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Editorial Notes.

Handloom Weavers and Co-operation.

We wish to draw the special attention of our readers to the admirable statement made by Dewan Bahadur C. S. Ratnasabhpathy Mudaliar regarding the work of the Madras Handloom Weavers' Provincial Co-operative Society, while requesting the Hon. Mr. V. V. Giri to open the Second Co-operative Conference of the Handloom Weavers of this province, which was held at Madras on the 27th of December last. The Provincial Society, with the help of the Government of India's subvention, organises primary societies of weavers and gives them subsidies for meeting administrative expenses upto Rs. 60 per month to each society, supplies raw materials to them for production and arranges for the sale of the finished products. It is now three years since it began to work, and though the progress made by it has not been spectacular, it has been quite encouraging. Having regard to the limited funds at its disposal, it originally intended to start only 30 new societies in addition to the 39 societies that were in existence at the time of its starting. But the demand for the organisation of societies was insistent and at the time of the Conference the number of societies affiliated to the Provincial Society was 118, and it is expected to reach 150 by the end of June next. As these societies are started only in important weaving centres, the organisation of so many of them should be a matter of genuine satisfaction to all who are interested in the well-being of the handloom weavers.

The real needs of the weaver, however, are finance for production and sale of the finished product, to satisfy which needs co-operative organisation is the best means. In these directions what the Provincial Society has been able to achieve is not remarkable. Its paid up share capital is only about Rs. 38,000, though the authorised capital is Rs. 5 lakhs. With the sympathy for the handloom weaver that exists in the country generally and in co-operative societies in particular, it should not be a difficult matter to get all the Rs. 5 lakhs of authorised capital subscribed—if the public and the co-operative institutions are approached in the right manner by the Directors of the Provincial Society. For purchasing yarn and paying wages it has so far advanced from its own resources to the affiliated societies about Rs. 73,000 at 4 per cent. interest, which is a reasonably low rate. But for so many productive societies, the amount is clearly inadequate and therefore the Society has recommended to central banks the giving of loans to the bigger societies. We should think the better course would be for finance and sale to be both concentrated in the Provincial Society. On the strength of its share capital and goods received for sale from the affiliated societies, it should be able to get adequate accommodation from the Provincial Bank at a cheap rate of interest, just as the loan and sale societies are able to get for the marketing of agricultural produce. While Mr. Ratnasabhapathy Mudaliar in his welcome address requested the Government to make more money available to the Provincial Society by way of loans, the Conference recommended an outright grant to it of Rs. 5 lakhs, in order that it might give from it as contributions to the affiliated societies sums equal to their paid up share capital to be used as their working capital. Not being a business arrangement, we are afraid the effect of such a grant would be rather demoralising and so we should not recommend it. If a loan cannot be got from the Provincial Bank, then a request for it may be made to Government.

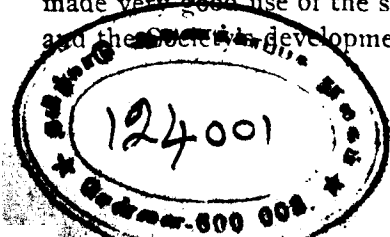
The Conference passed a resolution requesting the Government of India to extend its subvention, which expires in 1940, to a further period of 5 years and in the meanwhile to appoint a Tariff Board to enquire into the possibilities of arriving at a workable agreement between textile mills and the handloom weaving industry. These resolutions deserve every support. The Provincial Society has made very good use of the subvention during the last three years, and the Society's development in coming years may well be expected

to be more rapid than hitherto, as a good deal of its attention has till now been required for the organisation of primary societies. It is noteworthy that during 1937-38 the affiliated societies were able to sell finished goods of the value of Rs. 6 lakhs against only Rs. 2½ lakhs in the previous year and that the depots of the Provincial Society at Madras and elsewhere also showed encouraging sales. With the proposed standardisation of goods there should be further improvement in the current year. If the subvention is not continued for a further period, the promising young plant may wither and die. The request for the appointment of a Tariff Board to consider the relationship that should exist between the handloom and the mill industries is very reasonable. Both of them are indispensable to our country and have a claim for protection at the hands of the State. The mill industry has received protection which is helping it against foreign imports; but it cannot be allowed to crush, with the help of that protection, the handloom industry which is the most important occupation of the people next to agriculture. Suggestions have been made from time to time as to the kind of cloth in which the mills should not be permitted to compete with the handloom, but nothing can be better than that the whole question should be considered by a Tariff Board and its recommendations be placed before the public. As the handloom industry is of greater importance to our province than to any other, we hope our Government will take up earnestly this question of the Tariff Board with the Government of India.

Sugarcane and Other Societies in U.P.

The report of United Provinces Co-operative Union for the year 1937-38 contains a very interesting account of the progress made in those Provinces by some non-credit types of societies, which should inspire co-operators in this province and elsewhere to greater efforts in that direction. Unlike what obtains in this province, the supervision of societies there is concentrated in the Union, which in the year under report had a staff of 310 supervisors, of whom 238 were engaged in looking after credit work and the rest non-credit work of different kinds. The Union receives contributions from societies and grants from Government for promoting different kinds of activities.

There was a large expansion of ghee societies in the year, their number having increased from 122 to 267. They were in charge



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of 24 supervisors. They sold 4,312 maunds of ghee and earned a profit of Rs. 18,706 against 1,981 maunds and Rs. 5,678 profit in the previous year. They were able to pay a considerable amount to their members as bonus. Societies for the consolidation of holdings increased from 95 to 119 and were in charge of 20 supervisors. They were able to reduce 9,602 holdings to 877, that is, in the proportion of 11 to 1. The cost of consolidation was about six annas per *bigha*, or two-thirds of an acre.

Very valuable work was done by the Sugarcane Development Societies which have been started around certain factories with the object of supplying cane to them, they having agreed to buy the cane at a fixed price and to meet a part of the expenses of the development work. These societies have been beneficial to both growers and factories. They worked in 22 areas around 22 factories, each area comprising 2,000 to 2,500 acres of cane land. The societies supply to the members improved seed in suitable proportions of late and early maturing varieties with a view to extend the crushing season as much as possible, supply manures, provide irrigation facilities, take measures against diseases and pests, and teach improved methods of cultivation. Each zone is supplied by Government with an adequate agriculturally trained staff. The beneficial results of these societies to the members are: the yield has increased from 50 to 100 per cent; a saving of 10 to 20 per cent. is effected by the ryots not having to wait as formerly before the factory gates; a higher price is paid by the factories for the cane of the members, because its sugar content is greater; and loss from diseases and pests is prevented, as shown by the fact that in one zone a thousand acres of members' fields yielded as much cane as 2,500 acres of non-members. In the current co-operative year the work has been extended to 23 more zones. When these are worked up fully, one-third of all the cane supplied to all the factories in the province will be from the Development Societies.

Rural Reconstruction Work.

Apart from these special types of societies, rural reconstruction activities have been developed in six districts of which the best is Partabgarh. In that district there are 6 Central Seed Stores which supply to the co-operative societies improved seed of sugarcane and wheat. A large number of improved ploughs, cane-crushers and Persian wheels have been installed. In 200 villages pits have been dug outside the village site for composting manure. During the

last 8 years 700 new wells have been constructed and 500 old ones deepened. A number of fuel and fruit plantations have been formed, 6,000 wells have been cleaned and disinfected, vaccination and inoculation against plague have been popularised, 212 dais (village midwives) have been trained and 40 dispensaries established. The tangible result of the health work done is that the death-rate of the district (12.07) is the lowest in the province (22.61). For promoting education 120 adult schools have been started in the district and Scouting promoted for character-building among boys and girls.

We hope our co-operators will emulate their brethren in the United Provinces.

Co-operative Employees' Demands.

It is but natural that the employees of co-operative institutions in this province, who have organised themselves into an association, should ask for an improvement in their service conditions. They want decent salaries, regular promotions, reasonable leave, security of tenure, provision for old age etc. like any other set of employees. They appear, however, to be more exercised at present regarding the insecurity of their service than about other conditions, and hence are demanding provincialisation and help from Government. Good conditions of service, particularly security, for employees are as much desirable in the interests of the institutions themselves as in those of the employees. They should therefore be conceded by the institutions as far as possible. Government have recognised the need for security and have recently framed a rule under the Co-operative Societies Act requiring societies to include in their by-laws the conditions of service of their employees. This, however, has not satisfied the co-operative employees, as will be seen from the resolutions passed at their conference held recently at Nellore. They want the Government itself to lay down these conditions either in the Act or in the Rules and to enforce them against the societies. We do not know how this will be possible. Salary cuts, we agree, should not be arbitrary; nor dismissals. They should not be due to mere change of personnel in the directorate or to favouritism or communal or other prejudice. But if they become necessary from business considerations, we do not see how an outside agency, even Government, can prevent them. Moreover, it will not be possible for Government to afford to co-operative employees a kind of protection which it is not giving to other non-Government employees, such as teachers in private schools or

employees of private firms. A model by-law containing suitable service conditions will no doubt be framed by the Registrar and recommended to societies. But societies will naturally be free to modify it to suit their own circumstances. It may be provided in the model by-law that a written agreement should be entered into between every employee and every employer society—in which case the Courts will afford protection against the arbitrary action of the societies.

We do not think that the provincialisation of even the superior posts, let alone all posts in all the societies as suggested by Mr. Subba Reddi, whose scheme is published in this number, will be feasible. So long as the societies are independent financially and administratively, they must possess the power to appoint, control or dismiss their staffs. That power cannot be transferred either to the Provincial Bank or to any other institution, however eminent it may be. We believe a good deal of improvement will result by the framing of a model by-law and by the attention of general bodies of societies and of the Department being drawn to the vagaries of individual directorates. Still, we should remember that the management of no society can be better than its members and the Government of no country better than its people.

Disposal of Land.

We welcome the Circular issued by the Registrar of Co-operative Societies of this province to liquidators, advising them to give back the lands and houses which have got into their hands as a result of liquidation proceedings, to their former owners as far and as quickly as possible, not keeping them in their hands till they fetched the market price. He has rightly pointed out that land in the hands of the liquidator does no one any good, but if returned to the former owner it will do good to the community at large. His advice is that where a liquidated society does not owe anything or much to the central bank, the lands may be given back to the former owners or their nearest relatives even 'for small amounts irrespective of their market value.' Where a considerable sum is due to the central bank, the latter may be persuaded to write off a portion from the bad debts reserve and the lands returned to the owners at reduced prices. What is to be insisted upon is that the reduced value should be paid down in cash as quickly as possible, say in six months or one year at the most. For this purpose long term loans may be arranged from land mortgage banks, Government or private sources. Some will no doubt argue that such returning of the lands will spoil the morale of the

borrowers and that they will lose what fear they now have of execution proceedings. We should point out to them that what we are now considering is the disposal of lands which could not be sold at the time of execution and which are remaining too long with the liquidator. Their possession is embarrassing and the demoralisation due to it is really greater than the one feared by the critics. They are to be disposed of in this manner after there has been sufficient waiting for the market price. Nothing prevents people who would criticise this line of action from purchasing or finding men to purchase the lands at reasonable prices. They will in fact earn the liquidator's gratitude. But he cannot continue in possession of the lands indefinitely. This advice may speed up liquidation proceedings which are now painfully slow.

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Co-operative in Coorg.

Elsewhere we have published extracts from the interesting speech of Mr. A. K. Yegnanarayana Aiyar, retired Director of Agriculture, Mysore, who recently presided over the 10th Coorg Co-operative Conference at Mercara. He paid a well deserved tribute to Coorg for the number and variety of its societies. Coorg has on an average one society for one village—which is a better ratio than what obtains even in Cochin. The vitality of grain banks, of which there are 62 in Coorg out of 310 societies of all kinds, is as surprising as it is pleasing. They have been able to bring down the grain interest from 50 per cent to 20 per cent per annum. We welcome his valuable suggestion for the formation of a co-operative organisation of growers and contractors—the latter on account of the trade experience they have—of oranges, 'with a view to pushing the trade in Coorg oranges generally, advertising, grading and packing by up-to-date methods, having its own selling agencies in large markets, opening new markets, suiting the grade to the markets, and so on.' In this connection the happy experience of the orange-growers of Kodur area in Madras Presidency in the co-operative sale of their fruit should prove useful to the orange-growers of Coorg. Very gratifying indeed is the expansion of the honey sales of the Honey and Wax Society: they rose from 4,000 lbs. in 1936 to 10,000 lbs. in 1937 and to 23,800 lbs. in 1938. This expansion is attributed largely to the efforts of Swami Shambhavanandji. The tribute paid by Mr. Yegnanarayana Aiyar to the self-sacrifice of the members of many societies in foregoing their dividends in order that they may be made use of for helping the poor among them or for the common benefit of the societies is well deserved and shows the fine spirit of the co-operators in Coorg.

Produce Prices.

We are afraid Mr. Yegnanarayana was not on sure ground when he spoke of the enormous difference in the pre-harvest and post-harvest prices of produce—of the maximum prices

being sometimes as high as 100 per cent and often 50 per cent more than the minimum prices. He referred no doubt to 'a study of the prices of several kinds of produce in different markets of Mysore, month by month' which he had made some years ago, but we venture to suggest that other forces than the mere incidence of season, such as good and bad rainfall, the general fall in prices, etc., have mainly caused these differences. If by merely holding up the produce for a few months the ryot could expect to get normally 50 to 100 per cent better price, he would surely have evolved some system of credit whereby he could hold up the produce. But there are so many other factors affecting the prices that the result is often uncertain or the gain to be expected is only moderate. We do not mean that there is not ordinarily some difference between pre-harvest and post-harvest prices, but it is not anything so great as Mr. Yegnanarayana Aiyar makes it out to be.

In this connection we may perhaps refer usefully to the prices paid by the Triplicane Stores for paddy in the Nellore market, the figures for which have been kindly supplied by the society. The demand for Nellore rice is steady and the supply also is from a limited area. Nellore rice is always sold at a higher price than rice from other places. Yet inexplicable fluctuations, or rather fluctuations due to a variety of causes, take place quite unexpectedly. Nellore paddy is harvested in February and therefore the prices ought to be highest in December and January. Yet the highest price paid by the Triplicane Stores in 1935 was in June—Rs. 73-8-0 per *putti*—and the lowest in December—Rs. 63-4-0. In January 1936 the monthly fluctuation ranged from Rs. 64-8-0 to Rs. 71-8-0. In 1936 the highest price paid was 68-0-0 in May, and the lowest Rs. 57-0-0 in July, August and November. In both July and August the prices ranged between Rs. 57-0-0 and Rs. 65-0-0. In 1937 the lowest price paid was Rs. 58-0-0, in January, and the highest Rs. 73-0-0, in December. That year it rose in November from Rs. 65-0-0 to Rs. 71-8-0. Quite recently (in December 1938) it shot up suddenly from Rs. 60-0-0, Rs. 75-0-0 because the north-east monsoon has failed and the Godavari and Krishna districts have suffered from a cyclone; but it came down again on account of large arrivals of Rangoon rice. All this shows that there are various factors which disturb the seasonal course of prices, that even the monthly range may be considerable and that the yearly range is not as great or steady as supposed by Mr. Yegnanarayana Aiyar. The average for a number of articles may not be of much use, as the gain or loss by holding up a particular article depends on the rise or fall of its prices. Holding up at harvest time should no doubt be attempted by co-operative societies but with an appreciation of the various factors which influence prices.

Consumers' Co-operation in India *

By MR. P. K. WATTAL, M.A.,

Accountant-General, Madras.

Co-operation is a very wide term; it may be studied in relation to any human activity; for you can hardly conceive of man at any stage of civilisation working by himself and in isolation from the rest of his fellows. In the restricted sense in which we understand it, co-operation is a voluntary association of human beings for doing business on terms of equality, with a view to the equitable distribution of the advantages derived therefrom among themselves. Almost any kind of economic activity can be undertaken on a co-operative basis, whether it relates to production, exchange or distribution, though in this country, the movement is chiefly associated with credit. There are three ideas which are fundamental to co-operative activity. Firstly the association should be voluntary. Compulsory co-operation is a contradiction in terms. Secondly, the association should be on the basis of perfect equality and the conduct of business should be arranged in accordance with democratic principles. This is to a certain extent ensured by the adoption of the principle of 'one man one vote'. Where any member, whatever his share-holding, possesses more than one vote, the association ceases to be co-operative and becomes capitalistic. And, lastly, the advantages resulting from the association should be distributed in an equitable manner among all the members, instead of being appropriated by a single individual or a favoured class, as under capitalism.

You will observe from the above enunciation of principle that co-operation strikes the golden mean between capitalism on the one hand and socialism on the other, taking the good points of both and avoiding the unpleasant ones. It adopts from capitalism the principle that things should be run on business lines and not for charity. It adopts from socialism the principle of service in place of profit, which is the primary motive of capitalism. It is not essential to a co-operative organisation that there should be high dividends. What is more important is that the service rendered should be as nearly perfect as possible. For instance, in a co-operative store like yours, it does not matter what dividends you get

* This is the main part of an address delivered by Mr. P. K. Wattal on the occasion of the branch-day celebration of the Lakshmiapuram Branch of the Triplicane Stores.

on your purchases so long as you get a reasonable interest on your share capital. But it is essential that the price charged by the store should not be higher than the market price, the goods pure and of the best quality, no short weights or measures, and the satisfaction of the customer, the prime consideration.

The co-operative movement, like the socialist movement, had its founder in Robert Owen in the early part of the nineteenth century. Owen was deeply shocked by the brutality and the misery inflicted by the uncontrolled working of capitalism during the early stages of the so-called Industrial Revolution that began in Great Britain in 1760. The movement was originally directed towards the improvement of the material welfare and conditions of living of the working classes. In 1844 came the famous Rochdale experiment in consumers' co-operation, to the inspiration of which the Triplicane Urban Co-operative Society owes its origin, and if I may say so, the success of your society is also due to a great extent to your close adherence to the original Rochdale principles of (i) sale at current price, (ii) sale for cash, (iii) sale to members, and (iv) dividend on purchase. From Great Britain the movement spread to Germany under the guidance of Schulze and Raiffeisen. Schulze's idea was to provide capital for the poor artisans in towns and to save them from the money-lenders who charged usurious rates of interest. Raiffeisen worked among the peasants with exactly similar objects. The condition of German agriculturists in the first half of the nineteenth century was more or less the same as that of the Indian agriculturists and for this reason when the question of relief of rural indebtedness through co-operation was first raised in India, they turned to Germany for a model. The village co-operative credit society, as you see it in this country to-day, is of the Raiffeisen type, with unlimited liability and insistence on the credit-worthiness of members.

The official introduction of co-operation in India commences from the enactment of the Co-operative Credit Societies Act of 1904. Only credit societies were registered under the Act and permission was not given for the registration of the Triplicane Society as a co-operative store until it added a credit branch to it. The scope of the Act was enlarged in 1912 and under the new Co-operative Societies Act both credit and non-credit societies came within its operation. For some time, the Triplicane Society has been entirely a non-credit organisation and has shed its credit activities,

Co-operation has now been worked in this country for 35 years. It is therefore only right that one should ask, what are its achievements and what its future possibilities? It is not possible to answer this question within the limited time at my disposal, nor am I competent to deal with it. Several provinces have undertaken and others are about to undertake such a survey. The progress made has been somewhat uneven, some provinces have done better than others: for instance in Punjab, Bombay and Madras the movement is, comparatively speaking, in a better condition than in other parts of India.

There are many reasons for the slow progress of co-operation in this country, the chief one is the lack of education in the general body of the population and particularly among the rural classes. Co-operation requires for its successful working a certain amount of public spirit and a burning desire for self-improvement which can only come with education. Education of children is important, but the education of adults, men as well as women, a much bigger and a more difficult task, is no less important.

The green booklets issued not very long ago by the Reserve Bank of India dealt with the question of rural finance and the part which the co-operative movement has taken, or can be expected to take, in it. They met with a great deal of criticism from co-operators. But, I think, the criticism of the Reserve Bank has woken up several people from their long sleep and now there is a keener realisation than before of the urgent need of reconstructing and revitalising the co-operative movement. Hitherto, co-operative activity has been directed in the main towards credit societies, but it is now realised that credit organisations alone can never provide an effective remedy for the indebtedness of the cultivator. His position can only be improved if the full force of the co-operative movement is brought to bear on him at every point in the sphere of education, of better living, of better farming and of marketing. Accordingly, the trend now is in the direction of what is called the multi-purpose society. Such a society, which will have affiliated to it a number of village societies, will advance loans to them, supervise their work, carry out works of common benefit itself, supply implements, stores etc., open stores for member societies, collect funds by issuing shares, accept deposits, take loans from Government and other bodies, and help the societies to keep their accounts and check their credit. Briefly speaking, the multi-purpose society will be

expected to undertake work normally entrusted to three different institutions; a bank, a supply and sale society and a supervising institute. One such society has been started in this presidency in Alamuru. The result of this experiment will be watched with interest by all well-wishers of co-operation. It will be obvious that if co-operation is to succeed, hundreds of such societies will be required. As the business undertaken by a multi-purpose society is of a more varied and responsible nature than that of the agricultural credit society, the members in general and the office bearers in particular will have to be better acquainted with the principle and practice of co-operation and conversant with business methods. The success of the new policy of scaling down agricultural debts and giving financial relief to the agriculturist depends largely on the success of this experiment.

I have so far spoken about co-operation in general. Addressing a gathering of members of a co-operative store, it is more appropriate that I should say something about consumers' co-operation and co-operative stores in particular. The co-operative movement started with consumers' co-operation and in Great Britain to-day the main activity of co-operators is focussed on co-operative stores. Producers' co-operation has not achieved that degree of success which consumers' co-operation has in England. Production is more difficult and complicated than distribution and except in socialistic countries, it is generally controlled by capitalists. In India, even consumers' co-operation has not achieved very great success. The Triplicane Society is the one outstanding example of co-operative effort on the distributive side which has met with considerable success. This society was founded on 9th April 1904 and may therefore be said to be as old as the co-operative movement itself in this country. When it was started, there were 14 members with a capital of Rs. 310 and the sales amounted at the end of the year to Rs. 20,000. The total membership at the end of September 1938 was 5,849, the sales during the year 1937 amounted to Rs. 9,17,418 and the share capital was a little over Rs. 81,000. These figures speak more eloquently than any words that I can frame of the prosperous condition of the Society. It has 26 branches of which Lakshmipuram which is celebrating its second anniversary to-day is the youngest. Lakshmipuram also is making very rapid progress both in membership as well as in sales which is undoubtedly a matter of congratulation to all of you. Not only is the financial condition of

the Society sound, but you are using your resources in the true co-operative spirit of service. Your members not only get articles of good quality at market price, but in addition they get something which they would not have got had they dealt with the ordinary shop keeper. Your reading rooms, your library, your annual gatherings have a value far transcending anything that can be reckoned in terms of rupees, annas and pies. You also make a contribution to social security to the extent that your employees benefit by liberal conditions of service, such as security of tenure, grant of leave, provident fund, etc.

Having said this, I hope you will not mind my saying that what remains to be done is much bigger than what has already been done. The membership of nearly 6,000 serves only a population of about 25,000 people, reckoning 4 to a family. The total population of the City of Madras in 1931 was about 6½ lakhs and must be over 7 lakhs to-day. What is 25,000 to 7 lakhs—that is the extent of the efforts still to be made. Secondly, the Society meets the needs of its members only in certain directions. It does not meet all the requirements of its members. It might make an effort to cater on a vaster and more ambitious scale even for its limited clientele. You have the example of the English and the Scottish Co-operative Societies which deal with millions of members and the sales extend annually to millions of pounds. For a body of highly educated people like yourselves, the rate of progress should not be slow. Just as the co-operative credit society has not succeeded in displacing the village money-lender, you also have not succeeded in displacing the ordinary shop keeper. But as in the case of money-lending, the co-operative movement has brought about a reduction in the rates of interest, so your Store also acts as a check on the shop keepers raising prices arbitrarily. That in itself is a great gain. Further, the participation of members irrespective of caste, creed, or community in the deliberations of your Society, is a great training in public affairs and promotes social harmony which is also a great service. With a little more initiative and enterprising spirit and less insistence on safety first, it should, I think, be possible to envisage a time when a much greater portion of this city will be served by your branches dotted all over it. The message of co-operation must be carried to every home and every nook and corner in the land. In it lies the only hope for the salvation of mankind. As has been truly said, 'Civilisation is a protection against the competition of the savage, but co-operation is a protection against the competition of civilisation.'

Rural Societies and how to improve them.

BY MR. K. V. RAGHAVACHARIAR, B.A., B.L., NELLORE.

It is admitted on all hands that the primary societies are not working well at all, barring a few honourable exceptions. The default is entirely due to bad management. The Panchayatdars of village societies have not been of the right sort and have very woefully lacked a correct knowledge of even the by-laws of the societies. Violations of the by-laws and even working contrary to the rules may be excused, if the Panchayatdars were honest and imbued with a spirit of helping the members. If they worked the society with a view to give all the facilities which co-operative societies are intended to give in matters of finance and did not bring into play their own self-interest to the detriment of the interests of brother members, the societies would not have fallen so low as they have. Want of education and ignorance of the by-laws of the society on the part of the members are also responsible to a certain extent for the present state of societies. We now find that rural credit societies are woefully in arrears, are not meeting the wants of the members by securing loans promptly and are not, in many cases, even taking loans from financing banks. What with the low repaying capacity of the agriculturists, what with the depression in the prices of agricultural produce and what with the previous old debts pressing down the agriculturist, the members of societies have not been able to pay back the debts borrowed from the societies. The burning question now is how to improve the co-operative societies, so that they may serve a useful purpose in uplifting the agriculturist.

First of all, the societies must serve the members in all directions and the members must repay their loans to the societies promptly and regularly. The co-operative societies have now only credit function. They have to expand and not only lend money at a reasonable rate of interest, but should cater to all the members' needs. The society must not oblige the member to go to anybody else for a loan; the society must get the necessary seed, improved seed, manure and other agricultural requirements by joint purchase and distribute the same to members. It must find a market for their produce and for this purpose must be ready to advance loans on the pledge of produce and take the produce into its custody. The society must be a multi-purpose society catering to all the wants of the members.

The difficulty comes in when loans are to be realised from members. As a rule the members are poor and they entirely depend upon their agricultural produce for all their needs—food, clothing, Kist and other requirements. The ryot has necessarily to dispose off his produce and meet all these demands. He has to sell the produce to pay the society. The difficulty which a borrower ordinarily feels is that he finds the produce all run out, if he were to think of storing the same till a favourable market is found. The best way of collecting the dues will be to collect the same in the shape of the produce. The produce so collected from the various members will have to be kept in godowns and disposed of in a favourable market. The method no doubt involves an amount of labour and practical difficulty to the society, but it is worthwhile if the society really wishes to help the members and also work in a happy manner. If this method is generally adopted, it will be an incentive also for opening marketing societies or creating other marketing facilities. The difficulties of marketing can be gradually solved by insisting on members, at the time of granting loans, to produce crops of a standard type and grade. Improved methods of agriculture may be introduced among the members and such strains of agricultural grain as find a good market may also be introduced. Now that the Government of India and the Provincial Governments are having officers to investigate into marketing facilities, the recommendations of such officers can be easily introduced through co-operative societies among agriculturists who borrow from the societies. Co-operative efforts on the part of the Agricultural and Co-operative Departments will be necessary to bring about this reform in the condition of our villages.

The chronic indebtedness of the agriculturist has been agitating the minds of the present Congress Government and laws are being passed to relieve him of the burden. One such is the Madras Agriculturists' Debt Relief Act. It is aimed at helping the heavily indebted agriculturist by scaling down his debts. This kind of help no doubt reduces his indebtedness but precautionary methods have to be adopted so that he may not be in the same state a few years hence. This requires an investigation into the real causes that brought the agriculturist to this indebted state. Many causes are stated to have contributed to this result. Heavy rates of interest on loans taken by him; disproportionately heavy expenses incurred at the time of deaths and marriages; the prevailing low prices of the agricultural produce; low productivity of the land; the periodical loss of

the cattle used for agricultural purpose; so on and so forth. Now these causes must be eradicated or brought to a low level. It is no doubt true that the Debtors' Relief Act lays down that the interest on loans to agriculturists should not hereafter exceed $6\frac{1}{2}$ per cent. per annum. It would have been well if the Government had legislated that even co-operative societies should not lend out at a rate higher than 6 per cent. To induce men in the villages to go to co-operative societies for loans, the interest on loans should be reduced to $4\frac{1}{2}$ per cent. at the highest. It is not difficult to lend at this rate. The Central Banks get deposits at $2\frac{1}{2}$ to 3 per cent. I doubt if there is any Central Bank that pays more than 3 per cent. on its deposits. That being so, the Central Banks ought to be able to lend to Primary Societies at $3\frac{1}{2}$ per cent. and the society may easily lend to members at $4\frac{1}{2}$ per cent. per annum. Some Central Banks are refusing to take deposits on account of the phlethora of money. Land Mortgage Banks must also be able to lend to the agriculturist at this rate. I do not think there is any fear of not getting money at 3 per cent. in the market. The Agriculturist Debtors' Act has made monied people go to Central Banks for investments rather than lend monies to individuals in villages. The recent Government of Madras Loan at $2\frac{3}{4}$ per cent. brought a crore of rupees in a twinkling of the eye. Even if Central Banks find it, at any time, difficult to get money at 3 per cent. the Government can easily raise it at $2\frac{3}{4}$ per cent. or 3 per cent. and lend to the co-operative movement. The Provincial Co-operative Bank has more than two crores of rupees kept with commercial banks or otherwise at a very low rate of interest. All these clearly point to the fact that it is practical politics and a business proposition to lend to the members of co-operative societies at $4\frac{1}{2}$ per cent. per annum.

I am afraid there is not much truth in the saying that the agriculturist spends much on marriages and deaths. This statement is made by persons who have not lived in villages or taken part in the marriage festivities of the village. The villager is as frugal as his circumstances warrant. The statement is true of the lower and upper middle classes who have been living in towns or have had town connection. It is they that spend more than their circumstances would permit, by borrowing. That is because a false dignity is assumed and a desire to appear in no way inferior to their rich friends or relatives dominates their minds. A good deal of this false dignity and desire to put on appearances is due to the artificial life which the middle class men in towns lead.

The agriculturist villager will be happy if means be found by which the land is made to yield better and proper prices are got for his produce. It is the common belief in villagers that the productivity of the soil has been deteriorating. This is to a large extent true.

There is dearth of cattle manure and green manure and the agriculturist is not able to buy artificial manure. It is a doubtful question whether the artificial manure really improves the soil, though it may produce a good crop for the time being. To aid him to get this artificial manure, the co-operative society must get on a large scale the manure required and distribute it among members. Similarly, good seed should be got on a large scale and distributed to members. This the co-operative society ought to do by joint purchase and sale.

The society should also collect the produce of members by advancing them produce loans and should market the produce favourably to the ryot.

The greatest loss which an agriculturist can incur is by the death of agricultural cattle. The ryot purchases cattle at heavy cost and if he were to lose one or more prematurely, he is driven to borrow again. The greatest help that can be done to him to relieve him of this loss is the "Insurance of cattle." The Government must soon devise a scheme of cattle insurance, and only by this method can the agriculturist be saved from falling again into the pit of indebtedness from which he is being helped to come out at present. Unless this is done, there is no salvation for the agriculturist. Co-operators must also devise means in this behalf. I believe there is already a move in this direction; insurance of crops and cattle. This has to be solved at the earliest opportunity.

To sum up, I may say that if you assure good water supply for irrigation and insure the cattle of the agriculturist you will be solving the question of Rural Reconstruction to a large extent. The co-operative movement must move in this direction and do the best that is possible.

To achieve this object the Agricultural, Industrial and Co-operative Departments should put their heads together and evolve a suitable scheme and the Government should have enough driving force to compel these departmental staffs to spare no pains and introduce a workable scheme within a period of 5 years at the utmost and work them satisfactorily.

The co-operative movement should no longer be the money-lender that it has been these 35 years but should be more brisk in devising and working out schemes for village welfare, so that the member may have hereafter at least one morsel of food more than he has now. Better living, better farming and better business should be proved to be possible through the co-operative movement. Only, we must have the right sort of men and women, official and non-official, to work out these, and they must be imbued with the love of the country and of humanity.

Provincialisation of Non-official Employees.

BY MR. P. SUBBA REDDY, CHITTOOR.

The arguments in support of provincialisation of the service of the non-official paid employees of the co-operative movement do not all come from one side, namely, the employees. There are more weighty arguments in support of the scheme, from the side of the movement as a whole. The welfare of the movement in the province demands provincialisation of the services immediately.

Before proceeding to discuss schemes for the provincialisation of the services of the paid employees in the various institutions, we have to recognise the need for paid service for the development of the movement. The very fact that the movement was inaugurated, in those early days with the aid of paid service, and that it is still being kept up with the same help, at the cost of nearly twelve lakhs of rupees annually to the Provincial Government, demonstrates clearly the need for such service to the movement always. How many big institutions do you think will be able to work without the aid of paid service?

Gradual attempts are being made to replace honorary service with paid service. Honorary service had been once tried widely in our province with not very encouraging results. Honorary service and the co-operative movement do not go together. The co-operative movement is mainly directed to improve the economic position of the poor. Honorary workers cannot find time, apart from their work for their livelihood, to attend to the work of the society gratis. Therefore paid service is indispensable for the development of the movement in the province on right lines. If this service is to be efficient, it should be well protected and properly nursed.

The question of provincialisation of the services bristles with difficulties. But these difficulties are not insurmountable. Having in view the great advantages that would accrue to the movement by such a step we will have to face the problem with a determination to solve it. The difficulties that crop up at the outset are the following:—

Provincialisation of the paid service in the movement will remove the autonomy of the institutions to a certain extent.

Funds will have to be found for such service and the sources of income to that fund will have to be determined.

The machinery to control such a service will also have to be settled.

Taking them one by one, it is true that the provincialisation of the services of the paid staff would result in the loss of power to the institutions, of appointment, removal, promotions, punishments, etc., over their employees. But we have to remember that the main object of these institutions is far different from this and the control of their staff is only secondary.

Regarding the second, it will not be difficult to find funds to meet the cost of this service. The institutions that are now employing paid staff, will not find it difficult to pay the salaries and the other allowances of their staff into the provincial fund, instead of directly to their employees. But this method cannot be adopted permanently and a more stable one will have to be devised.

At present about 5 lakhs of rupees is being collected annually from all the societies in the province in the shape of supervision fund. Next, all the co-operative institutions in the province earn annually a net devisible profit of about 25 lakhs of rupees. When all these institutions are not required to meet their establishment charges, and when they are met from the provincial fund, the profits of these institutions will be increased to that extent. I have no statistics, but roughly estimate the total establishment charges of all these institutions in the province to be about rupees 12 lakhs per annum. With this addition the total annual profits of all the co-operative institutions in the province will amount to Rs. 25+12=37 lakhs of rupees. If all these institutions are required to contribute annually $\frac{1}{4}$ th of their net profits to the provincial fund, it will come to about rupees 9 lakhs. Therefore the supervision fund collections of 5 lakhs and the $\frac{1}{4}$ th profits of 9 lakhs will amount to 14 lakhs in all, which is more than enough to meet the total establishment charges of 12 lakhs of rupees.

I prefer this system of collection to any other, for the reason that the weaker institutions, and those that are started recently, will receive the same kind of paid service as the others, without any extra burden to them. Viewing the co-operative movement in the province as a single unit, it will be the duty of the stronger parts to protect the weaker and pull them up to their level. This will be consistent with the spirit of co-operation.

If, for any reason at any time, there is to be a deficit in the proposed provincial fund, I see no reason why the Provincial

Government should not come to its aid and meet the deficit. The Provincial Government is always interested in the advancement of the movement in the province, and in pursuance of this, they are at present spending about 12 lakhs of rupees annually on the department. The duties of this department are mainly restricted to registration and liquidation only. The entire responsibility of supervision is left to non-officials and to their inadequate resources. Supervision is recognised to be important for the successful working of the movement and therefore the Provincial Government should contribute liberally for its maintenance.

Regarding the agency for managing this fund and controlling the staff, the Provincial Bank is best fitted for this work. It has already been recognised that supervision should be in the hands of the financing agency. It is therefore proper that the Provincial Bank, which is the financing agency for the Province, should undertake to administer this fund and control the staff employed under it. Further, every society in the province, being represented on the Board of Management of the Provincial Bank through the respective Central Banks, will have also an indirect control over their staff, and do not after all lose their autonomy.

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Marketing of Agricultural Produce.

BY MR. A. ANNAPURNIAH,

Sreerama Co-operative Crop Loan and Sale Society, Ltd., Vizagapatam.

The present prevailing market system has certain inherent features which are calculated to prejudice the interests of the agricultural producer as against the interests of the middleman who occupies a decidedly advantageous position. Generally there are only two or three market centres for the whole district. Each individual ryot produces in small quantities and cannot take the produce to the market for sale which is usually 20 or 30 miles away or even more from his village, bearing all the incidental charges. His ignorance of dealings in a well-developed market is another factor to reckon with. So the ryot finds it easier to sell his produce to the village sowcar in his own village and at his own door. These sowcars purchase the produce from the ryot outright and in their turn sell it to other intermediary agencies, i.e., to other sowcars who deal in bigger lots and who are in direct touch with the market. These latter take the produce to the market and sell it there through the commission agent or by other means. That is to say, the agricultural produce is being marketed not by the agriculturists direct but by a series of intermediary agencies.

The co-operative movement is to step into the market with a view to eliminate all the factors which combine to deprive the agriculturist of his legitimate share in the income for his produce. Loan and sale societies were started to see that the produce of the ryot is better marketed. But these societies are doing only pledge-loan business and not marketing business, because there are no marketing facilities within easy reach.

Take for example the case of Groundnut.

This is a produce primarily intended for foreign export. This export business is being done by companies such as Ralley Bros., Louis Dreyfus, etc. These companies purchase kernels only but not unshelled groundnut. Each ryot produces on the average about 30 or 40 bags. If he wants to sell his produce to the company he has to get his produce shelled in a mill. No groundnut mill agrees to shell small quantities because it requires 300 or 400 bags at a time. So it is impossible to get the ryot to have his small quantity of groundnut shelled. It is equally impossible for him to sell his produce to the bigger merchants who sell to the companies, because

there are no markets near at home. Therefore he cannot but sell the produce to the petty sowcar residing in his or his neighbouring village.

How the Loan and Sale Societies are working.

As already stated, the loan and sale societies are confining their activities mostly to grant of pledge loans. Even this business is considerably handicapped for want of godown facilities among the villages. So, it is only a comparatively small number of producers who are able to avail themselves of the facilities which the sale societies are offering the agriculturists to hold on their produce till a better price is offered. The produce itself is marketed directly by the producer himself ultimately, as the loan and sale societies are not able to undertake the marketing business owing to want of marketing facilities. Thus, in effect, the agriculturists are not deriving that benefit by the existence of the sale societies which they are expected to do.

What is needed.

1. There should be a loan and sale society at least in one important centre in each taluk to subserve the needs of all the villagers in that taluk.

2. Godowns should be constructed at each such centre as also in the interior of the taluk to serve groups of big producing villages.

3. The head quarters of each loan and sale society should be declared a Market centre, and sales of groundnut and other commercial crops prohibited at any other places except those declared as Markets. To fulfil these objects legislation should be undertaken.

If the above facilities are created the legitimate interests of the agriculturists will be adequately protected. All the big merchants and even the companies will certainly have to go to the Market centres for their deals. The intermediary factors who are benefited at the expense of the producers will be eliminated and the loan and sale societies can market the goods to the best advantage of the agriculturists.

Of course, it is recognised, on all hands, that the sale societies have not justified their existence to the fullest extent and the reasons therefor are also correctly assessed. But, as the remedies are rather costly, many have taken to tinkering with the problem. But if one comes to close grips with the difficulties that confront the societies, one cannot but feel that unless the drastic remedies proposed by me are provided immediately, the condition of the agriculturist cannot be bettered. If other loan and sale societies also join issue with me and agitate for the remedies, I shall not consider my attempt to be vain.

Conferences.

THE SECOND MADRAS HANDLOOM WEAVERS' CO-OPERATIVE CONFERENCE.

In welcoming the Hon. Mr. V. V. Giri and requesting him to open the Conference, Dewan Bahadur C. S. Ratnasabhpathi Mudaliar, President of the Handloom Weavers' Provincial Co-operative Society, said :—

“On behalf of the Directors of the Provincial Society and the representatives of the Primary Weavers' Societies assembled here, I have great pleasure to welcome you to this Second Conference convened for affording an opportunity to all concerned to discuss and find out ways and means for overcoming the many difficulties confronting the handloom industry. We are grateful to you for the readiness with which you have accepted our invitation and for coming here amongst your multifarious engagements, as the Minister for Labour and Industries, to open this Conference to-day. We believe that one of the ways of securing the continued progress of the Provincial Society and of the primaries is to interest you and other members of the Government in the work of this society.

2. It is needless to state that the handloom weaving forms a most important industry, next to agriculture and affords means of livelihood to a large number of persons. This industry as a whole is, however, in a disorganised and decaying condition. The weavers are generally very poor and depend entirely on the wages they get. Middlemen advance yarn and take back the woven cloth at prices which leave but a bare maintenance to the weaver. Even so work is not always available as the middleman gives the weaver orders for cloth only when it is in demand in the market. He (Weaver) has no marketing facilities and when he happens to have some yarn and weaves cloth, he has to sell it at the end of the day for whatever it may fetch. While this has long been the condition, the import of cheap Japanese cloth and increased production of the Indian Mills have made the position of the Handloom Weavers worse. With a view to encourage the handloom industry and to improve the lot of the weaver, the Provincial Society was brought into existence, as you are all aware, in the year 1935 under the Government of India Subvention Scheme. It was registered on 2-4-'35 but was able to commence work in January 1936, owing to delay in the receipt of Government Subvention.

3. I may now refer briefly to the progress made by the Society during the three years' of its existence. When this society was formed there were 39 Weavers' Co-operative Societies and most of them were merely credit societies. There was very little of production work

actually done by them except the two big societies at Coimbatore and Salem. The plan of work outlined for the Provincial Society was to form a number of primary production societies, in suitable centres in the Province, which were to be helped with subsidy to meet their administrative expenses, the supply of raw materials to them for production and arrangements for the sale of the finished products. After the starting of the Provincial Society, the old primary societies were converted into production societies and more new societies are being started. Though it was contemplated in the original scheme to organise thirty societies in view of the limited funds of the disposal of the Provincial Society, societies had to be registered in deserving centres, with the permission of the Government to meet the pressing demands of the unemployed weavers. There are at present 118 weavers' societies affiliated to the Provincial Society of which 102 societies are receiving help by way of subsidy up to a maximum of Rs. 60 per month in the case of each society. It is expected that there would be 150 societies by the end of the financial year 1938-39.

4. The authorised capital of the Provincial Society was fixed at Rs. 5 lakhs to render satisfactory assistance to primaries. But the general public was not very enthusiastic in subscribing to the shares and consequently, only Rs. 16,400 could be collected up to 30-6-'36. It was not then expected that there would be many applications for shares. Subsequently, however, the position has improved. I am glad to say that on date the total paid up share capital of the society stands at Rs. 37,935. I take this opportunity to appeal to the general public to evince greater interest in the cause of Handloom Weavers and subscribe shares to the Provincial Society.

5. During the first year, the Provincial Society confined its activities to giving guarantee to Mills for the supply of yarn to societies without money advances. With a view to give adequate financial help to the primary societies, the Provincial Society subsequently decided to give cash credit and goods loans to societies for purchasing yarn and paying wages to their members from out of its share-capital and a loan of Rs. 30,000 taken from the Government. Thus an amount of Rs. 73,395 has been advanced and now outstanding against primaries. As it is found difficult with our limited resources to finance the increasing number of societies with their increased transactions, bigger societies have been advised to approach the District Central Banks for financial accommodation. The yarn guarantees given to societies have increased from Rs. 29,420 as on 30-6-36 to Rs. 46,665 as on this day, and the Provincial Society has been itself paying the Mills in all cases where the primary societies are not able to pay the price of yarn supplied within 30 days (which has since been extended to 60 days). I am glad

to state that the Provincial Society, considering the backward state of the weavers' societies, charges interest at as low a rate as 4%, the lowest ever charged on advances to the ultimate borrower by Co-operative institutions in the Province. Moreover, with a view to give adequate financial accommodation to the primary societies the maximum credit allowed them was raised from 3 to 5 times their owned capital.

6. Realising that the crux of the problem is marketing, the Provincial Society has been devoting its main attention to marketing. It has employed eight supervisors and four Executive Officers to assist the primary societies in marketing their finished products. To study the market and to give technical advice to societies in respect of changing patterns and designs a designer is also attached to the Provincial Society. As there is difficulty in supplying goods to wholesale dealers and in undertaking large orders by reason of not having standard quality of goods, societies have been advised to standardise their goods. To popularise handloom products and to undertake the sale of goods of societies (which lie far away from towns) an Emporium in Madras and six depots in different mofussal centres were opened. These depots serve as a link between the producer and consumer and eliminate the middleman. They sold goods to the extent of over Rs. 66,000 during the year 1937-38 and Rs. 41,229 during the past 5½ months. In addition the Provincial Society has been partaking and exhibiting the finished goods of different weavers' societies in many exhibitions and on important festival occasions to create a greater demand for handloom cloth and extend the market. With the installation and working of the calendering and finishing plant purchased by the Provincial Society it is hoped there will be further demand for our goods.

7. In the primary weavers' societies there are now nearly 7,000 members with a paid up share capital of about Rs. 75,000 and the societies have been giving continuous work to their working members without any anxiety for marketing. You may also be glad to learn that the finished goods to the extent of nearly Rs. 6 lakhs were sold by the societies during the year 1937-38 as against nearly Rs. 2½ lakhs worth of goods sold during the previous year. Thus the primary societies have been making steady progress.

8. At the first conference held in December 1936, we discussed problems relating to the handloom industry. Considering the serious handicap to the handloom industry on account of powerful and unfair competition of mills, we then requested the Madras Government to address the Government of India to make proper legislation to provide a quota basis of production as between the mill-made cloths and handwoven cloths with regard to the quantity, count and type of cloth and to see that if the mills do not agree to a satisfactory arrangement, steps are

taken to have necessary duty imposed on mill-made cloths and imported cloths to enable the handloom industry to thrive. No orders have so far been received and I understand that the matter is still under the serious consideration of the Madras Government. Another important resolution we passed was to request the Government to modify the Famine Code so as to include the handloom weavers also within its purview and to extend the facilities to the weavers in times of industrial distress; but the Government were not pleased to accept this suggestion. We also requested the Government to advise the Government Departments and local bodies to purchase the handloom products. Accordingly the Government were pleased to commend the proposal to Government servants. It cannot, however, be said that the cloth produced by the weavers societies received as much encouragement as it deserved, from the employees of Government or local bodies. I, therefore, appeal to you, Sir, to issue instructions to Government Departments and local bodies to use handloom cloth for the uniforms supplied to certain classes of Government Servants, instead of mill-made cloth.

9. From the above it would be seen that the past three years of the existence of the Provincial Society has been spent in organisation and propaganda. The conservative weaver who has been under the influence of the master-weaver and merchant has to be brought into the fold of co-operative organisation; while the consumer who is attracted by the cheap foreign and mill cloth must be induced to patronise the better but slightly costlier goods turned out by our society-members. If the majority of the weavers in the province, if not all, are to be helped, a greater number of societies have to be started and necessary help given in their infant stage. When there is thus much to be done, the Government of India subvention will cease in about a year. May I therefore approach you, Sir, with a request to recommend to the Government of India to continue the subvention scheme for another 5 years? After all, the subvention is paid by the Central Government out of the levy of specific duty on imported yarn. This will enable the Provincial Society to complete its programme of organisation, expansion and consolidation of weavers' societies and to place them on a stable and self-supporting basis. It is needless to state that the handloom weaver, circumstanced as he is, deserves all help which the Government can give and certainly, at least as much help as the spinner, in view of the fact that he produces nearly 200 times of the Khaddar cloth consumed in the country. We are thankful to the present Government for having enacted the Cloth Dealers Licence Act which gives some impetus to the handloom cloth. I appeal to you, Sir, to persuade the Government to come to the rescue of the struggling weaver by the following measures:—

- (1) Protection of the Handloom Industry from the competition of the Mills.

- (2) Extension of the present scheme entrusted to the Provincial Society on a much larger scale for another 5 years either from the subvention from the Government of India or from the Provincial funds raised by collection of fees under the cloth licence act or by levying cess on the yarn consumed by mills.
- (3) Making available more funds to the Provincial Society by way of loans and
- (4) Encouragement by Government and its Departments and local bodies through purchase of handloom cloth for their requirements.

I now request you, Sir, to open the Conference.

MINISTER'S SPEECH.

Opening the Conference, Hon'ble Mr. V. V. Giri, Minister for Labour and Industries, said: Handloom weaving was the second biggest industry in India and the province of Madras was the one wherein there were most looms and weavers. It was therefore necessary for them all to find ways and means not only of maintaining the industry but of enabling it to stand on a stable basis. It was the duty of the Government of the province and of the public and the handloom weavers to co-operate and organise their efforts in such a manner as to make the industry thrive and pay the handloom weaver.

Handloom weaving, Mr. Giri continued, was now in a very weak state and was almost collapsing. It was indeed a matter for wonder that it had survived so long, despite the severe competition it had to face from mills. But he was certain that not only handloom weaving but Khaddar industry would also live in this land in spite of the competition of mills. There was no use in saying that because mills were in a position to produce and sell cheaper cloth, handloom weaving or Khaddar had no place in national economy. Handloom weaving and Khaddar had come to say; more, they were "the original inhabitants of this land," so to say, and it was the duty of all people of this country to make them continue to live here.

Duty of weavers.—The Government of Madras had adopted various measures for the promotion of handloom weaving and suggestions were being considered and carried out as they came in. Co-operative Societies had a great part to play in the advancement of the industry. Weavers themselves had a great responsibility in furthering this objective. The little experience he had gathered as Minister, Mr. Giri said, had convinced him that weavers throughout the Presidency were not disciplined, organised or united. His appeal to weavers would, therefore, be that they must organise themselves and promote discipline in their ranks, and whenever they put forward suggestions, they should

do so in a constitutional manner and try to see how the industry could be helped to live and progress. Co-operative societies were making headway, but not quite so speedily as they would wish or had expected. The Government of India had by their subvention rendered help to handloom weaving, but they could not always depend on such help. The grant might cease at any time, as the President had remarked but Mr. Giri hoped that the Government of India would extend the grant for a further period. The Provincial Government were eager to do all they could and their *bona fides* had been proved by the fact that they had adopted the Sale of Cloths Act. He did not know exactly all its results; but he realised that it was for the Provincial Government to find out ways and means of making the industry live. Co-operative societies would have to carry on their work efficiently and marketing facilities should be provided amply.

The whole complaint in this province, Mr. Giri continued, seemed to be that plenty of handloom cloth was available, but not adequate marketing facilities or buyers. The same was the complaint elsewhere also. Ways and means should therefore be found, if the industry was to be put on a strong and scientific footing, of marketing the products of the handloom. He had occasion recently to go to Bihar and visit some of the centres of cottage industries, and he felt that there the people were doing some really good work by way of creating a market for the products of those industries. They were making cloth of patterns that would find an easy market not only in India but even in Western countries. Some of his friends told him that certain patterns of cloth would find a ready market in Germany and U.S.A. and the trade that could be built thereby would be worth many lakhs. In fact, he learnt that the products of the Bihar cottage industries were finding ready sale in England. In Madras also, similar efforts should be made. That would be one of the easiest means of enabling handloom weaving to withstand the competition of mills. This really was a matter for investigation and careful study as to the methods on which to promote the industry. The departments of Government concerned with the matter would try their best and continue to do their bit for the handloom weaving industry.

Need for Co-operation.

Referring to some of the difficulties mentioned by the President in his address, Mr. Giri said that recently when the National Planning Committee met in Bombay, at the very outset of the discussions, some of the industrialists and other members raised the question as to how to protect the handloom industry and provide for it in the plan. He mentioned this to assure them that grievances and difficulties of handloom weavers were receiving attention at the hands of the Provincial Government and also of the Planning Committee, brought into existence

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under the auspices of the Indian National Congress. It was the co-operation of all interests concerned that could make for success of the work of the Committee. Weavers should not think that the duty lay only on the Government. The Government, the weavers, the public and all others concerned must co-operate in finding out ways and means of making this great industry which had stood the test of time live in India. If by industrialisation was meant the abolition of handloom weaving or of Khaddar, they had better not think of industrialisation at all. If big industries should come in the way of cottage industries, it was better for them to forget all about big industries. Persons participating in the National Planning Committee were making this position perfectly clear. They were of the opinion that unless village industries such as handloom weaving, Khaddar and other industries, were encouraged, there could be no hope for the economic progress of this country. Big industries could support only about ten millions of the people of the land, and the problem of the rest of the population would not be solved by big industries.

"I want to assure weavers and others interested in the handloom industry," Mr. Giri said, "that it is the earnest desire and objective of the National Planning Committee to see that village industries do not at all suffer in the plan. Handloom weaving is most important in that it provides a sort of unemployment relief or a subsidiary occupation through which agriculturists and other people get relief. Government realise this and are, therefore, very anxious to do their best for it."

Mr. Giri expressed pleasure at being able to participate in the Conference and declared it open, wishing it all success.

Resolutions.

1. This conference while thanking the Central Government for subsidising the Handloom Industry of this Province, urges the need of extending the subvention scheme for a further period of 5 years considering the preponderance of the weaving community in this Presidency, and requests the Provincial Government to recommend to the Central Government for the said extension.

2. This conference resolves to request the Government of India through the Government of Madras (a) to appoint a Tariff Board to enquire into the possibilities of arriving at a workable agreement between Textile Mills and the Handloom Weaving Industry giving adequate protection for Handloom Weaving Industry. (b) That until the Tariff Board is appointed and adequate protection is given to Handloom Industry, the present subsidy be continued even after the year 1940.

3. This conference resolves to request the Provincial Government to appoint a committee composed of non-officials with adequate representation from weavers' societies to enquire into the variety particulars and

to bring legislation, if necessary, for the standardisation of wages to enable the weavers' societies to withstand the keen competition of the mills and private merchants.

4. That with a view to afford encouragement to the goods produced by the weavers' societies, this conference requests the Provincial Government to move the neighbouring Indian States like Mysore, Travancore, Hyderabad, Cochin, etc. to exempt the goods from the duty levied on them or at least to show some concession if total abolition is not possible.

5. This conference resolves to request the Provincial Government for a grant of 5 lakhs of rupees to be given to the Provincial Society for contributing towards the working capital of the Primary Weavers' Societies an amount equal to the paid up share capital of each society.

6. This conference recommends that the Provincial Society should make arrangements to form an Advisory Committee in each district consisting of Deputy Registrar, Supervisor of Production Societies and the representatives of Weavers' Societies and consult such committees in important matters.

7. This conference resolves to request the Provincial Society to compel the employees working under the Provincial Society to use handloom goods.

8. This conference requests the Provincial Government to use Handloom Cloth for uniforms supplied to Government Servants and for other Governmental requirements, especially the Police Department.

9. This conference resolves to request the Provincial Government to reduce the competition between the Handloom cloth and Mill-made cloth and to give necessary protection to the handloom weavers.

10. This conference resolves to address Government to request the Railway Authorities to charge lower rates for the transport of handloom goods and yarn.

11. This conference resolves to request the Registrar of Co-operative Societies to remit all audit fees in case of all weavers' societies.

12. This conference resolves to request the Registrar of Co-operative Societies to arrange with the Central Banks to charge interest on the loans sanctioned to weavers' societies, at a rate not exceeding $3\frac{1}{2}$ per cent. per annum as in the case of agricultural loans.

13. This conference resolves to request the Provincial Government to render assistance to the Khadi Producing Handloom Weavers' Societies from the money ear-marked for Khadi so that the Provincial Society can help the weaver community in a greater degree.

14. This conference resolves to request the Provincial Society to improve the marketing by

(a) Advertising in Cinemas in all Districts

(b) Distribution of bit notices

(c) Talking on the radio.

15. This conference recommends to permit weavers' societies to adopt credit sales with proper safeguards to facilitate better marketing.

16. This conference resolves to request the Provincial Society to communicate copy of the proceedings of the Board of Directors to keep the Primary Societies informed of the working of the Provincial Society.

17. This conference resolves to have the Government of India's Woollen subvention transferred to the Provincial Society.

18. This conference resolves to request the Provincial Society to print the Annual Administration Report in Tamil and Telugu and to supply copies of the resolutions of the General Body and of the Conference in Tamil and Telugu in view of the large society delegates being familiar with the said languages.

19. This conference resolves to request the Provincial society to give time to the weavers' societies, at present indebted to it, to repay the dues till they secure credit facilities from some other sources.

20. This conference resolves to request the President of the National Planning Committee to co-opt Prof. N. G. Ranga, M. L. A. (Central) to represent the Handloom Industry in the said committee.

21. (a) This conference is of opinion, that the subsidy given by the Government of India should not be spent away on avoidable establishment charges not calculated to be of any advantage to the primary weavers' societies, and

(b) That all these weavers' societies should be concurrently audited every quarter by the staff of the Co-operative Department free of audit charges.

22. This conference resolves to request the Provincial Society to open more sales depots at important centres for the marketing of the handloom products of all weavers' primary societies.

23. This conference resolves to request the Provincial Society to bear the travelling allowance etc., of the delegates to this conference subject to the approval of the Government as some of the weavers' societies are too poor to bear these expenses.

24. This conference resolves to request the A.I.S.A. to certify Khaddar produced by Weavers' Co-operative Societies and to permit all weavers' societies to sell its certified Khaddar on commission terms.

25. This conference resolves to request the Government to give necessary help to those who go to foreign lands for marketing the Madras Sarams and Lungis.

26. This conference of the Provincial Weavers' Societies requests the Registrar of Co-operative Societies to address the Co-operative Central Banks in each district to grant loans to weavers' societies.

27. This conference resolves to request the Provincial Society to ascertain the manner of utilisation of the Government subdivision for the handloom industry in other provinces and to keep the affiliated primary weavers' societies informed of the same with a view to further improve their working by the adoption of the methods of other provinces if profitable.

THE SECOND MADRAS PROVINCIAL NON-OFFICIAL CO-OPERATIVE EMPLOYEES' CONFERENCE, NELLORE, (26-12-1938).

Resolutions.

This conference while thanking the Government for having amended the Rules framed under the Act to make it obligatory on each co-operative society having paid staff to make provision in its bye-laws--regulating the conditions of service, etc., expresses its dissatisfaction with the G. O. No: M S. 2748 of 3-11-1938. In the first place the G. O. appears to set its seal of sanction on the salary cuts and various acts of injustice for redressing which an enquiry into service conditions, salary cuts etc., was requested. In the second place, the bye-laws even if made, would not by themselves remove the effects of arbitrary acts of injustice alluded to. The Conference therefore requests the Government once more to revise their orders and extend the scope of the Committee to be appointed, to enquire into the conditions of service of non-official Co-operative employees, salary cuts, etc.

2. This conference is of the view that by permitting every society to frame its bye-laws as it chooses, rules are likely to be framed which would perpetuate the existing state of service conditions, and that there would not be any uniformity in conditions of services, and stability of service and the scope for preventing acts of oppression by the employers will not be ensured. The Conference therefore requests the Government to amend the act and the rules framed thereunder to afford adequate protection to the non-official Co-operative employees.

3. This conference is of opinion that the Co-operative movement is essentially the people's movement and that it ought to be based on democratic control and direction. The Conference therefore requests the Government to conform their policies to the above principles and to so amend the Act as to give the widest scope for non-official initiative and direction and restrict the scope for official interference and dictation. For this purpose this Conference requests the Government

(a) To prohibit the appointment of officials as officers of Co-operative institutions either by force or at the request of the Board of Management.

(b) To withdraw the officers of the Department now in the service of Co-operative institutions and fill up those places by promoting non-official Co-operative employees now in service either in the institutions concerned or in the service of other institutions in the district or the province.

(c) To instruct all officers of the Department that the threat of supercession is not intended to be used as a lever for dumping departmental men on non-official Co-operative institutions.

(d) To define the scope and object of audit and inspection and provide that the power to audit and power to inspect should not be used for coercing non-official co-operative employees into submission.

(e) To separate audit from inspection and to entrust these functions to different independent agencies.

(f) To grant subsidies in cash only to such Co-operative institutions as are not in a position to work without an initial help instead of deputing officers of the Department to work in such institutions in lieu of subsidy.

(g) That the Executive Officers, Secretaries and managers of Central Banks and Urban Banks be invested with powers of the Registrar now only delegated to officers deputed for duty in non-official Co-operative institutions and that select supervisors may be invested with powers of sale officers.

4. This conference reiterates the following resolution of the Extraordinary meeting of the Provincial Association held at Tenali on 20-8-1938:—

This meeting of the Non-official Co-operative employees of the Province protests against the salary cuts, retrenchment and other so-called economy measures which constitute an attack against the standard of living of the employees. The salary cuts, retrenchment and other measures have been brought about in some Co-operative institutions in the following circumstances:—

(1) even where profits showed no decline or in some cases even when they showed an improvement;

(2) in a vague anticipation of lowered profits though no such reduction was ascertained even by a rough computation;

(3) just to force certain employees to leave non-official Co-operative service in sheer disgust and dissatisfaction when no charges could at all be levelled against them;

(4) change of management.

(5) merely because some other institutions cut the salary of their employees when there was absolutely no case made out for salary cut in the particular Co-operative institution;

(6) political considerations etc.;

(7) even in extreme cases when salary cut was not inevitable;

(8) salary cuts and other economy measures are tending to become a chronic and a progressive feature despite increased earnings.

The employees request the Government :—

(1) to cause a thorough enquiry into all instances of salary cuts, retrenchment, stoppage of allowances, and other benefits in Co-operative institutions and grant relief to the aggrieved employees with retrospective effect;

(2) to restore all cuts and cancel all economy measures;

(3) to provide that no cuts or enforcement of economy measures are made by the employers.

This meeting is of opinion that, even in extreme cases, lowering of profits should not be a reason for a cut in salaries, as increase of profits is not accompanied by a corresponding increase in salaries or by a participation by the employees in profits. Lowering of profits are brought about by factors for which the employees are not at all responsible and when the management is in the hands of the employers themselves, it is not either fair or just that the lowered profits should be accompanied by a salary cut or enforcement of economy measures.

5. This conference is of the view that the existing state of affairs regarding the strength of establishment required for each institution is highly unsatisfactory. The decision on the actual number of employees required to run any institution is left to the varying opinions of the committee men and officers of the department. The result is that persons who have put in long services are suddenly sent away on the alleged plea of retrenchment. Retrenchment is becoming both an end and means in itself. Retrenchment is not infrequently made use of just to drive out existing employees and give place to nominees of varying boards.

This conference therefore requests the Government and the employers to set up Joint Board of employees and employers in various districts consisting of the President of the Central Bank, one representative of the District non-official co-operative employees, one representative of the Provincial non-official co-operative employees' association. The Joint Board should be competent to decide, subject to the rules which we expect the Government to frame, and regulate service conditions etc., regarding.

(a) The strength of the establishment for various institutions working in the District.

(b) To lay down the additional number of employees required to cope with the increasing burden of work.

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(c) To lay down the hours of work and days of tour for various categories of employees, determined on the basis of the intensity of work or tour involved in each case.

(d) To lay down the minimum salary and allowance for each category of employees in different institutions.

(e) To settle points of dispute between committee men and employees in Co-operative institutions.

This conference further requests that a Joint Board consisting of the President of the Provincial Bank, President of the Provincial non-official co-operative employees' association and one representative elected by the Provincial association on similar lines be constituted for the whole province to deal with matters generally affecting the employees in the province.

6. This Conference requests the Government to frame suitable rules under the Act to provide for

(i) Provincialisation of the entire non-official Co-operative service.

(ii) Security of tenure, pay and prospects, provision for leave hours of work days, of tour etc.

(iii) Restoration of salary cuts and removing other economy measures and providing adequate and reasonable remuneration and grades for all categories of employees.

(iv) Providing the salaries and cuts shall not be liable for arbitrary cuts and deductions.

(v) Providing for a full enquiry before any punishment is awarded for cases of grave breach of duty, and for appeal to Government against punishments or against all acts which work against the interests of employees in general.

(vi) Protecting the interests of the employees from the exercise of undue pressure or coercion by persons in charge of the management or of the Departmental officials.

(vii) Providing that the Government should give subsidy to the central authority under the scheme of Provincialisation in case the amount received from the various Co-operative institutions employing paid staff is not found sufficient to meet the total salaries and allowances payable to the non-official Co-operative staff.

(viii) Where any institution is liquidated, the staff of that particular institution should be absorbed into the establishment of other institutions working in the district or province and that it should be impermissible for any institution to make fresh appointments when the employees of liquidated institutions are available for the said posts.

(ix) Employees going on leave being entitled to join duty on the expiry of leave in the same place where they were employed at the time

they took leave, no permission being required to allow them to join the said post after the expiry of leave.

(x) That no employee be made to do duties which pertain to a rank lower than the one he occupies except on reversion to a lower post, made as per rules framed for the purpose.

(xi) That no part of the services be made to depend on voluntary grants from any institutions or Government withdrawable at will but that the minimum grant required be made a charge on the revenues of the institutions or the Government.

7. The Conference requests the various Co-operative institutions

(a) To desist from resorting to draconic modes of punishments for common errors committed by the staff which are largely the result of increased intensity of work, long hours of duty, and increased pin pricks and oppression from the Departmental men and non-official employers.

(b) To desist from using filthy language when dealing with employees.

(c) To permit all employees in organising themselves and in agitating for Trade Union rights.

(d) To grant all facilities to the employees to attend meetings of their association or of its committees or to make any representation to proper authorities.

(e) To allow the employees to hold meetings of their associations or committees in the premises of any Co-operative institution.

(f) Not to place any restrictions on their rights of citizenship.

8. This Conference views with grave concern the circular of some Deputy Registrars stated to have been issued at the instance of the Registrar to remove untrained employees working in Co-operative institutions and engage trained men instead. This Conference considers this step to be ill-advised and disastrous for the employees now in service and requests the Registrar to forthwith cause the circulars to be withdrawn as the training in the institutes is in no way a better qualification than long service and experience in the movement. The Conference is of opinion that in the case of employees who have put in two years' service, whether temporary or confirmed, they should be given exemption from getting themselves trained. In the case of those whose service is less than 2 years they may be made to undergo training at the cost of the institution in whose service they are. This conference requests that in no case should any employee's services be terminated on the pretext of his being untrained.

9. This Conference is emphatically of opinion that the power now vested with the departmental officers, to cancel the certificate of any

employee of a Central Bank to be deputed for inspection is liable to grave abuses, and placing such arbitrary powers would work against the legitimate interests of the employees. In practice this power would convert the employees to be the play things of departmental officers and interfere with the due discharge of their duties. This Conference is of opinion that the power to cancel certificates may be withdrawn by suitable amendments in the act.

10. This Conference is of opinion that the invidious distinction now sought to be made and that which was made in the past in the matter of training in the institutes given to non-official Co-operative employees on the one hand and of the officers of the department on the other is wholly ill-conceived and ill-advised. This conference therefore feels that such invidious distinctions be removed forthwith and training for all be kept on the same lines with the same examinations, and modes of making them eligible for service which the training confers.

11. This Conference requests the Government to recruit 25 per cent. of the official Co-operative service from non-official Co-operative employees taking their service in the institutions into consideration regarding age.

12. This Conference recommends to the Madras Provincial Co-operative Union to employ paid propagandists in concurrence with the Central Banks for Co-operative education and propaganda out of the funds given by the Central Government.

13. This Conference requests the Provincial Bank and other Central Banks to send out efficient and capable Non-official Employees on study-tours to other Provinces and abroad.

14. This Conference is emphatically of opinion that the Government may, instead of maintaining the Co-operative department at a prohibitive cost and with huge salaries to departmental officers, considerably curtail their expenditure on prize posts, redundant places, and other wasteful items of expenditure and better utilise the savings thereby made by giving grants to such non-official Co-operative institutions as are weak the enable payment of adequate salaries to non-official Co-operative employees working for the cause of the movement. This conference authorises the central committee to draft a scheme to the Government for consideration.

15. This Conference requests the Government to liquidate all the Unions in the Presidency as they are a fifth wheel to the coach.

16. This Conference authorises the Central Committee to submit replies to the Questionnaire published by the development department, Government of Madras, in a way consistent with the resolution passed at the Conference.

THE 10TH ALL-COORG CO-OPERATIVE CONFERENCE.

The following are the extracts from the Presidential address of Mr. A. K. Yegna Narayana Aiyar, Retired Director of Agriculture in Mysore, and Special Officer, Coorg Agricultural and Veterinary Enquiry at the 10th the All-Coorg Co-operative Conference:—

Your co-operative societies far excel in number and variety those existing elsewhere within a comparable extent of country or the numerical strength of the population. For a cultivated area which is a little over one lakh and thirty thousand acres in extent and for a population of about one lakh and sixty thousand, the total number of your societies is as many as 310. If you take into consideration the number of villages served by these societies, it will work out as one society on the average for each village. For sheer numbers, therefore, you have a large enough burden of responsibility. The situation is even more striking when you consider the large variety in the kinds of these institutions. Starting from the top of the structure you have your premier financing institution, the Central Bank, then the Supervising Unions, then the Village Credit Societies, then Non-Agricultural Societies, Grain Banks, Produce Loan and Sale Societies, Store Societies, Lantana Eradication Societies, Anti-malarial Societies, Milk Supplying Societies, Honey & Wax Producers Society and Better Living Societies. Such a variety of societies dealing with so many varieties of co-operative activity not only call for unusual ability, tact, knowledge and business capacity but also imposes a serious responsibility upon the departmental officers and the directorate of all the societies. It must also be a matter of some surprise and considerable gratification that the human material necessary for managing such a large number of societies of so many different types should be forthcoming in the villages; for, as you know, one of the greatest hindrances to the progress of the co-operative movement in India is the paucity of men capable of managing societies, efficiently in the villages.

Grain Banks.

In the banking side of your activities a very noteworthy achievement is the successful working of the grain banks. Of these you have such a large number as 62 banks working. Their membership has risen to 3,626, their grain capital has risen to Rs. 50,588 calculated at the rate of Rs. 3 per batti of 80 seers. The money value of the loans granted during the year amounted to Rs. 33,330 and out of a demand of Rs. 37,344 for the year Rs. 30,174 was collected. The problem of overdues has arisen here also and the total at the close of the year under this heading is put down as Rs. 7,170. I have looked into the working of these institutions and was struck by the highly beneficent work they are doing and the manner in which they are conducted. The need for large central storage

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godowns has been dispensed with and much is being done on the basis of mutual trust. They have succeeded in bringing down grain interest from 40 seers per batti or 50 per cent. down to 16 seers or 20 per cent. That so many ryots should go short of food grains every year as the year advances and have to borrow grain is a distressing feature of our village life and the transactions in these grain banks is really a measure of the poverty of the agriculturists.

Produce, Loan and Sale Societies.

Without going into every aspect of co-operative marketing we may refer to one, and that a very important one, viz., the advantage of holding up produce. The difference between prices at harvest time and those later on in the year, are well recognised and if through co-operative societies, the producer can be enabled to hold up his produce from the market and not forced by the need for ready money to sell it soon after harvest, a great deal of good will have been done, for the difference in prices are very substantial. In a study of the prices of several kinds of produce in different markets in Mysore, month by month, which I made some years ago, it was found that the maximum prices were sometimes as high as 100 per cent. and often 50 per cent. more than the minimum prices. Such a large difference will leave a substantial margin after covering interest on locked up capital and loss during storage and handling. If by means of produce loans, storage godowns, and similar facilities the ryot is enabled to hold up his produce, he reaps the benefit of this considerable margin in price which now accrues only to the merchant. Even the marketing charges levied, many of which are unavoidable are capable of reduction, while the largest item, viz., the commission accrues in full to the society itself and eventually to the members; in the aggregate the returns to the producer are every materially enhanced in consequence.

Oranges.

In quite a different class of produce worthy of co-operative marketing come one of your chief articles of production, viz., oranges. The area under oranges is on the increase, and so is the market for oranges. India is becoming fruit-minded and the consumption of oranges is largely on the increase. Coorg should really find her opportunity in the product and exploit to the full her natural advantages. Coorg oranges are famous and there is perhaps no orange in the world to beat the best of Coorg oranges. It has, however, its troubles but I shall not go into them here, nor into the various improvements in the cultivation though I have much to say on the subject. It is largely felt by the producers that they are not getting what they thinking is their due by the sale of their oranges and the contractors who buy the crop on the trees come in for harsh criticism. It must not be forgotten that the contractor works hard for his gain, spends

money in watch and ward, in harvesting, transporting and marketing and undergoes no end of personal trouble, at the same time financing the whole business on borrowed capital, and undertaking risks of heavy loss. He is a specialist on the marketing side, he has knowledge and enterprise in the finding of suitable markets, in dealing with wholesale merchants; he not only saves an immense amount of worry to the producer but does for him a piece of work which the producer cannot do for himself. I have heard of cases where the sale was attempted by the growers themselves and the results were disastrous. Many attempts in other directions, I have been told, have also been made in the past, and we can well believe it, because, mind you, people before our time have also thought deeply and experimented. A co-operative organisation which will include growers and contractors formed with a view to pushing the trade in Coorg oranges generally, advertising, grading and packing by up-to-date methods, having its own selling agencies in the large markets, opening new markets, suiting the grade to the markets, and so on, is what occurs to me as a promising field of work. The larger and better market thereby created for Coorg oranges can be expected to improve the prices for the fruit and this improvement is bound to be passed on to the grower in his due share. It is a large subject and I have put forward only a very tentative suggestion.

Subsidiary Occupations.

The importance of subsidiary occupations as sources of income, however small, has been frequently stressed and the need for fostering them is well recognised. A splendid achievement in giving practical shape to this idea goes to the credit of Coorg. I am referring, of course, to your Co-operative Honey and Wax Society. The gathering of honey in domestic hives is an old and unique industry in Coorg and in the Western parts of the Mysore State, practised in a large number of farmers' house-holds almost as a pleasant routine. Honey ekes out the family menu and a good supply is generally stored for the use of the family and perhaps as gifts to friends and relatives. As an article of sale it does not seem to have played any great part. The opening of your co-operative society has created a ready outlet for all the honey that may be produced and this stimulus of a steady demand has been a powerful incentive to production. In my inquiries I have come across instances of people who have been able to supply several hundred pounds of honey where formerly they were gathering hardly a hundred. This is no small achievement and you can justly feel proud. On the marketing side, your society has done signal service. It is putting on the market a uniform product of high quality in attractive containers, packed and advertised in ways that can hardly be improved upon. A successful

campaign to replace the old pot-hives by new box-hives with all the advantages that it implies both to the purity of the product and the keeping of the colony has been going on, mechanical honey extractors have been coming into use, many important markets have been secured for Coorg honey and altogether a great fillip has been given to this industry, as a subsidiary occupation. It is interesting to note that whereas in 1936, the society sold 4,000 lbs. of pot-honey, in 1937 the quantity rose to 7,200 lbs. of pot-honey, and 2,800 lbs. of box-honey and in 1938 it has further increased to 19,000 lbs. of pot-honey and 4,800 lbs. of box-honey. It will be a serious omission in this connection if I do not mention the name of Swami Shambavanandji to whose efforts and enthusiasm much of this success is due. Thanks again to liberal grants from your Government, arrangements for expansion are, I understand, well under way. I suggest that your efforts be directed to strengthening your marketing side, increasing your sales, keeping your hold upon the present markets, seeking new ones, while at the same time maintaining, if not improving, the quality of your product.

Conclusion.

Before I close I shall refer to another pleasing feature of the movement in Coorg. It is the cheerful willingness on the part of members in many societies to forego their dividends in whole or part, so that it may be funded and made use of for helping the poor among them or for the common benefit of the societies. Beautiful and spacious buildings have been built, and death funds for helping widows have been created and likewise an education fund with this money. The scramble for dividends and the keen disappointment expressed when the rates fall short of expectation is the general experience in co-operative societies and the spirit evinced here is a pleasant and welcome contrast. This is the fine old guild spirit and it augurs well for the future of co-operation as an instrument for the uplift of the community. Gentlemen, I am happy to be able to strike this cheerful note at the close.

"Co-operation for the Villager."

TRANSLATED FROM A RADIO TALK IN TELUGU BY MR. K. SUBRAMANYAM,
Deputy Registrar of Co-operative Societies on special duty.

The Three essential Village Institutions.—It has been generally recognised that if the socio-economic condition of the ryot has to improve, measures should be concerted for a comprehensive treatment of all aspects of village life. This is rural uplift (or, as it is more popularly known, 'rural reconstruction') and to be successful, it must be based on a well-considered plan and must depend upon the resources, enthusiasm and self-help of the villagers themselves. The Government can, at best, organise, direct, guide, teach and inspire the villagers, but the actual work of uplift must really rest upon their own labours. To such village uplift three agencies which can make material contribution are the village school, the village panchayat and the village co-operative society. While the village school should aim at teaching the village youth not only the three 'Rs,' but also some practical knowledge suited to the rural environment and helpful to them in their daily life; the village panchayat should concern itself with the administration of the village and with matters relating to village communications, water-supply, medical relief, etc.; and the village co-operative society should cater to the common economic needs of the villagers. If these three village institutions can co-ordinate their activities and work in close co operation with each other, it is possible that village life can be made cheerful.

2. *Co-operative Society: What it means.*—I will speak to you to-night about the village co-operative society. What is this co-operative society which can bring about the economic betterment of the rural classes? Most of you may be familiar with the working of societies in your villages. There may still be many other villagers who might not have seen a society; and, let me, therefore, in passing, say what in effect a society means.

I cannot do better than telling you the story of the old man and his sons (which most of you already knew). The old man lying on his death-bed wished to teach his sons the value of unity. He asked them to get a bundle of sticks and wanted each of them, one after another, to try and break the bundle. This, of course, they were unable to do; he then instructed them to untie the bundle and break each of the sticks separately. By this simple device he demonstrated the principle that 'unity is strength.'

This is the principle of co operation. A number of men combine together to achieve certain common economic objects, which they cannot individually do. This principle is not new to you. You find the act of co operation in most of your social, religious and economic affairs. Are not some of the village temples, village 'chavadis' or tanks the result of co-operative endeavour amongst the villagers? What co-operation seeks to do, therefore, is to combine individuals into a corporate body and then, through its

combined strength, to satisfy their common needs. The co-operative principle is capable of varied application. You may combine together for purposes of getting credit cheap; you may consolidate your domestic and agricultural requirements and obtain them jointly in bulk at a cheap price and distribute them amongst yourselves; you may pool, again, the produce you raise in your fields and sell it in bulk and try to obtain better prices.

The constitution and working of an ordinary co-operative society is simply told. A number of honest villagers (not being less than ten) can join together and form themselves into a society. You elect a panchayat to manage its affairs. A president and a secretary are elected to attend to its day-to-day business. You decide important matters concerning the business members by a majority vote. You discuss things, come to amicable decisions and carry them out. The society has the most democratic of constitutions and gives you an opportunity for frank expression of your views and training in business methods and calls into play such simple virtues as spirit of compromise, tolerance, subordination of one's own interest and judgment to the common good and collective opinion of the majority; and, above all, it affords you an opportunity for service to your own fellowmen through gratuitous management of its affairs. In essence, the society is, if I may say so, a training ground for the exercise of your political rights in bigger political institutions of the country. And there is hardly an aspect of your ordinary economic activity which cannot be comprehended within the co-operative society.

3. *Village Credit Societies: Benefits conferred by them.*—Of all the forms of co-operative effort, the one with which you are most familiar is the village credit society. It is as it should be. All of us are familiar with the crushing burden of agricultural indebtedness and the exorbitant—or, one would say ruinously high—rates of interest at which credit was obtained by the ryot till recently and which surely agriculture could not bear. And unless the incidence of debt has been reduced and the requirements for current capital for agricultural operations and for payment of prior debt have been adequately provided for, the pioneers could hardly think of other channels of co-operative effort. That is why the credit society has come in first and it has been there for over 30 years.

We have in our Presidency over 13,000 co-operative societies of which over 11,000 are agricultural societies with over 8 lakhs of members. (Over 10,500 of them are village credit societies). In all they advanced loans to their members during the year 1937-38 for about Rs. 212 lakhs as against Rs. 163 lakhs in 1936-37. This is exclusive of loans amounting to about Rs. 1½ crores so far advanced by land mortgage banks for the redemption of prior debts of the agriculturists. The villages in our presidency number over 50,000 and there is, therefore, quite a large area which has not yet been served by societies; and owing to the result of the operations of the Madras

Agriculturists' Debt Relief Act, if only a genuine need is felt and honest men are available, in any village, they can have the benefit of a society.

Cheap Credit.—One of the greatest benefits which the co-operative movement has conferred upon the ryots is that it brought down the general interest rates in the country and made the supply of money required by them for agricultural or other purposes very cheap. Madras is probably the only Province in which the interest rates charged to members of societies are the lowest. And, if it be so, the village credit society has rendered the ryot the greatest service and has made it possible for him to divert for other productive or agricultural purposes the savings effected from high annual interest charges. To-day, loans can be obtained by the ryot at a rate generally not exceeding 6 or $6\frac{1}{4}$ per cent. This is no mean achievement of co-operation.

Agricultural Improvements.—The second benefit which the societies have conferred is a general improvement in agricultural production. With the help of the Agricultural Department new varieties of seed, manure, or implements have been introduced to the great benefit of the ryot, and if the co-operative agency be utilised for this purpose to a larger extent than now, there are possibilities of still greater improvement.

Thrift and Savings.—The third benefit, though probably not as impressive as any critic may expect, is the saving by members made possible by the societies. Of a total working capital of Rs. 437 lakhs of village credit societies in our Province, about Rs. 52 lakhs represent the share capital of members and about Rs. 9 lakhs their deposits. This is in addition to about Rs. 78 lakhs of reserve fund to the credit of these societies. But for the existence of these societies, this money would have been spent away or gone to the money-lenders.

Promotion of Business habits.—Lastly, the village co-operative organisation has sought to promote business habits amongst the villagers and has provided a platform for common economic endeavour. It has attempted to make associated effort for the common good of the village possible. Though our actual achievement in this direction may be less than all of us expect, that does not matter.

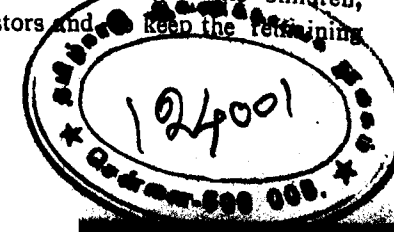
4. *Village Societies: Defects: Overdues.*—I will be failing in my duty if I don't represent to you the other side of the picture. Credit implies confidence and if you want to be 'credit-worthy', you must be honest, punctual and keep up your obligations. It has been aptly said that co-operative credit is 'capitalisation of honesty.' Unfortunately as so many of you may be aware, a good many members of our village societies have failed to repay their dues and are defaulters. There may be many reasons for the overdues. Economic depression and the fall in the prices of agricultural produce and of land might have undoubtedly contributed partly to this result. Allowing for all these, it has also to be admitted that the *will to pay*

has not developed amongst our ryots to an extent deserving of praise. Punctual repayment depends upon the ryot's ability to repay and his willingness to repay. Willingness to repay is dependent on honesty of character. This is why it is so essential that a village society should select its members with the greatest care. But willingness to repay is not of much use without ability to pay and it is surely the business of the panchayat of the society to look far and see whether and if so, when there will be ability to repay. In good many cases, these principles are neglected in our societies. It has been stated that the Dutch peasant would go without food and drink in order to pay his debts to his co-operative society, and, I have read that wilful default is practically unknown in Chinese societies and the standard of repayment is almost incredibly good. How much one wishes that we emulate them! In actual experience we have known cases where men who have got the ability to pay have not exhibited a commendable degree of their will to pay. I appeal to all those who are members of societies to become 'credit-worthy'; nothing counts so much in matters of credit as the promptness with which one keeps up his obligations.

Lack of Co-operative spirit.—Another weakness which any one having touch with the movement often notices is the lack of real co-operative spirit in some of the societies; the will to act together and to serve the village and the community and to subordinate one's will to the common good of the village, is lacking. More often, villages are torn by factions and quarrels, and a lot of time, money and labour is wasted on this account. No constructive work, much less co-operative work is possible under such circumstances. It is, however, hoped that all those modern forces for nationalism and how rural consciousness, (which are so visible today), will assert themselves and that the village faction may give place to enlightened rural leadership and selfishness to a spirit of sacrifice and service.

Need for increased attempts at thrift.—Another criticism levelled against village societies is that they are no more than money-lending shops, mere 'borrowing groups' and that they have not developed into banks. By bank I mean a place where people can put in their savings and draw upon them whenever they require. As I have already stated, the savings of members by way of share capital and deposits constitute only a portion—not a very impressive portion—of the working capital of these societies. A village society is really a thrift and credit society, and one of its important functions is that of a savings bank for the deposit of the surplus or spare cash of members and non-members. It is too often said that the ordinary ryot is too poor to save anything and that means should be found to augment his income in order to enable him to save. This may be so to a large extent. But it is equally true that it is the opportunity and the habit that are usually lacking. Religious and moral maxims enjoin the Hindu to spend one quarter of his income for himself, one quarter in investing in his children, one quarter in repaying his debt to his ancestors and keep the remaining

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quarter as pure savings. This is, no doubt, an ideal but one should try to act up to it to the extent possible. In years of agricultural plenty, the ryot must try to put into the society as much as he can spare so that gradually he would have accumulated enough with which his ordinary credit needs may be met. He should cultivate the habit that in every season he must set aside a specific quantity of his produce or the sale proceeds of his produce and hand it over to the society to be credited to his savings account. Easy credit is a double-edged weapon; the easier it is to borrow, the greater the danger becomes. Continuous borrowing makes one's life always precariously dependent and miserable. You can remedy this position only by restricting expenditure on social or religious ceremonies and by practising thrift. Indeed this implies a good deal of personal effort and sacrifice of immediate comforts and enjoyment. But then just as periodical fasting is necessary for a healthy life, even so, economic abstinence for the future good of ourselves and of the community is as much necessary. And in this process, let us also get the assistance of our women; for, it is women that control the domestic economy.

5. *Conclusion.*—It is easy to be critical of village co-operation and its shortcomings. It is not possible within a generation to bring about the economic rehabilitation of the ryot through co-operation alone. The habits of centuries are slow to change. Nevertheless, village co-operation offers the solution for the many economic difficulties from which the ryot suffers. It is considered by the highest of authorities to be the 'hope of rural India'. Has not the Royal Commission on Agriculture in India said that 'if co-operation fails there will fail the best hope of rural India'? Is it then in vain that a humble servant of Government like myself should appeal to my countrymen that in them lies the power to make it a success. In a country which has produced great systems of philosophy and religion and great leaders who placed service above self, is it too much to hope that men will not be lacking who will devote themselves to the service of the village and of our villagers and bring them comfort and joy where there is now depression and sadness?

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Reviews.

I

Year Book of Agricultural Co-operation (1938)—Published by the Horace Plunkett Foundation, 10, Doughty St., London, pages 564, Price 15 s.

Students of co-operation everywhere look forward to this important annual publication of the Horace Plunkett Foundation for up-to-date information regarding agricultural co-operation in the various countries of the world. In addition to reviews of the movement in different countries, the publication contains some special articles, notes on legislative measures adopted during the previous year, reviews of important books and a useful bibliography. There is hardly another co-operative annual in the English language which can be compared with it. The *Year Book* for 1938 maintains fully the reputation of its predecessors.

In the brief general review of agricultural co-operation during 1937, the opinion is expressed that, barring China and Spain which are being ravaged by war, and the western part of Canada which suffered from severe drought, 'in the great majority of countries the year (1937) has been one of fair material prosperity, of confidence and self-respect, leading to a firmer assertion of the movement's right to make its own contribution to economic life' and that to nearly all countries the depression 'has been in the literal sense a pleasure, not a solvent, and with its removal their powers have risen like a spring released.' The formation of the International Co-operative Agency Ltd, in 1937, which 13 national wholesales have joined (all of them European except that of Palestine), is rightly noted as a co-operative event of considerable importance.

Specially interesting and informing are the articles on 'Co-operation in Australia' by Dr. G. L. Wood, 'Fifteen years of the Jewish Co-operative Movement in Palestine' by Mr. Harry Viteles, 'Co-operation in France' by Miss Margaret Digby and the 'Co-operative Movement in India' by Dr. C. R. Fay. Among other articles are to be mentioned one on 'Co-operation and the Nutrition of Colonial Peoples' and another on 'Co-operation and Rural Hygiene'. The former explodes the myth of the 'rude natural health' of the African native by giving extracts from the reports of the public health authorities of different African Colonies and points out the need for a greater co-ordination in effort by those who are working in the fields of public health, education, agriculture and co-operation—a co-ordination which is needed not only by the African colonies but all countries in the world and especially the poorer and less advanced countries. The article on co-operation and rural hygiene is based on the reports sent by various Governments to the Inter-Governmental Conference of Far-Eastern Countries on

Rural Hygiene, which met in Java in August 1937, and the report of the preparatory committee of that Conference, who made a preliminary tour of some countries in 1936. Passages relating to Co-operation are extracted from several of these reports, but it is only those relating to the anti malarial, colonisation and irrigation societies of Bengal and the medical relief societies of Japan that appear to be really relevant to the subject.

Regarding Co-operation in India, the volume contains in addition to Dr. Fay's comprehensive review, 'a note on the co-ordination of credit agencies' by Mr. T. Austin, I.C.S. who was till recently Registrar of Co-operative Societies in Madras. It is a scheme for linking credit with marketing and has been put in operation in several districts of Madras province. A foot note to Dr. Fay's article says, 'This is a view of India from without. The Foundation trusts that it will stimulate contributions from India itself and would welcome constructive criticism of the view presented here.' We too hope earnestly that the next *Year Book* will contain one or more contributions from India. Indian co-operators feel grateful to Mr. Fay for having devoted so much attention to their country. His view is on the whole very fair, but it is only to be expected that in dealing with a vast country like India, where co-operative practices vary from province to province, some inaccuracies should have occurred. We point them out in response to his invitation for constructive criticism.

On page 231 he says :

"In the depression of 1930-35, there was much liquidation, so that by 1935, the effective strength of the movement was considerably less than that revealed in the census of 1931. The census figures are for all societies, agricultural and non-agricultural. Number of societies 106,000; membership 4.3 millions; working capital, including that of the higher organisations which finance them, 92 crores. Comparable figures for a later date are not available for publication, but an official bulletin of 1937 (Reserve Bank of India, *Agricultural Credit Department Bulletin*, No. 2, page 39) gives the following estimate for 1934 : Number of primary societies, 80,118; per cent. of societies liquidated since the beginning of the movement, 24; per cent. of societies still in existence, but classed as unfit, 28.9."

It is true that during the depression there were more liquidations and fewer registrations than in the previous years. But the net result was not anything like what Dr. Fay has supposed it to be. The Government of India publishes every year a volume known as *Statistical Statements relating to the Co-operative Movement in India*. It is surprising that the Horace Plunkett Foundation should be unaware of it. We guess this publication is the source of the 'census' figures for 1931 quoted by Dr. Fay. We give below the figures for each of the years 1931-1935 :

REVIEWS

Year.	No. of Societies.	No. of Members.	Working capital Rs.
1930-31	106,166	4.31 millions	91.9 crores
1931-32	106,050	4.29 "	92.7 "
1932-33	105,262	4.28 "	95.8 "
1933-34	105,083	4.32 "	95.7 "
1934-35	106,011	4.41 "	96.9 "

The figures given in the *Bulletin* of the Reserve Bank of India, referred to by Dr. Fay, are not taken from the official publication. They are stated to have been compiled by Mr. M. L. Darling—on what basis the *Bulletin* does not say. We have not been able to understand how they were arrived at. They do not relate to the whole of India, which includes 13 British Indian provinces and 9 Indian States, but only to 8 major British Indian provinces. Therefore they cannot be compared with the figures for 1931 which are for the whole of India. From the figures given above it will be seen that in 1935 (on the 30th June), as compared with 1931, there was only a slight fall in the number of societies, but a slight rise in membership and an appreciable rise in the working capital.

Dr. Fay is under the impression that credit sales are prevalent in all the consumers' societies of South India. While credit sales do prevail in the store societies of the Mysore State, they do not in those of Madras Province. So far as the Triplicane Urban Co-operative Society (Triplicane Stores) in Madras City is concerned, he has misunderstood the connection it had (it does not have it since 1932) with credit. The Act of 1904 being the Co-operative Credit Societies Act, it is no doubt true that when in 1905 it sought registration under that Act, the Registrar required it to have a credit side. But the sales were all for cash. Credit was a department by itself, from which the members could take loans either for making purchases in the society or for any other purpose. Its accounts were separately kept, it contributed a substantial sum to the reserve fund of the society and entailed no loss upon it. In 1932 it was abolished for reasons not connected with the purchase and sale business of the society. It makes its purchases for cash, sells for cash and incurs no expenditure on running a credit business.

It is perhaps difficult for those who are not intimately acquainted with trade conditions in India to realise how small is the margin in India between the wholesale and retail prices—in certain classes of goods at any rate. On all the articles sold in the Triplicane Stores—chiefly dry groceries like rice, coffee, sugar etc.—the margin between the purchase price and the sale price has been only 6 to 7 per cent. over a long number of years. The society buys for cash and has a rapid turnover; the purchases are usually made fortnightly and the stock kept meets only about a month's requirements. From this margin all expenses have to be met, and therefore it is not ordinarily able to pay to its members more than about 1 per cent. dividend on their purchases. And this is the case with well managed societies, the

others incurring losses and even going out of existence. It is chiefly for this reason that the consumers' movement has not been able to make greater progress in India and none at all among the working classes.

On page 240 Dr. Fay says, "Indian co-operators pass rapidly from one enthusiasm to another. First it was the village bank, then the hierarchy above the village bank, then co-operative selling, then the land mortgage bank and, now it is village reconstruction." At another place he says, "The last thing to be desired is that India should move on from village reconstruction to multiple-purpose co-operation, as to another craze." We are afraid there is hardly any force in this criticism. The village bank, the hierarchy above it—namely, the central bank and the apex bank, or the supervising union—the land mortgage, etc., are all gradual and natural developments. Enthusiasm and propaganda are necessary for any new development. The village banks are there, still the most important co-operative organisations in the country, and new village banks are being started all over the country. If Indian co-operators realise that credit alone does not suffice and sale of produce also must be arranged co-operatively, and do propaganda for it, it does not mean that the village bank or the provision of credit is abandoned. Whatever name we may use—rural reconstruction or multiple-purpose society—we cannot go beyond what is included in the well-known formula of Irish Co-operators, 'better farming, better business and better life.' Emphasis may be shifted according to the particular needs of men and times. We do not see anything wrong in such shifting of emphasis, so long as the change is intended for the better working of the movement and for a fuller realisation of the co-operative ideal.

V. V. S.

II

CO-OPERATION IN HYDERABAD STATE.

Registrars Report for the year 1936-37.

Co-operation in the Nizam's Dominions is different from that activity in the rest of India in one respect. It is based on an extraordinarily heavy share capital, which in course of time has produced a great reserve fund. It can therefore stand, if necessary, a co-operative earthquake and reappear alive, if a little shattered. But the fear that one is oppressed with is the smallness of the benefit that alone could have been conferred on the dominion co-operator when compared to what it has been in sister States and British India.

The State of Hyderabad has an area of 82,700 sq. miles and the population in 1931 was 14.4 millions. The territories comprise the major portions of the valleys of the Godavari and the Krishna. Cotton and wheat are the chief crops of the hilly western part of the country with uncertain rainfall. Telingana on the east has a better rainfall and produces rice and pulses and is the granary of the State.

Looking at the population of the State, the number of co-operative societies is rather small. 2,500 village credit societies for 14,000 villages gives one society for about six villages. In Cochin, 191 villages out of 275 have been served by the movement. A very large increase in the number of societies would seem to be urgently called for.

The explanation given by the Registrar that many villages and even whole talukas must remain co-operative 'deserts', because of the heavy indebtedness of the people, looks most like co-operative heresy. Raiffeisen began his work in villages where not only the land, but also the houses, the cattle, agricultural implements and even manure heaps had been mortgaged to the money-lending Jews. Nicholson gives perhaps the best description of the state of those German villages before and after Raiffeisen had set his hand to the task of improving them. And a study of that classic is sure to make Hyderabad co-operators think furiously. Co-operation is intended to help such people most of all; and to deny those unfortunates entry into the co-operative heaven for their sin of poverty and indebtedness is to be deplored most.

The State spends much money for the movement and is prepared to give more. Instead of 'squaring the supervision budget from its own resources', the department will do well to find really sympathetic village co-operators, give them official recognition, pay them a salary if necessary and help them to start and effectively work societies that would lift up the denizens of the 'deserts'.

Co-operation other than credit plays an insignificant part in the State. The exceptions are the cotton sale societies. Other societies have not done much business. This can to a certain extent be explained by the small working capital that they can get and the very high rate of interest for the loans they obtain from the financing banks in many cases.

The report records an improvement in many directions. The total number of co-operative societies of all kinds went up from 2,978 to 3,119. Their membership rose from 95,501 to 1,05,224. The working capital was 2 crores and 52 lakhs as against 2 crores and 46 lakhs in the previous year. The reserve and other funds of all societies registered an increase of 3½ lakhs of rupees. Training classes were held for, among others, revenue officers—an excellent step, and a promising beginning has been made in rural reconstruction work. Above everything, non-officials have co-operated with officials in this great and beneficent movement.

C. S. R.

Correspondence.

To
The Editor,
Madras Journal of Co-operation.

Sir,

UNTRAINED EMPLOYEES.

In the November issue of the *Madras Journal of Co-operation*, an employee has represented the hardship caused to the employees of the urban banks that have not undergone co-operative training in any Institute. It is surprising to know why the Deputy Registrar of that circle alone insisted on the removal of the untrained employees and that in urban banks alone, while other Deputy Registrars did not take or propose to take any action either in urban banks or in central banks or land mortgage banks. The grievance represented by the employee is proper to the extent it requires the non-removal of the employees employed prior to the advent of the Training Institutes, as in the case of the old recruits to the Department. There is no justification to continue the employees without training, employed after the Training Institutes were ushered in, with much prejudice to the trained but unemployed. When the Training Institutes were actively functioning, the Registrar of Co-operative Societies, Madras, issued a circular directing all big co-operative societies like central banks, land mortgage banks, urban banks, unions, etc. to employ only trained candidates, but to the bitterness of the trained, several institutes did not employ them. No action has been taken by the Registrar to see that the co-operative societies adhere to his instructions. It is very necessary that all co-operative banks and unions should be insisted upon to employ only trained candidates as far as available and promotions too should depend upon training qualification irrespective of seniority. All banks that have employed untrained candidates after the registration of the Training Institutes and before the issue of the Registrar's circular, must be directed to send them to training now and continue them if they come out successful, and remove all untrained candidates employed subsequent to the issue of the Registrar's circular, substituting trained people. The granting of certificates to the untrained 'and training-failed' may be put an end to. In order to mete out justice to the services, I request the authorities of the Provincial Co-operative Union and the Registrar to see that suitable rules are framed for the promotion of trained non official employees to suitable departmental posts, irrespective of age limit as in the case of departmental promotion.

Yours truly,
AN EMPLOYEE.

II

To
The Editor,
Madras Journal of Co-operation.

Sir,

HOUSE BUILDING SOCIETIES.

In the days to come, more attention has to be paid to the housing problem and as such it is essential that the existing House Building Societies should be made to continue. But the one question that is worrying the minds of the directors and members of the several House Building Societies in the Province is the abnormally high rate of interest being charged on the loans

CORRESPONDENCE

issued prior to 1935. I would here refer only to the Kurnool House Building Co-operative Society, of which I am a Director. Ours is one of the well-managed and good societies. There are now 21 loans outstanding out of a total number of 32, issued since the formation of the society. Of the 21, ten loans bear an interest of $7\frac{1}{2}$ per cent. six— $8\frac{1}{2}$ per cent. three—7 per cent. and only two—6 per cent. From this it can be seen that the members of our society are paying a very high rate of interest considering the present times and the present rate of interest charged by the Building Societies which is only $5\frac{1}{2}$ per cent.

So, it is up to the popular Congress Government to take immediate steps to reduce this high rate of interest. While the present Government is adopting many ameliorative measures to better the condition of the masses, it is but just that they should also reduce the rate of interest on the loans issued by them, prior to 1935, to the Building Societies. It will not do if they simply brush aside this important question by saying that, since the Provincial Government borrowed the amounts from the Central Government at a high rate of interest at that time, they cannot see their way to reduce the rate of interest on such loans now.

I understand that the outstanding loans of the Provincial Government due to the Central Government have been consolidated and that it has been agreed that our Provincial Government should pay interest at 4.35 per cent. only on the consolidated loan. In such a case, I do not see why the Government should hesitate to immediately reduce the rate of interest on loans issued to the Building Societies prior to 1935, at least to *five per cent.* leaving a small margin of profit to the Government, so that the societies may charge their members on such loans interest at 6 per cent.

Already the members of our society are approaching private money-lenders and the Co-operative Urban Bank for loans at a cheaper rate of interest in order to discharge their loans in the Building Society, which bear a comparatively high rate of interest. In fact, three such loans in our society have been discharged during the last two months. At this rate, I am afraid our society will have to be closed down in a year or two, which I expect will be the case with almost all the Building Societies in the Province—if the rate of interest charged by the Government on loans issued to them prior to 1935 is not reduced to 5 per cent. with immediate effect.

A deputation on behalf of our Society waited on the Hon'ble Minister for Industries and Labour on the 11th instant, during his visit to this place, and represented to him what all I have stated above. The Minister replied that he would refer this important question also to the proposed Committee on Co-operation and await their decision. I hope and trust that the Committee will strongly recommend to the Government for the reduction of the rate of interest on the outstanding loans of the Building Societies. Meanwhile, I feel, that the several Building Societies in the Province should send representations on this burning question to the Special Officer in the charge of the work.

Yours truly,
S. VENKATA RAO, B.A.,
Kurnool.

News and Notes.

In the New Year Honours List the awards of special interest to co-operators in this province are: C.S.I. to Mr. H. M. Hood, I.C.S., C.I.E. to Mr. D. N. Strathie, I.C.S., both of them ex-Registrars, and the title of Rao Sahab to Mr. J. C. Ryan, Deputy Registrar, and now Special Development Officer, Salem. The Kaiser-i-Hind second class medal was awarded to Srimathi G. Visalakshi Ammal who is looking after the Gokulam co-operative colony. Outside our province Mr. M. L. Darling, well known ex-Registrar of the Punjab and now Financial Commissioner of the Punjab, has been made a K.C.I.E. Our hearty congratulations to all of them.

In the two months following the introduction of Prohibition in Chittoor district a very striking decrease in crime has occurred there in comparison with the two months preceding Prohibition.

On the 9th of this month (January 1939) a Rural Uplift School was opened at Jammalamadugu in Cuddapah district on the model of the Salem Uplift Schools. After this school is over, another will be conducted near Rajampet. The Government have sanctioned Rs. 1,610 for the expenses of these schools, the duration of which will be one month each. The Provincial Co-operative Union has sanctioned Rs. 1,000 for the conduct of another school which will be held at Cuddapah for two months. Mr. V. S. Hejamadi, Collector, is hoping to organise, in addition to these, a special school for women. We wish every success to his efforts.

The Visvabharati has decided to run a Training Institute for Rural Reconstruction Workers from all parts of India. It will run for nine months from July next. Theoretical instruction will be coupled with practical work. Scouting and rural survey will be included in the training given in the school.

A batch of 50 villagers of Vejjupallee village in Chittoor district paid a visit on the 17th December 1938 to Venganapallee, where the Rajaji Rural Uplift Centre was conducting various rural uplift activities. This trip is said to have been undertaken in response to the exhortation made by the Chittoor District Collector at Penumoor Conference.

The Cochin Government has allotted a sum of Rs. 3 lakhs out of the last year's surplus of Rs. 4.71 lakhs for rural development work and has placed it at the disposal of the Minister to be spent in the course of three years.

NEWS AND NOTES

That the Government should close all the toddy and liquor shops within a radius of five miles on all pay days in municipal and mill areas in the district, was the proposal submitted for consideration and action by the Government at a meeting of the Ramnad District Advisory Committee for Harijan Uplift Work.

The Government of India have resolved to set up an All India Cattle Show Society after consulting the Provincial Governments, Local Administrations and Indian States. The Government have also decided to place Rs. 2,55,000 from the central revenues at the disposal of the society. Its functions will be to conduct an annual All India Cattle Show and to carry on activities connected with the furtherance of cattle breeding. H. E. The Viceroy will be the Patron-in-Chief.

Dr. Laubach who is in India in connection with the World Missionary Conference held recently at Thambaram near Madras, has been addressing meetings about a system of Adult Education by which illiterates have been made literates in the Philippine Islands in the course of three months. If the system be found suitable to Indian languages it should give a great impetus to the efforts to remove illiteracy in the country.

Dr. J. H. Cousins, addressing the members of the All Travancore Gramodharana Sangh (Rural Uplift Association), recently said that he understood Rural Uplift to mean the divising of ways and means to get more from mother Nature and also to get common sense to arrange Nature's gifts so that there would not be hungry unemployed individuals in the portion chosen. This work had to be done with the feeling not of charity but of sympathy and as part of one's duty.

The Salem Sale Society took advantage of the presence at Salem of Lt. Col. A. J. Muirhead, Under Secretary of State for India, to request him to open one of the two godowns newly built by the society. Col. Muirhead observed on the occasion that an improved system of marketing was as important for the ryot as was the adoption of improved methods of agricultural production.

In the premises of Madanapalle Town Bank, Chittoor district, (where Prohibition has been introduced) a conference of the representatives of some 20 societies was held at which Mr. Neelakantam, Deputy Registrar, exhorted the societies' representatives to introduce Hundi boxes in their societies, especially for the benefit of the ex-addicts to drink. The conference recommended the opening of a loan and sale society at Kothapeta and the revival of supervising unions in the district.

Refresher courses for Inspectors, and in some cases for Supervisors also along with them, have been arranged in most districts in this month.

That for the Inspectors in Madras City was held from the 3rd to the 7th. In addition to instructions given by the Deputy Registrar, Mr. M. G. Padmanabha Mudaliar, M.A., and discussions among the Inspectors, talks were given by Mr. S. V. Krishnaswami, I.C.S., on the new philosophy of co-operation, by Mr. V. Venkatachalam Pantulu on co-operative insurance, by Mr. R. Suryanarayana Rao of the Servants of India Society on multi-purpose societies and by Mr. V. Venkatasubbaiya, Secretary of the Provincial Co-operative Union on prohibition and co-operation in Salem district. The last was accompanied by an exhibition of the magic lantern slides, recently prepared by the Union on that subject.

The Cochin Co-operative Land Mortgage Bank, Trichur, earned during the year ending the 16th August 1938 Rs. 6,815 as net profit against a net loss of 1,842 in the previous year. This result in the third year of its existence is very creditable. The Bank was able to meet all expenses from its general revenues and the Government contribution of Rs. 9,500 was carried to the reserve fund. During 1937-38 it disbursed Rs. 4.13 lakhs as loans. The Bank is quite popular as is seen from the large number of applications received for loans.

The Tirupathi Ladies' Welfare Co-operative Society celebrated its first anniversary some time ago in the premises of the Tirupathi Town Bank. Srimathi Jayakumar, daughter of Mr. A. Ranganatha Mudaliar, Commissioner, Tirupathi Devasthanams, presided on the occasion. The Society started with 12 members but was able to increase the number to 33 in the course of the year. It is conducting indoor games and a small reading room for the benefit of its members. Home-safe deposits are encouraged and in their spare time the members prepare appalams, chutney powder, curry powder, stitched-leaf plates, embroidery work, syrups, etc. Some of these articles were sent to the exhibition at Madras in December 1937 and were much appreciated and were sold out. We hope the Society will continue to expand and similar societies will be started in other places.

The aggregate amount of loans issued by the Tinnevely District Bank during 1937-38 was Rs. 7,42,700 compared with Rs. 6,52,359 in the previous year. By paying special attention to dormant societies their number was reduced from 99 to 66. The percentage of balance to demand was 24.8 and 1.8 respectively under principal and interest. The Bank allowed cash credit to 16 societies, including 6 sale societies, to the extent of Rs. 4,65,000 compared with Rs. 3,25,000 in the previous year. The Bank has acknowledged with pleasure the hearty co-operation it received from local unions in the matter of collections. Its reserve fund now amounts to Rs. 1,38,506 and the bad debts reserve to Rs. 63,500.

During the last four years, the Madras Government Servants' Co-operative Building Society, (Gopalapuram, Madras) has been giving loans to its members at the wonderfully attractive rate of $3\frac{1}{2}$ per cent. interest. In 1933-34 it was $7\frac{1}{2}$ and $6\frac{1}{2}$ but in 1934-35 it was reduced to $3\frac{1}{2}$ and is kept steady at that. During 1937-38 the amount due by the society to Government on account of loan increased from Rs. 2.63 lakhs to Rs. 3.53 lakhs, and the amount due to it from its members from Rs. 3.99 lakhs to Rs. 4.97 lakhs. The society has a reserve fund of Rs. 16,300 which it has requested the Registrar to permit to be used in the business of the society. It has also a 'building and development fund' of Rs. 27,194 about half of which is invested in buildings and stalls in Gopalapuram and the rest in banks. We believe it is about the best building society in the province.

The Trichinopoly Central Bank reduced its surplus funds during 1937-38 from Rs. 10.3 lakhs to Rs. 7.5 lakhs. Its rate of interest on fresh loans continued at 5 per cent. in the case of those societies which reduced in their turn their rate of interest to $6\frac{1}{2}$ per cent. But it is reported that not many societies chose to benefit by this reduction. The Bank issued loans at $3\frac{1}{2}$ per cent. interest to loan and sale societies, and to weavers' societies and to other societies for jewel loans. As the result of the year's working its reserve fund rose to Rs. 4.39 lakhs and its bad debts reserve to Rs. 1,04,000. The percentage of overdues has steadily come down during the last 5 years from 63.36 to 36.34 under principal and from 14.06 to 4.65 under interest.

The membership of the Madras Provincial Co-operative Marketing Society increased during 1937-38, its second year, from 42 societies and 26 individuals to 74 societies and 41 individuals, and the paid up share capital from Rs. 3,125 to Rs. 5,120. The total sales effected during the year amounted to Rs. 85,774-10-0, of which the main items were oranges Rs. 36,470, rice Rs. 13,570, ghee Rs. 11,876 and potatoes Rs. 12,162. The commission earned by the society on sales was Rs. 3,536. Most of its expenses were met from the subsidies of Government and the Provincial Bank. The Directors say in their report: "The main difficulty experienced is that the supplies from the member societies were not regular and steady and so the working of the society has not progressed to the expected extent." We think this defect could be set right by visits to the societies and closer contact with them. We hope the society's progress in the current year will be even more marked.

Writing in the *Year Book of Agricultural Co-operation* for 1938 on the progress of co-operation in Ceylon in 1937, the Registrar of Co-operative Societies in that island mentions a new type of societies which were

started in the Cardamom-growing area and which are described as 'Theft-prevention Societies.' The members are owners of small gardens who are unable singly to employ professional watchers to guard their crops as the large estates are able to do. Therefore they combine into a co-operative society and through it arrange for the guarding of blocks of gardens.

A press note issued by the Government of Madras in the development Department gives prominence to the fact that during 1938-39 loans amounting to Rs. 62.12 lakhs were issued to members on the security of agricultural produce as against Rs. 26.16 lakhs in the previous year. This is gratifying increase. It is due not only to the formation of a number of new loan and sale societies but the promotion of sales in virtue of the controlled credit system which has been introduced in a number of districts. The Government, however, note that the concession given by them for the construction of godowns has not been availed of to the expected extent. The concession is available not only to loan and sale societies but also to well established credit societies, many of which are no doubt in a position to avail themselves of it. It is pointed out that in Salem district 8 out of 13 godowns have been constructed by credit societies. The Government hope that Salem's example in this respect, as in some others, will be followed by other districts.

Joint Purchase By-Law.

We have published below a new by-law adopted recently by the Madras Civil Accounts Staff Co-operative Bank, Fort St. George, to regulate its joint purchase activities. During the last co-operative year the society purchased and sold to its members fruits worth of Rs. 3,770 and other articles like cotton goods, umbrellas, crackers, etc. worth Rs. 6,000. The Society was able to get these goods at wholesale rates and pass them on to its members at a very small commission. It has been receiving, we are told, many enquiries regarding the sales and hence the by-law concerned is published for the benefit of other employees' societies which may want to start joint purchase activities.

By-Law 53 A.

53A. Notwithstanding anything contained in these By-laws, it shall be competent for the Board of Directors to purchase through the Joint Purchase Committee, referred to in paragraph 7 below, domestic and other requirements, either for cash or on such short credit as may be allowed by merchants, for being retailed to members. Such purchases will be limited to reasonable requirements and confined to articles for which there will be a large and regular demand. It shall also be competent for them to issue 'credit notes' to the suppliers in favour of individual members to enable the latter to purchase their requirements direct from the suppliers to whom they are addressed. The consolidated bills preferred by the suppliers, in respect of supplies made to members will be paid *weekly* by the Bank in the first instance, and the amounts recovered from the individuals in accordance with the procedure indicated below.

2. The sales shall *ordinarily* be for cash. The Joint Purchase Committee may, however, permit sales to members on credit, subject to the following conditions:—

- (i) Credit may be allowed only to such of the members as have opened in the Bank (1) 'Purchase Deposit' accounts (By-law 16D) and (2) Recurring Deposit accounts under the note to By-law 16 (B).
- (ii) The credit allowed to a member shall be subject to a *maximum* limit equal to the total of the amounts at his credit in the following accounts:—
 - (a) Recurring Deposit Account (*note* to By-Law 16 B); and
 - (b) Purchase Deposit Account (By-Law 16 D)

Note.—Before the amount at credit of a member in any of the two deposit accounts referred to above is refunded to him, the entire amount outstanding against him in respect of the Joint Purchase Scheme, including penal interest, if any, shall be deducted therefrom and the balance only paid to him.

- (iii) No credit shall be allowed to members who have defaulted in the payments of monthly dues, in respect of purchases during the period of default and for three calendar months following their rectification. The Joint Purchase Committee may, however, for special reasons which should be recorded in writing, relax the three months limit referred to in favour of individual members.

3. Members to whom sales on credit are allowed will be supplied with a pass book in which detailed information regarding the credit admissible under these By-Laws, and the bill-war credit sales will be recorded. This book shall be produced on every occasion when articles are purchased on credit.

4. The amount due by a member on purchases made on credit in a month, is payable on the 1st day of the succeeding month, but 5 days' grace will be allowed for payment. If the payment is made before the expiry of the period of grace, no interest will be charged; otherwise interest calculated at the rate of 2 *pies* per rupee per mensem shall be charged from the due date. In calculating interest on outstanding amounts fractions of a rupee will be treated as one rupee.

5. In the case of sales on account of cloth (silk, cotton and woollen goods) recoveries may be made as follows:—

1. On purchases of less than Rs. 5 in a month, in *one* monthly instalment.
2. On purchases of Rs. 5 and above, but less than Rs. 15 in a month, in *three* monthly instalments.
3. On purchase of Rs. 15 and above, but less than Rs. 30 in a month, in *four* monthly instalments.
4. On purchase of Rs. 30 and above in a month in *five* monthly instalments.

The Joint Purchase Committee shall, however, have power to reduce the period of repayments in the case of certain special articles and any such reduction of the period will be intimated to the members at the time of supply of the articles. The members shall bind themselves to agree to repay the dues in accordance with the decision of the Joint Purchase Committee.

Interest at the rate of *one pie* per rupee per month shall be charged on the second and subsequent instalments.

6. The amounts overdue from a member for over three months shall be adjusted out of the amount at his credit in the Recurring Deposit Account (*note* under By-Law 16 B) and in the Purchase Deposit Account (By-Law 16 D).

7. The entire transaction shall be under the control of a committee of three members—called 'Joint Purchase Committee'—one of whom shall be the Secretary of the Bank, who shall be the convenor, and the other two

members elected by the Board at the first meeting after the general election, from among the members of the Bank. This shall not, however, debar members of the Directorate from being elected by the Board to be members of the Joint Purchase Committee. The Committee shall be in office until the election of new office bearers, unless dissolved by the Board under By-Law 53 A (13). Interim vacancies, if any, may be filled by the Board.

8. The Joint Purchase Committee shall have full power in the matter of purchases, expenditure in connection with sales, and in the fixing of prices of articles to be sold to members, subject, however, to the general control of the Board of Directors. It shall also be competent for them to grant rebates on purchases from time to time. Instructions issued *in writing* from time to time, by the Board, by virtue of the general powers supervision vested in them shall be carried out by the Joint Purchase Committee.

9. The Joint Purchase Committee will be provided, from the general funds, with a sum of Rs. 1,000 (which amount may be increased up to Rs. 2,000 by the Board, whenever necessary) and this shall be kept in a separate account in the Bank. To this may be added the purchase deposits realised from members, and other miscellaneous receipts, if any. The daily sales, as well as the recoveries from members which shall be effected through the monthly demand schedules, will be credited to this account. The payments to suppliers (which shall be made by cheque as far as possible) and other payments in connection with the working of this by-law shall be met out of this account.

10. Withdrawals from the bank shall be made on the joint signature of any two members of the Joint Purchase Committee.

11. The profits arising out of the Joint Purchase Scheme shall be carried over at the end of the year to a separate reserve. "Reserve for Losses on Joint Purchase Scheme", until a sum of Rs. 500, is built up, and the profits earned thereafter shall be added on to the general profits of the Bank.

12. The accounts under the Joint Purchase Scheme, kept separately, shall be prepared in such form as the Board may decide from time to time, in consultation with the Registrar of Co-operative Societies. The account of each month shall, *after close scrutiny* of the Board, be published in the notice board, before the 15th day of the succeeding month. The annual report of the Joint Purchase Committee on the working of this by-law together with the accounts for each year, shall be drawn up separately and presented to the General Body as an appendix to the annual report with the observations of the Board thereon.

13. The Joint Purchase Committee can be dissolved at any time and a new Committee constituted by the Board by passing a resolution to that effect.

14. The entire profits earned by the Bank in the scheme of Joint Purchase until the date of coming into effect of this by-law shall be credited to the head "Reserve for Losses on Joint Purchase Scheme" referred to in paragraph 11 *supra*.

The Madras District Co-operative Labour Society, Ltd.

(Established on 11th January 1936.)

Notes for the information of the public entrusting the construction of their buildings to the Madras District Co-operative Labour Society, Ltd. :—

1. The owner of a plot situated in the City of Madras who intends to build a house on it will give the society a rough sketch of the plan of accommodation of the building required by him and intimate the approximate amount which he proposes to invest on the building.

2. On receipt of the sketch, the inspection of the site will be made by the Technical Staff of the Society and necessary plans and estimates will be prepared for the approval of the owner. Fees at rates prescribed by the Board for the preparation of plans and estimates should be paid by the owner.

3. After the owner approves of the plan and estimates and executes the necessary agreement, the advance stipulated in the agreement is payable to the society by the owner. The work will then be started on the date fixed by the owner. The society will make every effort to complete the building as speedily as possible. The owner is responsible for getting the sanction of the Corporation of Madras for the plan, though the society will give the necessary assistance in the matter.

4. The work will be carried on under the supervision of the trained staff employed by the society. Building will be completed neatly and economically on modern lines and with best materials.

5. In the case of the owners applying for loans from the Building Societies in Madras, the Labour Society will render every possible assistance in obtaining such loans and will undertake to realise the loan amounts from the Building Societies direct, on the strength of the authorisation letters issued by the owners to those societies.

6. The society will deliver possession of the building to the owner after realisation of the entire cost of the construction together with the extra cost of additions etc, if any, effected at the request and direction of the owner. The owner shall have no discretion to omit any of the items in the Estimate during the course of construction, without the consent of the Board.

7. The society has within a period of 30 months, constructed 15 substantial buildings at moderate costs (ranging each from Rs. 2,538 to 9,984) to the satisfaction of the owners, without causing them any anxiety or worry. Owners of sites who have no experience in the construction of buildings and those who cannot afford to devote their time for the construction of their houses will find the society a boon to them.

8. The society is glad to announce that it has the co-operation of an R. C. Expert Engineer and a specialist in designs and the construction work is supervised by a Civil Engineer with vast building experience.

9. The main object of the Society being to help the labourers, effort is made to secure prompt and efficient execution of the work and the society solicits the patronage of the public.

"West Nook,"
6, Krishna Iyer Street,
Nungambakam, Madras"
12th December 1938.

A. BALASUNDRAM,

Secretary.

Government Order.

DEVELOPMENT DEPARTMENT.

G. O. No. Mis. 2884, 18th Nov. 1938.

Subject :—Co-operative Societies—Audit fees—Basis of levy and reduction—Orders passed.

Order—No. 2884, Development, dated 18th November 1938.

In 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 specially 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 arrangement 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. In the meanwhile they are pleased to accept the suggestion to charge fees on the actual time basis and direct the levy from the co-operative year 1938-39 of fees on the following scale :—

	Fee to be charged per diem. Rs. A. P.
Central banks	5 8 0
Urban banks with a working capital of Rs. 1 lakh and over	5 8 0
Urban banks with a working capital of less than Rs. 1 lakh and other types of societies liable to pay fees under the rules.	3 12 0

NOTE.—In estimating working capital the reserve funds of societies invested outside should be excluded.

2. The Registrar is also requested to impress upon his subordinates and upon co-operative institutions the need for constant and continuous vigilance to avoid unnecessary delay in audit.

(By Order of His Excellency the Governor.)

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

Registrar's Circulars.

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES,
Madras, Dated, 8-12-38.

F. 945/38.

CIRCULAR.

Subject:— Liquidation—disposal of lands purchased by Liquidators—
Scheme of help.

As a result of execution proceedings large extents of land have come into the possession of Liquidators. The lands and houses in their possession as on 30-6-38 are given below :

Amount involved.	Extent of lands.		Houses.	Purchase Value.
	Dry.	Wet.		
Rs.	Acre.	Acre.	No.	Rs.
6,09,280	2,528.39	750.34	463	2,69,077

There may be yet a large number of cases in which as at present the properties will come into the hands of the liquidators. This is not advantageous either to the creditors or to the members themselves. It should be possible in a large number of cases to restore the lands to the original owners by suitably conciliating the debts. The Central Banks have built up, besides the Reserve Fund, a very large bad debt reserve which may be availed of to help the ryots in conciliating their debts. The Registrar feels confident that the Central Banks would willingly agree to help the ryots in their present plight consistent with the adequacy of their resources.

2. The Registrar accordingly suggests the following procedure for conciliating the debts of members :

The defaulters fall under two classes—

(i) Defaulters whose properties have been purchased by the Liquidator and (ii) defaulters whose properties have yet to be sold for arrears due by them.

3. In cases where Liquidators are in possession of lands, they should offer the lands to the original defaulters or to their next of kin. The lands may be returned to them on payment of the market value. In cases of genuine inability to pay the full market value, remission of a certain percentage which would depend on the financial condition of the ryot concerned may be granted; or the principal amount with 6¼% interest from the date of the loan may be accepted if this is less. The amount should be made payable in a lump sum within a period of 6 months or in any case within a year. In the latter case facilities to pay in instalments may also be afforded. It is also not necessary that the payment of market value should be insisted upon in all cases. If the

ex-members pay or contribute an amount equal to the liability to the bank, such amount may be accepted even though it may be less than the market value of the land, and the lands returned to their owners. There are a number of cases where liquidation proceedings are kept pending, even though there may be no dues to the Bank, because of the lands in the hands of Liquidators awaiting disposal. Such lands may be returned for small amounts irrespective of their market value. Thus every opportunity should be given to the ex-members to take back their lands even at the risk of the Central Bank losing a portion of its dues, if need be, for the lands in the hands of the Liquidator do not benefit either the Liquidator or the Central Bank in any way. It will benefit the ryot if handed over to him. The sooner therefore they are disposed of and cash realised, the better it is for all concerned.

4. In dealing with the defaulters whose properties have yet to be sold, the Liquidator should give as liberal concessions as possible and collect the dues in cash instead of taking their properties in sale. Lands should be taken in sale only as a very last resort. The debts should be conciliated, in consultation with the financing banks, wherever necessary, by,

(i) Calculating interest at a rate not exceeding 6¼% per annum from the date of loan.

(ii) Wiping off the entire interest and a portion of the principal also in really hard cases.

(iii) Remitting the balance due where a ryot has already paid twice the amount of the principal originally borrowed whether by way of principal or interest or both.

(iv) Where the sums repaid by way of principal or interest fall short of twice the amount of the principal, by accepting only such amount or such as would make up this shortage, or the principal amount or such portion of the principal as is outstanding, whichever is less. It must be made a condition for the grant of such concession, that the amount is paid within a date to be fixed.

5. The Deputy Registrars and Assistant Registrars are therefore requested to give effect to the above suggestions in consultation with the Central Banks in the matter of realisation of dues in liquidated societies so that as much relief as possible may be afforded to the ryots and liquidation proceedings also closed more quickly.

(By order)

G. CHANDRASEKERAN,
Manager.

List of Societies Registered in December 1938.

Serial No.	Names of the Societies.	District.
1	The Pedathamarapalli Swadesi Yarn Weavers' Co-operative Sale Society Ltd.	Vizagapatam
2	The Chapra Indian Yarn Weavers' Co-operative Sale Society	"
3	The Temburu Co-operative Society	"
4	The Gudivada Co-operative Society	"
5	The Velagada Co-operative Society	"
6	The Kallepalli Agraharam Co-operative Society	"
7	The Penubarti Agraharam	"
8	The Gandhavaram Co-operative Society	"
9	The Reddipalli Agraharam Co-operative Society	"
10	The Jeediputtugu Kothurn Co-operative Society	"
11	The Chinathumayyapeta	"
12	The Ramarayapuram	"
13	The Garudabhadra	"
14	The Sree Radhaswamy	"
15	The Chinabadam Co-operative Society	"
16	The Neelakhanteswara Co-operative Society	"
17	The Garlapadu Co-operative Society	"
18	The Draksharaman Co-operative Consolidation of Holdings Society Ltd.	E. Godavari
19	The Ellore Co-operative Milk Supply Union, Ltd.	W. Godavari
20	The Bhimavaram Weavers' Co-operative Sale Society, Ltd.	"
21	The Srimanthu Rajah's High School Employees' Co-operative Society	Kistna
22	The Ayyanki Sri Ramalingeswara Co-operative Society	"
23	The Repalle Taluk Co-operative Labour Society, Ltd.	Guntur
24	The Madanapalli Town Labourers' Co-operative Thrift Society Ltd.	Chittoor
25	The Kothapalli Co-operative Thrift Society Ltd.	"
26	The Puttur Co-operative Thrift Society Ltd.	"
27	The Kuppam Co-operative Thrift Society Ltd.	"
28	The Panagallu Bell-metal Factory Labourers' Co-operative Thrift Society, Ltd.	"
29	The Chandragiri Yanadi Labourers' Co-operative Thrift Society Ltd.	"
30	The Palmaner Co-operative Thrift Society Ltd.	"
31	The Buchireddipalli Weavers' Co-operative Sale Society Ltd.	"
32	The Thimmapuram Co-operative Credit Society	Bellary
33	The Palasamudram Co-operative Credit Society	Anantapur
34	The Ceded Districts' College Students' Co-operative Society Ltd.	"
35	The Settipalle Co-operative Credit Society	"
36	The Sree Rameswara Swamy Hanchaneyal Co-operative Credit Society	"

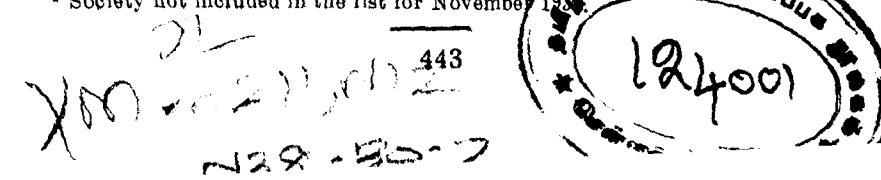
LIST OF SOCIETIES REGISTERED AND CANCELLED

Serial No.	Names of the Societies.	District.
37	The Brindavanapuram Better Living Co-operative Credit Society, Ltd.	Madras
38	The Vepery Co-operative Credit Society	S. Arcot
39	The Pulivandi Co-operative Credit Society	"
40	The Cuddalore Co-operative Milk Supply Society, Ltd.	"
41	The Inam Pannaikudy Co-operative Credit Society.	Madura
42	The Bhupathipuram Co-operative Society	"
43	The Therkuthuru Co-operative Credit Society	"
44	The Madura Knitting Company Employees' Co-operative Society, Ltd.	"
45	The Kanavoipudu Land Colonisation Co-operative Society	Salem
46	The Jalakantapuram Handloom Weavers' Co-operative Sales Society	"
47	The Kannakurichi Konga Moopar Co-operative Society	"
48	The Arigoundampatti Kullampatti Konga Moopar Co-operative Society	"
49	The Ganapathipalayam Co-operative Credit Society.	Coimbatore
50	The Periakuzilai Co-operative Credit Society	"
51	The Ramapuram Co-operative Credit Society	"
52	The Devanampalayam Co-operative Credit Society.	"
53	The Pungampalayam Co-operative Credit Society.	"
54	The Pavaratty Coir Workers' Co-operative Sale Society Ltd.	Malabar
55	The D. M. R. T. Workers' Co-operative Society Ltd.	"

List of Societies Cancelled in December 1938.

Name of Society.	District.	Date of Cancellation of registration.
1 Yernal Adi-Dravida Co-operative Society	South Kanara	*30-11-38
2 Veldurthi Christian Co-operative Society	Guntur	5-12-38
3 Chinna Chigallarevu Co-operative Society	Anantapur	5-12-38
4 Nallathukudi F. L. C. S.	Tanjore	15-12-38
5 Thotavaripalem Adi-Dravida Co-operative Society	Guntur	22-12-38
6 Parvathipuram Central Co-operative Stores Ltd.	South Arcot	24-12-38
7 Karvetnagaram Co-operative Society	Chittoor	24-12-38
8 Kiralur Co-operative Society	Malabar	24-12-38
9 Pilliappampalayam Adi-Dravida Co-operative Society	Coimbatore	24-12-38
10 Ondiampatti Koravar's Co-operative Society	Salem	29-12-38

* Society not included in the list for November 1938.



3 PER CENT. DEBENTURES
Guaranteed by the Government of Madras.

The Madras
Co-operative Central Land Mortgage Bank, Ltd.,
Khaleeli Mansions, Mount Road, Madras.

President :

Sri T. A. RAMALINGAM CHETTIAR, M.L.C.

20-year DEBENTURES bearing interest at 3 per cent.
per annum are available for investment.

Issue price 99%.

The Principal and Interest are guaranteed by the
Government of Madras.

The DEBENTURES are Trust Securities and are also approved Securities under the Insurance Act, 1938. The DEBENTURES are IRREDEEMABLE for the first 10 years from the date of issue and a REDEMPTION FUND (SINKING FUND) will be constituted to pay off the debentures on maturity.

Brokerage @ 2 annas per cent will be paid to approved brokers.

Other particulars and application forms can be had from the Secretary, Khaleeli Mansions, Mount Road, Madras.
