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Editorial Notes.

The Reserve Bank of India and Co-operative Finance.

We published as Supplement to the June 1939 issue of this journal the Circulars issued by the Agricultural Credit Department of the Reserve Bank of India, dealing with the procedure to be followed by co-operative banks for obtaining financial accommodation from the Reserve Bank and the reorganisation of the Co-operative Movement on banking lines. The subjects dealt with in the circulars fall under four main heads: (1) investment of their funds by co-operative banks; (2) forms of financial accommodation by the Reserve Bank; (3) conditions to be satisfied for obtaining financial accommodation from the Reserve Bank; and (4) remittance transfer facilities. The Agricultural Credit Department of the Reserve Bank do not seem to have consulted either the Indian Provincial Co-operative Banks' Association or the provincial co-operative banks in the various provinces with a view to elicit their views on the proposals embodied in the circulars before issuing them. We wish they had done so. We must say that in some respects the circulars are calculated to convey erroneous impressions of the working of co-operative banks to those who have no first-hand knowledge of their working. The observations contained in the circulars regarding practices like preparing estimates of bad and doubtful debts, capitalising of interest, fixing the periods for which deposits are to be accepted

India Act, and the intention of the Legislature was that co-operative banks should be exempt from keeping such deposits which are prescribed for the scheduled banks. It may be conceded that it is legally permissible for the Reserve Bank to ask for such deposits, as there is nothing in the Act to prevent the Reserve Bank from prescribing this as a condition of finance; but it involves a distinct departure from the policy underlying the Act. It may, however, be mentioned that the limits now fixed for co-operative banks are exactly one half of the limit prescribed by the Act for scheduled banks. The condition regarding submission of periodical statements goes beyond section 42 (2) of the Act, which lays down the nature of the statements to be submitted, and we do not see the necessity for the Reserve Bank calling for other statements. The requirements prescribed for preparation and furnishing of balance sheets in the prescribed form seem to be unobjectionable and may be adopted. In regard to inspection of co-operative banks by the Reserve Bank, there is no provision in the Reserve Bank of India Act for such inspection. But if inspection is resorted to, we feel it ought to be done by the superior staff of the Bank, preferably by the Officer-in-charge of the Agricultural Credit Department.

(4) *Remittance transfer facilities* :—The facilities which co-operative banks have hitherto enjoyed and which were extended to them by the Imperial Bank are now cut off. When asked for an explanation for adopting this course, the authorities of the Reserve Bank seem to have informed the co-operative banks that the position had considerably changed since the establishment of Provincial Autonomy, as the financial arrangements between the Central and Provincial Governments are now different. The Reserve Bank suggest that any consessions to co-operative banks should only come from the Provincial Governments by way of subsidy or otherwise. The Reserve Bank, however, promise that co-operative banks would be charged the same rates as are charged to scheduled banks for remittance of funds, and if scheduled banks were given any other facilities, such facilities would also be extended to co-operative banks. They further state that the question is still under examination.

The matters raised in the circulars are of far reaching importance to co-operative banks and the future development of the co-operative credit movement in India, and deserve the serious consideration of co-operators in general and the provincial banks in particular. We therefore suggest that a special meeting of the Standing Committee

of the Indian Provincial Co-operative Banks' Association be convened at an early date to consider the circulars and to communicate to the Reserve Bank the considered opinion of the Provincial Banks thereon. We suggest Madras as the most suitable venue for the meeting of the Standing Committee. The Committee on Co-operation in Madras is now sitting and its labours are likely to continue to the end of October 1939. The meeting of the Standing Committee, if convened in October in Madras, will bring representatives of various provincial banks and the members of the Co-operative Committee into touch and their joint collaboration on the matters affecting the co-operative banks may result in some fruitful results.

Multi-purpose Societies: A Scheme by Dr. Katju.

We have published elsewhere the speech of Dr. Kailasanath Katju, Minister for Justice and Development of the United Provinces on multi-purpose co-operative societies. The whole address is based upon the speaker's fundamental objection to the formation of small bodies by election to run village uplift activities. He thinks that Panchayats if constituted by election will be like miniature municipal councils, the whole administration being run by the elected few and the electing many having absolutely no interest in the matter. Moreover village uplift means not merely providing some amenities like good drinking water or wider roads or street lighting but increasing economic prosperity of the villager and this requires constant attention and day to day action. Dr. Katju therefore suggests that in order to achieve this purpose there must be multi-purpose co-operative societies started for every village of 1,000 to 1,500 inhabitants taking each family as a unit. He advocates the formation of special committees, each to be in charge of a particular department of activity like better farming, marketing, village industries, sanitation, education, amusements and festivities and so on. The finances necessary have to come by subscriptions from members, grants from Government and District Boards and extra levies for specific purposes of utility to the village. He builds in theory a pyramidical structure of Unions and District Federations of such societies.

There is little to be said for such a theoretical structure. It is better to start a society and see how it works and base observations and remarks on actual experience. In all branches of social activities mere *a priori* theorizing is of no use. We see the Minister is full of enthusiasm for his project. We hope he will put his ideas into practice and we wish him success in his experiments.

Registrar's Administration Report for 1937-38.

Having dealt with some of the general features and the non-credit side of the movement we shall, in this note, deal with the credit side in the Registrar's report. To the average citizen co-operation means only cheap credit and he is not far wrong if we consider the history of the movement in the Province.

The general impression that is gathered from the report is that the credit side has successfully weathered the storm and is on the high road to healthy growth and expansion. The working capital of the movement as a whole has increased to over 20 crores of rupees of which the paid up share capital and reserves alone come to 4 crores. Most of the societies are confining themselves to granting short term loans. The general increase of short term loans is partly due to the increased number of Loan and Sale societies and their intensive activities. The D. C. B. statement of the movement as a whole given by the Registrar on page 6 of his report shows that there is a general improvement though slight under the heading of collections. The Registrar has taken the trouble to convince the doubting Thomases about the soundness of the movement as a whole and the statement on page 7 ought to be very assuring to depositors and to the general public. The Department is taking active steps to see that the reserve fund is separately invested so that it might serve its real function as a reserve fund and not get mixed up in the general working capital and become not available at the time of need.

Coming to details we shall first deal with the two apex banks dealing with short-term and long-term credit. The Provincial Co-operative Bank lent to District Central Banks 3½ times the amount it lent in the previous year. In only one case there were overdues to the Apex Bank. The Provincial Bank continued its useful activity of subsidising the central banks for the development of sale societies and it also helped the Provincial Co-operative Union by a liberal grant.

The Central Land Mortgage Bank also did very useful work during the year. Taking into consideration the general feeling among the depositors it has decided to float debentures which are not redeemable for the first 10 years. The Government have been pleased to increase their guarantee of principal and interest of debentures to the extent of 2 crores of rupees. We are glad to find that the authorities of the

Bank have accepted expert advice and have provided redemption fund for each series of debentures floated by them and have increased the margin between debenture and lending rates to 2½ per cent They have also limited the dividend on shares to 1 per cent higher than the debenture rate. All these are steps taken in the right direction and Government naturally seem to be satisfied with the management for having taken these steps.

The co-operative central banks of the presidency which form the pivot of the whole credit movement have been functioning, on the whole, satisfactorily. They borrowed more money from the Provincial Bank than they did last year and they also, in turn, lent more money to societies. In spite of these increased transactions there was a fall in the profit because of their lowering the lending rate of interest. They have taken the wise step of making special provision in the shape of Bad Debts Reserves and it is a matter for satisfaction that they are concentrating attention more on short term loans.

Coming to agricultural societies which form the main basis of the credit movement we find that, on the whole, they have been working satisfactorily. Their transactions show a healthy sign of expansion. From 92 lakhs of loans granted by all these societies in the Province in 1933—34 the loans granted every year have steadily increased to 212 lakhs nearly in the year under review; and as the Registrar remarks, if this rate of progress is maintained, the level of 1929—30 which was the highest during recent years will be reached during the current year. Consistent with the general policy of the movement as a whole these primaries also are favouring short term loans. In order to obviate the defects in the matter of getting timely accommodation the department has encouraged the system of forecast loans by means of which the financial accommodation necessary by each society is calculated well in advance and sanction for the same is obtained from the central bank so that, at the time of need, they can draw to the extent required. The primary land mortgage banks also have been functioning satisfactorily and the Registrar refutes the charge sometimes levelled against them that they did not cater to the needs of the small owner. He points out that more than half the loans granted were for Rs. 2,000 and below. With regard to the other charge, namely, that there is great delay in the disbursing of loans the Registrar enumerates the several steps that have been taken to minimise this delay.

The urban banks and employees' societies that form an important limb of the credit movement have, as usual, done well though the recent change in the Civil Procedure Code raising the non-attachable portion of salaries from 20 to 100 rupees has worked adversely on these societies; because most of the overdue loans are of members whose salaries are less than Rs. 100

Taking therefore a general survey of the credit movement we may say that inspite of a disquieting increase in the number of D class societies and of set-backs here and there the movement is, on the whole, safe and sound and is progressing on satisfactory lines.

Proceedings of the Committee of Co-operation.

The Committee met at Coimbatore in the Agricultural College on the 9th of June and carried on their discussions for about 10 days. They seem to be slowly evolving their method of work; for we see that at Coimbatore they not only discussed certain topics but arrived at certain conclusions and formulated them in the shape of definite propositions. The topics discussed were (1) overdues and methods of reconstructing the existing societies (2) the constitution and function of central banks (3) urban banks and employees' societies. The various resolutions passed by the Committee are appended hereto. Individuals have been eliminated from Central Banks though provision has been made for nominating some to the Board of Management. With regard to urban banks and employees' societies the *status quo* is maintained more or less, though definite suggestions have been made for their better working. It is in dealing with the overdues and the best methods of resuscitating the D class societies that there was a good deal of discussion; the Committee have accepted the bold step of making use of the existing reserves for clearing all the existing bad debts.

We published in our last month's issue an article on the subject by the Hon'ble Mr. V. Ramadas Pantulu. He himself called the proposal revolutionary. Violent maladies require equally violent treatment and we are glad that the Committee have accepted with certain modification Mr. Ramadas Pantulu's proposal to wipe off the existing bad debts, which are a severe handicap to the movement and start it on a new basis and give it a chance to progress avoiding the mistakes of the past.

APPENDIX:--RESOLUTIONS.*

Rectification.

Societies may be divided into two classes:

*These are taken from press reports and no official or authorised report is available.

Class I comprises the following;

(*a*) Societies which do not owe anything to the Central Bank or outside creditors;

(*b*) Societies whose debts to the Central Bank and outsiders can be discharged by settling off the share capital held by the society in the Central Bank and the reserve fund of the society invested in the Central Banks.

Class II—Societies whose liabilities to Central Banks and outside creditors exceed the share capital held by them in the Central Banks and their reserve fund invested in the Central Bank.

(*i*) The bad debts have to be ascertained by such examination of individual loans as may be necessary. Some work has already been done in many areas mainly to ascertain the security behind the loans from the Central Bank's point of view. Additional examination, where necessary from the society's point of view, has to be done.

(*ii*) In so ascertaining the bad debts, effort should be made to scale down the debts so as to see if they can be brought down within the repaying capacity of the debtor. Extensions may be given in deserving cases where there is a possibility of recovering such scaled down debts in course of years in easy instalments. The principles of the Debt Conciliation Act and the Madras Debt Relief Act should be applied in scaling down debts.

Note:—The debts considered good and doubtful do not come under this scheme.

Note 2:—The principle already accepted in dealing with 'indebtedness' namely excluding the dwelling houses and the minimum holding of the debtor in addition to his belongings already made unavailable to the creditor by the Civil and Revenue Codes will be adopted in this scheme also in determining the assets of the debtor out of which the debt is recoverable.

(*iii*) Debts which are thus ascertained to be bad and cannot be recovered should be written off firstly from the bad debt reserve of societies. After the bad debt reserves of societies are exhausted, contributions to be made by the Central Bank from its bad debt reserve in such proportion and on such principles as may be determined.

(*iv*) Liquidation of bad societies which can in no event be rehabilitated whatever help may be given to them.

(v) The societies left over after undergoing the treatment detailed in (i) to (iv) above should be brought under a trust scheme the main features of which are as follows :—

(a) The area of operation of each Central Bank shall be taken as a unit for the purpose of the scheme.

(b) The statutory reserve funds of the primary societies in the area of each and of the concerned central bank shall be pooled into a trust fund.

(c) The Registrar shall be the Trustee for the administration of this fund and in the districts the Deputy Registrar or some other officer nominated by the Registrar will be the representative of the Trustee.

(d) A small Board or Committee consisting of three to five representatives of Central Banks and such other interests which have to be safeguarded to be constituted to aid the Trustee in the administration of the Trust Fund.

(e) In addition to the Trust account of the pool of reserve fund, a separate account to be maintained of the constituent societies and Central Banks and their individual ownership in the reserve funds will not be affected by the scheme. The interest on the reserve fund would continue to be paid to the respective societies.

(f) It shall be competent for the Trustee to operate on the trust fund in order to rehabilitate the weak societies by writing off bad debts and render such other modes of financial assistance as may be decided upon.

(g) The contributions to be made from the reserve funds of societies and central banks for the purpose of carrying out the objects of the scheme shall be determined in accordance with the rules to be framed in this behalf.

(h) The Trustee will refuse to extend the benefits of the scheme to societies in which the bad debts and losses are attributable to fraud or gross mismanagement and where such losses can be recovered from the individuals responsible for them. In such cases the Registrar will have power to enforce unlimited liability without liquidation and pass orders of contribution against persons responsible for the fraud or mismanagement.

(i) The Trustee shall also have power to insist upon debts being promptly collected and applied in discharge of the liabilities of societies and if societies willfully fail to comply with his requisition, he may also refuse the benefits of the scheme to them.

(vi) This scheme is a *temporary* one to deal with the existing arrears and not with future loans or reserve funds built up in future. It shall be in force from such date and for such period as may be notified.

(vii) Suitable legislation to be passed to permit the use of the statutory reserve fund in the manner indicated in this scheme to recover losses sustained by fraud or gross mismanagement of societies from those responsible for such loss without liquidating the society and to empower the Registrar to carry out the scheme and allied purposes.

(viii) The existing good debts (after writing off bad debts) should be segregated from the loans to be advanced hereafter. While the unlimited liability may be preserved in the case of the existing debts, new loans should, as a rule, be advanced on the basis of limited liability subject to the exception already adopted namely, unlimited liability may be retained where local co-operative opinion so desires.

(ix) In the matter of advancing new loans, the principles of the Debt Relief Act should be adopted as binding, that is to say, interest should not be charged at more than 6¼ per cent. to members and the rules regarding the determination of the arrears recoverable in future by the society should be the same as those laid down by the Debt Relief Act in force for the time being.

Central Banks.

I. (a) Co-operative central banks should continue to be independent financing banks for their respective areas, and affiliated to the Provincial Bank as at present.

(b) The existing federal structure should not be disturbed. The proposal to convert central banks into branches of the Provincial Bank is radically unsound and should not be accepted.

II. (a) The principle of co-operative central banks being constituted for large areas on the basis of one central bank for revenue district is sound and should be adhered to;

(*b*) Having regard, however, to the history of the central banks in this province, they should be allowed to continue to function as the financing banks for their present areas, if local conditions and opinion require it. But it shall be without prejudice to any scheme of amalgamation where local co-operative opinion favours such amalgamation.

III. (*a*) Time has come for the elimination from the central banks of the individuals so as to make central banks pure type banking unions composed of affiliated societies alone. That will make the federal structure of the credit movement more co-operative, and, reasons for divorcing finance from supervision which was urged in the past, will disappear.

(*b*) In order to give central banks an opportunity to avail themselves of the services of individuals possessing expert knowledge in co-operative banking or co-operation, or whose presence in the management will prove helpful, power must be given to co-opt such individuals to their Committees, not exceeding 3, if they so desire. The bylaw should provide for it, but it should be left to the discretion of the central banks to co-opt or not. The co-opted members will have the same rights and privileges as the elected members.

Central Banks should only lend to affiliated societies and not to individuals.

The operations of the Central Bank should be limited to short-term and intermediate loans and not to long term loans. The intermediate loans should not run normally beyond 5 years, in exceptional cases from 5 to 7 years; and in no case should they extend beyond 7 years.

" The experiment of encouraging marketing societies (Loan and Sale Societies) to build godowns by subsidies and loans granted by Government has not been a success, mainly because such societies have no resources to build godowns or to put the godowns to remunerative use. It will be also advantageous to advance subsidies and loans to central banks on suitable conditions to enable them to construct godowns and maintain them for the benefit of village societies and agricultural marketing societies."

" If a member of a co-operative credit society wants a loan over and above the individual maximum borrowing power fixed in

its bye-laws and if the Central Bank is satisfied with the security (mortgage of the property) offered by him, it shall be open to the bank to relax the limit in individual cases. Consequential amendments permitting this should be made in the bye-laws of the society and the bank."

"The Central Bank shall be permitted to develop a safe custody department and to take a repledge of the gold on which a society has lent sums to its members."

"The Committee recommends to the Government to lend to the Central Banks the funds necessary to dispose of the lands purchased by societies and Banks, on a rent purchase system on such terms as the Government may consider suitable.

(ii) If the Government is not prepared to provide such accommodation, the Committee recommends that suitable arrangements be made for the Madras Central Land Mortgage Bank lending the necessary money to the Central Banks who will undertake to discharge the same in a period of 20 years. Suitable legislation may be passed to give effect to this scheme."

Urban Banks.

The working of urban banks in the province is on the whole satisfactory. The committee recommends:

(*i*) There should be only one bank for each urban area. Where the area is large, sub-societies may be constituted subject to local conditions; the sub-societies shall be entitled to send representatives to the board of the bank. Where sub-societies are not constituted, the election to the board should be on the basis of the ward system or through an electoral board.

(*ii*) As regards management, wherever local circumstances require it, there will be a paid secretary.

(*iii*) The term of office of the directors shall be three years, and the retiring directors shall ordinarily be eligible for re-election; but it shall be open to the society to bar re-election for a specified period. Normally no special qualification is necessary for a director, but in special cases, a minimum qualification may be prescribed.

(*iv*) Urban banks shall continue to give loans on the security of persons, mortgage of immovable properties, deposits of gold and silver and insurance policies. Loans may also be advanced on the pledge of agricultural produce and industrial products, utensils and other household articles of value. Restrictions placed on the terms of the loans should not be too rigid. In the case of loans on gold and agricultural produce the area of operation of urban banks may extend up to five miles beyond the area of the town provided there is no society there doing such business.

(*v*) The existence of urban banks need not stand in the way of societies for separate interests such as crafts, arts and salaried officials; but, where there are no such separate organisations, the urban banks may be entrusted with the duties of organising and financing artisan classes and craftsmen as well as persons employed in other occupations in order to save them from exploitation by middlemen and money-lenders.

(*vi*) Urban banks shall make special endeavours to encourage thrift deposits by distribution and collection of hundi or home safe boxes for the purpose.

(*vii*) The rates of interest allowed by urban banks shall not be more than half-a-per cent over and above the rates on their borrowings allowed by the central banks working in the area.

(*viii*) Cash credits may be allowed to individual members on proper security; and the rate of interest on this and other loans shall not exceed 6¼ per cent.

Societies for Government Servants and Employees of Local Boards and Municipalities.

1. In places where there is a Government Servants' Society or an Employees' society, Government servants and employees of District Boards and Municipalities may join as members of such societies only. They will not be entitled to become members of any other credit society. A Government servant or employee who is already a member of another credit society will be ineligible for membership of an employees' society unless he pays or otherwise satisfies his dues to the said society and resigns his membership.

2. The limit of the borrowing power of each Government servant or employee should be limited to four times his salary provided however it will be open to the society to grant loans beyond the limit on pledge of jewels or other valuable securities.

3. Compulsory savings may be enforced by distributing homesafes and hundis to the members.

4. One of the chief aims of the society will be to foster compulsory thrift; the Government servants and employees must be required to insure their lives in any insurance company and the premia thereof must be deducted from the pay. Contribution to the provident fund or the daily deposit or the monthly or the weekly deposit may be instituted for the savings of the members; but, where legal or departmental restrictions exist in other directions, such as in the case of Eurasians, insurance of life should be optional.

5. The societies must undertake to encourage subsidiary occupation and cottage industries among members of the families of Government servants and employees and Government must render help in this direction by subsidies and lending officers.

6. To facilitate collection, the Committee recommends to Government to take powers by special legislation, if necessary, to enable disbursing officers to compulsorily deduct from the salary any contributions due from Government servants towards Government servants' societies. Similar powers must be taken with regard to societies for employees of Local Boards and Municipalities.

7. Where there are transfers of employees from the area of one society to another area, the lending society should have the power to require the officers in the latter area to make the necessary deductions.

8. Heads of departments must be instructed to take interest in the working and welfare of the institutions and if the members desire they may be made also the presidents of the societies concerned.

The T. U. C. S., a Retrospect & Prospect

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

The T. U. C. S. is to be congratulated on the 46th report for the half year ended 30-6-1939 which was considered at its General Body meeting held on the 14th of May last. Time was when, for various reasons we need not go into, half yearly reports were considered one or two years after the period concerned. It is therefore a matter of congratulation that the Society is in arrears only with regard to one half year. We hope that soon this delay also would be avoided and the report of a half year will be considered before the end of the next half year as is contemplated by the by-laws of the Society.

Though there was a slight fall in the membership from 5,818 to 5,745; there was an increase in the share capital from Rs. 81,312 to Rs. 81,841. The sales for the half year amounted to more than Rs 4½ lakhs which showed an increase of more than Rs. 20,000 compared with the corresponding half year of the previous year.

The Reserve Fund wants just three hundred and odd rupees to reach a lakh. As against outstanding loans of about three and half thousand rupees of the credit section which has been closed, the society has made provision for bad and doubtful debts to the extent of two and a quarter thousands. The directors recommended and the general body accepted that interest on share capital be declared at 3-1/8 per cent. and that the staff be paid a bonus of 10 days' salary. With all this they were able to declare a dividend of two pies in the rupee to every member-purchaser. All these are quite satisfactory.

It is well-known that the T. U. C. S. is the biggest Indian Co-operative Store and is held up as a model for other stores in the country. It is also a matter of some satisfaction to us that in Poona, Bombay, Karachi, Delhi and Nagpur, the Madrasees have started and are running successful co-operative stores and thus are keeping the T. U. C. S. flag flying, as it were, in those distant places.

Yet we should not be satisfied with the success achieved; but must plan for gradual expansion and take steps every year to see that the ideal is made more and more realisable. We take this opportunity to give the T. U. C. S. a few suggestions. There is nothing very original about these; many of these have been made at the annual day celebrations at the Head-office and of the branches. We bring them together for convenient reference and such action as the Board of Management may choose to take.

Firstly they must concentrate on effective membership. The monthly bulletins published by the T. U. C. S. show that nearly 50 per cent. of members either do not purchase articles from the store at all or purchase for less than Rs. 5 a month. The non-purchasing members must be gradually eliminated. Secondly there must be a membership recruiting campaign conducted every year as Western countries are doing. As it is, the old policy of 'good wine needs no bush' is being followed. But in the progressive countries of the West the gospel of co-operation is not allowed to make its way slowly to the masses, but is brought to them and preached to them in an attractive and an appealing manner. There is no reason why that policy should not be followed by us as well. In this connection we may be permitted to observe that a good deal of money is being spent out of the common good fund of the Society for propaganda, but not in an efficient and useful manner. Reading rooms that are maintained at all branches are getting only the daily papers of the city. Moreover every branch is celebrating its own Day and the Head-office is making its own contribution towards the celebration, and this again is from the common good fund. The maintenance of the reading rooms, the branch day celebrations together with the celebration of the Co-operators' Day at the Head-office accounts for an expenditure of about Rs. 2,500 a year. It is for the authorities to see whether they could not divert this fund in a more efficient way of propaganda on behalf of the T. U. C. S. and popularise it amongst the citizens of Madras. The city with its population of over six lakhs has got a membership of about 6,000 i.e. less than 1 per cent. of the population has been brought within the fold of the T. U. C. S. This is, certainly, not very satisfactory.

Thirdly, consumers' co-operation has not reached the class of people corresponding to the working class of England who are the great supporters of the movement. Labour in Madras is getting organised but only to demand better wages and conditions from the employers. Students of the history of the Labour Movement in England know that labour in that country had, about a century ago, a three fold programme for progress, Political, Economic, and General, regarding relationship with their employers. The Chartist Movement, the Co-operative Movement and the Trade Union Movement were the three lines along which the labourers of England tried to progress towards betterment of their lives. Fortunately in this country there is no need for agitation for further political rights and privileges as the great national organisation, the Indian National

Congress has taken up the task. Even as it is, a good deal of improvement has been effected and though adult franchise has not been reached, the vote has been given to a comparatively large number of workers in the land. It is therefore necessary on the part of our labourers and their leaders to concentrate their attention not only on their struggles with their employer to get better wages and better conditions of labour but also on the problem of effecting their economic improvement by enabling their members to spend their money wisely as their bretheren in England did. The T. U. C. S. should provide special facilities for well organised labour as in factories and well-established companies to make their purchases from the stores. The leaders of the labour movement also should try to co operate with the T. U. C. S. and make every pie of the hard earned money of the labourer go the longest way possible by making labourers purchase their requirements from the stores.

Starting new lines of business is a point for urgent consideration by the management of the T. U. C. S. The fact that on previous occasions new lines were started and they came to grief is no argument for not trying again. Supplying cloths of some standard types and varieties is a line which can easily be effected. Stocking of patent medicines and articles of stationery can also be done. What is required is the determination to go forward and not to be satisfied with the small achievements that stand to our credit.

Enlisting the sympathy of women in the movement and making them share more and more responsibility is a line of development that has not been given the attention it deserves. In England as everybody knows, it is "the woman with the basket" that is the ultimate cause of success of the movement. In India also the woman does play an important part in the household affairs, but at the present time only as a critic of purchases made by her husband. Whatever might have been the social reasons for the non-recruitment of women as panchayatdars and directors thirty five years ago when the store was started those reasons do not exist at the present time when enlightened women are available in sufficiently large numbers to serve on various public bodies. It ought not to be difficult for the T. U. C. S. to secure the services of some ladies to serve as panchayatdars or members of its purchase committee.

Lastly there is something in the persistent demand made by some members to give credit facilities to enable the members to purchase their requirements from the Store. Let us not be misunderstood on this point. We are certainly not advocating the revival of the credit section as it was run in former days when a member could get three times his paid-up share capital as loan on a pronote executed solely by himself. This privilege we know, was very much abused. As the maximum share capital allowed was Rs. 250, according to the rules then prevalent a man can get a loan of Rs. 750, without being under obligation to anyone else to stand as surety for him; that is, he would get a net loan of Rs. 500, practically on no surety whatsoever except his own character. It is not the revival of this section that we advocate, but the provision as Mr. R. Suryanarayana Rao of the Servants of India Society pointed out (at one of the Branch day celeberations) for small loans given to members to enable them to purchase provisions at the end of the month. A man especially in this country where every shop-keeper is willing to give him a month's credit imperceptibly slides into the habit of getting articles on credit and almost every salaried person finds that his pockets are empty after the 15th of the month and certainly after the 20th. In the last 3rd of the month he feels the pinch and being unable to purchase for cash goes to a shop-keeper who supplies articles on credit. But if there be a provision that a member could get that small amount from the store itself within the share capital that he has subscribed, it would be possible for him to continue to be loyal to the store. It is some such credit that Mr. R. Suryanarayana Rao advocated and which we are endorsing. Even this amount need not be paid in cash to the member; but he may be permitted to purchase articles upto a limit on the strength of his share capital. It is a pity that a proposition on this point was defeated at the last general body meeting. We take it that it is indicative of the horror of the general body for the revival of the credit section whose past history is stinking in the nostrils of every member. We hope that in course of time balanced judgment will prevail and simple and safe facilities will be given to every member for the kind of restricted credit we are advocating.

The authorities of the T. U. C. S. will do well to realise that there are more competitors to their business to-day than was the case three decades ago when the institution was started. The late Mr. Hanumantha Rao used to mention how the ordinary shop-keeper forty years ago kept his things in such an untidy way and dealt with the customers in such an uninviting manner that many an educated person of the middle classes found it a pleasure

to go to the store and purchase things. But all this has become changed. The retail shop-keeper of to-day has grown very much wiser and more business-like and has stollen a march over the stores in the matter of making the shop attractive and his manners towards customers also have improved considerably. He is therefore a more formidable rival to-day than he was a few decades ago. Secondly, there is a class of suppliers who may be called single commodity experts. There are people who are dealing only in particular commodities like rice, coffee-seed, butter, gingely oil etc. and these create an impression that because they deal only in one article their supply is the best possible and they are able to capture business from upper middle classes, whose lady folk fall easy victims to their specious arguments and insidious advertisements. Thirdly there is Provincial Marketing Society which has opened a retail shop at Triplicane and is carrying on a rival trade in the supply of most of the articles stocked by the T. U. C. S. and very often their price compares favourably with that obtaining in T. U. C. S.. These are some of the rivals whose existence and vigorous work has to be taken cognisance of by the authorities of the T. U. C. S.

We are glad to learn that the long delayed supply of pure gingely oil to members by manufacturing oil by means of pinto-checkus electrically run has become an accomplished fact and we hope that the T. U. C. S. will progress more and more along new lines and would eventuallly become a wholesale supplier of all articles needed by the citizens of Madras.

Multi-Purpose Co-operative Societies.

A SCHEME FOR LOCAL SELF-GOVERNMENT IN RURAL AREAS.

(BY DR. KAILASH NATH KATJU, M. A. LL. D.)

Public attention has been widely drawn to the urgent necessity of effecting large improvements in the country-side. It is now realised that villages have been neglected and the conditions prevailing there are wretched and miserable. District Boards have not penetrated the village. Their activities have mainly been confined to communications in the district, advancement of education and public health and such other activities dealing with the district as a whole. The interior of the village, it would seem, has almost been of no concern of the district board. It has, furthermore, done little or nothing towards the amelioration of the economic condition of the villager. Here and there a district board may have established a seed store; otherwise it has not attempted to deal in the slightest degree with the vital problems of production and marketing or with the encouragement and development of cottage industries in the rural areas.

The need for rural development and rural re-construction has been recognised, and practically in all the provinces schemes, ambitious or modest, have been formulated for achieving progress in this direction. With the same object in view it is considered desirable to establish local self-governing institutions in the villages. It is felt that these institutions springing as they would in the village itself will evoke both local response and local co-operation and also give scope to local initiative, and will therefore prove an efficient instrument both for the political education of the villager in the art of self-government as well as for the improvement of his environments; and it is generally held that this object will be attained by the establishment of panchayats on a very extensive scale. It is also thought that inasmuch as the panchayat is an ancient institution suited to the genius of the people, it will appeal to the villager and will be an effective agency for the execution of progressive schemes. One accordingly reads reports in newspapers that legislation for the establishment of these panchayats in the rural areas has been enacted or is being undertaken in many provinces and also in several Indian States. I am not familiar with the lines on which these panchayats are proposed to be constituted, but it seems to me

that the method most commonly favoured is that of election. The panchayats, speaking broadly, are to be modelled on our existing municipal institutions. The franchise may undoubtedly be wider; the panches may be elected by a process of adult sufferage, but in substance the machinery will be the same. The panches will be elected for a term of years and the panchayat so constituted will be a body of persons having both executive and taxing authority. It will have obligatory as well as discretionary powers. It will have funds of its own, and it may add to these funds by a little local taxation.

I do not propose to dwell at any length on the merits or demerits of this system of local self-government. Nor do I wish to emphasise that elections may in coneeivable circumstances lead to friction and to rivalry and instead of promoting peace and harmony in the village may end in discord and corruption.

I wish, however, to emphasise strongly two aspects of this problem. One is that representative government is a device which need only be adopted where it may not be possible, owing to the largeness of the number of people living in a particular area, to entrust the conduct of the administration of local affairs to the people themselves, individually and collectively. Where by reason of the smallness of their number it may be feasible for the village community to administer its own affairs directly and efficiently, every one will, I think, admit that that would be the best possible method of local self-government. One of the banes of representative institutions is the danger of lack of contact between the electors and their representatives. Everybody recognises the necessity of the individual citizen or resident of a local area taking a keen and continuous interest in local affairs so that there may be constant play of healthy public opinion to guide and influence the action and policies of the elected representatives of the community. But everywhere it is found that the ideal is never attained, and so far as India is concerned, if past experience is to be of any value, one must admit that much is left to be desired. The electors leave the administration of local affairs very much to their representatives and only seem to wake up at the time of periodical elections.

The second point which to my mind is of vital importance is the fundamental difference in the needs of a village community as compared to the needs of the residents of an urban area. Local self-governing institutions of urban areas, be they large or small, be they municipal boards or notified area committees, are largely concerned with providing well-recognised amenities for the benefit of the residents—a good drainage system, supply of pure drinking water, good roads, efficient system of lighting, markets, slaughter houses, parks and recreation grounds. Added to all that is the duty of providing for elementary education to the children living within the limits of the municipality. With the economic condition of the residents, municipal boards, as such, have no direct concern; and indeed the occupations of the residents in the urban areas are so diverse that it is impossible for any municipal board to make any special endeavour for their betterment. On the other hand, the village community in a rural area, in spite of its seeming disintegration, possesses real unity. The members are engaged only in one particular pursuit, viz., agriculture, and its allied industries. Their needs in so far as amenities in the abadi itself are concerned, are few indeed. Unless a village is hopelessly congested there is plenty of fresh air and facilities for a supply of pure water for drinking purposes either exist or can be easily arranged. Improvement and development of a village, as we understand them in the sense of an urban area depend largely on consideration of improvement of the economic condition of the villagers, and moreover do not need any similar continuous attention. If rural development only means widening of village lanes, sinking of a few wells and the opening of ventilators in houses, the whole task can be performed, if some funds are available, within a few months. But as I visualise it, rural development consists in a sensible and indeed considerable increase of the wealth of the individual villager by effecting improvement in methods of production and of marketing and by the development of cottage industries. If the wealth of the village community increases I have no doubt that living conditions will also become better and amenities will follow in the wake of prosperity.

Then there is another essential consideration. For effecting improvements in the abadi of a village the machinery of a panchayat periodically elected may prove effective, because for making such improvements the continuous interest and co-operation of individual villagers is not a desideratum, but if you wish to effect considerable improvement in agriculture, if you wish to induce the villager to adopt methods for better farming so that his production may increase, and if you want him to take to organised and rational methods of marketing so that he may get proper prices for his produce, that is not definitely in my judgment a task which can be performed by a

panchayat consisting of a few individuals; it will require the ready, and willing and continuous personal co-operation of each single villager. You have to convince every cultivator that what is proposed is for his good, that the methods which he follows are antiquated and should be abandoned in favour of other methods; he will have to be persuaded; his assent, and intelligent assent, will have to be won by personal appeal to him either individually or through an organisation of which he himself is a member. If we consider the problem of the village from this point of view it will, I am sure, be apparent that we should explore other methods of establishing local self-governing institutions in the rural areas, and I suggest that an efficient and practical and useful method would be the co-operative method. It is a matter of profound regret that up till now the activities of the Co-operative Department have become synonymous with the application of the co-operative principle to one particular form of activity, viz., provision of cheap credit for the villager. Further even this limited activity has been carried on under the aegis of an official department. It is small wonder that co-operation has not appealed strongly during all these years to non-official workers. But things have now changed. With the advent of provincial autonomy there can be no difficulty about expanding the activities of the department on absolutely national lines and to organise the whole of the countryside by the pursuit of co-operative methods.

I may sum up in a few words what I have suggested above as the essential requisites, of a self-governing organisation in the rural area. Firstly, it should be an organisation of which practically every villager is a member and in which he himself takes an intelligent interest; and secondly, that organisation should look after the life of the village community as a whole and should not confine itself to the mere requirements of the abadi; *i.e.* it should try to serve all their needs. As I said elsewhere, it should undertake to look after the villager, the resident of the village, from his craddle down to the end of his days.

I suggest that the above two essential requirements will be completely met by the organisation of multi-purpose co-operative societies in villages with a population not exceeding 12 to 15 hundred souls. I do not impose any minimum limit; but a maximum limit is necessary because the society must be so constituted as not to become unwidely and impractical by the mere size of the number of its members.

The constitution of this multi-purpose society should be based on each family in the village as a unit. In my opinion, the family even now is broadly considered to be a unit in the life of a village community. The villager goes by houses. If you ask him as to the population of a village, more often than not he will not give you the number of people residing in the village; he will say, "We have so many houses—100 or 150," in other words, they have so many families in the village. For the constitution of our society we should therefore treat each house or family as a unit, and each house should send one representative, or at best two if the family is a very large one, to the society. This representative will normally be the head of the family, but in rare cases where the father of the family, has become too old, he may be the younger brother or a son. Anyway, the family itself will be associated directly with the society. With a maximum limit of about 200 or 250 houses or families in a village we may have a society (by 'society' I always mean a multi-purpose co-operative society) consisting of about an equal number of members; and I think there should be no difficulty in such a body being quite business-like in its methods. We know that each *biradari* has a panchayat of its own. The *biradari* meets in full strength and then deliberates and comes to conclusions and decisions. Therefore, I feel no difficulty in thinking that a village society consisting of 200 or 250 members would be able to deliberate upon matters of common interest to the villagers in every espect of their life—economic, cultural or even political. One such society is formed, then the conduct of its affairs should present no difficulty. Each society will have its own rules and bye-laws and these will provide for the conduct of its affairs, the procedure at the meetings of the society, the power of the society to enforce its rules and bye-laws by expulsion or by inflicting punishment through fines and other methods.

This society should carry on all kinds of useful activities in the village. It should have separate sections, each section looking after one particular kind of work. One section would look after better farming, another after marketing, a third after village industries, a fourth after village sanitation, a fifth after the education of boys and girls, a sixth after culture and village amusements, and so on. The society would meet once a month or at longer or shorter intervals as may be decided upon, and all questions of policy would be decided by the society itself. Each villager will in this way have an opportunity of having his say in all that concerns the improvement of the

abadi of the village and about methods of agricultural production, farming and marketing and also the development of village industries. The officials of the various nation-building departments, Agriculture, Industries, Co-operative, Excise and Irrigation, will have an opportunity of coming into contact with the village community as a whole at the meetings of the society and of explaining either the policy of the Government or the better and improved methods which will lead to the improvement of the village in any particular direction. This is in itself important, because it is common experience that these officials find it exceedingly difficult to meet the village as a whole and they seldom get an opportunity to explain to or advise the villagers as to what they should do for bettering their economic condition.

The constitution of the society in this way would do away with all questions about method of election, direct or indirect, joint or separate, and there would be no canvassing also in any shape or form. The family will choose its own representative and a meeting of the society will present an opportunity for all the villagers to come together and should, I think, promote peace and harmony in the village.

For carrying out and executing its decisions the society should have a working committee. This working committee may be called a panchayat and should be elected every year. It should not be too large in numbers; at the same time it should be sufficiently large to allow every caste, creed and calling to be represented on it. As a matter of fact, to my knowledge, in numerous villages in the United Provinces such societies have been established, and it has been very pleasing to find that the members of the societies of their own accord voluntarily and without any outside pursuation have elected as their working committee members of all communities, Hindus, Musalmans and Harijans, and the panches have worked together in a cordial manner. The panchayat so elected will be answerable to the society for its conduct. At practically every meeting of the society it will report upon the work done since the previous meetings and how the decisions of the society have been carried out. The panchayat will have no funds of its own and will not lay down policies; nor will it take decision on large questions, and I should therefore think that the objectionable features which one sometimes finds in notified area committees or even in larger bodies, would be absent from the working of these panchayats.

The society will have funds of its own raised according to its rules and bye-laws. This is a matter of detail to be adjusted in accordance with local needs in different parts of the province, but I would broadly suggest a minimum subscription for membership payable by each member, no matter whether he is a zamindar or a tenant or a landless labourer, residing in the village. The minimum may therefore be within the means of the humblest resident of the village; or the minimum may be of two kinds—eight annas or one rupee per annum for a particular class and four annas per annum for the members of the Harijan community. But along with this minimum I would also recommend a provision in the rules and bye-laws of the society prescribing payment of an extra sum by way of subscription graduated according to the means of every member. If the member is a zamindar he might pay a percentage of his rent-roll of the village plus the profits of his "Sir" and "Khudkasht". It may be one or two per cent. or more as the local situation may demand. Similarly in the case of a tenant, there should be a percentage of his assumed profits from cultivation. I have noticed that some recommendations have been made on the basis of the rent payable by a tenant. This would work very harshly. The burden caused thereby will be the severest on the poorest classes of the tenantry. For instance, take the case of fixed rate tenants or occupancy tenants of old standing. The rent they pay is very low, but their economic condition, comparatively speaking, is much better than that of other tenants. Highest rents are paid by sub-tenants or statutory tenants and their economic condition is correspondingly bad and any contribution based on a percentage of rents will bear very harshly on these very poor people. I think, therefore, that the contribution by the cultivator should be either on the basis of his assumed profits from the cultivated land or on the number of ploughs or bullocks he has or something which has direct relation to his economic conditon.

In addition to these voluntary contributions I would also expect that Government and or district boards would make definite grants to each society in the manner which I shall discuss later. In addition to these fixed voluntary contributions from members to which I have referred above the society's bye-laws can easily provide for the imposition of fines on members if they do not observe the rules and bye-laws of the society and these fines will augment the funds of the society. Similarly there will be fines imposed by judicial panchayats to which I shall refer later.

I may also add, that from the experience that we have gained in the United Provinces during the last two years of the working of these societies on a large scale, I find that the villagers have shown a perfect readiness—which has been, I must confess, an agreeable surprise to me—to contribute by special subscriptions for works of village utility. The impression that I have formed is that if you impose a tax on a villager and tell him that the proceeds of the tax will be spent in the making of canals or in building hospitals or on any other large-scale project far removed from his view or the view of the village, then he becomes suspicious and is a very unwilling paymaster; but if you tell him that the money shall be at his disposal, shall be spent by him and may be devoted to objects from which he himself will benefit in his daily life, such as village wells for drawing water for drinking purposes or for irrigation purposes, widening of village lanes, construction of by-paths and lanes connecting the village with pucca roads or construction of Panchayat-Ghars, then, in spite of poverty, the villager will be prepared to contribute his mite and not only his mite but to contribute generously. Therefore, I feel certain that if we have a well-organised society functioning properly and honestly it will never feel the want of funds for any object calculated to promote the welfare and prosperity of the village.

We have formed many such societies, and particularly we have formed a very large number of better living societies as a basis for multi-purpose co-operative societies throughout all the districts of the United Provinces. We have also said that for organised community life of the village it is essential that a society should have a habitation of its own where all the villagers can meet every evening and discuss matters of interest, celebrate local festivals, have public entertainments and amusements, such as music and folk dance, village sports and such other things; and have a place for holding their meetings, for the distribution of free medicines and accommodation for a Kanya Pathshala and such other objects. The response in regard to the erection of these Panchayat-Ghars has been splendid, and I should think that when these societies to which I am referring in this note, are largely formed it will be found that each will soon have its own Panchayat-Ghar. But wherever there may be a school house existing in the village it may be convenient for the society to acquire the school house from the Education Department or the district board for use as Panchayat-Ghar. The terms can easily be agreed upon, and rooms may be added to the school-house by the society to provide for all village necessities.

I need not emphasise once again that one of the primary and essential functions of the society will be to promote better farming and better marketing. With this object in view it will arrange for the supply of improved seeds, better agricultural implements and fertilisers and, if need be, will establish a seed store of its own in the village. It will also look after better marketing of the agricultural produce of its members and also for the development of industries allied to agriculture such as dairy farming, gur and khandsar making, and oil-pressing. In addition, there will be other cottage industries such as spinning and weaving, wood work, tanning etc. In short, the function of the society will be to look after the interests and welfare of the village community as a whole and not in sections. It will of course require credit for the due discharge of many of its responsibilities. The primary object of the society on its credit section will be to raise funds to enable the society to carry on its functions for the promotion of better farming and better marketing. It may keep a village seed store as well as a store of improved agricultural implements and fertilisers and even some pairs of bullocks for the use of its members, and the money which may be required for this purpose it shall raise from the solvent residents of the village as well as from outside co-operative agencies such as the district and central co-operative banks. It is not necessary to dwell at greater length on this aspect of the matter.

I indeed contemplate that so long as the present zamindari system prevails the society may very well enter into some arrangement to pay the rents of its members to the zamindar in a lump sum or in instalments on receipt of a rebate from the zamindar for relieving him of all his worries and expenses in realising them from each individual tenant.

It will now easily be realised that this society, if it functions well, should prove an efficient and perfectly practical form of a local self-governing body, and it will have the great merit of carrying with it the help and co-operation of every resident in the village.

The question may arise: how are these societies to be formed and when should they begin to function? It may be said that if we wait for all the families in the village to become members of such a society on a voluntary basis we may have to wait

either too long or such societies may in many cases never materialise, and we cannot afford to wait for an indefinite period. I think this difficulty can be solved by a simple and easy method. There is nothing to prevent any number of villagers forming themselves into a society of this kind. They may be a minority of the village community, but if we find that representatives of a majority of the families resident in a village have formed themselves into such a society, then we may have legislation to ensure that the decisions of such a society will be binding on non-members also. What this majority should be is a matter of detail; it may be two-thirds of all the families residing in the village or even 60 per cent. Discretion should be given to the Registrar of Co-operative Societies to ascertain before he declares that the enactment should come into force that the society consists of the requisite majority of residents and that it is properly organised and that it may be trusted to look after the affairs of the village in a business-like and impartial manner in the interests of the village as a whole. Not only should the decisions be binding on members and non-members alike, but any contribution which the society levies on its members should also become payable by non-members also. Non-members may, if they still persist in their attitude of non-co-operation with the society, be left to their own devices, but I dare say that when they find that they will be called upon to pay they would readily join the organisation so that they may have a voice in its deliberations and before any decisions are taken. Moreover, I am convinced in my own mind that in this matter example will prove infectious, and once societies are formed in the neighbourhood and when the villagers find that by forming themselves into a society they can get grants from the Government and district boards and they would acquire self-governing powers, then there will be great readiness on their part to form themselves also into a society so that they may also be the recipients of grants from the Government and district boards. Our experience in many districts in the U.P. has been that several villagers have applied to the District Rural Development Associations that their villages should also be taken into rural development zones so that the beneficent activities of the rural development association may also be commenced in their villages.

I think there should be a district-wise organisation of these societies, taking the village society as a basis. There should be a union of 25-30 societies as may be decided upon after consideration of all the circumstances. Each society should contribute to its union a fixed monthly sum which may be Re. 1 or Rs. 2 a month as the case may be. Each society should send one representative to the union, and the union would thus consist of representatives of all societies. There should be a supervisor who would be the secretary of such a union. We have already got supervisors in the Co-operative Department in charge of 25-30 co-operative societies. The duty of these supervisors will be to supervise the working of each society in the union, such supervision being mainly to see that the society's accounts are properly kept, that it is observing the rules and bye-laws and to keep a general eye on the management of affairs by the society concerned. If he finds any irregularity his duty will be to report that to the union. All the unions in a district should be formed into a district co-operative federation, each union sending a representative to the federation. Both the union and the federation will deliberate upon matters of common interest either to the union or to the federation; they shall consider questions relating to better farming, better marketing, development of cottage industries, of common inter-union or inter-society interest and so on. Government already provides a staff of inspectors and auditors for the supervision of existing co-operative societies. I think Government should undertake the responsibility of appointing inspectors and auditors in requisite numbers for looking after these societies as they grow in numbers. That should be a burden upon the Government, while the cost on account of the salaries of the supervisors should be borne by the societies themselves or by the societies and district co-operative banks in such shares as may be decided upon.

Government grants and district board grants may be made directly to a union, either earmarked for each society or to be distributed by the union among the societies or to several societies for inter-society purposes. In this way Government will take an active share, and the villagers will feel that the Government is doing something for the welfare of each village.

Before I leave the aspect of organisation I may add that I contemplate that each village of any reasonable size should have its own society but there may be very small villages, no better than large hamlets, where it may be desirable to have a society for a group of two or three villages with a total population of 50 to 100 houses.

Each village society should have a secretary. This person should be selected for his outstanding zeal and spirit of service to his village community. He should be secretary both of the society and

of its working committee. I feel no doubt that as time passes a man possessing the requisite ability and the requisite spirit of service would be found in every village to serve as a secretary. He may either work in an honorary capacity or, if necessary, he may be paid a small salary to enable him to find his food and clothing. I have spoken in many villages throughout the United Provinces about this matter. I have told the people that we find in each village a lot of Sadhus, Pirs, etc., who are cheerfully supported by the villagers; and if they find that there is a man devoted to them and who sincerely seeks to serve them, and if he is poor that they should readily feed him and clothe him for his labours. The response that I have received to such a view has been encouraging indeed.

In passing I may also note that it should be the duty of the secretary or the working committee to keep a register of all the families in the village. As a matter of fact, in one village in the Fyzabad district I found that the secretary of the society had gone to the length of keeping a register of all the inmates of the village with full particulars as to their names, sex, age, caste and creed. A register like this kept on a province-wide scale would be of invaluable assistance in census operations.

The society, as many have done already, should enrol scouts and volunteers for purposes of social service in the village. Many villages, I have noticed, have made arrangements for the guarding of their crops and for keeping watch and ward in the village itself. For purposes of better farming and organised profitable marketing the services of the patwari should also be utilised, and I think executive instructions can issue directing the patwaris to work as assistant or joint secretaries of these societies in so far as agricultural activities are concerned. The patwari can also render suitable assistance in other directions.

Prevention of litigation in the village should be one of the primary functions of these societies. In many villages I have heard the boast that for years no case has gone to any court, civil, revenue or criminal. The societies can encourage recourse to arbitration, but it is at the same time desirable that we should encourage the formation of small petty village courts where petty litigation not susceptible to arbitration should be decided without any expense. The establishment of a judicial panchayat for each village would be unnecessary. A single village is not to be expected to provide a sufficient volume of litigation for a judicial panchayat. I think for this purpose a group of villages should be considered to be a unit and a judicial or adalati panchayat should be formed for such a unit. Each society of the village forming part of the unit should nominate two or three of its members to be part of this judicial panchayat. As far as possible, members of the working committee should not be nominated for this purpose; but there should be no rigid bar, If there is a man in whom the villagers have complete confidence. then he may be nominated even though he may be a member of the working committee. Supposing five societies form a unit; then there would be ten persons as members of the judicial panchayat. The rule should be that any dispute arising in any village should be referred by the Sirpanch of the judicial panchayat to a bench of three panches, preferably residing outside the village to which the disputants belong. This would ensure complete impartiality on the part of the members of the bench in deciding that particular dispute. Judicial panchayats should exercise both civil and criminal powers. Petty criminal cases should be referred to it for trial and civil cases of a simple discription of a small cause court nature should also be tried by them. The procedure should be very simple and there should be power of revision in the case of criminal cases by the S. D. O and in the case of civil cases by the munsif.

This is in bare outline the scheme by which a co-operative society can function as an almost perfect local self-governing institution in the village and bring about its uplift and improvement in all possible directions. This note is not intended to be exhaustive. Many points of detail have to be thought out carefully; many gaps have to be fulfilled, and I am conscious that there is considerable room for improvement in the scheme itself; but the pivot of the whole plan is the attempt to induce villager to take an intelligent and continuous interest in the working out of his own salvation and that of his co-villagers.

Jellikattu or Pullikolam Breed of Cattle and its Improvement.

By Mr. R. Gopalan, Vegavathi Ashraman, Madura Dt.

Thanks to the great impetus given by our Viceroy and Governor-General of India, no time is more opportune than the present one for an intensive and comprehensive study of the problems of Animal Husbandry and the organisation of the Dairy Trade in our country.

Col. A. Oliver, Animal Husbandry Expert, Imperial Council of Agricultural Research, states:

"It is desirable to breed dual purpose cattle; but there has been much difference of opinion as to how far it can in practice be obtained, in one and the same strain, in existing circumstances in India.

The type required by purchasers of work cattle in India is essentially different. What they demand is a virile active type capable of prolonged work at as fast a pace as is compatible with the load to be hauled.

It is, of course, quite possible to produce comparatively slow-working bullocks from stock in which a capacity for milk production is to some extent developed, but throughout India it is generally considered, from the experience of ages, that a high milk-yield is not compatible with a capacity for fast work. For example the Amrit Mahal, Kangayam, Malvi, Nagore and Bhagnari working breeds cannot be compared with the Sahiwal, Red Scindhi and Gir breeds as milk producers, though it is quite true that in most of these breeds fairly good milkers can occasionally be found.

But in any so-called dual purpose breed, where an attempt has been made to retain two independently transmitted characters on a 50: 50 basis, much irregularity of breeding is liable to occur."

Hence, Col. Oliver, advocates that special types of *utility animals* are to be bred *i.e.*, as draught type or milch type.

"Whether marked detriment to a working breed will or will not eventually result from such a policy, no experienced breeder would deny that progress in the production of high grade working or dairy cattle would be much faster were only one factor to be considered.........To obtain satisfactory returns from live-stock in the sale ring or in competitive production, it is necessary to specialise. Such specialisation may even take the form of cross-breeding, provided that only pure breds are used on both sides; ....For India as a whole, where from time immemorial cattle have usually been bred for speed and working capacity, the right policy thus appears to be to continue to breed for work in the natural grazing areas, where the development of a dairy industry on modern lines would not be feasible and concurrently along with systematic development of a dairy industry to breed in suitable areas strictly for the highest possible milk yeilds.......... This is necessary in order that breeders can quickly achieve and maintain steady progress in one or the other direction, and so that cultivators can be assured of obtaining the services of high grade sires of the particular type they need." "Incidentally the small cultivator, who only aims at producing general utility animals, would be better able to obtain them if high grade sires of the two types were available for mating with his non-descript stock than if the services of bulls of only one type were obtainable."

This authoritative general conclusion of a celebrated Animal Husbandry expert was remarkably confirmed by an investigation into one particular type of breed, called the Pullikolam or Jellikattu breed, which I had the good fortune to carry out very recently in touring the Cumbum Valley and elsewhere in the Madura district. I am convinced, after a careful study of the whole problem that there is every probability of success, in a very short time, to achieve draught type and milch type animals in the Pullikolam breed of cattle.

I should like to discuss the problem under three headings *viz*:—

1. The characters of the present Pullikolam Breed; 2. Its early history as far as it can be traced from the the ancient Tamil Classics; 3. Suggestions for improvement of the present breed.

1. *The Characters of the present Pullikolam Breed.*

Numerous kinds of cattle are found in different parts of the Madura district and in some villages of the adjoining districts. Though they belong to one breed, well-known as Pullikolam Breed, they are given different names such as, Kilakad, Kilkattu and further sub-classified as Pachal Madu, Tolu Madu, etc. One peculiarity of this breed is that it is not named after the district or the place where it is bred but, more after its superior character of performance. The animals of this breed are very ferocious and they are reared more for sports than for draught purposes or for milking. The

common term used for this breed of cattle is "Jellikattu Madu." There is no breeding centre in Madura district by the name Pullikolam. When I enquired some of the villagers as to why it is called as Pullikolam Madu, they said that these animals are reared in adjoining forests and are so finely bred to bear a superior character of strength and vitality to face and kill tigers. Hence, they were termed as "Puli kollum Madu" (Destroyer of tigers). There are no records about this point, but we have to believe the tradition.

Pullikolam or Jellikattu breed of cattle are reared in different villages of the Madura district, but the largest breeding operations are conducted in the south and south-west of Madura and in the Cumbum Valley where there are vast grazing grounds. These animals are small in size but very active and capable of much endurance. Though short in stature, they are strongly built. They have broad foreheads, horns wide spread and curved inwards having sharp points; short and stout neck; well-developed hump; narrow and thin dewlap extending to the chest only; compact and well-ribbed up body, sheath adheared to the body; long tail with large tuft of hairs; strong, short and well set apart legs. These are the essential points for draught animals. In many points they resemble the smaller sized variety of the Kangayams, but they are finer bred and give the idea that they have in them the strain of the Mysore blood. This is highly probable as the animals are very active and are well-known for their trotting powers. Large numbers of this breed are now-a-days reared in Cumbum Valley by the Gowdas, who are the descendants of the original settlers from Mysore. The bulls and cows weigh from 400 to 700 lbs. (Weight taken by measurements). The bulls are very quick servers. They are badly neglected in feeding and management. The cows of this breed are very poor milkers and no records are kept about their performance. But some of the cows of this breed, which are kept in the Madura city are fairly good milkers. They yeild on an average 1 to 1½ Madras measures or 4 to 6 lbs. a day for a period of 7 to 8 months. The heifer calves mature at 3 years. Some of the cows come in heat within 60 to 70 days after calving, but as a rule they are not served at this heat, but served only in the second heat. They are not regular calvers. The belief of the cow-keeper is that if the animal is served in first heat, she drops in milk yield. Cattle breeders do not follow any systematic breeding.

2. *Early History.*

In order to trace the history of the best Pullikolam breed it would be necessary to make a brief reference to several valuable passages in Tholkapiyam and other ancient Tamil Classics, where there are records of cattle breeding and farming by several communities of the Dravidians.

Tholkappier, the disciple of Agastyar wrote a grammer which has lived these thousands of years and bids fair to remain for ever. His chapter on "Porul" is a rich mine of very valuable information. It treats of the 'Purushartas' duty, wealth, pleasure, and bliss which one has to attain in one's life. As the same kind of life cannot suit different types of people, this part of Tholkappiam is based on the geography. This geography does not speak of bays and capes or areas and boundaries but is a real scientific geography. It classifies lands into முல்லை, குறிஞ்சி, நெய்தர், மருதம், பாலை *i.e.*, table lands, forests, grass lands, deserts, and maritime regions. It gives the fauna and flora of each kind of land; the diet, the occupation, worship, amusements, music, and the degree of advancement of the people of the land. In other words it had reached the latest advancement in the idea of geography in the west and Tholkapier anticipated several thousands of years ago what the western scientist has just attained.

Tholkappier's work on different sorts of farming runs as follows :—

முல்லை காடும், காடுசார்ந்த இடமும்

1. Farming in forests and in adjoining parts. The people of these parts were shepherds who worshipped God Vishnu. Their occupation was domesticating jungle fowls, peacocks, etc., cultivation and harvest of varagu (fodder crop) and breeding of cattle.

குறிஞ்சி மலையும், மலைச்சார்ந்த இடமும்

2. Farming in hills. The Kuravas and other hill tribes, who inhabited these parts took up their occupation as cultivation of bamboos, root crops, and gathering of honey.

பழனமும் பழனஞ் சார்ந்த இடமும்

3. The third system of farming was மருதம் or farming in plains. The farmer class of peopie, who are termed as Vellalars, did mixed wet-farming, i.e. cultivation of paddy and rearing of cattle.

4. The fourth system of farming was நெய்தர் or farming in the coastal regions. This was chiefly conducted by fishermen, who

took up the work of gathering fish from the ocean and curing them; prepared salt and finally marketed the finished products.

For our purpose, it is suffice to make mention of these farmings.

People. To link the present condition of cattle and that of the previous areas, I would like to make mention of the people, who have and who are realy carrying on cattle breeding.

Tholkappier has written that farming in forest and in plains was conducted by Shepherds and Vellallars respectively and that they bred and reared cattle. From Tholkappiam and other authentical works I infer that Cumbum Valley should have been a breeding centre. The people, who are in Cumbum Valley at present are mostly Shepherd class, speak Canarese and are the descendents of the original settlers from Mysore. They are called as Kappilians and are respectable class of farmers.

According to a tradition which is current among them, they migrated from their original home in search of new grazing ground for their cattle. The herd, which they brought with them, still lives in its descendants in this Valley, which are small active animals well-known for their trotting powers. In the District Gazetteer it is mentioned that Kappiliyans were invited to Cumbum Valley by a Pandiyan King, to take care of Animal Husbandry work, as it was in a very bad stage then.

A local tradition, says that the Anuppans, another Canarese caste, were in power here in olden days, and that quarrels arose between the two bodies, in the course of which the chief of the Kapiliyans, Ramacha Kavundan was killed. With his dying breath he cursed the Anuppans and thenceforth they never prosepered and now not one of their descendants is left in the town. So from these informations I infer that Anuppans should have been the original inhabitants, who were conducting breeding, etc., in the Cumbum Valley. The present settlers should have improved the local cattle, with the herd or cattle they brought with them. Hence, I conclude that the present existing cattle in the Madura district which is termed as Jellikattu or Pullikolam breed carries characters of Mysore cattle, and that they are the progenies of the hybrid animals.

Kappiliyans or Gowdas seem to be worshippers of Lord Krishna. Scattered all over Cumbum Valley, we find stone monolithes depicting the several "Leelas" of Lord Krishna. The carvings of cattle in these monlithes resemble like the Amrit Mahal cattle of Mysore

State, which possesses characters such as long horns; round and compact and thin legs.

Next, taking up the amusement of the people, they seem to be fond of Jellikattu or bull baiting, which is peculiar to this part of the country. This seems to be the custom of Shepherd caste people. They have conducted this sort of game in order to select brave and deserving youths for marriage with the girls of the same caste. In other words, youths who came out successful in Jellikattu were awarded the hands of the young maids of the same caste.

Nowadays, we find that Kallars of the Madura district are conducting Jellikattu but not with the same idea. It is pointed out in the Madura District Gazetteer that these Kallars are war-like people and settlers from Vizainagar kingdom. A vivid description about their colonsiation in South India, especially in the Madura district is given there. To tell briefly they have settled at first as labourers under Vellalas, of whom mention is made previously. Later on Kallars have usurped the place of Vellalas and hence we find nowadays, most of the Kallars as born cultivators, ryots and land holders. As Kallars were fond of cattle rearing and farming they have adopted some of the customs and manners of the Shepherd caste people.

To conduct Jellikattu special young bulls of the ages of three to four are selected for this purpose from the Pullikolam breed. They are well cared for. They are kept separately and fed by the owner only, so as to make them savage towards strangers. These animals are seldom allowed for service. Some owners send their Jellikattu bull for grazing together with their herd of cows. Even in the midst of the cows in the herd the bull is not allowed to serve cows unless the attendant is negligent.

Improvement of the Breed

Now, I should like to give a few suggestions to improve the condition of this breed.

1. Much importance is given in rearing the Jellikattu bull but not to the real breeding bull whom you find roaming about the streets half starved and under nourished. The animals that elude capture in Jellikattu are estimated high in value. The estimated price ranges from Rs. 500 to Rs. 1,000. When once it is captured it is valueless and the very next day the poor animal is castrated. I saw some of the calves born to these Jellikattu bulls, *i.e.*, purely kept for sports. As a result of the stealthy services while grazing,

off-springs born are very good in health, strength and vitality and several times superior in characters when compared to those born to the breeding bulls of the same breed.

Hence I request the Director of Agriculture to bring in a legislation to the effect that permission should be obtained from the Deputy Director of Agriculture before the bull is castrated. The Deputy Director should select the Jellikattu bulls from the points of breed, type, conformation, etc. and if the marks awarded by judging comes to the required standard, then the animals should be certified for breeding and kept away from the hands of the castrator.

2. Such certified animals (bulls) are to be given premium by the Agricultural department. Another reason for castrating the bulls seems that it is too costly to feed and manage them. The owner of the Jellikattu bulls thinks it worth while to rear them, at any cost, as long as it is not captured, during the game, but says that it is not worth feeding and rearing after its capture.

3. The Pullikolam cows kept in the city of Madura are fairly good milkers. As these animals bear close resemblance to Kangayam cows, they can be crossed with the Kangayam bulls of high pedigree. The off-springs born to these parents are sure to be better milkers.

4. As stated above the animals are served only in the second heat or third heat and the lactation is necessarily prolonged. This tells much upon the condition of the animal. The milk-men do not seem to understand that prolonged service and lactation leads to *Long Dry Period*. In this connection, I like to mention that in all the Government Dairy Farms the poor milkers are served at the first heat; if this breeding principle is strictly followed by our milk-men then a good Dairy herd can easily be installed. Necessary propaganda to educate the cow owners in this respect should be made.

5. The cows which are lodged in the Madura city and in towns are richly fed with concentrates, with the object of obtaining a high yield of milk. This leads the animal to put on more fat and sometimes to sterility. Hence, I suggest that bulletins should be published in vernaculars on "Well Balanced Ration" and issued periodically. The ration should be computed after making a survey of the food stuffs, which are available in the locality.

6. Breeding societies are to be formed. For this cattle breeders and owners are to be admitted as members. Members should assemble periodically and fix the breeding principles. Their organisation should run under the control of the Deputy Director of Agriculture.

The same organisation should tackle the problem of fodder supply also, i. e., they should run the organisation on co-operative basis, "Purchase, stock, and distribute the feeding stuffs to the cattle owners."

Genuine records are to be kept on the performance of the animals certified and kept under the control of the organisation. These records are to be sent periodically to the Deputy Director of Agriculture. By adopting such methods, the Government can establish in a short time a good breed of cattle with the required characters.

7. In Cumbum Valley, in particular, fodder Cholam (Sorghum) is cultivated and fed to cattle after drying. There is dearth of fodder for about four months in a year. As the dry fodder loses a portion of its nutritive value it is better to ensilage the stuff. This procedure will not only improve the food value but will yield 2/3 of the green stuff instead of ½ in the case of the dry fodder. The scarcity of fodder during the four months mentioned above can also be overcome by ensilage.

8. Last but not the least, I suggest that Mr. R. W. Littlewood's work on "Live-Stock of Southern India" be translated in the different vernaculars of our Presidency and made within the easy reach of every cattle breeder or owner, as it contains very valuable information on breeding, care and management of live-stock.

"The Madras Milk Supply"*

(A REJOINDER.)

By Rao Bahadur Sri A. Rajabadar Mudaliar.

I have perused with thankfulness the informing note of Sri Dewan Bahadur K. Deivasigamany Mudaliar. The information given in my article regarding the financial results of the working of the milk supply societies and the Union was taken from the Registrar's last administration report. The note of the Dewan Bahadur on this point and on other matters is enlightening and helpful to a better understanding of the position.

The problem to tackle is how best the quality of the milk supplied to the vast majority of the consumers in the city may be improved and how the lot of the milking animals and their calves which are now so miserably maintained may be bettered. Dewan Bahadur Mr. Mudaliar states, "Any one who has seen the dark houses in which the unfortunate animals are housed in the city of Madras will refuse to drink any milk produced by the Madras milk men." This is shocking news to those who depend upon such supply. Urgent measures are obviously, therefore, called for to improve the supply of wholesome milk. The quantity of the milk supplied by the Union is about 1,400 measures a day which is but an insignificant portion of the total quantity of daily consumption in the city. Mr. Mudaliar thinks that for solving this problem satisfactorily legislation is necessary to segregate all the animals outside the municipal limits and in sanitary surroundings. This ideal may be impracticable to realise. The matter of supply of wholesome milk to the city population should be a legitimate concern of the Corporation which ought to render every possible help of a constructive nature instead of causing the closer of depots opened by the Union on grounds of sanitation. Why should the Corporation not build cattle yards in suitable centres and levy a reasonable rent for their occupation by such of the milk-men as would avail themselves of this accommodation and in the case of others who sell their milk to the public the Corporation can, I believe, legitimately insist on the milch animals being properly housed. A simple and cheap shed with the ordinary sanitary requirements may well be insisted on to be provided by every owner of milking animals who sells milk to the public.

It is gratifying to know that in recent months every can of milk received from the city or from the mofussil is tested scientifically

* In connection with the Madras Milk Supply there was an article, a reply thereto and a rejoinder. But these terms are used more in the conventional sense. The reader will find that there is not much of difference between the writer of the original article, Rao Bahadur A. Rajabadar Mudaliar, and the person who replied to him *i.e.*, Dewan Bahadur Sri Deivasikhamani Mudaliar. The point raised in the original article that milk supply unions are to be started in the various parts of the city is admitted to be desirable though there are great difficulties regarding that. In the rejoinder Mr. Mudaliar appeals not only to the existing union but to the Corporation of Madras which is mainly responsible for the welfare of the people to take interest in the matter. (*Ed.—M.J. of C.*)

before it is accepted. The adoption of a similar precaution in respect of all milk sold in the city by establishing co-operative societies at suitable centres for the purpose would seem to be a desirable step. Men competent and willing to give help in the efficient running of these societies should be available in good numbers in all parts of the city. In addition to testing and selling the milk produced by its members, the society can help the members with small loans easily recoverable from the sale proceeds of the milk for the purchase of suitable cattle food or the society may itself purchase and keep a stock of such food and supply the same to the members. A hearty co-operation of the Corporation and the co-operative milk supply society would solve the problem more effectively than other measures. I would therefore strongly propose that one or two additional milk supply societies may be started in suitable centres where good human material is available to run them and if the experiment is found successful, as I believe it would, similar societies may be started in other areas at centres carefully selected with reference to the available human material in particular.

Mr. Mudaliar is mistaken in supposing that I suggested pasteurised milk to be pasteurised again. I only said that all the *unsold milk* of the mornings or evenings could be taken over by the Union and pasteurised.

Recent Utterances.

The following is the Presidential Address delivered by Mrs. Kamala Sathianathan, M.A., on the occasion of the meeting of women of Anantapur town convened at Anantapur on 20-5-1939.

It gives me great pleasure to preside at this meeting, for I have always felt that the women of India can play a great part in the Co-operative Movement. I think this idea has been in the minds of several people, who have the welfare of India at heart, ever since 1904, when this movement was actually started in our country. As long ago as 1936, the Dewan of Travancore spoke on the need for the Co-operation of women in the Co-operative Movement. As the Deputy Registrar wrote then, "Women are not only necessary for the success of such societies, but they cannot be ignored by a movement which aims at improving the general well-being of the whole community." Our women themselves, if properly encouraged, will no doubt feel their responsibilities in this matter. Everywhere, we find them claiming equal privileges with men in every walk of life. This is all to the good if at the same time, it is recognised that each privilege carries its own burden. This has been understood in Western countries where women are coming largely to the front. In India, this principle still remains to be fostered, and one of the many ways in which it can be done is to encourage our ladies to join men in the Co-operative Movement, which has been exploited, no doubt with many mistakes, but still with untold advantage, in India. The very name of the Movement explains how it should be carried on. The success of co-operative work, lies in Co-operation, in the working together of different units, and what better co-operation can there be than between men and women? The results of women's help will be two-fold. Not only will the Movement be improved, but also it will add to the education of the women. By learning to depend on themselves and manage their own concerns, their sense of duty and service will be roused, and they will be encouraged to take further steps forward into other fields of work.

There can of course be no spirit of antagonism between men and women, even when there is division of work between them. "A women's Co-operative Movement may be an organic member of the whole Movement and work in closest harmony with it. It has never been possible for a women's movement to be organised, if led by men. Women had always to prepare the way for their sisters. Propaganda and the education of women must be organised on different lines from those of men."

We see by this that the Co-operative Movement has a special field of service for women. First, take the idea of the Co-operative Stores, and the system of encouraging thrift by small savings. "Man is not a housewife; he does not know the little world of the house-hold although he lives in it, and many things which are of vital importance to woman appear trifles to man, because he does not understand them. The house-wife can only be understood if the bridge between domestic economy and co-operation is built with a definite end in view." The development of a home life on these lines will be reproductive of untold benefits, and we will get the improvement of domestic happiness, especically in villages. Then, indeed will the condition of India improve. "When our womenfolk are trained and cultured and our village homes are bright and happy, we shall hear far less of the rain of the village lads into the towns and there will be far less quarrels, litigation and unrest. If a home is comfortable and happy, why should anyone leave it and join in a row, and why should time be wasted in running false cases against neighbours?"

Then, there are the cottage industries, in which women must be the most direct workers and which therefore ought to be managed by them alone. In other ways also, women can help, such as bee-keping, poultry-keeping, flower and vegetable produce, the preparation of pickles and condiments, the hand-pounding of rice, etc.

It stands to reason, therefore, and indeed it is very essential, that a women's co-operative society should be organised at Anantapur; and it is hoped that there will be hearty co-operation in this respect, not only from all the women themselves in becoming members, but also from the men helping and encouraging them in their aims.

Letters to the Editor.

Dear Sir,

The Secretary of the Provincial Co-operative Marketing Society just brought to my notice the remarks of Mr. S. K. Yegnanarayana Iyer in his article entitled "Competition in Co-operation" which appeared in your May issue at page 648. I was surprised that a gentleman like Mr. Yegnanarayana Iyer should have made the remarks he has done without making enquiries.

The Provincial Co-operative Marketing Society was not anxious to open a retail sales depot. On several times I asked the T. U. C. S. whether they would undertake the sale of the goods of the society. They were asked atleast to purchase from the Provincial society such of the articles as they were selling to avoid the competition mentioned by Mr. S. K. Yegnanarayana Iyer. They always declined the request of the Provincial Marketing society with the result that the Provincial Marketing society was forced to open a retail sales depot. Myself and the ex-Registrar Mr. Giriappa met the management of the T. U. C. S. more than once and talked over the matter. It was because the T. U. C. S. will not agree to take over the sale or purchase the articles got by the Provincial Marketing society that the negotiations fell through. As regards the price, the T. U. C. S. makes ordinarily a larger profit, and it is not prepared to give to the Provincial society even the price at which the Provincial Society is selling in the market. If there was a difference in the price it only showed the extra margin which the T. U. C. S. has put on its purchases. It does not mean that the producer is cheated or that he gets less than what he can get otherwise. I am anxious as much as Mr. S. K. Yegnanarayana Iyer to avoid competition among co-operative institutions and I tried my best to bring about a satisfactory arrangement. It was because of the attitude of the T. U. C. S. that we were not able so far to get the benefit of its widespread organisation in the city for the producers of the Province. I hope that the Board of management of the T. U. C. S. will reconsider the attitude and if they will only offer to serve as the retail sellers of the producers with a reasonable commission on sales or agree to purchase entirely the goods in which they are dealing from the Provincial society, I am sure the Provincial society will be thankful to them.

Yours truly,

T. A. RAMALINGAM CHETTIAR.

II

THE RAMACHANDRAPURAM CO-OPERATIVE CENTRAL BANK, LIMITED.

Dear Sir,

Note of the President on the decision of the Committee on Co-operation regarding pooling of the Reserve Funds of Societies and Banks.

The following note was approved unanimously in the Executive Committee Meeting of this Bank held on 24-6-1939.

The decision is a very grave step. It tells upon the good societies which have worked well, inducement being building of good Reserves for the common good of the Village. The old idea of village common good is still prevalent in the villages. It is a unit for itself. All people agree that the village should be the unit and self-containing for all purposes. This decision takes away the fundamental idea of the village unit. It will have disastrous effect upon the working of the societies. People lose all interest and incentive to work carefully under good margins to build up good reserves for the common benefit of the village. Even the idea of common responsibility in a village society itself is taken away by the Committee by taking away unlimited liability. Then there is no meaning in proposing an unlimited liability among the various village societies. This is inconsistant. Even now there is a persistant complaint from the societies that their reserve fund is not allowed for any purpose, i.e., either for an office cum library building or godowns even though the society is working very well with no bad or doubtful debts. Reform has to be done in this way so that there may be good incentive for the societies to work carefully. When the society is able to construct a good building, then even the bad societies also will try to mend and work carefully. If the proposed reform of the Committee is given effect to the whole structure will become shaky, i.e., people will lose all interest. For instance there are societies which have foregone dividends also and resolved to add it to Reserve Fund with a view that it can be used for the common good of the village. What will be the mentality of the persons now? Will they not feel that they are deceived and they can have no trust in the existing laws and by-laws. There are many societies which meant to go to voluntary liquidation as their hard earned reserve fund cannot be utilised for the common good until after liquidation. Under these circumstances I feel, this decision will have disastrous effect on the movement. This decision appears to be purely in the interests of financing Banks. As for the collection of the bad debts ample provision is being made in the societies and the Banks also by providing for bad debt reserves and reserve funds. Hence instead of this way, the reform has to be made the other way, i.e., by making provision to utilise a portion of the Reserve Fund at least for the construction of an office building cum library or godowns of societies, the safety of which is above the margin in the view of the Registrar.

I hope the Committee will reconsider in the light of the above facts.

Yours truly,

President, Ramachandrapuram C. C. *Bank.*

Reviews.

Report on the working of the Co-operative Societies in Coorg for the year ending 30th June 1938.

We are glad to be assured by the Registrar that inspite of the severe economic depression on account of the failure of important crops of paddy and coffee and phenomenal fall in the price of the latter the co-operative movement steered through another year successfully.

One peculiar feature of the movement which in many respects is like the movement in the neighbouring state of Mysore and in our own Province is the following :—

The Registrar is a Multi-purpose Officer. He is the Deputy Director of Land Records and Agriculture, Income-tax Officer, Registrar of Joint-Stock Companies and Firms, Collector under the Land Acquisition Act; Forest Settlement Officer and Marketing Officer. Inspite of this, he was able to tour for a large number of days and keep himself in touch with the societies in the country.

The movement made apparently good progress as the following table will show :—

Particulars.		1935-36.	1936-37.	1937-38.
No. of Societies	...	268	277	284
No. of Members	...	17,580	18,732	18,422
Paid-up Share Capital	...	3,12,449	3,32,731	3,49,872
Deposits from individuals Societies	...	1,39,988	1,40,616	1,58,477
Loans from Central Bank	...	4,22,729	4,46.607	4,74,419
Loans from Government	...	20,020	34,625	44,590
Reserve Fund	...	3,40,965	3,58,426	3,77,861
Other Funds	...	...	15,627	19,453
Working Capital	...	12,36,151	13,28,632	14,24,672

We are glad to note that 269 out of 275 revenue villages are covered by co-operative movement. The department has been following a cautious policy of expansion. The progress of collecting the dues in kind was continued by a few village societies and it is a matter of gratification that this system seems to have worked satisfactorily.

The Central Bank sustained a serious loss by the unfortunate crash of the Travancore National and Quilon Bank, Limited, involving a loss for the present (though much of it may be recovered in due course) of more than Rs. 42,000. This naturally led to a run on the Central Bank and we are glad the Bank was able to stand the run. It naturally curtailed its resources and it was not able to make fresh advances to societies or to individual members. We are sorry to note that the Bank which was doing such excellent work as the Agent of the South India Co-operative Insurance Society came to some disagreement with the later and has stopped this line of work. We hope the co-operators of Coorg will devise some method of getting into business relation with the Insurance Society and restart the work and thus benefit the society and themselves as they have been doing all these years.

Care has been taken to give loans of small amounts only and out of 2,114 loans, those below Rs. 50 come to 1,008 or nearly 50 per cent. Those above Rs. 500 are only 14 *i.e.*, very small fraction. We are glad to be assured that all loans are properly secured.

There are societies dealing in grain *i.e.*, lending quantities of grain as loan to members and recovering in kind from members. This is certainly in accordance with the time-honoured practice in our land, and we are glad that on the whole these societies worked satisfactorily.

It is a matter of real satisfaction to note that Students' Co-operative Societies of which there are six in number did good work during the year, purchasing articles worth more than Rs. 8,000 and selling worth more than Rs. 4,000 and earning a net profit of Rs. 318. They must take care to see that there is no dead stock on hand at the end of the year. If purchases be mostly on indents as they should be this danger can easily be avoided. The Registrar's remark about the good work done by these societies deserves to be noted :—

> "These stores are fulfilling the purpose for which they were started—making the students who are future citizens, co-operative minded, so that when they emerge from schools or colleges they may make use of what training they received in their impressionable age for the benefit of the localities where they may settle down or happen to be."

As in Madras we are glad to see that Loan and Sale societies are doing good work. Also as in this province they are being used more as credit institutions than as agents for getting proper price for the produce pledged. The marketing side has to be definitely kept as the main aim and there is a good deal of scope for improvement in this line.

One society for which Coorg is peculiarly fitted, the Society for Production and Selling of Honey and Wax has been doing good work. The high quality honey manufactured by this society has been exhibited in various parts of India and agents have been appointed for popularising Coorg honey. We hope that with the installation of new machine and their moving on to a more commodious house they would be able to do better work next year.

Better Living Societies have been started with a view to curtailment of unnecessary expenditure and promote cleanliness among the members, to make them more thrifty and for their general improvement. There is scope for more such societies to be formed. Co-operators of Coorg deserve to be congratulated on another year of successful working of the movement though under severe handicaps.

S. K. Y.

Report on the working of the Co-operative Societies in Ajmer-Merwara for the year ending 30th June 1938.

Owing to the transfer to the neighbouring Indian States of Udaipur and Jodhpur of certain areas formerly included in Ajmer-Merwara, the number of societies was reduced by 126 and hence even with the registration of 36 new societies the number at the end was only 689 as contrasted with 784 at the beginning. But the working capital of all the societies in the province showed an increase over Rs. 2 lakhs.

We are glad that the thrift aspect of co-operation is being emphasised more and more and by-laws have been amended to make provision for compulsory deposits. It is a matter for gratification that Mr. J. C. W. Eustace, I.C.S., Deputy Registrar of Co-operative Societies, Punjab, found, during his inspection tour, that most of the members were interested in their societies and knew something about co-operation. Evidently co-operative teaching and propaganda have been done effectively.

The analysis of the sources of deposits given by the Registrar is very illuminating. We are glad that officials and pensioners and even women find it paying to have their deposits in the co-operative movement. There are some interesting types of Non-credit societies for Cattle Breeding, Storage of Fodder, Better Farming, Housing, Poultry Breeding and Better Living Societies.

The B. B. & C. I. Railway Indian Co-operative Association is doing the supply of goods to its members and last year it transacted business to the extent of over Rs. 2 lakhs. Yet it sustained a loss owing to its unsatisfactory working. On the whole the small province of Ajmer-Merwara should be considered to have worked its co-operative societies in a successful manner.

S. K. Y.

Family Budgets, 1936-37, of Eleven Cultivators in the Punjab, Publication No. 62 of the Board of Economic Inquiry, Punjab.

This book like its predecessors is very carefully prepared on data collected with accuracy and care. It is true that the departments of Labour in various provinces have made some study of the conditions of life of urban workers, but the Punjab has pioneered in the field of rural worker, and this is the 5th of the series which started with Family Budgets for the year 1932-33.

Evidently the conditions are so different in the Punjab from what they are in our Province. The average income and average scale of expenditure are much above the Madras standard. Items of expenditure are classified under food, dress, religion, travelling, etc. and we find food taking up nearly 60 per cent. and dress 18 per cent. Expenditure in the latter item is pretty high when judged by our standard.

So also coming to details under food wheat occupies 37 per cent., milk and milk products 42 per cent. sugar 8 per cent. vegetables and fruits and other items 13 per cent. This is so different from what is true of Madras; I do not think any agriculturist in our province can afford to, or does spend 42' per cent. of his total expenditure on food on milk and milk products.

The Economic Board of Inquiry deserves to be congratulated on gathering such reliable data about the conditions of agriculturists in that province.

S. K. Y.

Annual Report for the year 1937-38 of the Chingleput District Revenue Subordinates' Co-operative Society, Ltd., No. G. 1009, Saidapet.

Though this is a primary society its area of operation is over the whole District of Chingleput. During last year there was an increase in the membership. The system of encouraging members to have Provident Fund Deposits with the society was continued though the Deputy Registrar recommended that 6½ per cent. compound interest allowed was too much and suggested its reduction to 5½ per cent. It is a matter for gratification that out of a total of Rs. 56,320 of demand of loans, there was an insignificant figure of Rs. 105 as uncollected which reflects great credit upon the management and members. The Society is working on its own capital and deposits and is not indebted to the Central Bank. We wish all success to the society and hope that the fine spirit co-operation which actuates its members will be kept up in the years to come.

S. K. Y.

Annual Report of the working of Co-operative Societies in the United Provinces for the year 1937-38.

This report is not so gloomy as some of its predecessors were about half a decade ago. The movement in U.P, has evidently turned the corner and let us hope that bright days are in store for it.

The one outstanding feature in the working of co-operative societies during the year under review is the growing importance of sugarcane supply societies. They are dealt with at some length in paragraph 34 of the report. Some of the most successful amongst them are likely to be developed into multi-purpose village societies and will take charge of, over and above the improvement of sugarcane and its marketing, other items of work such as supply of improved seeds of other crops, agricultural credit and better living in general.

Industrial Societies have also been doing not badly though some of them worked at a loss. Milk Snpply Societies, Ghee Societies and other types of non-credit societies seem to have got on well.

Some of the Thrift and Credit societies have developed various aspects of rural uplift work, such as Consolidation of holdings, conducting physical culture clubs, popularising improved implements of agriculture, running adult schools and so on.

Coming to the credit side the old arrangement seems still to continue, namely, over 70 Central Banks functioning as financing agencies without an Apex Bank to balance and adjust their resources. There was a slight improvement in the general financial position of the Central Banks as most of them found it possible to command one year deposits at the low rate of 3½ per cent. some of them succeeding to attract deposits even at 2 per cent. Overdues still remain heavy and recoveries during the year under review showed some deterioration. It is explained as being due to three banks alone and not indicating a general lowering of the standard. The interesting experiments of collecting dues from the peasant in kind has been carried on though it was not much of a success from pure business point of view.

The Co-operative Union continues to be in charge of supervision of the societies and the report complains of the retrenchment policy of the Government affecting the efficiency of the Union. It is hoped the Government will go back to their old policy of giving grant equivalent to the sum collected for supervision from the societies and that facilities would be given for the authorities of the Union to appoint more supervisors to organise fresh societies on proper lines. The following extract strikes a right note about the present policy and possibilities of future development and we heartily echo the sentiments therein.

> "The worst fears which followed the years of depression appear to be over. A very considerable development of co-operative marketing in the shape of cane sale and ghee sale societies has taken place. With these societies is being linked credit and it appears that as far as areas which supply cane to factories are concerned, the problem of making credit safe has been largely solved. Collections in these societies have been nearly cent per cent. for several years. The time now appears to be ripe for a further expansion of the movement along the lines of marketing *cum* credit societies and there appears to be no reason to apprehend failure, provided the lessons of the past, namely, the dangers of imperfect supervision or of imperfect training of staff are fully kept in view."

S. K. Y.

FRUIT PRESERVATION INDUSTRY IN BOMBAY PRESIDENCY.

(A Memorandum submitted to the Economic and Industrial Survey Committee appointed by the Government of Bombay).

BY N. G. APTE, B. AG. SHASTRA PARANGATA.

This is an extremely interesting book giving sufficient data in support of the scheme advanced by the author though by deliberation he has omitted a good deal of statistics which he could easily have given. The author starts with a brief historical survey of fruit cultivation in the province of Bombay and states that during the last thirty or forty years fruit cultivation has considerably increased though the method of preservation in most cases is still carried on in the old ways, *i. e.* drying and pickling. There is a glut in the market for a short period and the object of this pamphlet is to suggest methods of making use of this over production so that they may be available for consumption throughout the year.

The poet has said that "men may rise on the stepping stone of their dead selves to higher things" and the author has therefore enumerated a series of attempts made in this direction in the province of Bombay, which, however, mostly failed. From this he draws the useful lesson that attempts should be made in an organised manner accompanied by standardization of products.

He examines the possibilities of finding a market in the outside world and comes to the conclusion that for some years to come it is better we confine our attention to the middle classes of our own country who are now inclined to consume more fruits than before. He suggests therefore, that, to start with, we should prepare articles now of ordinary local use and introduce new items after patient and careful scrutiny and that in a manner suited to the purchasing capacity and appealing to the taste of the middle classes that are to be our patrons.

The author then examines the various limitations of the trade, namely, that the whole business has to be concentrated in about three weeks of the glut season, that during this period centres of production are very often inaccessible; that at present there is very little of high technical skill in Chemical and Bacteriological investigation; that great difficulty is experienced in getting proper containers of the fruits; that cost of transport is sometimes heavy; that a good deal of propaganda has to be done in order to root out wrong notions prevalent among the masses about preserved fruit and so on.

Lastly he discusses the details of organising the new trade in the light of past experiences and after examining the nature of limited concerns either public or private for handling this business, he rejects them as being not quite suited and advocates the formation of co-operative organisation whose advantages over the rival schemes he sets forth at great length. He also gives a touching account of the difficulties that he had to encounter when he conducted certain experiments in this line. In 27 definite suggestions he sums up what he has to say on the matter.

The whole thing is eminently practical and not in the least bookish. A good deal of responsibility, however, is thrown upon the local Government and we hope that the nationalistic Government now in power in Bombay will take up this question and give all facilities to the fruit trade whose ultimate advantages are not merely economic in the sense of bringing more money to the producer, but is of incalculable nature, because of the nutritive value of good fruits to the masses of consumers in improving the tone of their life in general.

S. K. Y.

Report on the working of the Co-operative Societies in the Pudukottai State, Fasli 1347, July 1937 to June 1938

Though the Report of the Registrar concludes with the statement that "with the important step taken by the Central Bank in having launched the scheme of rectification and consolidation of rural societies, the movement in the State may be said to have turned the corner", there is not much of the evidence in the report itself. With regard to the Central Bank, we notice that the number of members, paid-up share capital, deposits, working capital and net profit, all these showed a decrease from last year's corresponding figures. Ovedues in the matter of principal was over 90 per cent. and interest overdue was about 50 per cent. Taking the figures of dues by members to the societies, overdue under the principal comes to more than 70 per cent.

Urban Banks and Employees' societies have done well during the year. So also some at least of the Stores Societies for the supply of books and stationery to the students, of which there are two in the State.

It is a matter for regret that Supervising Unions and the State Co-op. Institute have not been functioning well during the year. The latter is so badly of that the Durbar contemplates abolishing it and entrust its function to the Central Bank. We hope that men of influence in the State like the members of the legislative council whose co-operation in the matter of popularising the co-operative movement among the masses is supposed to be lacking, will come forward in larger numbers and play their part as leaders of the movement and make it as useful to the masses as it can be made.

S. K. Y.

Administration Report for the year 1937-38 of the Chittoor District Co-operative Central Bank, Ltd.

The Chittoor District Co-operative Central Bank, Ltd., had a comparatively good year. The repayment of loans was more than double of what it was in the previous year. The transactions expanded owing to the vigourous attempts to pull up dormant societies and due to the popularity of the loan and sale societies. There was a slight improvement in collection under principal. The Bank has made a contribution of Rs. 1,800/- towards Bad Debt Reserve Fund, and a small amount towards Dividend Equalisation Fund. The work of rectification and consolidation was discontinued as the Madras Provincial Co-operative Bank discontinued its subvention. There is scope for good deal of intensive work especially in the field of better securing the loans advanced.

S. K. Y.

Tanning Industry in the Punjab (Publication No. 61) of the Board of Economic Inquiry, Punjab. Price Re. 1.

The Province of Punjab seems to be reproducing in a more intensive form the general features of the tanning trade in India as a whole. India is supposed to have the largest animal population of any country in the world; and yet we are the largest exporters of hides and skins. Experts are of opinion that a good deal of exported hides and skins are either raw or very poorly tanned and cured, and hence they fetch low prices when compared with leather imported by us from our buyers.

These features of the leather industry of India are reproduced in the province of the Punjab where next to weaving, tanning and leather work employ the largest number of people. But the tanning industry in all its stages from the care of the cattle, sheep and goats to the method of flaying and curing and later on to the marketing of these, the whole thing seems to be "old-fashioned, solvenly, unskilled and bad." With the result that a good deal of badly tanned hides and skins are reimported into the Punjab either as finished leather goods or better tanned materials for making leather goods. The study shows that there is ample scope for the development of a first class industry which could employ thousands of people and enable the province to save millions of rupees.

It is a pity that owing to the nature of the trade the educated youths have not taken to this and most of the work is done by ignorant and illiterate village *chamars* and some attemps on the part of the Government to introduce better methods have not been successful as the man working better is not given higher wages.

This study partakes of the nature of the previous books in the series and is detailed and exhaustive and conclusions are based on accurate data gathered and published. We would like to draw the attention of the Government to the portent danger to the cattle population mentioned in chapter 7, that for the sake of the immediate profit cattle are butchered. It is hoped that effective steps would be taken to prevent this drain of the wealth of the land.

It is a matter of some congratulation to us in Madras, that we seem to buy a large quantity of materials from the Punjab and send them back after tanning them satisfactorily in this province. If our brethern in Punjab were to make deliberate efforts to improve their tanning industry and make their province self-sufficient Madras won't be sorry. We wish them all success.

S. K. Y.

Coimbatore Milk Supply Union, Ltd.

The Administration Report for the year ending 20-6-38 of the working of the above Society affords many points of interest for co-operators in our Province. Started under the inspiration of the late Mr. T. L. R. Chandran, I. C. S., it has got a membership of 21 individuals and 4 societies. Its aims are to collect from members milk and milk products and try to secure decent price for them and to enable members to purchase milch cattle and fodder. During the year under review the Union bought 2,92,050 measures of milk for Rs. 34,364-11-0 and sold 2,24,405 measures for Rs. 38, 486-4-0 and the rest as butter, ghee, curd etc. The Union has now three stud-bulls presented to them by philanthropic gentlemen. It is, however, a great pity that inspite of enthuiasm of good workers, the Union sustained a loss of Rs. 2, 185-4-0 during the year under review. It was due to the Union getting more milk than could be profitably disposed of. We hope the mistakes of this year would be avioded in coming years and that the record of the working of the Union would be brighter and more hopeful. We wish all success to the Union and hope similar organisations will be started in all important urban centres of this province.

S. K. Y.

News and Notes.

It is gratifying to note that the Government of Central Provinces have undertaken a scheme for the development of subsidiary industries, such as rope-making, rice-husking and dhal-milling. The above scheme is estimated to cost Rs. 25,500 in the current year.

* * *

We are glad to learn that the Students' Association of the Co-operative College, Manchester, has issued an appeal for the moderate sum of £100 to perpetuate the memory of the late Professor Fred Hall by instituting scholarships for those who attend the summer school of training. We hope this appeal would be effectively responded to.

* * *

The provision for agricultural training in high schools in accordance with the Wardha scheme of education is under the consideration of the local Government. In this connection it is said, that Mr. V. I. Muniswami Pillai, Minister for agriculture inspected some days back the Hubathalai High School Hostel in Nilgiris district to see whether the hostel required shifting in order to provide agricultural training.

* * *

Very little is done to attract tourists to India by any indigenous concern. There is a great opening for planned enterprise in this line and many an unemployed graduate can make himself useful as a guide to parties of tourists.

An official estimate of Canada gives us the information that during the year 1938 tourists spent in their country £269,000,000, that is, roughly 80 crores of rupees. The Canadians themselves are supposed to have spent £120,000,000 in other countries, that is, a little over Rs. 40 crores. India with its countless charms of natural beauty and historical magnificance offers a splendid opportunity for a well-organised tourists' agency.

* * *

The Government of Baroda State, it is learnt, have sanctioned for the Kankrej Cattle Breeding Scheme which is going to be started shortly at Khoraj Nadoda in Kadi Taluk, a sum of Rs. 83,600 to be spread over a period of 12 years. The Government propose to provide 50 'foundation' cows of Kankrej stock and a bull. Mr. Nathubhai Patel has provided suitable housing conditions for the feeding and maintenance of this herd and its progeny.

* * *

York Co-operators are to be congratulated on their having able to start the York Co-operative Radiant Health and Food Hospital. In cold countries like England, the most helpful tonic in case of many diseases is the sun shine and many poor men do not get the full quota of it. The York Co-operative

Society has started the above said institution so that for a small payment their members may get the full benefit of an expert treatment in the said institution.

* * *

Sir T. Vijayaraghavachariar and Sri S. A. Venkataraman, Registrar of Co-operative Societies accompanied by Mr. P. V. Krishna Iyer, Deputy Registrar of Co-operative Societies, Salem, in the course of their tour in connection with the enquiry on Co-operation, recently visited the Namakkal Public Servants' Co-operative Society and they were much impressed with the live organisation of the Society and expressed their pleasure at such an earnest work in co-operation.

* * *

We are glad to learn that Dr. John Thomas, M.A., Ph. D, Resident Tutor for Oxford University in North Staffordshire, has been appointed as Director of Education, by the Co-operative Union in the place of the late Professor Fred Hall. The new Director has had wide experience with the working class social organisations and he has spent his life in the working class educational movement and we hope he would prove to be a worthy successor of the late Professor Hall.

* * *

The 8th Annual Conference of the Parur Taluq (N. Travancore) Co-operative Conference was held at Kottapuram near Parur in the second week of June 1939 under the auspices of the Purur Co-operative Union. The proceedings began with the hoisting of the "Sahakaranapathaka" by Mr. G. Sankara Pillai and the two sessions of the Conference namely, the Agricultural and Co-operative, were presided over by Mr. G. P. Narayana Pillai, advocate of Parur, and Prof. T. C. Sankara Menon of the Maharaja's College, Ernakulam respectively.

* * *

In the course of his speech Mr. Narayana Pillai said "that co-operation stood for self-Government and equality, equality in the sense of equal right for all." He opined that the present plight of the agriculturists in the country was due to lack of community spirit and stressed the need for its development. Mr. T. C. Sankara Menon who presided over the second session exhorted the people to imbibe the real spirit of co-operation, which alone, he sincerely believed, would help the people to build up their economic prosperity. The meeting came to a close with the passing of nearly 15 resolutions for the improvement of the societies in the taluk and with the constitution of a sub-committee of seven members to realise past debts.

* * *

Presiding over the conference of the ryots of Namakkal Taluk recently Rao Sahib T. M. Chinnaiya Pillai, President of the Salem District Urban Bank exhorted the agriculturists present to take keen and active interest in the uplift of the villages for which the Salem Bank was prepared to give all the necessary assistance. After having dwelt at length on the new orientation given to the activities of the co-operative department on the credit side

he appealed to the villagers to take advantage of the schemes organised by Government to help them as a sequel to the Prohibition Act. Mr. G.C. Spittler who next spoke told the people to learn the habits of thrift and save a portion of their earnings for the rainy day.

* * *

One of the new lines of co-operative development contemplated in the Western countries is the running of Co-operative Hostels. There is constant stream of people migrating into the cities and they are not often able to get themselves established in decent households. They have to drift for themselves with regard to boarding and lodging and as most of the people are not persons of means they are put to great difficulties in securing decent boarding and lodging at the price which they are able to pay. It is expected co-operation will tackle this problem and give these raw recruits to towns the kind of decent boarding and lodging within their means that they so badly require.

In our own country, Bombay which in many respects is like a Western city has already started an experiment on this line and there is a co-operative hostel run by South Indians in Matunga, the headquarter of the South India in the city of Bombay. But every city in the country affords ample opportunities for such institution.

* * *

Mrs. S. A. Venkataraman had the pleasure of opening an Indian Women's Co-operative Society's Store and a sewing class for ladies run under the auspices of the Women's Indian Association on 2nd June 1939 at "Seshadri" Royapettah High Road. While doing so she congratulated the organisers on the pleasant idea of opening such a store and said "that it was good to understand the spirit of co-operation which helped the consumer to get into direct touch with the producer, thus eliminating profiteering by middlemen." Mrs. Ambujammal who was present on the occasion stated that the aim of the organisers in opening the store was to supply to members various subsidiary articles required in the household. She then referred to similar work that is being carried on now in Ahmedabad and Baroda, where, in the latter case, State help was being given.

* * *

A press not recently issued by the Hyderabad Government narrates the working of the Co-operative Educational Colony at Amberpet which was started recently under the management of Capt. Pataval, a well-known educationist. It is said that a number of day-scholars of school-going age are learning various handicrafts such as carpentry, tailoring, shoe-making, watch-repairing and rubber stamping besides receiving ordinary education. Some nearly 50 students of different ages and classes learn practical work and earn by gardening and other ways.

The press note also adds that an elementary school is likely to be established in the colony and also a boarding home for pupils studying for the ordinary examinations. The project envisages development on such basis as would make education self-supporting and enable students to learn while earning on co-operative lines. The scheme also contemplates a set of students who can by learning practical work teach lower classes simultaneously.

* *

The President of this year's English Co-operative Conference, Mr. W. B. Neville, is a person who has risen high in co-operative service from the lowest rung of the ladder. Born as a son of a minor Mr. Neville has started his life as a pit-boy and entered the co-operative service at the early age of 14. While in service he attended evening schools, and received private coaching in subjects that he thought would help him in business career He rose steadily from position to position and he was appointed as a chief clerk in the central office of the Royal Arsenal Society, Woolwich, which is the biggest retail society in England next to that of London.

He soon rose to be the general secretary of the society and that was in the middle of the Great War and he had to look after the welfare of the 33,000 households who were members of the Woolwich society. He rose to be its Chief Executive Officer and from this to the general managership of the London Co-operative Society was a natural transition.

In him we see one who has made remarkably good use of his opportunities and rose by sheer merit to occupy his present high place.

* * *

Sri M. Bapineedu, Parliamentary Secretary, recently performed the pleasant function of opening the fourth Vizag District Fruit Exhbition. While doing so he observed that India, though the second great agricultural country in the world and had wider possibilities of fruit growing, yet is importing many fruits and agriculural produce from foreign countries. He ardently wished that fruit juices must be popularised and should form the part and parcel of the middle class midday meal. The Government, he said, are trying to help the fruit industry in many-a-way. In conclusion he referred to the California Fruit Growers' Association which is the biggest co-operative organisation in the word and said that by their co-operative effort they are able to get better prices for their fruits. He rightly pointed out that the fruit growers should take advantage of the Co-operative Department and the Marketing Board.

* * *

The London Society which is the biggest retail co-operative society in the world did business during 1938 to the tune of £15,562,690 which comes roughly to 22 crores of rupees. The biggest Indian store is the Madras T. U. C. S. and its annual turnover is about Rs. 8 lakhs, i. e. just about 1½ days' business of the London Society.

Just about 14 years ago the total annual sales in London were largely 3½ millions. That shows what well-planned propaganda can do for co-operation.

The London Society also continues its annual membership campaign and last year they added 44,280 new members and the total membership now stands over 800,000. The Society employs over 18,000 persons. These figures though staggering ought to encourage us in Madras to put forth better efforts.

Government Orders.

Copy of G. O. No. Ms. 1,444 Dev. Dated 2nd June 1939.

Sub :—Co-operative Societies—Registration fees—payment by Scheduled class members on applications for loans on security of immovable property—exemption—sanctioned.

ORDER :—

In view of the difficulties pointed out by the Registrar of Co-operative Societies in his letter read above in giving effect to the orders in G. O. No. 1332, Ms. Development dated 25th May 1938, directing the grant of subsidy to members of Scheduled classes, His Excellency the Governor of Madras is hereby pleased to modify those orders so as to exempt members of the Scheduled classes, who are members of Co-operative Societies including land mortgage banks from payment of fees for the registration of documents and for obtaining encumbrance certificates in respect of applications for loans on the security of immovable property.

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

Notification.

In exercise of the powers conferred by clause (*b*) of sub-section (2) of section 30 of the Madras Co-operative Societies Act, 1932 (VI of 1932) and in modification of Development Department Notification No. 358 dated the 10th October 1931 published at page 1371 of part I of the Fort St. George Gazette dated the 20th October 1931 and notification No. 350 dated the 9th April 1938 published at pages 553-554 of Part I of the Fort Saint George Gazette dated the 12th April 1938, His Excellency the Governor of Madras is hereby pleased to remit in full with effect on and from the date of publication of this notification and until the 31st March 1943, all fees payable under the law of registration for the time being in force for the registration of documents and for obtaining encumbrance certificates in respect of applications for loans on the security of immovable property from members of the Scheduled Classes, who are members of co-operative societies (including land mortgage banks) for the time being registered or deemed to be registered under the Madras Co-operative Societies Act 1932.

(By Order of His Excellency the Governor.)

V. N. VISWANATHA RAO,
Secretary to Government.

Circulars.

D. No. 4206/39-B.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, dated 13th June 1939.

S. A. VENKATARAMAN ESQ., I.C.S.,
Registrar.

CIRCULAR.

I

Sub :—Co-operative Societies—Panchayatdars—risk in having illiterate persons—advisability of electing literate persons—suggestion.

A case has recently been brought to the notice of the Registrar in which an attempt was made (though without success) to exploit the illiteracy of the panchayatdars of a village society by certain persons foisting a false case of misappropriation on them. The facts of the case are briefly as follows :—

2. The President and the other Panchayatdars of the society were illiterate and could not themselves keep the accounts. They were even incapable of understanding the contents of documents they signed, such as receipts, etc. It became necessary, therefore, for them to seek the help of others for writing anything. With the connivance of some of the persons who thus had access to the records of the society, a person was able to get a receipt executed by the President and two other illiterate panchayatdars, for a large sum as a deposit. The counterfoil of this receipt was for a much smaller sum. Sometime later, the person who held the receipt filed a complaint against the President for having misappropriated the amount. Fortunately, however, the evidence adduced in the case brought out the truth and the Court acquitted the President of the charge.

3. The Registrar considers that the facts brought to light in the above case deserve careful consideration by all those responsible for the proper working of the village societies. While the Registrar recognises that, in the present circumstances, it may not always be possible to secure sufficiently literate men for all the places on the panchayats of every village society, he wishes to emphasise the great need for securing such persons at least for the places of Presidents and Secretaries of the societies. The persons should at least be able to read and understand independently the contents of the documents they sign in their capacity as officers of the societies. It will be readily agreed that this is necessary as much in the interests of the societies, as of the persons themselves. The Registrar trusts, therefore, that this should be impressed on all societies by the Central Banks and district officers and that every possible step will be taken by them to secure this object.

(By Order)
G. CHANDRASEKHARAN,
Manager.

CIRCULAR

II

No. R. C. 8746/36-F. 1 *Madras, 17th June 1939.*

Sub :—Execution—Scope of Rule XXII—20 (*a*) and (*b*).

Ref :—Registrar's memorandum No. F. 6737/36 dated 6—9—38.

The Registrar observes that the scope of sub-rules 20 (*a*) and (*b*) of Rule XXII has not been properly understood by some of the officers so far as they are to be applied to cases of proceedings against the same defaulter by the Department as well as by the Civil Court, the person proceeding through the Civil Court being private creditor of the defaulter. The following instructions are therefore issued regarding the procedure to be adopted by Registrars of the districts, in such cases.

(1) *In the case of mortgage awards held by societies* : The Registrar of the District can allow the Sale Officer to proceed with the sale of the mortgaged properties even though they might have been attached by the Civil Court at the instance of a private creditor. In such cases the remedy available to the private creditor is only against the surplus in the sale proceeds of the hypotheca, if any, after discharging the loan due to the society. The outside creditor should, therefore, move the Civil Court for attachment of the excess sale proceeds if any.

(2) *In the case of simple money awards held by societies*: If the properties have been first attached by the Civil Court at the instance of another creditor, further proceedings should be left to the court, under Rule XXII-20 (*a*) advising the decree-holder society to apply to the court for rateable distribution of assets. The execution petition should not be closed by the Registrar of the District. He should furnish the decree-holder society with copies of the decree etc., to enable it to prefer its claim berfore the Court.

If, on the other hand, the sale officer has first attached the properties but receives intimation of the attachment by the Civil Court before the sale is conducted by him, the sale should not be conducted by the Sale Officer; further proceedings should be left to the civil court. The society should in this case also be referred to the Court for obtaining rateable distribution, furnishing it for this purpose with copies of the award and the execution proceedings. The execution petition should not be closed, as the attachment will have to be kept subsisting. If for any reason the execution before the Civil Court is not proceeded with, the sale should be conducted by the Sale Officer.

If on the other hand the existence of subsequent attachment by the Civil Court is brought to the notice of the Registrar of the district after the sale by the Sale Officer is over, the Court should be informed of this fact with a note that the sale proceeds are held subject to the orders of the Court. The Decree-holder society should simultaneously be asked to apply to the Court for the determination of the amount due to be paid to it inclusive of the costs of execution by the Department. On receipt of orders from the Court specifying the persons to whom the amount should be paid and the actual amount to be paid to each, the sale proceeds should be disposed of accordingly and the Execution Petition closed.

(By Order)
G. CHANDRASEKHARAN,
Manager.

Extract of para 1 and 2 of Registrar's Circular No. R-4260/39-B, dated 17th May 1939.

Sub :—Elections—By-laws of election of directors—authority competent to frame—amendments to model by-laws—instructions —issued.

According to model by-law 29 of credit societies and the corresponding by-laws of all other types of societies including central banks, it is competent for the Panchayat or the Board of Directors, as the case may be, to frame subsidiary by-laws for the conduct of the business of the societies. It is further laid down that such subsidiary by-laws shall be entered in the minute book and reported to the Registrar for approval. Under the authority conferred by this by-law, the committees of certain banks and societies have framed 'subsidiary rules' for regulating the election of the Directors. In a recent case that came up for consideration, Government have held that it is not within the competence of the committee of a society to frame rules governing its own formation and that such rules should only form part of the main by-laws passed by the general body. It has been held that, because clause (*u*) of the Rule II of the rules issued under the Act lays down that a 'society' shall make by-laws as to the mode of appointment and removal of the committee, such 'by-laws' shall be made only by the general body and that it is not competent for the general body to delegate this power to the committee. All subsidiary rules relating to the mode of appointment and removal of the committee so far framed by Committees of societies are therefore opposed to rule II (*u*) and unless they are passed by the general body and embodied in the main by-laws themselves, they cannot be held to be valid.

Another point that has been raised in connection with election troubles in societies is that, at present, a member has no means of knowing who all are members of the society. Also, in cases where the right to vote at general meeting and elections has been restricted by debarring defaulters from voting, it has been reported that members are unable to obtain copies of list of qualified voters. In spite of executive instructions issued in one case, advising a society to make such a list available to members for taking copies, it has been represented that the society failed to do so on the ground that there was no provision in the by-laws making it obligatory on its part to supply such a list. It is therefore necessary to make a provision in the by-laws of all societies making it obligatory on their part to supply a list of members or voters, as the case may be, to any member who might ask for it. A suitable fee may, if necessary, be fixed for the purpose. The Registrar, therefore, suggests that the following by-law shall be included in the by-laws of all banks and societies at the earliest opportunity.

"The Board of directors (panchayat) shall maintain a list of members on the rolls of the society who are qualified to vote at general body meetings and shall bring such lists up to date within a fortnight before each meeting of the general body. It shall be the duty of the Secretary to supply copies of such lists to such of the members as desire to have them, on payment of such fees as may be prescribed by the Board of Directors (panchayat) in this behalf."

III

D. 3053/39, C. *Dated, 14th June 1939.*

Sub :—Cottage Industries—District Museums—Working of—Contribution out of Common Good Fund—Permitted.

Ref :—Registrar's Memo. No. R.C. 4149/39C, dated 19th May 1939.

Deputy Registrars are aware of the formation of an Industrial Museum at Madras and Commercial Museums in the Districts. The object of the museums is not only to serve as a centre for collecting the products of the Cottage Industries and exhibiting them but also to serve as an information bureau to which wholesale dealers and consumers could resort for getting into touch with actual producers. The main object for the Museums, therefore, is to encourage the development of Cottage Industries in the Province. These Museums depend for finance on contributions from local bodies and others to meet their running expenses. The question of affording help to these Museums has been under the consideration of the Registrar for some time past, and Government have accepted the Registrar's proposal to permit Co-operative Societies to contribute to the Museums out of their Common Good Fund, as the Museums will "promote objects of public utility." The Registrar, therefore, suggests that Societies may contribute towards the Museums after providing in their by-laws for the purpose. Deputy Registrars are requested to advise the societies to amend their by-laws suitably, and to register such amendments promptly.

(By Order)
G. CHANDRASEKHARAN,
Manager.

ERRATUM.

The following erratum is issued to Appendix No. 3, Section II on page 76 of the Annual Report on the working of the Madras Co-operative Societies Act VI of 1932 for the year 1937-38.

In the column "percentage of principal overdue to demand—Long Term" substitute the figure "9.06" for the figure "90.65" shown against No. 15 Kanara (South) District Central Co-operative Bank, Mangalore.

(Sd.) S. A. VENKATARAMAN,
Registrar.
17-6-1939.

List of Societies Registered in June 1939.

Serial No.	Name of Societies.	District.
1	The Tekulodu Co-operative Credit Society ...	Anantapur.
2	The Dharmapuram Sri Aswathanarayanaswami Co-operative Credit Society.	"
3	The Jalihal Bommanahal Co-operative Society.	Bellary.
4	The Kosigi Co-operative Credit Society ...	"
5	The Manjeri Co-operative Stores ...	Malabar.
6	The Kothakurissi Co-operative Credit Society.	"
7	The Chittoor Harijan Thrift Co-op. Society.	Chittoor.
8	The Kasiralla Co-operative Jaggery Manufacturing Credit Society.	"
9	The Mamandur Co-operative Thrift Society, Ltd.	"
10	The Aragonda Co-operative Thrift Society, Ltd.	"
11	The Pudi Co-operative Credit Society ...	"
12	The Elavannellore Co-operative Credit Society.	"
13	The Vadamalpet Co-operative Thrift Society, Ltd.	"
14	The Mangapuram Co-operative Thrift Society, Ltd.	"
15	The Mamandur Yanadis Thrift Co-operative Society, Ltd.	"
16	The Irala Co-operative Thrift Society, Ltd...	"
17	The Kalahasti Co-operative Sale Society ...	"
18	The Kurichi Co-operative Credit Society ...	Coimbatore.
19	The Vembatti Co-operative Society ...	"
20	The Coimbatore Taluq Co-operative Sale Society.	"
21	The Koyyur Co-operative Society ...	S. Kanara.
22	The Kodur Co-operative Thrift Society, Ltd...	Cuddapah.
23	The Vallur Co-operative Society ...	"
24	The Brundavana Sree Krishna Yadava Co-operative Milk Supply Society.	Krishna.
25	The Vempadu Co-operative Society ...	"
26	The Divi Agricultural and Horticultural Improvements Co-operative Society.	"
27	The Koyyagurapadu Sree Seetharamanjaneya Co-operative Society.	"
28	The Takkellapadu Co-operative Society ...	"
29	The Budhavaram Adana Co-operative Society.	"
30	The Kummamur Co-operative Society ...	"
31	The Pasarlapudi Co-operative Credit Society.	E. Godavary.
32	The Kaltunga Co-operative Credit Society ...	"
33	The Ellore Municipal Employees' Seva Co-operative Credit Society.	W. Godavary.
34	The Nadendla Khadi Industrial Co-operative Society, Ltd.	Guntur.
35	The Bejatpuram Co-operative Credit Society.	"
36	The Vadipatti Co-operative Credit Society ...	Madura.
37	The Rajakkapatty Co-operative Credit Society.	"
38	The Allikundum Co-operative Credit Society.	"

Serial No.	Name of Societies.	District.
39	The Elumalai Co-operative Credit Society ...	Madura.
40	The Pudur Co-operative Credit Society ...	"
41	The Narasingampatty Co-operative Credit Society.	"
42	The Vellagavi Co-operative Society ...	"
43	The Kondasamudrapatty Kallar Co-operative Credit Society.	"
44	The Pannikundu Co-operative Credit Society.	"
45	The Karadikootkam Co-operative Credit Society.	"
46	The Samanatham Co-operative Credit Society.	"
47	The Sivaganga Hand-Pounded Rice Co-operative Production and Sale Society, Ltd.	Ramanad.
48	The Pambatty Co-operative Credit Society ...	"
49	The Andukondam Co-operative Credit Society.	"
50	The Manaloor Co-operative Credit Society ...	"
51	The Pandalgudi Co-operative Credit Society.	"
52	The Vagudi Co-operative Credit Society ...	"
53	The Tiruppalakudi Co-operative Credit Society.	"
54	The Bommakottai Co-operative Credit Society.	"
55	The Sivadapuram Co-operative Milk Supply Society.	Salem.
56	The Udayappatty Co-operative Milk Supply Society.	"
57	The Kandampatty Co-operative Milk Supply Society.	"
58	The Komarasamipatty Co-operative Milk Supply Society.	"
59	The Pallapatty Co-operative Milk Supply Society.	"
60	The Gajjalnaickenpatty Co-operative Milk Supply Society.	"
61	The Ampalli Co-operative Society ...	"
62	The Kottaigoundampatti Co-operative Credit Society.	"
63	The Salem City Co-op. Milk Supply Union ...	"
64	The Viswanatha Nagar Revenue Subordinates Co-operative Building Society, Ltd.	Tanjore.
65	The Eraiyur Co-operative Society ...	Trichinopoly.
66	The Ayan Tattanur Co-op. Credit Society ...	"
67	The Kalugur Co-operative Credit Society ...	"
68	The North Vizagapatam District Agricultural Improvements Co-operative Society, Ltd., Chicacole.	Vizagapatam.
69	The Nukalavada Co-operative Society ...	"
70	The Gangada Co-operative Society ...	"
71	The Rompalli " ...	"
72	The Sivadavalasa " ...	"
73	The Kottakki " ...	"
74	The Piridi " ...	"
75	The Surammapetta " ...	"