net return on which was very little last year. The Madras society, on the other hand, had invested about a lakh of rupees in co-operative institutions either in debentures, fixed deposits or current accounts. Both of them have deposited the required sum of Rs. 2 lakhs with the Government of India. The Bombay society has branches and agents in Bengal, Central Provinces, Sind, Punjab and Delhi. We believe the Madras society has not spread outside its own province to the same extent.

One important point of difference between the two societies lies in the degree of help they have received from co-operative institutions. The directors of the Bombay society "desire to record their appreciation of the valuable services rendered by over 160 co-operative bodies." On the other hand, the Hon. Mr. Ramadas Pantulu, as President of the Madras society, complained bitterly on the 26th October last, when a branch of the society was opened by the Hon. Mr. V. V. Giri at Rajahmundry, of the lack of co-operation from co-operators as well as co-operative institutions. He said:

> "Again, the co-operative societies and the central banks have not so far evinced any genuine interest in the promotion of the business of the society among their members and constituents as was expected of them. The result has been that we had to work in the field, without the advantage of assistance from co-operators and co-operative institutions, through a costly paid agency system. It has naturally led to increase the cost of a policy to our members. The large expenditure we are incurring on our organisation and our canvassing staff could have been greatly minimised if co-operators and co-operative institutions had looked upon the society as their concern."

This makes rather sad reading. If the central and urban banks in this province, many of which are share-holders in the society, only give it the co-operation which is due to it, it will be saved the unpleasant necessity of adopting unco-operative methods such as appointing highly remunerated agents and canvassers, who become so many profit-seeking middlemen in the business and make the insurance policy unnecessarily costly for the member. We are glad that Mr. Ramadas Pantulu has drawn pointed attention to this matter and hope that the conscience of our co-operators will be roused.

Cottage Industries.

For helping cottage industries in this province the Hon. Mr. Giri has been striving to get museums and emporiums started in the headquarters of every district. Some time ago he confidently expressed the hope that the museums would have been started in all the districts by the end of the current year. No doubt in some districts foundation stones have been laid for the museums, but we are not at all sure that the Minister's hope is near enough of realisation, as some of the District Collectors do not appear to have evinced sufficient enthusiasm for the scheme. Not so, however, the Collector of Tinnevelly, Mr. V. Ramakrishna, I.C.S., who was formerly Director of Industries. Mr. Giri had the pleasure of laying the foundation stone of the Tinnevelly District Cottage Industries Emporium on the 17th of October last and said on the occasion that he was sure that it

would be one of best in the whole province. The feature that distinguishes this museum from others is that much attention is paid to the marketing of products. In addition to the museum, there will be a warehouse and stalls and also an industrial institute for the training of workers. In the speech he made on the occasion Mr. Ramakrishna explained:

> "The produce of the cottage worker would be exhibited in the museum. His wares would be marketed in the stalls and his goods would be stored in the warehouse. He would be given a warehouse warrant on the security of which he could raise a loan from any bank and continue his production. The emporium would also maintain a ledger of cottage industries of the district so as to enable producers and consumers in the district and distributors from other districts to come together. It would also utilise the services of educated unemployed wherever possible as salesmen and canvassers for the products of cottage industries on a commission basis. It would also arrange with the authorities of the famous temples in the district to exhibit in the temple mantapams samples of the products of the principal cottage industries of the district."

The scheme is expected to cost about Rs. 25,000. The initial expenses will be met by contributions from public bodies and the general public. Later the emporium is expected to support itself from the rents and fees of the stalls and warehouse. The president of co-operative central bank is ex-officio a member of the committee which will manage the emporium. There is of course no guarantee that the scheme will prove a success. But if we insist on such guarantees and refuse to take any risks, we shall only stagnate and never make any progress. In the matter of cottage industries especially, the revival of which is very essential for the well-being of our villagers and which is handicapped in many ways, all reasonable risks have to be readily taken—with our wits in our hands, but also 'with a heart for any fate.'

Universities and the Masses

Mr. C. F. Andrews the well known friend and associate of Rabindranath Tagore and Mahatma Gandhi, who like the late Dr. Annie Besant has so much identified himself with India that we have ceased to think of him as a non-Indian, delivered a remarkable Convocation address the other day to the graduates of the Mysore University. It was devoted to pointing out the evils arising from English, instead of Indian languages, being the medium of instruction in Indian schools and universities. He said:

> "I would ask one very simple and obvious question. Is there any other country in this world except India where instruction is

given from the school stage right up to the University through the medium of a foreign language? Personally, I cannot recall a single instance, nor can I remember any area where the gulf has become so wide between the educated classes and the village people."

He went on to say that the harm was not confined to the sphere of language and education but had invaded every side of life. In his opinion the most injurious consequence was "the continual rise in the cost of living without any compensating benefit to the common people. Artificial needs have been created by the rush of foreign articles into the market and these have ousted the homely articles made by our own people. In this manner the old industries of the villages, one by one, have been destroyed." In other words, he asks like Mahatma Gandhi, what the educated people in this country are giving back to the village, having drawn all the means of their comforts from them.

It is certainly not very agreeable to us to be told that in no other country is the distance between the villagers and the educated classes so great as in ours. But Mr. Andrews has seen many countries and knows what he is talking about.

If we think it over, we should perhaps not be surprised that such is the case. Educated Indians acquire modern ideas through the English language and find it easy to exchange those ideas with each other in that language. The result is that those who do not know English are shut out from the exchange of ideas with educated people. Just as the Anglo-Indians, who use the English language for all purposes though they are born in India and live in India, have very little to do with the vernacular-speaking masses, so also the educated classes, to a less extent it is true, are nevertheless isolated from the masses. Such is not the case with Moulvis and Shastris whose education is not received through the medium of a foreign language. The advice given by Mr. Andrews to our universities to employ the vernaculars as the media of instruction, while continuing to teach English as a second language, should commend itself to all of us.

Another valuable suggestion made by Mr. Andrews with a view to bring the educated classes and the masses nearer each other was the establishment by Universities of urban and rural settlements. He rightly emphasizes that the standard of living in these settlements would have to be so simple that no villager who came to them would feel out of place. He recommends that the standard set by Mahatma Gandhi should be followed—which so far as food is concerned is better than what prevails even in well-to-do Indian homes, in as much as it is well balanced, nourishing and adequate. The rural settlements or ashrams, says Mr. Andrews, should provide medical relief and instruction in useful handicrafts, besides other means of social and cultural contacts. The graduates of Mysore should be grateful to Mr. Andrews for his thoughtful and practical address.

Agricultural Research and Co-operation.

BY MR. R. SURYANARAYANA RAO, B.A.,
Servants of India Society, Madras.

The authorities of the Imperial Agricultural Research Institute, the headquarters of which were formerly at Pusa and after the Bihar earthquake are now at New Delhi, published some time ago a very interesting popular account of the work done at the Institute during the last thirty-one years of its existence. The value of scientific research in its application to agriculture and industry is now so well recognised that not much persuasion is required to convince the public of its utility. Still a statement of the most important achievements of the Institute is very welcome. The publication which is written in an engaging style and contains a number of excellent illustrations, is one which everyone interested in the improvement of Indian agriculture will do well to get and read.

To calculate the money spent on any kind of research and to compare it with the money gained as a result of that research work, is a rather crude and unsatisfactory way of judging its value. But even by this test the work of the Imperial Research Institute has immensely justified itself. It has six sections (viz.) (1) Agriculture, (2) Botany, (3) Chemistry and Soil Science, (4) Entomology, (5) Mycology and Plant Pathology and (6) Sugarcane Breeding. The last is done at Coimbatore and has become world famous. During the thirty-one years from 1905-06 to 1936-37, on all the activities of the Institute a sum of about Rs. 2.82 crores was spent. The gain to the ryot by the adoption of improved varieties of sugarcane and wheat —only two out of a list of seventeen crops, including paddy, pulses, chillies, tobacco, etc.—in one year (1934-35) is conservatively estimated to be Rs. 4.23 crores, or one and a half times the whole amount spent.

In 1924-25 only 2.8 per cent of the area under sugarcane was sown with improved Coimbatore cane and the average yield per acre was 11.05 tons. In 1933-34 as much as 68 per cent of the area under sugarcane was sown with Coimbatore varieties and the average yield per acre was 15.9 tons. The increase in yield in the 68 per cent of the field due to Coimbatore canes must therefore be considerably more than 50 per cent. Making allowance for increased expenditure on agriculture, the fluctuations of price of jaggary, etc., it is safely presumed that the ryot has gained 10 per cent higher value by the adoption of the improved varieties. At that rate on the area sown with them it is calculated that the ryot gained about Rs. 2.3 crores in 1933-34. During the last four years presumably the improved varieties have spread further.

It is interesting to note that for evolving varieties of cane capable of resisting drought and the severe climate of North India, Cholam (Jawar) and bamboo have been successfully employed to cross with sugarcane.

Out of about 30 million acres under wheat, 6.5 million acres were in 1934-35 under improved Pusa strains. While the yield under the old varieties was 7.6 maunds per acre, that under this improved varieties was found in well managed estates and farms to be 2 maunds higher. Taking it only at 1 maund on an average for the whole area and calculating its value at Rs. 3 per maund, the gain by this item comes to about Rs. 1.95 crores in one year.

The research on soils, fertilisers and manures has established two very important facts for us:

(1) that artificial fertilisers cannot become a substitute for organic manures like green manures and cattle manures and should be used only to supplement the latter and (2) that by judicious soil management and crop rotation, enough and more nitrogen contained in the air can in the case of certain crops be put in the soil without buying nitrogenous manures.

A striking example of improvement in soil fertility over an area of 413 acres by rotation of crops in six periods of three years is given, as proved by the yield of oats and other serials at the end of each round of rotation:

			maunds.
End of 1st	round rotation	...	2,376
,, 2nd	,,	...	2,542
,, 3rd	,,	...	2,448
,, 4th	,,	...	4,131
,, 5th	,,	...	5,244

On soil fertility depends not only the yield but also the quality of crops. Therefore its improvement is of the greatest importance.

One of the most striking achievements of the Institute is in respect of the herd of Sahiwal milch cattle that it maintains. "The average yield per cow per day throughout the milch herd has risen from 5 lbs. in 1914 to 24 lbs. on the day of writing (1st August 1937.) A considerable number of these animals are giving over 30 lbs. of milk per day and a few have attained the level of 40 and 50 lbs. a day." This is indeed a remarkable achievement. That a purely

Indian breed, by careful selection and breeding, can show so much improvement and attain such milk capacity is very encouraging indeed for the whole country. Here is an interesting paragraph in which Indian cows are compared with English cows:

"One is often tempted to ask exactly how the best Indian milch breeds compare with English milch breeds. The answer is rather curious. Undoubtedly in a short time the best herds of Indian milch breeds like the Sahiwal and the Sindhi will be able to hold their own with the average dairy herd in England. Indian milch breeds must not be compared with Holsteins or any other breed with a low fat content in its milk. Their opposite numbers among English milch breeds are the butter breeds, which are headed by the Jersey and Guernsey or Channel Island cattle and it is here that the comparison must be made, as the real value of milk lies in the butter fat produced. Here the Indian breeds rank very high indeed, and with a proper 'proved' bull policy the improvement of the Indian milch breeds will be very rapid."

All this is very heartening. In addition to what is done by the Imperial Research Institute, research work is also carried on by the provincial Agricultural departments, and the results are attempted to be popularised by the departmental staff. They have not been very successful except where they have received the co-operation of co-operative societies. The co-operation ought to be readily forthcoming from them. It is unfortunately the case that in our province so far our co-operative societies in the villages have not evinced sufficient interest in activities other than credit, such as the adoption of improved methods of preserving manure, the use of improved seeds, castration of scrub bulls, etc. The object of the co-operative society is very wide and includes all aspects of economic life. It is well expressed by the Irish formula—better farming, better business, better life. With a view to achieve this object to the greatest possible extent, members of societies should readily co-operate with every department which is concerned with rural welfare. Above all, the society should see that its members become improvement-minded.

Co-operative Enquiry—Some Suggestions.

By A Non-official Co-operative Employee.

In view of the announcement made more than once by the Hon. Mr. V. V. Giri that a Committee will soon be appointed to enquire into the present condition of the co-operative movement in this province, the following suggestions are offered for their consideration, by a representative of a class which is not usually vocal.

Unlimited Liability.

Under our Provincial Act, as it stands, societies in which the majority of the members are agriculturists and of which no member is a registered society, should be registered only with unlimited liability. The Maclagan Committee and the Townsend Committee have expressed their opinion in no unmistakable terms that such societies should be based on unlimited liability. The opinion of orthodox co-operators even to-day is the same as that held by the Committees mentioned above. The working of the movement in our country for the last three decades has, however, convinced at least some co-operators that unlimited liability has worked havoc in very many cases and that it should be replaced either by limited liability or reserve liability *i.e.*, liability limited by guarantee. It is an undoubted fact that many well-to-do people are afraid to join village societies mainly because of the consequences of unlimited liability. This fear is not ill-founded. It is really cruel to ask a rich man who is a non-borrowing member of the society to contribute to the debts of the society in the event of its liquidation for the mere reason of his having joined the society. There are many instances of rich people having been proceeded against, though they were not borrowers, in the enforcement of unlimited liability. It is no doubt true that from the point of view of the creditor unlimited liability is desirable. But we cannot make innocent people suffer in order to safeguard the interests of the creditors.

To co-operators who still have faith in unlimited liability the failure of the co-operative movement in Burma should be an object lesson. It was too much of faith in unlimited liability that was responsible for many banks in Burma issuing surety loans to societies which in turn lent to their members. These took good care to transfer all their property to others, often fictitiously, when they came to know that the society was going to be liquidated. The result can be easily imagined. Mr. U Tin Gyi, the Registrar of Co-operative

Societies in Burma, has described the evils of unlimited liability in the following terms:

"However much the theory of unlimited liability has been extolled in the countries of the West, it has proved but a frail support in time of need amongst the societies in Burma................ Relying on the theory of unlimited liability, the Banks have in the past lent money freely to primary societies and the members in turn obtained large loans without necessity of mortgaging their property to the society............... ..Thus unlimited liability in practice meant nothing."

For a clear account of the failure of the Co-operative Movement in Burma the reader is referred to an interesting article on the subject by Mr. U. Tin Gyi, published in the *Madras Journal of Co-operation* (Volume XVIII-pages 126 to 140) and the 3rd bulletin of the Agricultural Credit Department of the Reserve Bank of India.

Even in European countries unlimited liability societies have given way to those of limited liability because human nature is the same everywhere. In Japan also we are told that unlimited liability is more an exception than a rule. Even in the reconstruction scheme of the co-operative movement in Burma, the model by-laws of rural societies are based on unlimited liability, which could very well have been replaced by limited liability by the Burma Government after its bitter experience. It would be no wonder if the co-operative movement in our province and in other provinces were to be faced with the same difficulties as those faced by the Burma Government, unless unlimited liability is either made voluntary or substituted by limited liability or reserve liability.

The proposed Committee should consider very seriously whether it would not be advisable to make unlimited liability at least optional.

Audit.

The vexed question of the audit of co-operative societies has been engaging the attention of our co-operators for a long time. As per our Provincial Act the Registrar of Co-operative Societies is the auditor and he may authorise any person to audit the accounts of the societies at least once a year on his behalf. *The Madras Journal of Co-operation* invited sometime back the opinions of various co-operative institutions in our presidency, and the opinions of representative co-operators have been published in the pages of the *Journal*. It has been pointed out that Government audit is more costly than private audit. Official audit should not be made compulsory but should be purely optional. If a society thinks that it can get its accounts audited by a private auditor at a cheap cost, the Government may permit such a procedure, and the audit certificate may be issued by the Registrar after satisfying himself that the audit has been properly carried out. In the case of central banks, urban banks and provincial institutions the Registrar may select one of a panel of Registered Accountants suggested by the institutions concerned.

Supersession of Committees

The sub-committee appointed by the Madras Provincial Co-operative Bank has suggested that the entire section 43 should be deleted. I am at a loss to know the exact reasons behind such a proposal. Is it because of the recent amendment to that section, namely, that the Registrar shall have power to supersede the committee of a society even though the financing bank is not in favour of such a proposal? The question to be considered now is whether it is not the duty of the Government to intervene and set right matters if the affairs of the society are not managed properly, especially to safeguard the interests of the depositors. This section should be retained even though it is against the principles of the co-operative movement. Provision may be made in the section that the committee of a society may be superseded only after the financing bank approves the proposal of the Registrar. The retaining of this section is no doubt an evil but we cannot help it if we want to keep the prestige of the movement.

Service conditions of Employees of Co-operative Institutions.

The employees of the majority of co-operative institutions in our presidency are labouring under various difficulties such as arbitrary cuts in their salaries, insecurity of service, absence of grades, meagre salaries, and duality of control by the changing directorate and the officers of department. When the profits of a Bank become reduced to some extent, the employees have usually to canvas for the non-reduction of their salaries. It is a pity there was no organized association till recently of co-operative employees to agitate for satisfactory conditions of service. Recently an association, called the Madras Provincial Non-official Co-operative Employees' Association, has been formed to safeguard the interests of its members. It is probably on account of the agitation carried by this association that the Government in their G.O No. 191, V of 20-7-38 have directed that all co-operative institutions should provide in their by-laws the conditions governing

the service of their employees. To leave it to the institutions concerned to amend their by-laws will serve no useful purpose, as the power of making amendments is left to the general body which may or may not like that proposal. So it is absolutely necessary that provision should be made in the Act itself to safeguard the service conditions of the emyloyees. The proposed Committee, it is hoped, will in the course of their enquiry take the evidence of the members of the central committee of the Non-official Co-operative Employees' Association to obtain first hand information of those conditions.

Reserve Bank and Co-operative Movement.

The latest authority which has come into the field to give what is called expert advice for the better working of the movement is the Reserve Bank of India. It is needless to mention in detail the various recommendations made by it through its statutory report and the three bulletins issued by it. I shall just summarise the most important recommendations made by it for the so-called better working of the movement.

1. The starting of multi-purpose societies.
2. Co-option of people with banking knowledge to the directorate of the Central Banks.
3. Increase in the lending rate so as to keep an adequate margin between the borrowing and lending rates.
4. Keeping of assets in a liquid form.
5. Issuing of loans only for cultivation expenses strictly repayable after harvest.
6. Floatation of debentures to raise long term money to wipe off the overdues and to pay the depositors.
7. Providing a place for depositors in the directorates of Central Banks.

Let me briefly examine these recommendations. At the very outset I may observe that the Reserve Bank is not the best authority to make suggestions for the better working of the co-operative movement because of its capitalistic tendency. Co-operation and capitalism are always antagonistic. The attitude of the Reserve Bank appears to be one of apathy towards the co-operative movement and one of solicitude towards joint steck banks.

The starting of multi-purpose societies seems to have caught the imagination of the Co-operative department in view of the Reserve Bank's suggestion. The only difference between the present rural societies and the proposed multi-purpose societies is the latter's larger area of operations and limited liability basis. Many of the by-laws of rural credit societies are on the same lines as those suggested for multi-purpose societies. It would have been much better if the authorities of the Reserve Bank had drafted the model by-laws of the proposed multi-purpose societies instead of making vague suggestions. It has been our experience that banking and trading cannot be worked successfully in one institution. The T. U. C. S. had some time ago banking and trading sections. But the banking section has been abolished and the society has confined its activities at present to trading business.

The question whether it is advisable to co-opt people with knowledge of banking to the directorate of central banks, deserves consideration. The recommendation presupposes that the present directors of the co operative banks are not equipped with a knowledge of banking. The failure of very many joint-stock banks should have been prevented if only the directors of joint-stock banks had really expert knowledge of banking as supposed by the authorities of the Reserve Bank. The failure of the co-operative banks, though managed by laymen according to Reserve Bank, is a rarity whereas the failure of joint-stock banks is a common phenomenon. Co-option and nomination are against the very basic principles of a democratic movement like co-operation. This subject has well been discussed by the central banks and by the Provincial Bank and they have come to the unanimous decision that co-option is absolutely unnecessary. Nomination to the directorates of the Central Land Mortgage Bank and the primary land mortgage banks should be removed immediately. The Registrar is even now insisting on all central banks amending their by-laws to make provision for co-option of people with banking knowledge, even though the central banks' conference held in Madras in April last was definitely against such a proposal.

Another criticism that has been made against the working of the movement is that the margin between the borrowing and lending rates of co-operative banks is very low and that the lending rate should be raised in order to develop sufficiently the reserve fund. The aim of the co-operative movement is to provide cheap credit to the agriculturists consistently with business principles. It is service and not profit, unlike that of joint-stock banks. The authorities of the Reserve Bank seem to have no idea underlying the origin of the movement. In our province after the Agriculturists Debt Relief Act has come into force the Registrar is insisting that co operative banks should reduce their lending rate in as much as the co-operative banks are exempted from the provisions of the Act. He has said in one of his circulars that the Legislature may reconsider the exemption given to co-operative banks unless they fall in line with the general

creditors. Thus co-operative banks are given by two authorities suggestions which are conflicting.

Another criticism that has been levelled against the working of the movement is that very many assets of the banks are frozen and that they are full of overdues. The overdues in central banks and societies are not so much due to reckless lending as is imagined by the Reserve Bank, as to circumstances over which the members have no power. Frequent failure of crops, lack of subsidiary occupations, agriculture being a deficit economy, compulsory payment of land revenue, are to a large extent responsible for the overdues. The transfer of overdues to land mortgage banks, the floatation of debentures to pay off the creditors and the recovery of overdues in 15 or 20 annual instalments may not solve the problem. The example of Burma has been cited by the Reserve Bank, but I strongly feel that the overdues cannot be reduced unless the land revenue incidence is lowered and subsidiary occupations are found for the agriculturists.

Law of Limitation and Co-operative Societies.

The Government of Madras, in their order on the report of Mr. W.R.S. Sathianathan, I C.S., on Rural Indebtedness in our presidency, observed that his suggestion not to make the law of limitation applicable to co-operative societies, was receiving their attention. That suggestion was also urged on the Government by the Registrar of Co-operative Societies. But a notification published in the *Fort St. George Gazette* dated the 8th March 1938 at page 335 of Part I, says that the law of limitation applies to all loans and decrees of co-operative societies.

The operations of the central banks are confined mostly to societies, which may evade to pay the monies to the central banks on due dates. If the central banks were to obtain awards they cannot be executed so long as the societies exist as corporate bodies. That means the central banks have to be at the mercy of the societies. The only course at present open to them apart from execution is to obtain an acknowledgement of debts and repayments. It is really very difficult either to collect dues from the societies or to obtain acknowledgement of debts. If we want to save the decrees from being time-barred the only course open to us is to liquidate the society. The department will take a good lot of time before it actually passes orders liquidating the society, by which time the decree may get time-barred.

If the interests of the central banks have to be safeguarded the law of limitation should be made inapplicable to co-operative societies. At least provision may be made to attach the common properties of the societies such as bonds and other immovable properties as suggested by Dewan Bahadur K. Deivasikhamani Mudaliar.

I hope the suggestions made by me will receive the due consideration of the proposed Committee to enquire and report on the working of the movement.

The Alphabet of the Co-operator.

BY MR. U. L. VENKATANARASIAH,
Deputy Registrar of Co-operative Societies.

Admit yourself as a member of a Co-operative society if there is one in your place, and administer unto yourself the oath of allegiance to it.

2. *Be* true to yourself and to the society and stand by it for weal or woe, for gain or loss, pleasure or pain, holding all these as one.

3 *Commit* not default, for it is a breach of promise, calculated not only to curtail your credit but also to condemn your character—two cardinal virtues of Co-operation in exemplification of its material and moral aspects.

4. *Do* your duty to the society. Duty done denotes responsibility discharged, which means true citizenship, which is an asset to Co-operative democracy.

5. *Encourage* savings and thrift habits as the aggregate of these habits forms the foundation for your character and the bed-rock upon which your economic superstructure should be built.

6. *Fight* for the right cause in working for the common good of all in a corporate capacity, discriminating between right and wrong, the Co-operative and the un-co-operative, the essentials and the non-essentials.

7. *Guard* yourself against reckless borrowing, which dulls the edge of husbandry, which makes you cultivate a slave mentality bereft of an erect moral stature, and which pushes you rapidly along the road to poverty.

8. *Have* faith in Co-operation. Where there is faith there is loyalty, where there is loyalty there is honesty, where there is honesty there is character, where there is character there is confidence, where there is confidence there is credit and where there are these noble qualities there is self-development in all directions.

9. *Indulge* not in vain talks, for words are like leaves and a too liberal expenditure of them without an adequate income of thought, often leads to poverty of ideas and bankruptcy of mind.

10. *Jeer* at selfishness, as it is the negation of co-operation and the nursery of capitalism ; no man with a selfish instinct ever enjoyed the benefits of Co-operation himself or extended them to his brethren.

11. *Keep* control of your purse, lest the devil of debt should haunt you with its footless track and make you world-wearied mentally and morally.

12. *Learn* to guide others in the right path and so help them that they help themselves. There is no service nobler than this and no help greater than this.

13. *Move* in the society as brothers, for it is the right place for nourishing the brotherhood of man and sisterhood of women—indicating the religious and social aspect of Co-operation.

14. *Never* allow your passion and prejudice to gain mastery over you. Let them be your slaves. Preconceived prejudices mar the beauty of the Co-operative spirit or the inner urge of man or woman.

15. *Open* your heart freely and omit secrecy, for Co-operation can thrive only on the soil of publicity, which like the oxygen of the air keeps things sweet, pure and healthy.

16. *Preserve* order in society meetings. Only then will your fitness to govern be judged. No limb of society will function where there is chaos which spells disaster and forebodes evil.

17. *Quit* haste, which makes waste, which brings want, which leads you to borrow, and say tomorrow, both of which rhyme with sorrow.

18. *Remember* the rules and by-laws of your society of which you form part ; they were made by you and for you and as such are meant to be obeyed rather than infringed.

19. *Sink* all differences of caste and creed, rich and poor, high and low, in the still and deep waters of Co-operation, as it is an ocean of brotherhood in which all can float their canoes to reach the shores of plenty and prosperity.

20. *Think* always highly of others irrespective of how they think of you. This is the plan of plain living and high thinking, which brings success in life.

21. *Undo* all acts of voilence and hatred as they breed contempt and shame and take you on the high road to ruin. The path of Co-operation is the path of virtue leading you to the sublime regions of eternal love.

22. *Vanish* all ignoble thoughts, and think purely, clearly and un-erringly for the greatest difficulty of man is not in doing, but in

knowing what to do. This is more true in the Co-operative field than in any other sphere of activity.

23. *Watch* the affairs of the society keenly for it is the only means of preserving its corporate character in tact. United action and corporate life are the very essence of the Co-operative spirit in man.

24. *'Xtend* sympathy to the suffering, the needy and the poor, for they most need Co-operation in common with their brethren, more fortunately circumstanced in life.

25. *Yield* not to temptations and vaingloriousness which defile your character. The success of Co-operation depends upon the morality of Co-operators, which is judged by their adherence to principles and application to actual work.

26. *Zealous* be in promoting the interests of the society as far as you can, by all the means you can, in all the ways you can and for all the time you can.

First Aid Scheme in Gurdaspur.

BY MR. SYED ZAHUR HUSSAIN, B. SC.

Educational Assistant Registrar, Co-operative Societies, Lahore.

The province dwells in villages, which are still wanting in so many amenities of life that are available to the people living in towns. The inhabitants of remote villages and their animals alike groan under minor and major ailments with no medical relief near at hand. The Co-operative First Aid Scheme can go a long way to save this large amount of suffering in the rural area.

The scheme consists in training selected intelligent co-operators with a spirit of social service and natural aptitude in first aid and supplying them with First Aid Medical Boxes containing fool proof medicines and instruments to work at suitable centres in the rural area.

In Gurdaspur the selection of the first aiders is made by the Inspectors, the necessary training is imparted by the District Medical Officer of Health and the cost of medicines is met from the Common Good Funds of the Central Co-operative Bank, the Local Unions and Societies.

These first aiders render very useful service. They treat minor ailments and simple diseases, which, if not promptly attended to, could develop into serious troubles; the other cases are referred to the dispensaries. The first aiders are proving very useful in propagating knowledge of preventive medicine and principles of hygiene. They are required to submit monthly statements showing the new and old cases attended, the various diseases from which relief was given and any special activities by way of propaganda etc.

It may be safely stated that the scheme in this district has by this time passed the experimental stage. This useful work is now being done at 6 centres in different tahsils. The distance of these centres from the nearest dispensaries ranges between 2 to 9 miles. During the year ending 31-7-37, 6,661 patients including 95 animals were treated at these centres and 126 cases which could not be dealt by them were referred to the hospitals. The figures bear ample testimony to the need and usefulness of the scheme.

The initial expenses of the first aid boxes and the cost of replenishing the stock of medicines amounted to about Rs. 200. The amount has been well spent, as it has saved a large amount of human and animal suffering. The usefulness of the co-operative activity is being realised and appreciated by both the members and non-members of Co-operative Societies in this district and its expansion is being sought at several places.

Recent Utterances.

I

Mr. DIXON'S MESSAGE.

The following message was sent by Mr. A. F. W. Dixon, I.C.S., Collector of Salem, to the General Body of the Salem District Urban Bank, Ltd., on the 16th of October last.

"I much regret that, owing to a prior engagement I am unable to attend the annual meeting of the Salem District Urban Bank, Ltd.

It has indeed been a source of gratification to me to find the co-operative movement in such a sound and flourishing condition in this District. In my view, there are no organisations which can benefit the masses in this country so much as well managed co-operative societies. In looking for agencies to assist us in ensuring that the masses in this District were benefited to the full from the blessing of Prohibition, we naturally turned first to the co-operative societies, and they have not been found wanting. They have been of immense help in the past, and will, I confidently hope, be of even greater help in the future. To mention only some of the activities carried on, there is the thrift movement organised entirely by the co-operative movement, there are the toddy tappers' societies of which there are already nearly forty, there are the toddy tappers' land colonisation societies, the first of which only awaits registration, there are the rural uplift schools, largely helped and fostered by the co-operative movement, there are the village halls—cum—reading room—cum godown, there are co-operative societies which are taking over whole villagers for rural development, and last, but not least, you have lent us Mr. Ryan.

There is much which you have already done to improve the lot of ex-drinkers, to brighten and to better village life and to bring property to the ryots, but I feel, that your efforts might be still greater. The time, I feel, is now ripe for a great forward movement in co operation in this district. There are some 1,800 taraffs and thousands of hamlets in this District, yet there are only a little over a hundred societies, which can be said to be in a really sound condition.

The right moment has to be chosen for a big forward movement and I believe that the moment has come. The coming of the Prohibition Act has improved not only the economic and social condition of the poorer section of the masses but has also given them a new outlook on life. Thousands of people, who were formerly too irresponsible or too apethetic to be thought of as useful members of co-operative societies, are now steady, useful members of society and are suitable raw material for inclusion in co-operative societies, which will help them very much. Much money formerly wasted on drink can be put to much better use.

Group photo taken on the occasion of the opening of the Anantapur Branch of
THE SOUTH INDIA CO-OPERATIVE INSURANCE SOCIETY, LTD., MADRA
by the Hon'ble MR. B. GOPALA REDDI, *Minister for Local Administration.*

Group photo taken on the occasion of the opening of the Rajahmundry Branch of
THE SOUTH INDIA CO-OPERATIVE INSURANCE SOCIETY, LTD., MADRAS,
by the Hon'ble MR. V. V. GIRI, *Minister for Industries & Labour.*

Again the Debt Relief Act, by tightening credit, has given the co-operative movement a great opportunity to encroach on the preserves of the Sowcars, and rescue many from their grip.

I believe the time is ripe for extending this movement to every nook and corner of this District, and I hope that those present will do all in their power to encourage the multiplication of those sound co-operative societies, which are of such great benefit to the villages in which they are planted. I hope also that all the existing societies will do what they can to assist Mr. Ryan in his efforts to improve the lot of the ex-drinkers and to conduct successfully a general rural uplift drive throughout the District.

I wish your great movement in this district every success in the year which lies ahead."

II

SOUTH INDIA CO-OPERATIVE INSURANCE SOCIETY.

The following speech was read by Dr. P. Gurumurthy on behalf of the Hon'ble Mr. V. Ramadas Pantulu on the opening of the South India Co-operative Insurance Society's Branch at Rajahmundry on 26th of October last by the Hon'ble Mr. V. V. Giri.

"The Society, which is the only one of its kind in South India, was started in response to a genuine demand for it, as the then Registrar of Co-operative Societies, Mr. D. N. Strathie, I.C.S., observed in inaugurating it in January 1932. The results have justified the optimism of the promoters. Since then, the Society has made steady and satisfactory progress. In this period of six years, it has been able to write on its books a paid-up business of over Rs. 64 lakhs covered by nearly 7800 policies, of which about Rs. 20 lakhs covered by about 2300 policies were completed in the Co-operative year that has just closed.

It gives me great pleasure to say that a sixth of our total business so far has come from the East Godavari District and it is the main centre of our activity in the East Coast Districts of the Andra Desa. So, you will appreciate our choice of Rajahmundry as the head-quarters of our Branch in these parts.

Our aim has been to serve the lower middle and poorer classes and generally to cater to the needs of the rural population. This policy is well reflected in the average size of our policy which is Rs. 700.

Even before the completion of the 1st quinquennium we had our first actuarial valuation of our affairs as on 30-6-1936 conducted by Prof. K. B. Madhava, M.A., A.I.A., of the Mysore University and he was able to declare, even on conservative standards, a reversionary bonus of Rs. 60 per Rs. 1,000 on whole life policies and Rs. 40 per Rs. 1,000 on endowment policies for the period of 4 years covered by the valuation.

We also deposited with the Controller of Currency the full amount of the statutory security of Rs. 2,00,000 even before the time available to us under the statute has expired. After paying out and providing for payment of all claims that have so far arisen, our Life Fund now stands at nearly Rs. 3,00,000. The bulk of our assets is invested in approved securities. When the new Indian Life Insurance Law of 1938 comes into force, this Society is in a position to satisfy the Superintendent of Insurance when applying for Registration under the provisions of the New Insurance Act, that it has complied long ago with all the requirements of the New Insurance Law.

I need hardly explain to an audience of Co-operators the special merits of a Co-operative Insurance concern, compared with a commercial concern. Like all genuine co-operative institutions, we eliminate stock-holders, the promoters and all other profiteering agencies, so as to secure the entire benefits of Insurance to our policy-holders. We not only eliminate the profiteering of such agencies but also their control over the concern. Our institution is controlled by management composed virtually of representatives of sister co-operative institutions and the policy-holders. Every policy-holder is a member and a membership of this co-operative institution will secure to him all the benefits available under Co-operative Law and Practice.

We started this Society with the object of promoting thrift and savings and investment habit among the masses, more especially among the members of rural co-operative societies, and to make benefits available to them at minimum cost by employing the co-operative agency for popularising the society as well as securing business. But we must confess, that we have largely failed in achieving this co-operative aim. We have no statistics to tell you how many of our policy-holders are members of other co-operative societies but their number is very small. Again, the co-operative societies and the Central Banks have not so far evinced any genuine interest in the promotion of the business of the society among their members and constituents as was expected of them. The result has been that we had to work in the field without the advantage of assistance from co-operators and co-operative institutions through a costly paid agency system. It has naturally led to increase the cost of a policy to our members. The large expenditure we are incurring on our organisation and our canvassing staff could have been greatly minimised if co-operators and Co-operative Institutions had looked upon the Society as their concern. The loss has been theirs because they pay for the benefits of insurance a great deal more than they otherwise need have. We, however, desire to acknowledge our grateful thanks to the Registrar, the Deputy Registrars of Co-operative Societies and other departmental officers for the encouragement they have given us in the 6 years of our

working. Our thanks are also due to the Inspector of Local Boards in the Province for the facilities they have given to the employees of Local Bodies to insure with us.

We are looking forward to a day when we can dispense with all costly agencies for the procuration of business. We want to be directly connected with our consumers through co-operative agencies. We live and serve for the attainment of this ideal.

Among other aims, we contemplated that our savings and profits should be again made available to the people from whom we would draw our revenues. One of our objects is to provide long term money to relieve agricultural indebtedness through Co-operative Land Mortgage Banks and other suitable co-operative institutions and also to find funds for the development of rural and other industries on a co-operative basis. As a matter of fact, we have invested a substantial portion of our life funds in the debentures of the Madras Central Land Mortgage Bank and also of one or two Primary Land Mortgage Banks. We shall endeavour to set apart as large a proportion of our funds, as we are permitted to do under the Insurance Law, for investments which will improve the agricultural industry and promote schemes for the development of the countryside and the economic benefit of the agriculturists.

I hope and trust that the Hon'ble Minister for Co-operation will secure the support of his Government to us and enable this Institution to achieve its aim and objects. With these words I request the Hon'ble Mr. Giri to open the Branch of the Society."

MR. GIRI'S SPEECH.

Then the Hon'ble Mr. Giri spoke as follows:

"I desire to thank the President and Directors of the South India Co-operative Insurance Society for having asked me to open the Rajahmundry Branch of the Society. I do not propose to speak at length about the benefits of Insurance, since the numerous agents that are representing the various companies, I believe, are bringing home daily to the people the advantages of Life Insurance, during the course of their canvassing business for their respective concerns. But I must observe that the insurance consciousness in India, though developing of late, has not yet attained such a level as in Western Countries. There are numerous forms of insurance and all classes of people, from the labourer to the richest capitalist, are taking advantage of the benefits offered by insurance in the West. It is usually said that India being a poor country, we cannot afford to avail ourselves of the benefits of insurance in as large a measure as in other countries. But I must say that thrift is an essential factor in a man's economic life, and as such every individual who can really afford to avail himself of the benefits of insurance, should take advantage of the scheme offered by the numerous insurance companies that are transacting business. Moreover, in Western Countries, insurance companies with huge financial resources are a source of assistance to nation building activities and the promotion of large industries, which is not at all found in this country. I trust, in course of time, our Indian Insurance Companies also will be able to be in a position to help the nation on similar lines.

I am glad to find that the South India Co-operative Insurance Society has been making very steady progress for the last six years. Its chief aim is to benefit the policy-holders by eliminating all intermediary profit sharing agencies and give all the benefits to policy-holders, besides offering insurance protection at lower rates of premium. I am sure the Society has a bright future before it. I have now great pleasure in declaring open the Branch of the Society."

III

CO-OPERATION AND CHARACTER.

The following is the main part of an address delivered by Mr. V. Krishna Mohan, M.A., B.L., Assistant Secretary, Madras Provincial Co-operative Bank, Ltd., to the students of the Central Co-operative Institute, Madras. Mr.T. Austin, I.C.S., till recently Registrar of Co-operative Societies, presided over the occasion.

"Before going into the subject of my address, I would like to briefly explain the inner significance and the high ideals of 'Co-operation'. In a literal sense the word 'Co-operation' means joining together, a joint operation or concerted action. In a co-operative sense, Co-operation has been well defined in Calvert's Treatise on Co-operation, as follows:— "Co-operation is a form of organisation wherein persons voluntarily associate together as human beings, on a basis of equality, for the promotion of economic interests of themselves"—quite an apt definition indeed. That then is what Co-operation generally means; but if you dive deep into it, you will find a more serious and a highly moral element at the bottom. In the memorable words of the Maclagan Committee, "The theory underlying Co-operation is that weak individuals are enabled to improve their individual productive capacity and consequently their material and moral position by combining among themselves and bringing into this combination *a moral effort and a progressively developing realisation of moral obligation.* The movement is essentially a moral one and it is individualistic rather than socialistic. It provides as a substitute for material assets, honesty and a sense of moral obligation and keeps in view the moral rather than the material sanction." The root of the co-operative idea, as succinctly put by Gordon and Obrien in their book on "Co-operation in Denmark", is a relation between business and ethics, which is greater than the necessary commercial honesty of our present industrial system. The following paragraph, again from Calvert's book, is significant and instructive. "It is the experience of every country that has any experience to record that co-operation stands out for moral uplift, for honesty and for the homely virtues that count for so much in the daily lives of the people. It possesses the peculiar faculty of making virtue pay. All human beings are continually striving after the satisfaction of some material need. Co-operation holds out the prospect of success in this effort provided the persons concerned possess certain moral qualifications. Without these failure is inevitable. Through Co-operation morality is taken out of the copy book maxim and placed in the forefront of human action as absolutely essential to success in the most ordinary affairs of life. Moreover the morals of an individual cease to be a purely private matter for his own conscience; they become of importance to the whole community to which he belongs." Thus, from the foregoing quotations, it will be seen that Co-operation stands for high moral attainments. In fact it is the art of life studied in all its aspects. It depicts an all-round and a finished picture of a person's life. It represents all the varied activities of a human being. Though it has also a business or economic aspect, it is fundamentally an art—a highly sacred and moral art which embraces the whole life of man. By its means the finer elements in human character can be mobilised to secure economic benefits. One should therefore expect that a sacred edifice of art should be built on the strong and lasting foundation of high moral character.

Bearing all the above general observations in mind, let us proceed to the subject of the address, namely, "*The place of Character in Co-operation.*" Character has been truly said to be the real asset of man and in an essentially moral movement like 'Co-operation' it is the only invaluable asset expected of all its members. Character, in my humble opinion, is the solid foundation on which the whole mighty edifice of Co-operation is built—in fact it is the bed-rock of Co-operation,—a statement of fact regarding which I venture to submit there can be no two opinions. Bitter experience in the past on the part of both the officials and the non-officials has made it abundantly clear that Co-operation, if it is to be a success, should be wedded to character. 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 and not to lack of other qualities of head and heart, of the individuals associated with it. Let us now proceed from abstract enunciation of general principles to concrete instances.

The ordinary and well known form of Co-operation is the Co-operative Society. Co-operative organisations are of several types of which the co-operative society may be taken as the leading one. I shall now proceed to show how vital is character in the successful development of the co-operative society from the initial stage of its formation to the ultimate stage of lasting permanence. I shall briefly take you through the several stages and conclusively establish how the presence of character is absolutely essential at every stage and how the lack of it has been responsible for the ruin of many a society.

First, the stage of formation:—The utmost care is needed in the selection of members at the very inception of the society, for, on the founders depends the entire future of the institution. Only men of character residing in the locality should be picked out to lead the society and to be guides to other members who may be recruited later on. "In the formation of a society, the first essential is the careful selection as members, of honest men or at any rate, of men, who have given satisfactory guarantees of their intention to lead an honest life in future." (Maclagan's Committee Report) Membership of a co-operative society should constitute the hall-mark of respectability, so much so that when a member of a co-operative society goes about, the citizens of the locality must point to him and exclaim with great reverence, "Lo! there goes a member of the local co-operative society. May God bless him." That must be the spirit which should be aroused in the hearts of all the citizens of the locality. The lack of character on the other hand, slowly undermines the society. One important phase of this lack of character is the deplorable absence of a *bona fide* intention to repay loans borrowed from the society. This bad trait has been the common bane of many a society resulting in heavy overdues which lead to the ultimate ruin of societies in general.

Second, the stage of Management:—The important function of management should be left in the hands of a Committee of Directors who should be selected from out of the members as men of sterling character who have a reputation for honesty and upright dealings. For, the whole life of the society is entrusted to their care. The choice of the personnel of the committee becomes vitally important not only in the general conduct of the society but particularly in the matter of granting of loans to members. We invariably find on the Boards or Panchayats of co-operative societies, some of the worst borrowers and the worst defaulters who happen to be too deep-rooted in the society, by virtue of their powerful influence in the locality, to be easily removed even by the Department and who even if so removed, would conspire with spite to wipe out the society altogether. Such Directors, instead of helping the growth of the society, set bad examples to the rest of the members, create factions and slowly eat into the vitals of the society. Thanks to the Department, such men are getting gradually reduced in number and I hope the movement will in course of time be completely purged of such bad individuals. The Department should, I submit, insist on Directors not being borrowers, for then only can Directors insist on the other members promptly repaying their respective loans to the society. Directors should be able to preach to the members and well educate them in the rigid principles and great benefits of Co-operation in the true "Co-operative Spirit" as

Mr. F. L. Brayne puts it in his book on "Better Villages". In the matter of grant of loans, the Directors should particularly note the credit-worthiness of the borrowing member, for as Mr. Darling has rightly said, "One must be credit-worthy before he can obtain credit."

Third, the stage of supervision and audit:—The stage of supervision and audit is the next stage in the progress of a society. It goes without saying that supervision whether official or non-official should be conducted by men of character. For, supervision and audit involve bold and fearless detection of flaws in the management of the society and the proper keeping of accounts by the office-bearers and the staff. Just a word in this connection with regard to office-bearers of societies whether paid or honorary. The fact that an office-bearer is an honorary worker does not at all absolve him from the responsibilities of his office. On the office-bearers, especially the Secretary, mainly lies the daily conduct of the society which can only be directed by the Directors or supervised by the Departmental auditors once a month. It is therefore essential that the Secretary should be a person of high moral character who can be entrusted with the cash, the account books and in fact the entire destinies of the society.

Fourth, the stage of successful permanence:—The fourth and the final stage can successfully be reached, after all the above three stages are passed, only through the agency of character which has led the society from its foundation to its finish along the several stages of its gradual growth, ultimately placing the society on a high pedestal of ever lasting eminence.

From the above brief survey of the growth of the co-operative society, we are able to clearly see how character permeates throughout the life of the society and how it makes its presence or absence felt at every stage of the development of the society. So far I had laid stress on the positive aspect of character. The position will be more clear and the conclusions stronger if we turn our attention for a while to the negative aspect of character. Lack of character, as already said, has been solely responsible for the entire ruin of societies. Just as indigestion is said to be the root of all diseases of the human body so also the lack of character is the root of all co-operative ills. Lack of character affects the foundation, causes cracks in the structure and eventually leads to the downfall of the co-operative edifice itself. This is an axiomatic truth and is amply borne out by the many co-operative frauds arising out of the acts of mismanagement by characterless directors and office-bearers. All cases of co-operative frauds which were detected and brought before the Courts are one and all traceable to the dishonest dealings and misdeeds of either the office-bearers (paid or ordinary) or the directors. Co-operation is a sacred role and not a mere cloack to defraud the innocent. This has been poignently pointed out by Mr. C.J. Reilly (Chief

Justice, Mysore) in a case of co-operative fraud which came up before him. The Judge rightly remarked that, while ordinary cases of fraud deserved severe punishments, cases of co-operative fraud like the one before him deserved exemplary punishment in as much as innocent people were led to deposit all their monies in the co-operative institutions by the exhortations of the educated co-operators and office-bearers of the society who put on the cloak of Co-operation to successfully induce them to deposit their honestly earned monies in the Co-operative Societies. Again in the matter of large loans to the societies by the Central Banks and to the Central Banks by the Provincial Banks, the only security relied upon is character. It has rightly been said that the ideal co-operative security is that offered by honesty and character and that honesty should be capitalized. As Maclagan Committee puts it "It is clear that the creditor's real security consists not in the material assets of the members but on the ability and desire of the members to put the borrowed money to productive uses and to repay the loan out of the profits made thereby."

From all the foregoing it is quite evident that *character and Co-operation* go together at every stage and that one cannot be dissociated from the other without shattering the main co-operative structure. In this connection I cannot help expressing my reverential regard to our worthy President and distinguished Ex-Registrar of Co-operative Societies, Madras, for having boldly laid the right stress on character, in preference to other qualifications, as the first and foremost qualifications of Secretaries and Managers of Co-operative Institutions. It was a happy coincidence that I had the honour and privelege of joining co-operative service as the Secretary of the Madras District Co-operative Central Bank, Ltd., in the same year in which he became the Registrar of Co-operative Societies, Madras, and I distinctly remember his circular to all Central Banks and the Madras Provincial Co-operative Bank, Ltd., which was issued by him soon after he joined office, placing character in the forefront of qualifications to be insisted upon, by all the Central Banks and the Provincial Bank in the case of their respective secretaries and office-bearers. It is little exaggeration to say that his strict and disciplinary regime has brought to light many a co-operative fraud and has become a reign of terror to dishonest office bearers and Directors of Co-operative Institutions in this Presidency.

A word of advice to you, my brother co-operators, and I am done. All qualities of head and heart must be developed by co-operative education of the right type. The value of education in moulding character cannot be over emphasised. I would ask you all to be benefited by the right type of co-operative education which is imparted to you in this Institute by able lecturers and to develop the right co-operative spirit which will surely stand by you in your varied spheres of co-operative activity whether

official or non-official. You should carry aloft the sacred banner of co-operation with you wherever you might go, be the beacon lights of character and bring credit not only to yourselves, to this Institute from which you emerge with laurels and to the co-operative department but also to the whole co-operative movement in general. You should loudly preach the gospel and the ideals of co-operation in the true co-operative spirit, try your level best to uproot corruption whereever it is found and contribute to national unity and peace through successful co-operation. There is after all nothing in this world which cannot be achieved by real and sound co-operation rightly and devotedly followed. Please remember always that co-operation is above all a sacred and a highly moral movement with lofty ideals of self-help, mutual help and mutual trust which must be founded on, developed by, and instailed in high moral character for which and for which alone co-operation stands and with which it is inextricably wound up."

MR. AUSTIN'S REMARKS.

I am very glad that Mr. Krishna Mohan has chosen for his lecture the place of character in co-operation. It is not really a comparatively untrodden path. From the very earliest days of the movement, the pioneers recognised that character should hold a high place. But it is true that now a days this is often lost sight of. Raiffeisen, the founder of village banks, in Germany, insisted that each bank should be most careful in the selection of its members: membership, in his view, had to be dependent upon good character and good conduct and its continuance upon perseverence in these virtues. As Wolff has remarked, when once this was understood, it was astonishing how fast the drunkard, the spendthrift, the idle, the quarrelsome and the reckless forsook their evil ways. That, of course, is where unlimited liability came in, for, in electing a new member the old members knew they practically made themselves liable for any default of which he might be the cause. And, generally speaking, finance and character are intimately allied. You probably have known yourselves of cases where men of the most modest means have been able to borrow on their mere personal security because they could be trusted to repay punctually. When I was in Holland two years ago, I was told that the Dutch peasant would go without food and drink in order to pay his debts to his co-operative society. Punctual repayment of debts is a virtue and a man who possesses that virtue will possess other virtues and is a man of character. As Mr. Darling has said, the key to a sound system of credit lies in the hands of the people themselves or of those who will teach them the importance of such simple virtues as punctuality, honesty and thrift, and at present co-operation is the only effective organisation for teaching these virtues. So the purpose of co-operative education is the formation of co-operative character—not only by teaching the history, theory and principles of the movement, with economics and industrial and constitutional history in so far as they have bearing on co-operation: all this is important but co-operative education also trains men and women to take part worthily in all departments of civic life and deals with their ryots and duties in their capacities as co-operators, workers and citizens. To sum up, we come back to Mr. Krishna Mohan's conclusion that co-operation has lofty ideals founded on high moral character.

International Co-operators' Day.

The International Co-operators' Day was celebrated by the institutions mentioned below on Saturday the 5th November and the following resolution was adopted, as instructed by the All India Co-operative Institutes' Association.

Resolution.

" *The Co-operators of the World Organised* in the *International Co-operative Alliance* and assembled in Celebration of the Sixteenth Annual Co-operative Day—

Renew the declaration of their unshakable *Faith* in the Principles of *Democracy, Freedom and Peace*;

Manifest their abhorrence of all interference with the Rights and Liberties of Free peoples,and of any abrogation of their opportunities of Voluntary Association and Free *Development*;

Proclaim their conviction that *the Economic Principles and Social Ideals* which lie at the basis of their World Movement constitute the best hope for the Regeneration of Society and *The Surest Guarantee of Universal Peace through Association*;

Pledge themselves, and their respective Co-operative Organisations, to redouble their efforts for the *Defence of Freedom* and to intensify their support of every means which afford the possibility of *A Peaceful and Equitable Solution to the Present World conflicts*."

Names of the Institutions.

The Guntur District Co-operative Central Bank, Ltd., Tenali.
Local Co-operative Union Ltd., Udamalpet.
Co-operative Central Bank, Ltd.,Conjeevaram.
The District Co-operative Bank Ltd., Cocanada.
The Kurnool District Co-operative Central Bank, Ltd., Kurnool.
The Trichinopoly District Co-operative Central Bank Ltd., Trichinopoly.
The Bhimavaram Co-operative Land Mortgage Bank Ltd., Bhimavaram.
The Namakkal Public Servants' Co-operative Society Ltd., Namakkal.
The Madura Ramanad Central Co-operative Bank Ltd., Madura.
The Khamgaon Central Bank Ltd., Khamgoan.
The Puttur Rural Credit Society, Puttur, South Kanara.
The Town Co-operative Credit Society Ltd., Bellary.

The Co-operative Central Bank, Ltd., Vellore.
The Sivaganga Co-operative Urban Ltd., Sivaganga.
The Tiruvannamalai Co-operative Urban Bank, Ltd.,Tiruvannamalai.
The Madura Sourashtra Co operative Bank, Ltd., Madura.
The Periyakulam Co-operative Urban Bank, Ltd., Periyakulam.
The Nellore District Co-operative Central Bank, Ltd., Nellore.
The Taluk Co-operative Society, Ltd., Gunupur.
The Cuddapah District Co-operative Central Bank, Ltd., Cuddapah.
The Co-operative Bank, Ltd., Chodavaram.
The Tamil Nadu Co-operative Federation, Coimbatore.
Peapally Co-operative Union, Peapally.

Mercara Co-operative Union.		Coorg Dt.
Virajpet	"	"
Murnad	"	"
Ponnampet	"	"
Napoklu	"	"
Bagamandala	"	"
Kargunda	"	"
Parane	"	"
Hudiheri	"	"
Frazerpet	"	"
Sanivarsanthe	"	"
Somvarpet	"	"
Ammathy	"	"

The Madras Provincial Co-operative Union, Madras.

The meeting at Madras was organised by the Provincial Co-operative Union and took place in the premises of the Servants of India Society. The Hon'ble Mr. B. Gopala Reddi, Minister for Local Self-Government. presided over the occasion. He did not believe that Co-operative Societies had increased indebtedness as some believed, but, if along with credit the societies had provided marketing facilities, things certainly would have been better. Every village, in his opinion, should have a co-operative society and a village panchayat. Through them much advance could be made in rural uplift. If the healthy co-operative principle of the mutual help and benefit for all spread among the villagers the work of rural uplift would be rendered very much easily. He advised co-operators to go ahead during the regime of the present ministery which is very anxious to serve the masses.

Mr. V. Ramadas Pantulu who moved the resolution of the Day recommended 'Economic Planning' for villages and pointed out that co-operative societies could play a great part in carrying out the planned progress.

The next speaker was Rao Bahadur M. Giriappa, Ag. Registrar of Co-operative Societies. He emphasised the importance of co-operative marketing and of proper training for supervisors.

The other speakers were Dr. P. J. Thomas and Messrs. Kala Venkata Rao, S. K. Yegnanarayana Iyer, N. Satyanarayana, Sanjiva Kamath, and Vedanta Desikachari.

In Coorg, where the Day was celebrated in all the Union centres, lectures were arranged on subjects connected with co-operation such as agricultural improvement, village industries, etc. In some places sports were conducted for school children and prizes and sweets were distributed for them.

At Cuddapah, the meeting was presided over by Mr. V. S. Hejmadi, I. C. S. He urged those present to promote thrift in the district by means of Hundi Boxes taking advantage of the advent of Prohibition. But they should themselves practice thrift before preaching it to others. After his speech a number of Hundi boxes were distributed among the members from different societies.

At Gunupur, in the Agency Tract of Vizagpatam District, two additional resolutions were passed—one for setting apart 50% of the Common Good Fund of Taluq Co-operative Society for the distribution of clothing to deserving poor, and the other for growing cotton and promoting spinning and weaving.

At Sivaganaga, the meeting was presided over by Mr. A. R. C. Westlake, Collector of Ramanad District. He commented on the absence of women at the meeting and pointed out that for a thift movement, which co-operation was, the participation of women was more important than that of men. He also exalted the educated people who were present to devote some time at least every day for rural uplift work.

At Tiruvannamalai a large number of milkmen were invited to attend the meeting. Rao Sahib M. S. Seshachela Iyer explained to them in detail the by-laws of milk supply societies and advised them to start one at Tiruvannamalai. The Municipal Commissioner who was the chairman of the meeting joined in this advice and promised them every help from the Municipal Council.

Twenty-five Co-operative Societies were represented at the meeting. At Madura, Mr. A. Ranjitam, M.A., L.T., dealt on the benefits conferred by Building Societies on the City and mentioned in particular the beautiful houses of the Small Chokkakulam Colony. Miss Paranjothi, M.A., L.T., who was another speaker regretted very much that women were not playing an important part in the movement in this country.

At Nellore Mr. K. Krishna Rao, Secretary of the Bank spoke of the help given by the co-operative movement to co-operators in Spain and of its opposition to facisom.

At Periyakulam the Municipal Health Officer gave a Magic Lantern lecture at the meeting on the prevention of Plague.

The Madras Provincial Co-operative Union.

Proceedings of the General Body of the Madras Provincial Co-operative Union held at 4 p.m. on Saturday, the 29th October, 1938, at the premises of the Union.

A meeting of the General Body of the Madras Provincial Co-operative Union was held in the premises of the Union on Saturday, the 29th October, 1938 at 4 p.m. The names of the delegates who attended the meeting are given hereunder. The Hon'ble Mr. V. Ramadas Pantulu, President of the Union, occupied the chair.

One hundred and thirty-four members attended the General Body meeting.

1. Consideration of the Annual Administration Report of the Provincial Co-operative Union and the Audit Review for 1937-38.

The Secretary, Mr. V. Venkatasubbaiya, read the notice of the meeting of the General Body and then it was moved and seconded that the Administration Report of the Union and the Audit Review be adopted.

Since the report was sent this year only one or two days before the meeting, many members complained of the non-receipt of the report and desired that they should be in possession of the report in advance at least by one week and that the Union should make arrangements for the same. After some discussion on this point it was resolved that the date of the meeting should be fixed by the Executive Committee after the Audit Order was received from the Department.

A delegate from a City Society wanted to know the nature and particulars of the propaganda done by the members of the Union. He also said that being a citizen of the City he was not aware of the nature of the City propaganda done by the Union. The President called upon Mr. S. S. Sankara Mudaliar, representative of the District Central Bank, to explain the nature of the City propaganda and how the amount was spent.

Mr. S. S. Sankara Mudaliar explained how the propaganda was carried on in Depressed Classes' Societies in the City with the help of propagandists and in the end he appealed that the P. C. U. should arrange for training classes in the city from out of the Government of India grant.

The President in conclusion agred to furnish to the member in 15 days a statement regarding the nature and other particulars of the propaganda done. The Report was then adopted.

2. Election of 20 honorary members to the General Body as per By-law No. IV (*b*).

The following were elected

1 The Hon'ble Mr. V. Ramadas Pantulu
2 Sri V. Venkatasubbaiya
3 „ R. Suryanarayana Rao
4 „ V. Vivyanna Pantulu
5 Mr. L. M. Gulam Ahmed
6 Dr. P. J. Thomas
7 Prof. K. C. Ramakrishnan
8 „ S. K. Yegnanarayana Iyer
9 Rao Bahadur A. Vedachala Iyer
10 „ „ C. Gopala Menon
11 Dewan Bahadur T. M. Narayanaswami Pillai
12 „ „ C. S. Ratnasabhapathi Mudaliar
13 Rao Bahadur A. Rajabadar Mudaliar
14 Sri Kala Venkatarao
15 „ J. Sivashanmugam Pillai
16 „ V. Apparao
17 „ K. L. Narasimha Rao
18 „ P. V. Krishniah Chowdry
19 „ S. V. Narasimha Rao
20 „ E. S. Ganapathi Iyer

3. Election of Office-Bearers as per By-law No. XVIII (1).

1. *President*:—Mr. T. A. Ramalingam Chettiar proposed that Mr. V. Ramadas Pantulu be re-elected as President. This was unanimously carried.

2. *Vice-President*:—The Hon'ble Mr. V. Ramadas Pantulu proposed the name of Mr. T. A. Ramalingam Chettiar as one of the Vice-Presidents. The proposal was carried unanimously.

Mr. T. A. Ramalingam Chettiar then proposed the name of Dr. P. Gurumurthi, President of the Andhra Sahakara Sammelanam, for the other Vice-Presidentship. This was carried unanimously. Then names of the Secretaries were proposed one by one by the President and the following three were elected unanimously.

1	Mr. V. Venkatasubbaiya	*Secretaries.*
2	„ N. Satyanarayana	
3	„ D. Mahalingam Pillai	

Item 4 on the Agenda was taken up later.

5. Constituting a co-ordinating Board for publishing the Madras Journal of Co-operation, Kootturavu and Andhra Sahakara Patrika.

"Refer the matter to the Board".

6. Resolutions and motions, if any, of which notice is given.

Mr. S. Venkata Rao of Kurnool House Building Society, moved the following resolution of which notice had been given:

"This Union requests the Provincial Government of Madras to reduce the rate of interest on loans issued to the House Building Co-operative Societies, prior to 1935, to the present rate of 4 per cent. so that the societies may charge on such loans to their members interest at 5 per cent at least from the next financial year."

He said that the resolution was self-explanatory and that he did not want to make a speech on it. After some discussion it was resolved that Government be requested to reduce the rate of interest on loans to building societies issued prior to 1935 to 5 per cent and to charge no penal interest on loans due by them.

Amendments to by-laws of which notice had been given by Mr. S. Venkata Rao were withdrawn by him.

Resolutions standing in the name of Mr. Mada Venkata Jogannah Bhukta of the Arsavalli Union and of Mr. L. Srinivasa Rao of Krishnagiri Co-operative Union were not moved.

4. Election of 8 members to the Board from Central Banks as per By-law No. XX (2) (*a*).

The representatives of the Central Banks of the Tamil and Telugu districts met sparately and the following members were elected to the Board of Management.

1	Rai Bahadur V. Murugesa Mudaliar	*Tamil Districts.*
2	Mr. Allapichai	
3	„ P. S. Kumaraswami Raja	
4	„ B. N. Sastry	*Telugu Districts.*
5	„ K. Narasimham Pantulu	
6	„ R. Bundey Gowd	
7	„ M. M. Kunhirama Menon	*Malabar.*
8	„ Ullal Mangesh Rao	*South Kanara.*

The house as a whole approved these elections.

(Sd.) V. RAMADAS PANTULU,
President and Chairman of the Meeting.

Proceedings of the Meeting of the Board of Management held on Sunday the 30th October, 1938 at 9 a.m. in the premises of the Provincial Co-operative Union.

1. Co-option of three honorary members to the Board as per by-law No. XX (1) (*h*).

The following three gentlemen were co-opted :—

1. Rao Bahadur A. Rajabadar Mudaliar.
2. Rao Bahadur S. V. Narasimha Rao.
3. Prof. K. C. Ramakrishnan.

2. Election of three members to the Executive Committee as per By-law No. XXI (2) (*g*).

1. Sri L. Gangadhara Sastri.
2. Rao Bahadur N. R. Samiappa Mudaliar.
3. Sri P. S. Kumaraswamiraja.

3. Consideration of the budget for 1938-39 that has been approved by the Executive Committee on 23—7—1938.

The budget was passed with a modification that the contribution of Rs. 500 provided as subsidy for each of the vernacular journals should be raised to Rs. 1,000 each and that a sum of Rs. 250 be also set apart under this head for Malayalam and Canarese journals. With this modification the budget was passed unanimously.

4. Consideration of the scheme of Peripatetic Training :—

The subject was discussed at length. Dr. P. Gurumurti said that the scheme now suggested was not in conformity with that passed by the Board and until the Board adopted a new scheme the Provincial Co-operative Union could not undertake the conduct of the classes. Mr. Ramadas Pantulu and Mr. T. A. Ramalingam Chettiar explained to the house the old scheme of Peripatetic Training and the one proposed by the Government. The Registrar also explained the new proposal. The house then considered the Registrar's letter point by point and resolved that—

(*a*) "The minimum qualification for admission into the Training Institutes be the holding of Secondary School Leaving Certificate with eligibility for admission to college;

(*b*) that the course should be one of 9 or 10 months duration as in the Government Institute with a different curriculam ;

(*c*) that the students of the Institutes who pass the examination conducted by the Provincial Co-operative Union be permitted to sit for the examination of the Government Institute, if the students desire.

(*d*) that the superintendents and lecturers of the Institutes be appointed by the Provincial Co-operative Union subject to the formal approval of the Registrar; and

(*e*) that the Institute be started at Tanjore, Coimbatore, Rajahmundry, and also at Anantapur, if there be a demand for it."

Rao Bahadur V. Murugesa Mudaliar urged that the training classes should also be held at Vellore. After some discussion, vote was taken whether the Institute should be at Tanjore or at Vellore. By 13 to 2 it was decided in favour of Tanjore.

Constitution of Education and Propaganda Committee :—

"Resolved that an Education and Propaganda Committee be constituted with the following members :—

1	Sri K. Narasimham Pantulu ...	Masulipatam.
2	„ B. N. Sastry ...	Amalapuram.
3	Rao Sahib K. M. Singaravelu Mudaliar ...	Kalavai.
4	Sri R. Natesa Iyer ...	Kumbakonam.
5	„ S. Venkatarao ...	Kurnool.
6	„ S. K. Yegnanarayana Iyer ...	Madras.
7	„ S. S. Sankara Mudaliar ...	„
8	„ Kala Venkata Rao ...	Amalapuram
9	„ N. Lakshmana Mudaliar ...	Coimbatore.
10	„ R. A. Sivananda Mudaliar ...	Cuddalore.
11	Rao Bahadur A. Rajabadar Mudaliar.	Madras.
12	Sri G. Venkata Rao Naidu ...	Chicacole.

V. RAMADAS PANTULU,
President & Chairman of the Meeting.

Reviews.

CO-OPERATION IN THE COCHIN STATE 1936-37.

The Administration Report is a business-like production giving much useful information. The short G. O. recording it insists on prompt liquidation of bad societies and wants greater attention to be paid to the non-credit side of the work *with a view to ameliorate the condition of agriculturists*.

Cochin is a small State on the West Coast of South India. Its area is 1,418 square miles while its population is more than a million. The principal products are rice, cocoanuts, rubber and timber. "An undulating country with grassy flats, naked hills and wooded terraces, intersected by numerous torrents and dotted with homesteads, orchards and cultivated fields," is the description given of the middle region. Cochin is a fine port and the recently built harbour has brought South India very much nearer to countries in the west. It is a prosperous State with every chance of growing even more prosperous in the future.

Co-operation has naturally therefore made great progress in the place. The number of societies was 267 as against 255 last year, of which agricultural, non-agricultural and depressed class credit societies were 127, 49 and 46 in number respectively. Promising concerns were the Central Poultry Association, Consumers' Societies (II), and Artisans' and Industrial societies (5+9). Working capital rose from Rs. 25.5 lakhs to Rs. 33 lakhs (in round numbers) giving an average of Rs. 129 per member and nearly 13,000 rupees per society. The turnover was 3.5 times the working capital. Lending rates to societies were reduced all round.

The Central Bank was increasing in prosperity and usefulness. The Land Mortgage Bank had 1,200 members with a paid up share capital of Rs. 70,000. Over 4 lakhs of rupees were lent and applications for 5½ lakhs were pending inquiry. This useful institution is progressing rapidly. A new revised Act will soon come into operation; and orders are expected to be passed on the recommendations of the Devadhar inquiry.

"Of the 275 villages in the State, only 191 were served by the movement," says the Registrar with a somewhat wry face, unaware perhaps that percentage is much higher in Cochin.

On the non-credit side, again, transactions seem to be good. Eleven stores did nearly 5 lakhs worth of business. Five societies worked at a loss. It would be well if men specially trained in business in small shops and groceries could be appointed as managers. The central poultry association holds promise of high achievement.

C. S. R.

II

Report of the working of Co-operative Societies in Baroda State in the year 1936-37. Price Re. 1-11-0.

We had but recently the pleasure to review the 1935-36 Report of this Samsthanam. Since then, the Registrar seems to see some improvement in co-operation although it cannot *be* very much.

Page after page of the report repeats the fairly dismal tale of last year. From 1929 the percentage of overdues has steadily mounted up from 22.3 to 46.6—more than 100 per cent. The reasons given are, dificient monsoons and poor crops, low agricultural prices and poor repaying capacity of a people mostly agricultural and, *indifference and unwillingness to pay by individual members* even when they could pay. The number of societies increased from 1,116 to 1,125 and that of members from 51,000 to 55,000. The Urban societies prospered and therefore the working capital rose from 82 lakhs to 90 lakhs although it must be said that on the rural side also there was an increase of about 2¼ lakhs from 34½ lakhs. Fresh loans to the extent of 21½ lakhs were advanced while recovery amounted to only 19¾ lakhs. The outstanding amount was 62¼ lakhs. Fifty societies were A class and 126 B class out of 723 agricultural societies.

The Baroda Land Mortgage Bank extended the scope of its operation from three to five talukas. 103 applications were sanctioned and loans to the extent of 1¼ lakhs advanced. Last year the numbers were fifty-two and seventy-seven thousands. Some debts' conciliation was effected showing that such a law will be beneficial. Two more land mortgage banks were being organised.

Seven co-operative central banks were working in the State. The loans advanced by them showed a slight increase; but the recoveries exhibited a fall, the percentage of overdues amounting to 48.3. All the banks have reduced the lending rate; they do not charge penal interest and have been advised to wipe off part of the overdue interest. In the case of certain classes of loans, payments have been rendered easy by increasing the number of instalments. Co-operative financing is done in Baroda by what are called Agricultural Banks as well, which lend both to societies and individual farmers. They showed a fall in working capital and deposits. But they are taking up the work of joint supply and sale and are likely to be more useful in that direction. Obviously an example should be made of some recalcitrant societies by enforcing unlimited liability in all its severity.

The money value of all the non-credit work done in the societies of the State does not appear to be much above Re. 1 lakh. And yet here is work cut out for the earnest co-operators official or otherwise, who finds credit co-operation depressing. Cannot progressive Baroda make it worth one crore? It is not impossible. Increase the number of sale societies, do intensive propaganda as regards the profitable nature of sale through them and capture the agriculturists' imagination. Proceed to the starting of small industries. While making seed supply a necessary item of co-operative work, think also of the villager's other wants. Why not get the villager's requirements, if not throughout the year, for the great festivals, like Devali, Sankranti, and generally for the marriage and temple festival seasons, when the average villager often purchases individually more than what a whole village goes in for in an uneventful month?

C. S. R.

Correspondence.

BUILDING SOCIETIES—INTEREST ON OLD LOANS

The Editor,
The Madras Journal of Co-operation,
Madras.

Dear Sir,

It is very strange that the Government have not even reduced the rate of interest on old loans to the societies. The current rate is $4\frac{1}{4}$ per cent while there are loans whose rates vary from $7\frac{1}{2}$ to 6 per cent. The majority of members of the societies are paying high rates and the subject of reduction of interest has been before the Government for a long time. Resolutions were passed by all the Conferences and the Madras Provincial Co-operative Conference held last year also passed a resolution imploring the Government to reduce the rate on old loans.

When the Hon'ble Mr. V. V. Giri visited Salem in June 1938 a deputation of our society waited on him and represented the immediate necessity for reducing the rates and bringing them to a uniform level as from 1936 and the Minister promised to consider the matter favourably and issue orders. It is sincerely hoped that immediate orders will be issued and thus relieve the great hardship felt by a majority of the members who have been paying such heavy rates all these years.

Salem,
30th October 1938

P. S. RANGANATHA IYER,
Secretary.

II
PROHIBITION AND HARIJANS

To
The Editor,
Madras Journal of Co-operation,
Madras.

Dear Sir,

It may interest your readers to know what good Prohibition has been able to do to the poor people of a more or less typical village in the northern part of Salem district.

My village, Hanumanthapuram, is in Dharmapuri Taluk and contains about 250 houses, of which about 100 are those of Caste Hindus and the rest of Harijans. The village is one where trade and money-lending are flourishing. The Harijans are mainly occupied in farm labour, road work and collecting forest produce. Before Prohibition there were in our village a toddy shop with a monthly rental of Rs. 200 to Rs. 250 and an arrack shop

with a monthly rental of Rs. 50 to 60. In nearby villages there were two other toddy shops. 75 per cent of the people patronising the toddy shop in our village were the local Harijans. Before the advent of Prohibition these people used to commit petty thefts of *Kapilai Samans*, produce on the threshing floor, etc., for the sake of drink. I am glad to say that after the introduction of Prohibition these thefts have ceased to occur. The Harijans have also begun to save money. They now possess cattle, cooling vessels, etc. They decidedly eat more food. Generally there is less crime of all kinds in the village than before.

In pre-Prohibition days, at every Harijan marriage, what was known as "toddy money" used to be collected from the parties and spent in entertaining the whole Harijan community with drink. It had come to be looked upon as almost a religions observance. Of course, the money used to be borrowed from money-lenders and spent. Now this has vanished to the great benefit of the Harijans. The money that used to be spent on drink is now either saved or spent on food and ornaments.

I am glad to say that some of the former addicts are now constructing tiled houses in the place of thatched ones. Half a dozen houses have already been completed and half a dozen more are under construction. They have also planned to erect a temple for Mariammar at a cost of Rs. 1,500 and have already collected Rs. 900. Materials are now being gathered and the construction of the temple will be commenced soon.

In the recent Panchayat Court election, a Harijan candidate contested a general sent and won it. On former occasions, though the voters were the same, he did not succeed because voters used to be corrupted by drink.

Yours Sincerely,
H. S. RAMASESHAIYAH
Zamindar.

III
EMPLOYEES OF URBAN BANKS

To
The Editor,
Madras Journal of Co-operation,
Madras.

Dear Sir,

With reference to the Registrar's memo No. C. 6367-38, dated 27-9-38, the Deputy Registrar of our circle has sent a letter asking the Urban Banks to take steps to replace their employees who have not undergone training in any Co-operative Institute. This has come as a shock to the poor untrained employees. It is a fact that a majority of the Urban Banks in the presidency are having in their employment persons who have not undergone training in any Co-operative Training Institutes. There were no such restrictions when these employees joined service. Now after serving a long time in these banks, spending the prime of their life in the drudgery work of the office without any provision for old age, if they are to be sent away, it will indeed be a very cruel thing. Especially if they are sent away at this time of depression and un-employment, they will have to drift in destitution.

Am.ng the Inspectors of Co-operative Societies we find the old recruits, all untrained. Among the new recruits also, there are several Inspectors who could not pass any test prescribed by the Registrar inspite of several attempts made by them. Still they are permitted to continue in service.

Now Urban Banks have been asked to replace the unqualified persons in their establishment This is a very drastic measure. Apart from the qualifications prescribed by the Registrar, there are some other qualifications which are quite essential for a Co-operative Bank staff. Honesty, tact, efficiency, a feeling of brotherhood, are some of them. There are untrained employees who possess such qualifications. If the prescribed tests are the only qualifications of an employee, the object with which a Co-operative Bank is run is defeated.

If the Co-operative department requires that Urban Banks should employ only trained hands, it should apply to the future appointments alone. It will be hitting hard if the employees already in service are asked to leave their jobs for none of their fault.

I appeal to the employees of the Urban Banks in the Presidency to organise and agitate on this issue.

Yours truely,
AN EMPLOYEE.

News and Notes.

Mr. P. S. Kumaraswami Raja, M.L.A., President of the South Ramnad District Board, laid recently the foundation stone of the godown of the Rajapalayam Co-operative Sale Society.

* * *

At the Mysore State Students' Conference, held recently under the presidentship of Mr. Sarat Chandra Bose, it was resolved to organise two rural reconstruction training camps, one at Togatur and the other at Kengeri, during the ensuing Christmas holidays.

* * *

The Kotekar Agricultural and Economic Improvement Co-operative Society, South Kanara district, is to be congratulated on having organised a rural exhibition at Kotekar on the 30th of September last when the school day of the Kotekar Higher Elementary School was celebrated. Rao Bahadur M. V. Vellodi, Collector of the district, opened the exhibition and presided over the school day.

* * *

The twenty-fifth Mysore Provincial Co-operative Conference was held at Mysore on the 1st and 2nd October last. It was presided over by Justice A. R. Nageswara Aiyar of the Mysore High Court. Among the resolutions passed at the conference, one recommended the starting of a central bank for the exclusive benefit of house building societies and another the carrying to the reserve fund of only 12½ per cent of the net profits in the case of societies whose reserve funds had equalled their share capital.

* * *

At that conference the following societies were awarded shields for being adjudged the best of their kind during the last co-operative year: Industrial Society—The Malavalli Town Cobblers' Co-operative Society; Urban Society—His Highness's Body Guard Co-operative Society, Mysore; Store Society—The Sivasamudram Co-operative Society; Depressed Classes' Society—Sri Krishna Dhanalakshmi Adi-Karnataka Co-operative Society. The last one has won the shield outright.

* * *

While declaring open the new buildings of the Kumbakonam Urban Bank, the Hon'ble Dr. T. S. S. Rajan, Minister for Public Health, observed that from official reports he could say that the change of the supply of milk to hospitals from private contractors to the Madras Co-operative Milk Supply Union was all for the better and that the quality of the milk supplied by the latter was better. He appealed to co-operative societies to spend their common good fund on hospitals and child and maternity centres and to undertake such useful business from a civic point of view as the provision of houses, until the municipalities themselves undertook it.

* * *

When the Hon. Mr. T. Prakasam, Revenue Minister, visited recently Dharmapuri in Salem District, he witnessed a demonstration of rural games arranged by the old students of rural reconstruction training school which was held there a couple of months ago. He was pleased to know from them that they had started a number of village sports clubs, were organising games through them for villagers and were taking interest in co-operative societies and the improvement of village sanitation. The Minister was very pleased to hear this and wished them to continue to do the good work.

* * *

Clothing purchased from the profits of the Madras Corporation Menial Employees' Co-operative Society was distributed free to its members on the 16th October last in view of the coming Deepavali feast. The function took place at the office of the society in Swami Naickan Street, Chintadripet, and was presided over by Dewan Bahadur R. Subbayya Naidu, Commissioner of the Corporation. Mr. P. Sadasivan, president of the society, stated that during the last fifteen years there were seven societies for the menials of the Corporation, but from the beginning of this year they were amalgamated into one society with the happy result that the membership had increased from 1,880 to 2,400. Rao Bahadur M. Giriappa, Acting Registrar, who addressed the members on the occasion, advised them to borrow only from the society and only to the extent necessary and also to invest all their savings in the society. This advice was endorsed by the Commissioner of the Corporation.

* * *

The percentage of balance to demand in the South Kanara Central Co-operative Bank in 1937-38 was 12.55 and 0.56 under principal and interest respectively against 15.74 and 1.41 in the previous year. From the bad debts reserve a sum of Rs. 4,416 was drawn for writing off the dues of two liquidated societies, but a sum of Rs. 4,000 was added to it by the Registrar from the profits of the year, the fund at the end of the year being Rs. 34,497-14-0. The net profit is declared to be Rs. 6,712-10-0, from which the Directors recommend that a dividend of 5 per cent be paid on individual shares and 3 per cent on society shares. On 20-3-1938, the Board of the Bank passed a resolution that the six Unions which existed in the district be abolished and their place be taken by small local committees. But they felt later that the question should be reconsidered and that with some changes in their constitution the Unions could be useful in improving the condition of societies in their areas.

* * *

A recent press note of the Hyderabad Government states: "An Educational Co-operative Colony has been started under the auspices of the Co-operative Department and work has already commenced under the supervision of Capt. Petavel, the well-known education expert, who lives on the premises. The chief feature of this colony is that it aims not only at schooling the boys in the ordinary sense of the term but also training them for some practical work which will ultimately enable them to make a living from what they have learnt at the colony. The growing of vegetables, poultry-keeping, dairying, printing, typing and carpentry are to be taken up

in the beginning but other industries will be added as and when it is found possible." A portion of land belonging to the Osmania University has been allotted for the colony.

* * *

With a view to help the marketing of goods the Government of India have appointed a special staff and have established special stations where goods of different kinds are graded and labelled with "Agmark". Such grading has resulted in better prices being obtained for the goods. Very tangible has been the gain in respect of eggs and ghee, but more remarkable still is the gain of nearly 25 per cent experienced in the case of the famous Alphanso variety of Bombay mangoes.

* * *

In one of the Sir William Meyer lectures delivered recently under the auspices of the Madras University, Prof. T. K. Doraiswami Ayar observed:

"It is rather sad to contemplate that capitalism, such as has been functioning in this country, has not produced results favourable to an increase in the standard of life of the bulk of the people. Whereas in England and the U.S.A. the influence of capitalism was felt in the technique of production being improved and a rise in the standard of life of the bulk of the people being effected, in India we have not had such beneficent results. The so-called high standard of life of the capitalists, money-lenders and big officials of this country is built up on the basis of a teeming population with a miserably low standard of life. Unless energetic measures all along the line are devised, without any delay, for the purpose of raising the standard of life of the villager, the industries that may be developed in the country will not have a flourishing market and the problem of the unemployment of the educated middle classes will not be solved."

* * *

The Statistical Officer of the Government of Madras who made a study of the family budgets of a large number of organised and unorganised labourers in the city of Madras, found that among the organised labourers 76.44 per cent of the families were making payments on account of debts, averaging Rs. 6-7-4 per month per family. The most frequent cause of indebtedness is reported to be the ordinary everyday needs of the family. We hope the Statistical Officer has not included under this head the purchase of provisions, etc. on credit, the value of which is paid every month. The next potent cause was marriages. The average amount of indebtedness per family among organised labourers is said to be Rs. 236-1-0 against an average income of Rs. 37-5-11. The indebtedness among unorganised labourers is very much less, being Rs. 41-4-8 per family among bidi workers, Rs. 115-7-1 among tailors and Rs. 34-9-1 among harbour coolies and handcartmen, whose respective incomes were Rs. 20-5-10, Rs. 26-15-10 and Rs. 23-4-7. The distinctly lower indebtedness of the unorganised labourers is accounted for by the less creditworthiness of the former.

An inaugural meeting of the Co-operative officials and others was held on 1-11-38 at which a club for the benefit of the Co-operative officials and co-operators of the district was started in the office of the Deputy Registrar of Co-operative Societies, Chingleput, with the object of providing facilities for indoor and outdoor games and for the advancement of the social and economic interests of the members. The office bearers were elected at the meeting and a reading room attached to the Club was also started on the same day.

* * *

At the General Body meeting of the Co-operative Central Bank, Ltd., Vellore, held on the 1st October last, the Portraits of Rao Bahadur A. Vedachala Iyer, Mr. K. Narayanaswamy Mudaliyar, and Mr. M. R. Bhupathi were unveiled by Prof. S. K. Yegnanarayana Iyer. He referred to Mr. Vedachala Iyer as his Guru through whose help he took up active co-operative work in Madras after joining the staff of the Pachiappa's College. Mr. Vedachala Iyer was the father of the Vellore Bank and it was but right that his portrait should be unveiled in its premises. Mr. Yegnanarayana Iyer also a paid handsome tribute to the work done by Mr. Narayanaswamy Mudaliar as the Deputy Registrar in North Arcot District.

* * *

In 1937 the number of retail consumers' societies in Great Britain decreased from 1,107 to 1,094 but the membership rose by 277,048 to 8,044,990. The average membership per society was 7,390. There were 6 societies with a membership of over 100,000 and 21 others with over 50,000. The total sales during the year exceeded £251 millions, which was £17½ millions more than in the previous year. The average purchase per member was £31. The total number of employees engaged in the societies at the end of the year was 231,820 against 221, 102 in 1936. Of these 144, 132 were engaged in distribution, 44,337 in transport and 43,341 in production and service.

* * *

The number of agricultural co-operative societies working in France to-day is as follows: 200 societies for the purchase and supply of seeds, manures and other agricultural requirements; 1,000 wine-making societies and distilleries, 2,200 dairies, 1,200 grain marketing societies, 750 milling and baking societies, and 300 societies for producing vegetables, fruits, flowers, etc; 40,800 mutual insurance societies and 6,100 credit societies, with 98 regional banks.

* * *

How British Co-operators view the Munich settlement is seen from the following extract from a note which appeared in the October issue of *The Co-operative Review*:

"The alleged 'settlement' of the cricis will arouse no enthusiasm in those who see little further than their noses. Apart from a natural feeling of relief at the lifting of the immediate threat of war, thoughtful people cannot cheer a 'settlement' which consists of sacrifice all on one side. The dismemberment of Czechoslovakia—an island of democracy in Central Europe—in circumstances humiliating alike to the victims and their supposed friends and allies in the West, is a bitter surrender to force and fear. Blind alike to the claims of justice and our own interests, the British and French Statesmen have been terrorised into a 'settlement' which compounds all the felonies of Fascist agression".

Government Orders.

GOVERNMENT OF MADRAS.

G. O. No. Mis. 2044, Development Department,
dated the 19th August 1938.

Agriculture—Stations—Eggs for setting—Sale at concessional prices to Ladies' Co-operative societies—approved.

ORDER:—

The Government permit the Director of Agriculture to sell eggs for hatching purposes at a price not lower than twelve annas per dozen to Thrift Co-operative Societies organised for women, which are in their infant stage of development. Preference should be given to purchasers who are prepared to pay the regular price of Rs. 2 per dozen.

2. This concession will be in force for a period of two years.

The Director is requested to review towards the end of this period how far the concession has been availed of by the Societies and whether there is any need to continue the concession for a further period.

Copy of G. O. No. Mis. 2247, dated the 19th September 1938 from the Development Department.

Sub:—Co-operative Societies—Central Land Mortgage Bank—Debentures—Government guarantee—Increase from Rs. 150 lakhs to 200 lakhs—Sanctioned.

Read the following:—

G. O. No. 987, Development Mis. dated 9th April 1938. From the President, Central Land Mortgage Bank, No. 4849, dated 20th June 1938.

Endorsement of the Registrar of Co-operative Societies No. Nil Dated 2nd July 1938.

ORDER:—

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

Notification.

In notification No. 351, dated the 9th April, 1938 published at page 554 of Part I of the Fort St. George Gazette dated 12th April, 1938, the Government under sub-section (2) of section 6 of the Madras Co-operative Land Mortgage Banks Act, 1934, increased the maximum amount of the guarantee given by them in respect of the debentures issued by the Madras Co-operative Central Land Mortgage Bank to total face value of Rs. 150 lakhs exclusive of such debentures as the Bank might from time to time redeem. The provincial Government after consulting both the chambers of the Madras Legislature, are now pleased to increase the maximum amount of the guarantee upto a total face value of Rs. 200 lakhs, exclusive of such debentures as the Bank may from time to time redeem, such bebentures being issued for periods not exceeding in any case 25 years from the date of issue and bearing interest at a rate not exceeding 5 per cent per annum. The Government have no objection to the inclusion of the terms of this further guarantee in the debentures to be issued by the Bank, which satisfy the foregoing conditions.

(By Order of His Excellency the Governor)

C. J. PAUL,
Secretary to Government.

Registrar's Circulars.

No. B. 1856/38.

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES,
Madras 16th June 1938.

CIRCULAR.

SUBJECT :—Property Statment—Unlimited Liability credit societies—Preparation and checking of—Instructions issued.

It has been represented to the Registrar that the procedure adopted at present in the preparation of property statements in village credit societies and in testing the accuracy of the figures therein requires improvement, if the statements are to be of real value. The Registrar feels that the property statements as prepared and maintained at present leave much to be desired and that the steps taken, if any, to test their accuracy are not adequate. In the interests of the members themselves and of the financing banks, it is essential that the particulars furnished in these statements are reliable and accurate. To secure this end, the following instructions are issued for the guidance of the Departmental officers and the Central Banks and Societies.

2. The property statement should not only include figures showing the assets and liabilities of the members but should also indicate clearly their repaying capacity. To estimate a member's repaying capacity, the statement should contain accurate particulars of his annual income and expenditure under different heads. The form of the property statement now in use does not provide for the inclusion of these particulars. The Registrar, therefore, considers that the form should be revised, deleting some of the unnecessary columns and adding some new ones. A copy of the revised form is appended to this circular. If care is taken to furnish accurate figures under columns 22 to 26 of this form, the creditworthiness of members can be estimated by the financing banks much more accurately than is now done. The Registrar, therefore, requests all the central banks to see that all unlimited liability credit societies in their area adopt this form with effect from the year 1938-39.

3. The procedure adopted in preparing the property statement also requires change. At present the property statement is first prepared when a new society is formed and sent to the Deputy Registrar, along with the application for registration to enable him to fix the M.B.P. of the society There is reason to believe that the statement prepared at this stage is not prepared with adequate care and accuracy. It is necessary that the property statement is prepared accurately right from the beginning. When the Deputy Registrars consult the Central Banks regarding the registration of new societies, the Central Banks should be asked to instruct the supervisors to examine the correctness of the property statement very carefully and to test its accuracy by independent

enquiries in the village. Even now, village officers are expected to furnish co-operative societies with information regarding the survey numbers and other details of properties owned by members of societies. This concession should be availed of to the fullest extent and the supervisors should be instructed to take particular care to obtain reliable and correct information from the village officers. The information so obtained should also be tested by independent enquiries in the village. A property statement so tested is bound to be more accurate and useful than the one prepared as at present.

It is not enough if care is exercised in the initial preparation of the statement only. The periodical revision of the statement should also be made more systematic and thorough. If the statement is to be of any real value, it should be revised annually within a specified period of the year. This is not done systematically at present. Here again, it is the Central Bank that must take the initiative. The supervisors should be asked to visit all the societies in their charge within three months from the beginning of the co operative year for getting the property statements revised. Copies of the property statements of all societies so revised should be sent during this period to the financing banks and unions.

The supervisors should be asked to certify to the correctness of the statements whenever they are prepared (in the case of new societies) or revised (in the case of existing societies). The responsibility attaching to such a certificate should also be impressed clearly on them.

4. In addition to adopting the methods suggested above, it is also necessary that an extraneous and independent agency should be employed by the Central Banks to check the accuracy of the statements periodically. As the Banks have to rely on these statements in sanctioning loans, it is upto them to safeguard their position in this respect. The Registrar considers it necessary, therefore, that the Central Banks should appoint special officers who will go round the societies soon after the revised property statements have been received by the banks and check the correctness of the statements. Of course, it may not be possible to check all the property statements in a year, but at least a test check of some should be made with care and the results reported to the Banks. Though this will involve some extra expenditure to the Central Banks, it is worth it. The Registrar trusts, therefore, that all Central Banks will put this suggestion into effect without delay.

5. The Registrar proposes to improve the method of checking the correctness of the property statements by the Department during audit to secure the end in view. For this purpose, question Nos. 9 and 10 of the audit report of unlimited liability credit societies require modification. These questions indicate that the property statement should be prepared at a general body meeting. The Registrar does not consider it either necessary or possible to have the statement prepared at a general body meeting, if it is

to be accurate. The statement should be prepared by the office-bearers after due enquiry. Nor is it possible for the auditor (as he is now expected to do) to have the statement read at a general body meeting whenever he visits a society for audit. At best, he can only assemble as many members as possible, read out the statement to them and verify the correctness of the particulars noted in it. The auditor should also make independent enquiries in the village to satisfy himself if the particulars furnished are accurate. Verification with the members themselves, which is at present contemplated, will not mean verification. Question Nos. 9 and 10 of the audit report will be modified, therefore, as shown below :—

Q. 9.—(*a*) When was the property statement last revised ?

(*b*) Was the revised statement sent to the Central Bank and to the Union ?

(*c*) Has the karnam's certificate regarding title to property and valuation been obtained ?

(*d*) Was the property statement read by the auditor before as many members as possible ? What was the result ?

(*e*) Have any of the rich members left the society ?

(*f*) Have the total net assets of members been adversely affected by such cessation of membership ? If so, state the extent to which they are so affected in the following form ;

M. No. Name. Value of net assets.

Q. 10—(*a*) In how many cases did the auditor independently verify the figures in the property statement and with what result ?

(*b*) In how many cases did the auditor himself consult the karnam and with what result ?

These questions should be substituted in manuscript in the audit reports in the place of the questions now printed in them ; and the auditors should be instructed to realise the significance of the questions and to make real attempts to verify the largest possible number of items during audit. All Deputy Registrars and Sub-Deputy Registrars in independent charge are requested to issue instructions to auditors accordingly.

T. AUSTIN,
Registrar,
16th June 1938.

To

All Deputy Registrars and Sub-Deputy Registrars in independent charge (in duplicate).

Copy to all Central Banks, including the Madras Provincial Co-operative Bank.

Copy to the Editor, Madras Journal of Co-operation and the Secretaries, Tamil Nadu Federation and Andhra Sahakara Sammelanam.

Copy to the Registrar of Co-operative Societies, Pudukottah and District Superintend of Police, Madura North and South.

Copy to A and E sections.

Property Statement of Members.

		Assets.										Liabilities.									Income.		Expenditure.			Loan requirements.			
		Wet land.			Dry land.			Houses.		Cattle.		To Society.		To others.															
												Mortgage loans.	Other loans.	Mortgage loans.			Other loans.												
Serial number.	Name of member.	Survey number and extent.	Value.	Extent under cultivation.	Survey number and extent.	Value.	Extent under cultivation.	Number.	Value.	Value of cattle.	Total value.	Amount.	Amount.	Amount.	Rate of interest.	Creditor's name.	Amount.	Rate of interest.	Creditor's name.	Total.	From land.	From other sources.	Cultivation expenses.	Domestic expenses.	Net income.	Short term.	Intermediate loan.	Total.	Member's signatures.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)

D. Dis. E. 1-1940/38.

OFFICE OF THE
DEPUTY REGISTRAR OF
CO-OPERATIVE SOCIETIES,
Madras, Dated 29-8-1938.

SRI. T. R. RANGANATHA AYYANGAR,
Deputy Registrar,

CIRCULAR

SUBJECT :—Execution—Preparation of applications—Instructions.

It is observed from the execution applications received from the societies, that they are not properly filled up. All societies are requested to fill up the application foms carefully against the questions noted therein and to sign them with the dates on both the sides of the application. It is found that in most of the applications received, page 2 of the form has not been signed. As the schedule on page 2 contains material particulars, it should also be signed.

(By order).
(Sd.) *Head Clerk.*

B. 5093/38. *Madras Dated 21st Sep., 38.*

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

MEMORANDUM.

SUBJECTS :—Bradcasting—Madras Station of the All India Radio Rural Programme—material—supply of.

The Station Director, All India Raido Madras Station, will be glad to have materials in (i) Co-operation, and (ii) Marketing for being broadcast over Radio. The articles may be in the form of a drama or a dialogue so that they may be interesting and instructive to the Rural folk who may hear something useful and beneficial through the radio.

All Deputy Registrars and Assistant Registrars are requested to give wide publicity to the proposal and to see that necessary materials are supplied as and when available to the Station director, All India Radio Madras.

(By order),
G. CHANDRASEKHARAN,
Manager.

AUDIT FEES.

Madras, November 17.

The following Press Communique has been issued :

The Government have accepted the suggestion to charge audit fees to Co-operative Societies with reference to the actual time taken by the staff engaged to audit the accounts of the Societies. For the current year, the following scale of fees will be charged per diem.

Central Banks, Rs. 5-8; Urban banks with a working capital of Rs. 1 lakh and over, Rs. 5-8; and Urban banks with a working capital of less than Rs. 1 lakh and other types of societies liable to pay fees under the rules, Rs. 3-12. In estimating working capital, the reserve funds of societies invested outside are to be excluded.

In this connection, it may be mentioned that in the year 1932, the Government approved the scale of fees proposed by the Registrar for the audit of co-operative societies liable to pay fees under the rules issued under the Co-operative Societies Act, 1912. These fees were based on the working capital of societies. As it was represented in 1933 that these fees were high, the Government reduced them with effect from the co-operative year 1935-36 by 12½ per cent with power to the Registrar to grant remission not exceeding another 2½ per cent at his discretion in deserving cases. It was represented again that this reduction did not afford adequate relief especially to primary credit societies and that the fees should be further reduced. In the course of examination of the representation, a suggestion was made that the method of charging fees on the basis of working capital was artificial and complicated and gave room for frequent complaints as to disparity of treatment and that the most simple and equitable arrangment would be to charge fee with reference to the actual time taken by the audit staff and that the fee itself should be worked in such a way as to cover the total cost of the staff employed on the audit of societies liable to pay fees, including leave and pensionary contribution, travelling allowance and contingencies, and also so as to allow a margin for meeting any fall in receipts or increase in expenditure. The co-operative institutions affected were consulted on the suggestion. From the replies received, the Government observe that there is a very large body of co-operative opinion in favour of charging fees on the actual time basis. There is another body of opinion which favours private audit as against Government audit. Government have an open mind in the matter. They have decided to remit this important question for consideration to the Committee on Co-operation which they hope to appoint in the near future.

List of Societies Registered in October 1938.

Serial No.	Names of the Societies.		District.
1	Tangedu Co-operative Society	...	Vizagapatam.
2	Gotivada Co-operative Society	...	,,
3	Chamalapalli Agraharam Co-operative Society	...	,,
4	Vaddibada Co-operative Society	...	,,
5	Sree Venugopala Co-operative Society, Besi Ramachandrapuram	...	,,
6	Paltalagam Co-operative Society	...	,,
7	Jalantrasasanam Co-operative Society	...	,,
8	Ramabhadrapuram Co-operative Society	...	,,
9	Kalasamudram Co-operative Credit Society	...	Anantapur.
10	Gokanakonda Sree Venkateswara Co-operative Credit Society	...	Guntur.
11	Moparru Sri Giri Co-operative Society	...	Kistna.
12	Atapaka Co-operative Society	...	,,
13	Sri Lakshmi Narasimha Co-operative Society	...	,,
14	Pedda Thumbalam Co operative Credit Society	...	Bellary.
15	Rakatla Co-operative Credit Society	...	,,
16	Kandukur Co-operative Loan and Sale Society, Ltd.	...	Nellore.
17	Chittoor B.H.S. Students' Co-operative Stores Ltd.	...	Chittoor.
18	Madanapalle Co-operative Land Mortgage Bank, Ltd.	...	,,
19	Kotakonda Co-operative Credit Society	...	,,
20	Velapakkam Co-operative Credit Society	...	N. Arcot.
21	Pankarasikuppam Co-operative Credit Society	...	,,
22	Kangianur Co-operative Credit Society	...	,,
23	Raghavambalpuram Co-operative Credit Society.		Tanjore.
24	Thirumalavadi Co-operative Loan and Sale Society, Ltd.	...	Trichinoply.
25	Tindivanam Co-operative Land Mortgage Bank, Ltd.	...	S. Arcot.
26	Malamadai Co-operative Live Stock Improvement & Demonstration Society, Ltd.	...	Madura.
27	Sithalaicheri Co-operative Credit Society	...	,,
28	Sangarapuram Co-operative Credit Society	...	,,

Serial No.	Names of the Societies.		District.
29	Kachaikatty Co-operative Credit Society	...	Madura.
30	Kovilpatty Co-operative Credit Society	...	,,
31	Belukkurichi Tappers' Co-operative Society	...	Salem.
32	Wadugam Nadars Tappers' Co-operative Society.		,,
33	Salur Erode Electricity Distribution Co., Ltd., Employees Co-operative Society, Ltd.	...	,,
34	K. Vellukalpatty Konger Moopers Co-operative Society	...	,,
35	Venjipalayam Konger Moopers ,,	...	,,
36	Olakachinanoor Moopers ,,	...	,,
37	Karipatty Nadar Co-operative Society	...	,,
38	Indoosr Co-operative Credit Society	...	,,
39	Kalyanikattur Moopers' Co-operative Society	...	,,
40	Unjanai Co-operative Society	...	,,
41	Thappakuttai Co-operative Society	...	,,
42	Nanapatty Co-operative Society	...	,,
43	Kachupalli Co-operative Society	...	,,
44	Parataiagondanpudur Co-operative Society	...	,,
45	Thatampatty Co-operative Society	...	,,
46	Odumankurichi Co-operative Society	...	,,
47	Sikkarampalayam Co-operative Credit Society	...	,,
48	Kasipattnam Co-operative Credit Society	...	Coimbatore.
49	Kaliappagoundenpudur Co-operative Credit Society.		,,
50	Perundurai Sanatorium Co-operative Stores, Ltd.,		,,
51	Vakkampalayam Co-operative Credit Society	...	,,
52	Maniyur Weavers' Co-operative Sale Society, Ltd.,		,,
53	Hosdrug Hand-Pounded Rice Production and Sale Co-operative Society, Ltd.	...	Malabar.
54	Mahajana Sanskrit College Students' Co-operative Stores, Ltd.	...	S. Kanara.
55	Palamcottah Tinnevelly Co-operative Stores	...	Tinnevelly.
56	Melaputhaneri Co-operative Credit Society	...	,,
57	Valliyur Sri Murugan Co-operative Credit Society.		,,
58	Vagaithavoor Co-operative Credit Society	...	,,

List of Societies Cancelled in October 1938.

	Name of Society.	District.	Date of cancellation.
1	High Court peons' Co-operative Society.	Madras	... 11-10-38
2	B. & C. Mills employees' Co-operative Building Society. ...	"	... 12-10-38
3	The Life Insurance Policy holders' Co-operative Building Society. ...	"	... 13-10-38
4	The Masulipatam Medicalama Kistna General Stores. ...	Kistna	... 13-10-38
5	Thummapala Co-operative Society ...	Vizagapatam	... 14-10-38
6	Uppavaram Co-operative Society ...	"	... 14-10-38
7	Deverapallai Co-operative Society ...	East Godavari	17-10-38
8	Bettampady Co-operative Society ...	South Kanara	... 18-10-38
9	Nimmathorlavada Co operative Society.	Vizagapatam	... 21-10-38
10	Sadachipatti C.S. ...	Madura	... 21-10-38
11	Yenugulavala Co-operative Society ...	"	... 25-10-38
12	Chabolu C.S. ...	Kurnool	... 26-10-38
13	Amalapur High School Students' Stores.	East Godavari	... 26-10-38
14	Baity Kodyambedu C.S.* ...	Chingleput	... 27- 9-38
15	Vellore Indian Christian Co-operative Building Society ...	North Arcot	... 31-10-38
16	Derasam C.S. ...	Vizagapatam	... 31-10-38

* Society not included in the last month's list.

Market News.

[The following statement was supplied to us for publication by the Madras Provincial Co-operative Marketing Society, Ltd.]

Madras Market prices as on 9-11-38.

'A'

		Rs.	A.	P
1	Chillies (Pettai) per candy of 500 lbs. ...	87	8	0
	" (Pari) " ...	78	8	0
	" (Rangoon) " ...	80	8	0
	" (Trichy.) " ...	73	8	0
2	Garlic (Tiruppur Calcutta) " ...	28	0	0
3	Onions (Bellary) " ...	14	0	0
4	Jaggery (Ambur and Vellore) 'A' class per candy of 500 lbs.	Rs. 49 to 52	0	0
	" " 'B' " "	42 to 45	0	0
5	Brown sugar (per candy of 500 lbs.)	Rs. 47 to 48	0	0
6	Soapnuts (per candy of 500 lbs.)	Rs. 38-8 to 42	0	0
7	Tamarind (Bangalore) per candy of 500 lbs.	Rs. 24-8 to 28	0	0
	" (Chittoor and Vellore) "	Rs. 17-8 to 24	0	0
8	Coriander seeds (Cuddapah) per candy of 500 lbs. ...	45	8	0
	" (Guntur) " " ...	35	0	0
9	Turmeric per candy of 500 lbs. (Kodur Rs. 60.) Cuddapah	58	0	0
10	Cardamom per maund of 25 lbs.	Rs. 38 to 42	0	0
11	Pepper (office) 1 maund of 25 lbs. ...	4	2	0
	" (Bedagl) " ...	6	0	0
12	Green Chillies per maund of 25 lbs. ...	1	0	0
13	Ginger green per maund of 25 lbs. ...	1	0	0
14	Brinjals per maund of 25 lbs. ...	0	12	0
15	Tomatoes 1 maund of 25 lbs. Big size red colour ...	2	0	0
	" Medium " ...	1	8	0
	" Small white colour ...	1	0	0
16	Butter-Tenali special per tin of 12 visses. ...	16	14	0
	" -Gudivada special " ...	16	12	0
	" Ordinary " ...	15	8	0