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Editorial Notes.

The Central Land Mortgage Bank.

(i) General Progress.

During 1938-39 the Central Land Mortgage Bank made good progress. Its membership on the last day of the year consisted of 106 affiliated primary banks and 465 individual share-holders besides the Government. The paid-up share capital of the bank as on 30-6-39 was Rs. 7,76,500. The amount of debentures in circulation on the opening date was Rs. 1,31,85,700. Debentures for Rs. 39,57,200 were issued during the year and debentures for Rs. 10,86,700 redeemed. At the close of the year the debentures in circulation amounted Rs. 1,60,56,200. During the year under review the Government were pleased to increase the maximum amount of guarantee to Rs. 250 lakhs from Rs. 200 lakhs. The loan disbursed during the year reached the record level of Rs. 58,52,865. The amount of loans outstanding on the last date was Rs. 1,89,17,980-8-11. The reserve fund of the Central Land Mortgage Bank amounts to Rs. 1,75,760-13-11. The reserve of the primary land mortgage banks invested in the Central Land Mortgage Bank amounted to Rs. 1,42,832 12-8. The Central Society earned a net profit of Rs. 1,12,714-9-0. Out of this a sum of Rs. 40,000 has been set apart as reserve for bad debts and depreciation reserve. They have declared a dividend of 4 per cent. on the paid share capital and allotted Rs. 40,000 towards building fund and set apart Rs. 2,500 towards common good fund. We are glad to note that the Board has also recommended a month's pay to be paid as bonus to such of the employees as are getting a salary of less than Rs. 100 per mensem.

From all the details given above it will be seen that the Central Land Mortgage Bank passed through another year of good and successful working.

(ii) *Mr. Ramalingam Chettiar's Address.*

Mr. Ramalingam Chettiar in his address, welcoming the members assembled, dwelt on 3 or 4 important points. First he explained why the conference was confined to the representatives of primary land mortgage banks and was not a general conference of all those interested in land mortgage banks' question. As he rightly observes the provincial co-operative conference deals with general questions and hence this conference is justified in confining its attention to the business-aspect and the relationship between the central and the primary land mortgage banks. Secondly, he dealt with the progress achieved by the Central Land Mortgage Bank which we have indicated in the previous note with relevant statistics.

The third point he laid stress upon was the present impasse. The Central Land Mortgage Bank followed the well meant advice of the Government of Madras and of the Reserve Bank in the matter of not floating debentures in driblets but floating them once or twice a year at favourable seasons. This works very well so long as Government continue to help them with timely advance at other periods. But owing to the war Government have not only stopped giving advances but are calling back all the monies they have advanced. As Mr. Chettiar points out this has created an impasse. We hope his suggestion that all those concerned in the matter should meet together and discuss the question and evolve a course of action will be accepted by the Government We are glad to note from a press note appearing in the local papers that the present financial situation of the Province is very easy and therefore it must be possible for the Government to give the Central Land Mortgage Bank the accommodation asked for.

After referring to some legislative enactments Mr. Ramalingam Chettiar referred to the question of the period of debentures and the need for granting extension to borrowers. The way to meet the problem suggested by him is that the Central Land Mortgage Bank should raise debentures for a longer period than the term for which they are lent. On this point the last Provincial Co-operative Conference passed the following resolution with which we are in agreement.

> "Resolved to recommend to the Central Land Mortgage Bank the procedure of floating Debentures of 25 years and restrict the period of lending to 20 years, creating thus a margin of 5 years, to cover inevitable defaults in payment and consequent extensions."

We are glad to be assured by the President of the Central Land Mortgage Bank that the primary banks have been managed well and

satisfactorily. But he felt it his duty to sound a note of warning against the introduction of party politics in the field of co-operation. Previous Registrars also have sounded a note of warning against this incipient danger to the movement and we hope that all true workers in the field of co-operation will set their face against this and work with a true spirit of mutual goodwill and not cultivate any factious spirit.

(iii) *Mr. Giri's Address.*

Mr. V. V. Giri, Ex-Minister in charge of Co-operation, Industries and Labour, who declared the conference open began his address with a review of the progress made by the land mortgage banks in the province of Madras as contrasted with other provinces. He then enumerated the achievements of the Congress Ministry, such as the passing of the Agriculturists' Debt Relief Act, constitution of Debt Conciliation Boards, provision of Rs. 50 lakhs for distribution as loans to agriculturists, the increase of guarantee on debentures to Rs. 250 lakhs, the formation of more primary land mortgage banks and other similar steps

Discussing the question of formation of land mortgage banks in dry areas he expressed his view in favour of such a step and said that the recommendation of the Committee on Co-operation that the diversion of a portion of the Famine Relief Fund for meeting obligations to Central Land Mortgage Bank was worthy of serious consideration.

He drew the attention of his audience to some complaints against the land mortgage banks, namely, that the benefits accruing from the land mortgage banks are not properly advertised and brought to the notice of the peasants; that loans are granted only to clear off prior debts and not for productive purposes that would increase the repaying capacity of members; that poorer people are not attended to and that there is considerable delay in the granting of loans. As might be expected, he naturally defended the action of the Government in suspending temporary accommodation because of the abnormal conditions created by the war. He also advised co-operators not to allow factious spirit to mar the smooth working of banks. He put in an eloquent appeal for a comprehensive agricultural policy on the part of the Government which will make the fullest use of the Agriculturists' Relief Act, Debt Conciliation Boards, Land Mortgage Banks and other similar measures intended to ameliorate the condition of the hard-working agriculturist. Rural uplift was the ideal and co-operators are expected to work in unison with other workers and see that villagers get good communications, water supply, medical aid, sanitation, facilities for marketing, cheap credit, improved relations between landlords and tenants and other amenities for a fuller life. We hope that the future Government of the Province, whatever be the party in power, will put into practice all these good ideas that the former Minister for Development had in mind.

The Committee on Co-operation.

During the later part of October and early in November the Committee on Co-operation had a pretty long session during which they passed resolutions on a number of points which are published elsewhere. Many items were discussed at length though no definite conclusions were arrived at. In some cases the Chairman was requested to note the general trend of the discussion and make suitable recommendations in the report; and in others the Secretary of the Committee was requested to frame suitable resolutions in the light of the discussion.

Among the matters that came up for discussion we should like to draw the special attention of our readers to two important items, one, on the co-operative house building societies and the other, on co-operative education.

Co-operative House Building Societies.

Though, through presumably by oversight, there was no reference to this branch of co-operation in the questionnaire published before the Committee began its work, yet we are glad that the Committee devoted a good deal of its attention to this important topic. That the House Building Societies form a very integral part of the co-operative movement in the Province will be seen by a glance at the following table which shows the progress of this class of societies during the last half-a-dozen years.

...	32-33	33-34	34-35	35-36	36-37	37-38
No. of Members	3878	3808	3998	4040	4207	4462
Paid-up Share capital Rs. (lakhs)	9·45	8·75	7·79	8·75	9·09	8·47
Loans outstanding ,,	19·84	17·45	15·91	14·92	15·33	17·97
Houses completed	1531	1573	1449	1809	1906	2071
Estimated value ,,	45·64	44·25	43·31	58·17	66·41	75·84
Under Construction	77	48	97	129	109	138
Estimated value ,,	1·81	1·28	1.85	4·05	4·34	4·47

It would be seen that there has been steady progress during these years and at the end of the last co-operative year the Government had advanced nearly Rs. 18,00,000 and the public have invested about 4 times the amount. This form of co-operation is popular not only in this Province but in other Provinces of India as well, notably in Bombay; it may be said to be a pioneer in the field.

During the course of discussion the following points were brought out. That co-operative societies should be started to help members not only to build their own houses but to buy them and to take them on mortgage; 2. that co-operative societies might be formed to own houses and let them to members as tenants; 3. that the need for building societies exists not merely in urban areas but in villages also and central banks might be requested to help the villager with long-term loans for the construction of houses; 4. that it is the duty of the employers to see that their employees are decently housed and that the Government as an ideal to employer should set an example in this matter; 5. and that the workmen living in the city of Madras require special consideration as they are subjected to greater troubles at the hands of exploiting land owners and house owners. 62

It was also mentioned that when members defaulted, societies experience difficulty in disposing of the houses pledged with them; that houses form a necessity for all and any measure which would enable the middle class people to compulsorily save and thereby ultimately own a house would be a great boon to them; that even poorer people can be given an opportunity to own their houses if the rent they are asked to pay be increased slightly, which with the introduction of Prohibition may not be a very difficult affair and if capital invested in building houses be given only a nominal dividend. Finally a suggestion was thrown out that the question be investigated by economic experts appointed by the University or by the Labour Department with a view to find out whether the rent that is actually being paid may be converted into an annuity so as to enable tenants to become the ultimate owners of the house.

Food, clothing and shelter are the three necessities of human beings and with regard to the poorer people dwelling in bad and insanitary houses, the third, i.e. shelter, becomes more important on account of the fact that without satisfactory houses even the benefits of good food and clothing could be nullified. But as in the case of other needs of men, the question of housing cannot be considered as one proposition applicable to all men. We have to leave out of account the very rich people who can easily spare the capital required for construction of houses and to whom any help by Government through co-operative societies would be superfluous. Similarly we have to leave out of account very poor people who require special concessions so as to enable them to get decent dwellings either as tenants or as ultimate owners. Confining our attention to the middle classes we may say that the need to the lower middle classes is even more urgent than that of the upper middle classes. Similarly it may be maintained that the need for a housing scheme in urban areas is more urgent than in rural areas. We may therefore confine our attention to the housing problem of middle classes in urban areas.

There is much to be said in favour of co-operative corporations owning houses and letting them at rents within the easy reach of lower middle classes. In big cities like Madras, Madura and Trichinopoly there is a large population of clerks, teachers, artisans, shopkeepers who flock to them for earning a living, but who are not keen on settling down in those areas. In fact, many of them look forward to the day when, with a decent saving, they would be able to go back to their native villages. There is ample scope, therefore, for the formation of co-operative societies owning houses and letting them to lower middle classes. The step is not without precedent. In England there are many such societies which do very successful business. Bombay also has tried the experiment though not with great success.

But even these lower middle classes may like to own their own houses in some cases and facilities should be given to enable them to achieve their ambition. Many people who live in cities have often expressed their regret that they had not joined building societies sufficiently early in their lives, and most of them pay rent equivalent to the monthly instalment of equated payment which they may have to pay to building societies if they take a loan and build a house of their own with the help of it. So the lower middle class people or the thrifty amongst them who are keen upon owning their own houses should be given facilities through building societies. Members may be asked to subscribe share capital of about Rs. 1,000 and a loan of Rs. 5,000—(including the share reloaned) would enable most of them to own decent houses.

In the major towns of our Province, it is the upper middle class people that have been benefited by the building societies. Many of them have taken the maximum loan of about Rs. 10,000. Perhaps the Registrar had these people in mind when he criticised them as building houses "in an uneconomic way". There are many instances of persons who build houses bigger than what is necessary for them and being unable to pay the monthly instalments encumber themselves with a sub-tenant and modify the structure of their houses so as to accommodate another family. The Government may declare its policy of encouraging loans for Rs. 5,000 and less and scrutinize loans more carefully for bigger amounts.

We heartily agree with the suggestion of the Hon. Mr. V. Ramadas Pantulu that every big employer should be asked to provide on a reasonable rent, decent houses for their employees as one of the necessary conditions of employment of labour. The State may help such employers with an initial loan which has to be repaid in course of time, the employer himself contributing his own quota. Another suggestion of Mr. Ramadas Pantulu also deserves special mention, namely, that the housing scheme like the mortgage banks should be connected with a scheme of insurance and Municipalities and Corporations should have a definite plan of house building and must do all they can to enable the citizens to beautify the city and at the same time provide themselves with their own houses.

We are glad that the Committee has recommended that interest on old loans should be reduced to 4½ per cent. This is a matter on which co-operators connected with this branch of the movement feel pretty strongly. The Government were borrowing at a high rate

and lending money to the house building societies at a slightly higher rate in the past. But in recent times the Government have been trying to convert loans on which a high rate of interest was paid into new loans carrying low rate of interest. Their liability on loans being thus reduced, it is not proper that they should demand from co-operative house building societies that interest should be paid at the old higher rates. The last Provincial Co-operative Conference passed the following resolution on it.

> "This Conference is emphatically of opinion that the interest charged by government on old loans issued prior to 1935 is very much excessive and the same should be reduced to the present rate of 4 per cent. without charging any penal interest."

We hope this matter would be taken up by Government and disposed of favourably for the thousands of co-operators involved in the scheme.

Co-operative Education.

We are glad that the Committee on Co-operation spent two evenings to discuss the very important question of co-operative eduction. Various aspects of the problem were thrashed out in detail and conclusions arrived at on some of these which are printed elsewhere. This question of co-operative education has been engaging the attention of co-operators for some years, specially one aspect of it, namely, the imparting of higher education in co-operation and giving proper equipment, theoretical and practical, to the recruits of co-operative service, official and non-official. As early as 1933 the Provincial Co-operative Union submitted a scheme for the starting of a co-operative college which for various reasons was not then taken up. Recently Mr. C. J. Varkey, when he was Parliamentary Secretary to the Minister for Education, submitted a scheme to the Government for the institution of a co-operative college which met with the approval of the Registrar and that scheme was submitted to critical examination by prominent co-operators whose articles thereon have been published in the pages of the Journal. (See August number of 1938). Even after the Committee discussed this topic and came to certain tentative conclusions, further discussion has been carried on in the Press because the *Hindu* wrote a leader on the subject advocating a particular line of policy. Mr. Ramadas Pantulu came with a reply to it and Mr. K. Bhashyam whose views were in agreement with the views of the *Hindu* came out with a rejoinder. Thus the public have before them enough material on this subject of co-operative education for them to form their own opinions on it.

In the course of the discussion it was suggested that the chief point to be aimed at was not whether the college should be under Government control or under non-official control, but whether there should be two courses of training, higher and lower. It was also suggested that co-operation might be made part of the Arts course in our Universities. Another suggestion was that besides the co-operative college equipping students for the degree course in Co-operation, there should be an Institute equipping students for a diploma in Co-operation of the University of Madras. Presumably the Co-operative Institutes now working were expected to run a higher course qualifying their students for a diploma in the University and a lower course for the examination to be conducted by the Institutes themselves. A very important point, on which there was not much controversy, was that the number of students to be recruited should be based upon the possible number of vacancies both in Government service and in non-official service in our Province and the neighbouring Indian States of South India. The need for practical training was laid great emphasis upon. It was considered necessary to start with practical course and then after a period of training in the college to complete the instruction by another short course of practical field work. Dr. Thomas clarified the issue by enumerating the various types of co-operative instruction to be undertaken ; (1) Co-operation in schools and colleges, (2) Co-operative education of panchayatdars and office bearers of societies, (3) Co-operative education for higher officers, both official and non-official and (4) co-operative research. And Mr. Ramadas Pantulu stated, the problem for their immediate consideration was only that of the recruitment of officers for higher service, both official and non-official.

We agree with Dr. Thomas, Dr. B. Pattabhi Sitharamayya and Mr. Galletti who laid emphasis upon the various kinds of co-operative instruction needed for various sections of people concerned in this big national enterprise. Co-operative education is to be given in schools and colleges not merely as Dr. Thomas suggested by the introduction of a few lessons on co-operation or by the prescription for non-detailed study of some books of the type of Mr. Darling's or Mr. Brayne's on Rural Life and Uplift but by active encouragement for the starting and successful working of the Students' Co-operative Societies in all schools and colleges. Students can thus be naturally and easily introduced to the real facts of co-operation rather than being given a vague impression as to its full implications.

There is a vital need for creating the proper kind of co-operative atmosphere among our villagers before co-operative societies could be started and for maintaining such an atmosphere for the proper working of co-operative societies when started. As Dr. Pattabhi Sitharamayya puts it in his own effective way "we have to charge the people with co-operative current" and that can be done by the continuance of training classes of panchayatdars and members that are being now conducted with the help of the subsidy given by the Government of India. Co-operators of the Province and the Government will do well to devise some machinery for continuing this useful instruction even after the subsidy by the Central Government is withdrawn, as it may be in a year or two.

Thirdly there is need for the training of paid secretaries in primary societies, supervisors of unions and others of that type and the training institutes that are now being run, one in the North and one in the South in our Province might very well continue. As Mr. Ramadas Pantulu suggests the minimum qualification for recruitment to these Institutes may be taken to be S.S.L.C. Instruction may be imparted in the mother tongue of the students. There would then be need for three institutes if not for four. Whether we should make the course diversified so as to equip students to become real village guides capable of managing not merely co-operative institutions but village panchayats also and be in a position to offer advice regarding other aspects of village uplift, as Mr. Ramalingam Chettiar contemplates in his article, is a matter which can be left to the Institutes to solve.

The need for co-operative research, as is being conducted by workers in the Horace Plunkett Institute, is a problem of All-India importance and as Mr. Ramadas suggests it might well be left to the All-India Institutes' Association to tackle with the help of any subsidy that may be given to them by the All-India Provincial Banks' Association.

We are thus left with an important problem of giving proper instruction to the higher staff of the co-operative movement, whether in Government service or in the service of non-official section of the movement.

Even with regard to this, in spite of controversies and sharp differences of opinion, there is a good-deal of unanimity on many points. For example, all co-operators were agreed that the College to be started must be affiliated to a University and as Madras has already made a move in the matter the College might, in the first instance, be affiliated to the Madras University. The College is expected to give instruction of a high academic nature combined with practical course and equip students either for a degree or for a diploma of the University. Secondly there is agreement on the number of recruits to be taken every year, possibly from 60 to 80 at the most. Thirdly there was agreement about the ultimate responsibility of the Government in financing the Institution. Even those who held that sufficient finances could be secured from within the movement by pooling together the common good fund available of the Provincial Bank and the District Banks and wealthy institutions, were of opinion that as years roll on and as the cost of running the college increases Government should be ready to meet the net deficit, whatever it may be.

The only point of difference among the co-operators as revealed both in the discussion at the meeting of the Committee as well as in the later controversy carried on in the Press seems to be on the very vital question as to who should manage the College. There is evidently a sharp cleavage of opinion in this matter. Mr. Ramadas

Pantulu is un-compromising in his view that the ultimate control over the college should be vested in a non-official body. He is afraid that if the Institution be under official control the academic freedom necessary in handling questions of a controversial nature would not be available to the staff. As he puts it, co-operation is a branch of Economics and Economics impinge very largely on politics and hence political issues could not be avoided in dealing with the co-operative problems. The other side put forward the plea of efficiency, which they think could be secured only if the college be under Government management. There would be nepotism in the appointment of the staff and degeneracy would set in. Conditions of service in non-Governmental Institution are not so favourable to the staff as in Government service and as the Principal of the present Institute pointed out; so far as the staff is concerned Government control would be preferred.

It is worth nothing that in no other part of the world is the Government in charge of co-operative education. It is the movement that is maintaining these colleges. And with regard to the general belief in Government Institutions being more efficient than those managed by private bodies, recent experience in the field of education, at least so far as this province is concerned, does not warrant the assumption as there have been considerable changes in the method of selection of the staff due to considerations not always academic.

The Committee, by a majority, have decided in favour of Government control ; but we hope that when the resolution is to be implemented by Government, the points so vividly brought forward by the opposition will be borne in mind and the Institution will be administered in such a way as to minimise the evil, if it be not possible to reduce it to nothing. There is some consolation in the fact that the Government of the future would be, whatever be the party in power, a national Government under popular control and not an irresponsible bureaucratic Government. Though there is the danger of vested interests thwarting the best laid co-operative plans, still the popular voice in the matter may be made to be felt by the powers that be through our representatives in the Legislative Assembly and the Council.

Co-operation in Japan.

BY SRI T. RAGHAVENDRA RAO,

Secretary, Madras Provincial Co-operative Bank, Ltd.

The organization and working of co-operative institutions in Japan is strictly supervised by the Government. The subject of Co-operation is in charge of a Minister called the Minister for Agriculture. He is appointed to the Cabinet by the Emperor from among the members elected to the House of Commons. The Minister is assisted by two Vice-Ministers who are appointed by the Cabinet. Under him is the Director of Restoration of Agriculture.

There are four Secretaries to the Minister each in charge of a Department as under:—

1. General Section.
2. Co-operative Societies.
3. Agricultural Credit.
4. Rural Industry.

Under the Secretary are Inspectors but there is no officer corresponding to the Registrar here.

There are Acts passed by the Legislature governing co-operative institutions and Rules and Regulations framed by the Government.

For convenience of general administration the whole of Japan is divided into 47 prefectures each under a Governor.

There are a little over 15,000 co-operative societies in Japan. The number seems to be sufficient since only 34 villages are not served by any co-operative organisation, as it is stated that they are small and insignificant.

The Central Bank of Co-operative Societies.

(Sangyo Kumiai Chuo Kinko.)

There is only one Central Bank for the whole of Japan with head-quarters at Tokyo. It has only three branches at the following places:—

(1) Osaka, (2) Moji & (3) Sen-dai.

The first two are in the south and the third in the north. Shares in the Central Bank are held by the Government, Co-operative Societies or Federations of Co-operative Societies. No individuals are admitted as share-holders. Except the Government, no one institution can hold more than 200 shares which are of the nominal value of 100 yen each.

The Bank was started in 1925 and thus is in the 15th year of working in 1939. The Government have contributed 15 million yen towards the share capital of the Bank repayable after a period of 20 years and on which no dividend is payable to the Government. The dividend paid to other co-operative institutions is 3.5 per cent. on paid-up share capital. Besides providing half of the share capital the Government has also advanced to the Bank a sum of 6 million yen out of Deposit Bureau Funds when there was general depression in the country in the year 1932. These funds are savings deposits made in Post Offices and other Government balances. The rate of interest charged to the Bank is 4.6 per cent. per annum.

On account of the large financial commitments of the Government in the Bank the Government has reserved to itself through the Ministers the right of appointing the President, the Vice-President and Directors of the Bank. These are full-timed salaried officers. The Auditors, three in number, are also appointed by the Government. The term of office of the President, Vice-President and Directors is 5 years and that of the Auditors 3 years.

The Bank has also a council consisting of not more than 20 members who are all nominated by the Ministry. Half the number at least shall be chosen from persons interested in co-operative societies and the rest from among the public noted for eminence in finance, economics, business, etc. The office of a Councillor is honorary. The Councillors are required to reply to the questions framed by the President in reference to the most important matters connected with the working of the Bank in accordance with the provisions laid down in the statute. The term of office of the Councillors is 3 years.

The Central Bank accepts deposits from affiliated institutions for short periods at the following rates:—

For 3 months	at 3.3 per cent. per annum.
„ 4 or 5 months	at 3.4 per cent. „
„ 6 months	at 3.5 per cent. „

The Central Bank charges the following rates of interest on loans:—

Less than one year ... from 4.1 to 4.5 per cent. per annum
From 1 year to 5 years... from 5.2 to 5.5 per cent. „
From 5 years to 15 years:
To Federations @ 5.6 per cent.
To Societies @ 5.8 per cent.

The following is the state of affairs as on 31-12-1938 compared with that on 30-6-1937.

		31-12-1938.	30-6-1937.
Number of Societies	...	15,328	15,316
Membership	...	6,842,224	6,265,904
		YEN	YEN
Share Capital	...	365,069,780	348,396,248
„ Paid-up	...	281,438,884	269,270,344
Reserve Fund	...	164,875,971	159,328,361
Liabilities	...	236,874,543	283,731,555
Deposits	...	2,179,893,374	1,592,093,037
Loans, Cash credits & overdrafts	...	1,085,496,517	1,095,827,178
Deposits with banks	...	950,389,496	563,944,019
Govt. Securities and other	...	345,196,521	212,830,913
Cash	...	40,175,771	28,568,342
Commodities purchased	...	426,411,030	347,381,729
„ Sold	...	749,690,468	612,714,042

The Bank is also empowered to issue share bonds (akin to debentures) up to ten times the paid-up capital. The amount of the bonds issued may not, however, exceed the total amount of loans granted, Bills discounted and Negotiable Securities owned by the Bank. The bonds are for 15 years and are of the nominal value of 50 yen, payable to bearer, with interest coupons attached. These Bearer Bonds may also be converted into Registered Bonds at the option of the holders. Permission of the Ministry is required for issue of these bonds who approve of the terms offered.

The statutory contribution to Reserve Fund is one tenth of the net profit of any one year.

Rate of distribution of surpluses relatively to the amount of the capital paid-up shall not exceed 6 per cent. per annum. But when the Reserve Fund accumulates to one-fourth of the subscribed share-capital the rate of distribution may be increased to 8 per cent per annum.

The Minister of Agriculture and Commerce and the Minister of the Treasury exercise control and supervision over the Bank on behalf of the Government. As the President, Vice-President, Directors and Auditors of the Bank are appointed by the Ministers acting on behalf of the Government, various duties are attached to their offices and violation thereof is liable to a fine varying from a minimum of 100 yen to 1,000 yen.

Japan has a national Government. Its export and import trade is in the hands of their Nationals helped and assisted by National Shipping, National Banks and National Business Houses. The country's resources are not exploited by Foreign Banks, Insurance Companies or Merchants, for Japan was never under foreign domination.

There are some special and unique types of co-operative organisations in Japan.

Co-operative Societies for the Sale of Produce.

Co-operative societies for the sale of produce are formed with the object of selling articles produced by their members, either manufactured or not by the society, but usually consigned by members.

About 79.2 per cent. of the whole number of co-operative societies in Japan carry on this kind of transactions.

At the end of 1934 the annual sales amounted to about 31,209,842 yen, that is, an average of 30,429 yen per co-operative society and 64 yen per member. The products handled by the co-operative societies are very varied, but are principally rice, wheat, barley, soya beans, fresh vegetables, fruits, tea, colza oil, cocoons, raw silk, matting, straw and articles made of straw, live stock, textile fabrics, drapery goods, marine produce, sugar, paper, charcoal, Japanese mandarin, eggs and medical plants.

Co-operative Purchasing Societies.

The object of a co-operative purchasing society is to buy articles needed by its members for carrying on industries or for daily consumption, which are either manufactured or not manufactured, or produced by the society.

This generic name is given to two distinct kinds of co-operative societies, viz., those which purchase raw materials or other requisites for agriculture and manufactures, and those which purchase articles for consumption. The purchases are generally made only to bill orders received from the members but sometimes stores are opened in which articles required by members are stocked and sold when needed.

There are nearly as many co-operative societies carrying on this kind of business as there are doing a credit business, about 80.0 per cent. of all the co-operative societies in Japan.

The purchases made in 1934 amounted to 202,991,144 yen, that is, an average of 18,197 yen per co-operative society, and 49 yen per member.

The chief articles purchased through these co-operative societies (for manufacture and agriculture) are fertilizers, agricultural implements, seeds and seedlings, silkworms, eggs, every kind of raw materials for manufacture, tools and machinery, fishing implements, etc. Among goods for daily consumption, we may mention rice, wheat, barely, and other cereals, salt, silk, sugar, sake, macaroni, fish, coal, petroleum, textile fabrics and medicines.

Co-operative Consumers' Societies.

In Japan the co-operative consumers' movement has come through a period of hard times, suffering repeated setbacks, but seems now to have rallied and to be on the upward trend. It is, in particular, gratifying that the societies conducted by wage-earners or salaried men, which are not under the auspices of employers, have grown in many towns. Some statistics of registered societies are shown in the following table.

	On 31st December 1934.
No. of societies	190
No. of members	212,091
No. of shares	379,234
	YEN
Total sum of shares	3,699,954
Shares paid-up	2,508,405
Reserve	1,574,650
Sum of sales	25,762,735
Deposits	4,854,542
Loans	2,098,557
Surplus	493,717

(To be continued.)

K. T. Paul

By Mr. K. G. Sivaswamy, B.A.,
Member, Servants of India Society.

The public of India cannot be too grateful to the Y. M. C. A. Publishing House for publishing the life of Mr. K. T. Paul in the 'Builders of Modern India Series' and to Mr. H.A. Popley for writing his biography. The Publishing House should be congratulated on selecting Reverend H.A. Popley, who has all his life moved intimately with Mr. Paul and collaborated with him in all the evangelical, social and economic work among the masses. Dr. John R. Mott who had a high respect for Mr. Paul's life as an Indian Christian has contributed a foreward.

Reverend Popley, an Englishman who has adopted India as his mother country and whose emotional nature quickly responds to any call against oppression and injustice, has emphasised in this biography the central motives that moved Mr. K.T. Paul in his life. Mr. Paul showed by his example that Indian Christianity did not mean hostility to national movements and alliance with British Imperialism. He believed in the British Commonwealth of Nations, with an equal status for India with other Dominions. In his evidence before the Joint Parliamentary Commission in England in 1919 he advocated common electorates against separate electorates for Christians. Foreseeing the dangers in the perversion of the Church organisation by narrow-minded foreign evangelists for buttressing the temporal rule of Britain in India, he actively worked for the growth and expansion of the Indian National Missionary Society. In the Y.M.C.A. he urged a policy of substitution of Indian secretaries for foreign secretaries. At Missionary conferences he pleaded for the evangelists interesting themselves in the problems of neighbourhood.

The enactment of the Rowlatt Act lacerated his heart. Here was a declaration in 1917 by the Cabinet in England for the progressive realisation of Responsible Government in British India. This was immediately followed by an Act which according to Mr. Paul, " dashed to the ground, at the obstinate demand of administrative safety and efficiency, the work of a dozen eventful years, from the day Morely came to the India office by great and good men of both races in nurturing almost to fruition the delicate plant of mutual confidence". Mr. Paul saw Calcutta was 'a dead City' in 1921 during the visit of

the Prince of Wales. The growing movement of non-co-operation kindled the feelings of national honour urging within him. He once said to Rev. Popley, " You English have never known what it means to belong to a subject race". He sent a joint letter signed by all Missionary organisations in 1930 to Lord Irwin urging reconciliation between Government and the people. But it had no effect. The pace of repression increased. Torn by mental conflict he spoke to a few friends in the following terms. "I must speak out. I cannot keep silent any longer". One of the reasons for his resignation of the secretaryship of the Y. M. C. A. in March 1930 was his intense urge for a fuller public life. Mr. Paul could not reconcile himself to the idea of standing for a Christian constituency. He could not stand for the general electorate as he was not a Hindu. He stood for the most enlightened constitutency of graduates of the Universities in Madras Presidency, but that constitutency, even as late as 1930 in the history of India, could not rise above the spirit of communalism. I met Mr. Paul immediately after the election. His nationalism stood pure and strong and he told me that we should not judge Indian nationalism by the behaviour of the ballot-box and that the election showed only how much more Christians had to work for the country to bridge long-standing communal cleavages. In 1931 he attended the Round Table Conference, and there too he stuck to his nationalistic views of common electorates for Christians. I recall to my memory again a conversation, I had with him after he returned from the R.T.C. Mr. Paul narrated to me his approach to the problem as compared with that of Sir T. Pannirselvam, the member in the R.T.C. representing Catholic Christians. While the latter dogmatically asserted that all Christians were for separate electorates, Mr. Paul represented that he would not take up such an exaggerated position, as his own differing views showed that there were two opinions on the question among the Christians. There we find the fair-mindedness of the man, which made a great impression on the R.T.C.

The next contribution of Mr. Paul to Indian public life was the widening of the Christian outlook to participate in the civic and political life of this country. With the advent of the Reforms in 1919, Mr. Paul saw the need for training the electorate. At this instance the programme of the Y. M. C. A. was broadened. In 1920 the Y.M.C.A. passed a resolution "that it was a great opportunity for stimulating the growth of high ideals of citizenship and of promoting the study of public questions in an atmosphere of good-will and mutual understanding; and that it believes that the association should exert its influence in every Christian way possible towards the complete application of the teaching of Jesus Christ to commercial, industrial, political and social questions and should stand for justice and fairplay in both public and private life". The result of the resolution' was that the Army authorities objected, and the Simla Y. M. C. A. disaffiliated itself, though it re-affiliated itself in 1930. But Mr. Paul steadily pursued his aim by educating the Y.M.C.A.'s through *The young Men of India* on public questions, at the same time keeping clear of party politics. Between 1922 and 1928 the Y. M. C. A. had to pass through troublesome times. The subscriptions of British businessmen fell off. The European Association attacked Mr. Paul for his views and for his sympathy with Mahatma Gandhi. To add to the troubles, the frank Rev. Popley, then in charge of the rural department of the Y. M. C. A., could not mind his own business, but being cast in a larger mould spoke the truth that the British administiation stood self-condemned by their arrest of Mr. Gandhi. A commission was appointed to enquire into the charges of the political affiliations of the Y.M.C.A. In 1928 the Y. M. C. A. cleared itself of these charges. Meanwhile the Governor of Bombay doubled his subscription to show his confidence in the work of the Y. M. C. A. Thus did Mr. Paul achieve a great change in the plan and programme of the Y. M. C. A. His struggles and those of his colleagues have made it easy for the present workers to educate the public on current topics without being stigmatised as a political party or a seditious group.

Mr. Paul was not satisfied with centralised activities conducted with funds, buildings and workers. That way lay the danger of the growth of isolated colonies weighted down by their own organisation and not finding the time nor the energy to build up the larger life of the country. In his own inimitable style Mr. Paul called on the Y. M. C. A. workers to take to community service which he defined as "entering the community with which one is thoroughly familiar and then by personal service and steady mobilisation of personnel, perhaps largely through existing outside organisations, inspiring one's neighbours to a holy unrest, setting up a type of active citizenship such as will be an adequate demonstration, and thus securing the noble living of one's neighbours". This policy, again, which he enunciated for the Y. M. C. A. led to controversies as the Y. M. C. A. has grown with the aid of centralised work in huge buildings guided by wholetime workers. Mr. Paul's fear was that this Western

mechanism might be unsuited to India and that social work should be done through simpler tools of the indigenous type suited to the environment.

Mr. Paul urged the Y. M. C. A. workers to interest themselves in Local Bodies and Co-operative Societies, and plunge into relief activities during times of flood and famine. I well remember the year 1921 when Mr. Paul came to Malabar to arrange for the joint work of relief by the Y.M.C.A. and the Servants of India Society. And to-day many Y. M. C. A.'s have followed Mr. Paul's example in interesting themselves in social service and in awakening local leadership.

It will not be possible in this short review to refer in detail to the many-sided activities of Mr. Paul. The expansion of the literary side of the Y. M. C. A., the publications called "Pamphlets for the times," the Y. M. C. A. hostel in London, the physical side of the Association, the building programme costing Rs. 21 lakhs, and the war activities were all the developments undertaken during the period of his secretaryship of the Y. M. C. A. Mr. Paul organised in 1927 the Students' Association for rural service. During his foreign tours he tried to solve the difficulties of Indian students in America and England. The subject of Indians overseas, particularly in Fiji, claimed equally his attention.

Mr. Paul was not only a nationalist politician but a great social worker. As early as 1908 he refers to the work of the Prem Sabha in the Punjab working among the depressed classes. In 1914 he saw at Jalna (Hyderabad) what a co-operative society could do to give small loans and to aid in the rearing of bulls. He projected a scheme of training workers under the co-operative department, who were to organise and supervise village societies for the landless classes. The London Mission took the initative. 2 societies were first started and these gradually expanded to 50, supervised by the Christian Co-operative Union, Erode. The movement steadily grew. Y.M.C.A. workers were appointed in Malabar, Salem, Coimbatore and Ceded Districts. Mr. Paul had great hopes of the co-operative credit society because it relieved the great need for credit, and secondly because "it trained people in combined action, disciplined them in following the leader they have chosen, and it chastened the leaders in having their policies and actions guided in a democratic way." Three secretaries were appointed by the Y.M.C.A. for co-operative bank in 1913. Later the movement so expanded that in 1920 there were 160 societies, 128 in the Madras Presidency, 23 in the U. P., and 7 in the Punjab with a total share capital of Rs. 28,000 and a working capital of Rs. 1½ lakhs, under 30 rural Y.M.C.A. secretaries under a special rural department. But the results were not commensurate with the labour put in by the secretaries. It proved also a financial strain on the resources of the Y.M.C.A. The co-operative societies were therefore handed over to Missionaries and official agencies.

Another policy of concentrated work "in light-house centres" was adopted. According to this policy, all the needs of the villager should be simultaneously served. The work undertaken should be capable of being continued by the villagers. It should be restricted to a few villages within five miles' radius of the centre. Supervision of co-operative banks, making the fullest use of the departments of Agriculture, Industries, etc., supply of goods and sale of produce, attention to cattle problems and promotion of cottage industries were to be the items in the economic programme. Village libraries, weekly market theatres and magic lantern lectures were to be the aids for adult education. Village leaders were to be trained.

The work was started in four centres: Ramanathapuram (Coimbatore), Marthandam (Travancore), Indukurpet (Nellore), and Areakode (Malabar in 1921: These centres have given valuable experience for the future guidance of the Government and rural workers. One thing they have shown is that the need of employment for the village worker cannot be solved by an ordinary credit society but only by a special agency of an efficient and persevering worker. Mr. Manual at Marthandam has patiently, and after suffering much loss, built up the poultry industry. The Ramanathapuram centre under Mr. Jayakaran showed the possibilities of growing vegetables near towns. The Areakode centre under Mr. Jacob developed the wood industries. The Nellore centre under Mr. D. Swamidoss emphasised training in crafts and gradening for young boys in cheap hostels in rural areas. The success of all the centres was due to the proper recruitment and the training of the workers in charge of them. The services of Dr. Spencer Hatch, Mr. Jayakaran and Mr. Stephen have been taken by the States of Travancore, Baroda, Hyderabad and Mysore for developing village industries. Mr. Paul was a member of the Townsend Committee on Co-operation which inquired in 1927-28 into the state of the co-operative movement in Madras. As member of that committee he emphasised the need for maintaining the independence of the primary societies by forming district federations for supervision.

Two other aspects of rural work of Mr. K. T. Paul deserve mention. When the co-operative credit movement spread in this Province among the depressed classes, the Central Banks, then as even now, were not willing to finance them. A special bank called the Christian Central Co-operative Bank was therefore started to finance these societies. Mr. J. E. Frohlich, a Christian Swiss business-man in Madras, was persuaded to become the honorary secretary of the bank. Regarding the starting of this bank Mr. Frohlich writes, "Surely a central bank organised in faith and law to cater for these people could not only be made a great influence for good but could be made a financial success as well. *Though I was not wholly convinced of the latter*, Mr. Paul had so fired me with his enthusiasm for this cause that I agreed to fall in, and on 1st July 1916 the Christian Central Co-operative Bank, Limited, started on its career". The bank worked under great difficulties from the commencement. It lent money to co-operative societies of landless classes in villages while what they wanted was work. The supervision over these societies was under Co-operative Inspectors of the Department who were mechanically doing the work, who were not inspired by their superiors to do it with devotion and who had no connection with the bank. Secondly, the loans had to be recommended amidst pressure of multifarious work by district co-operative officers. It is only in the final stages of the working of the bank that Government agreed to pay, as grants for supervision, the amount spent by them on the Inspectors for the supervision of depressed classes societies, thereby leaving the bank free to appoint its own staff. The bank got itself mixed up with the financing of city societies in Madras. The one personality who inspired the bank could not give his whole time to the work. Mr. Paul thought of a more intensive work for a number of agriculturists at Peravaram by alloting lands for cultivation of tobacco and taking charge of the produce. But the scheme failed on two grounds, firstly because the bank cleared the past debts of members which could never be recovered from their land incomes, and secondly because the price of tobacco fell.

But all these experiences have certain lessons to teach us. We want a special bank for labourers. Its directorate should consist partly of Government nominees and partly of earnest workers in the cause of labourers. An agency of the bank is preferable to a co-operative society. The members' debts should be fully liquidated by a legislative enactment. The object of the agency should be to provide employment, supply requirements, and market the produce. Trained workers as in the case of rural centres should be appointed for this work. Necessary subvention from the State should be forthcoming for the training of workers, supervision and audit. A reorganisation of the Christian Central Bank according to the scheme herein outlined will be a noble edifice raised in memory of the late Mr. K. T. Paul who tried incessantly all his life for the economic development of landless agricultural labour.

Conference.

THE TENTH LAND MORTGAGE BANKS' CONFERENCE.

The 10th Annual Conference of Land Mortgage Banks was held in the premises of the Central Land Mortgage Bank, Ltd., Mount Road, Madras, on the 18th of November 1939. The conference was opened by Sri V. V. Giri, Bar-at-Law, M. L. A. Sri T. A. Ramalingam Chettiar, President of the Central Land Mortgage Bank, welcomed Mr. Giri and the delegates and in doing so he said:

"We have again got to our credit a year of steady work well-done. It is a matter of congratulation for those connected with the Central Bank and the Primary Banks that the Land Mortgage Banks' movement in the Province has progressed satisfactorily and cautiously and serves as a model to be followed by other Provinces. The movement was started with the policy that all parts of the Province should be served by Land Mortgage Banks. Steady progress has been made in this direction and the area to be covered still is very small. There are now 120 banks working in this Province. The paid-up share capital of the Central Bank has risen to 8 lakhs and the several reserves have accumulated to about 3.5 lakhs. The loans outstanding amount to about 2 crores. This steady and satisfactory progress is due to the hearty co-operation of everybody concerned—the Government, the Registrar, the Board of Management of the Central Bank and the managements of the Primary Banks.

The Government have raised the maximum amount of their guarantee of principal and interest on the issue of debentures of the Central Land Mortgage Bank to 250 lakhs. They have been giving temporary accommodation for the issue of loans during the last nine months and the amount due to the Government on this date is Rs. 28,85,550. They have been maintaining the services of the Co-operative Sub-Registrars without payment in addition to the concessions they have given in stamp fees and registration fees. They are charging for the services of the Deputy Registrars during the last 3 years. For all this help the co-operators are grateful to the Government.

We used to issue debentures throughout the year as we required money. We were luckily able to get all the money we required by this process. At the instance of the Reserve Bank of India the Government insisted on our changing the method of issue of debentures and asked as to issue debentures only once or twice a year at the times and on conditions advised by the Reserve Bank and offered to give temporary accommodation up to the limit of our requirements every month on condition that we repay the advances as soon as our debentures were floated. For this temporary accommodation interest was to be charged

at the Bank rate which prevailed at the time the advance was made. I have no doubt the advice was well-meant and was given in the interests both of the Bank and the Government which had also to raise money in the open market by floating loans at convenient times. This change in the procedure has unfortunately caused us serious trouble. The Government on account of their financial position have now intimated to us that we will have to float debentures and repay the advances taken from them, that they cannot advance money by way of temporary accommodation hereafter and that the rate of interest on the outstanding advances should be varied according to the Bank rate. They have asked us to repay their advances first with the result that further loaning had to be stopped. The Bank was, therefore, forced to stop all disbursements of loans with effect from the 29th September 1939. All the conditions required to be fulfilled before resuming loaning are impracticable in the present state of affairs so far as we are concerned. The Central Bank and the Primary Banks issue loans at a fixed rate of interest and the equated payment to be made by the borrower depends on the rate of interest fixed. So the rate of interest cannot be varied. Any variation in the rate of interest will also affect the repaying capacity of members. The insistence of the Government on our paying Government advances first makes it impossible for us to continue our work. The Reserve Bank advised us early in the year to float our debentures in October but in October the financial conditions have so changed that it was impossible for us to float any issue of debentures in lump in the open market. We have now resumed the old practice of issuing loans in driblets keeping the list open until it is fully subscribed. We have been able to raise, with the co-operation of the Local Bodies and the Co-operative Societies and the kind help given by the Inspector of Local Bodies and the Registrar of Co-operative Societies, about seven lakhs of rupees. The amount already advanced by the Government and other funds utilized, which will have to be made good, amount to nearly 40 lakhs. If we have to raise these 40 lakhs and pay off first and then only start new transactions it will be a very long time indeed before we start giving loans. I made the suggestion to the Government that they may take debentures to the extent of their advances not subscribed by the public within a reasonable period. The Government have provided in the Budget, Rs. 75 lakhs for the purpose of giving temporary accommodation to the Central Land Mortgage Bank. I presume they have provided for this in the loan they floated sometime back and in their Ways and Means arrangements. I suggested that the 75 lakhs may be made available to the Central Land Mortgage Bank for covering the above said advances already made and to pay off the other funds utilised for loaning and to give accommodation as hitherto for normal transactions. With this arrangement the Bank will be in a position to carry on its transactions upto the end of the year 1940. I hoped that the Government will, in view of the fact that the Agriculturists' Relief Act has been passed and the Debt Conciliation Boards are working vigorously, agree to this proposal. But they have declined to accede to the request on account of their present financial conditions created by the war. On the other hand they want us to raise money by issuing debentures in driblets as before and pay back the advance taken from the Government first. This has created an impasse.

I have suggested various alternatives to the Registrar and the Government, some orally and some in writing, to get over this impasse. I also suggested a conference for considering ways and means of getting over the present difficulty. On account of the pre-occupations of the Premier, it was not possible to arrange for the conference before the Congress Government resigned. It is necessary that the President of the Central Bank, the Registrar and the Government should without much loss of time discuss at a conference the present position and decide the future course of action. The people are suffering for want of credit and the lead given for saving the people from indebtedness by legislation and other acts of the Government will be seriously handicapped if the normal working of the Land Mortgage Bank is not continued. There have naturally been complaints all over the Province on account of the stopping of fresh loans. It is necessary that grant of loans should be provided for without delay.

During the year representations were made to the Government advocating legislation to meet various difficulties. The suggestions made by the last conference were also sent up to the Government. The Government have passed an amendment to the Land Mortgage Banks' Act giving power to the Registrar and those authorised by him to call for production of documents from creditors and others. They have also provided by rules framed under the Agriculturists' Relief Act a procedure by way of application by a creditor or a debtor under which a debt due from a creditor to a debtor, as to the amount of which they cannot agree, may be adjudicated by a Court. It is ascertained that the Government is considering the other suggestions made by us.

Amendments proposed in relation to the Estates Land Act and the Land Tenures in Malabar are in abeyance pending legislation regarding the estates and the enquiry of the Malabar Land Tenures Committee.

The Primary Banks have paid all their dues in full to the Central Bank as usual. In certain areas on account of the cyclone or the prevalence of famine conditions it was felt that some extension of time for payment of instalments will be necessary and the Primary Banks pressed for the same. The Central Bank was not able to accede to the request of the Primary Banks as it is raising debentures for 20 years and lending

for the same period and any extension of time will seriously affect the financial position of the Central Bank. While the grant of extension in ordinary circumstances and in individual cases cannot possibly be allowed the question of granting extension in extraordinary circumstances like cyclone and famine has to be provided for. One method suggested for giving this relief is for the Central Bank to raise debentures for a slightly longer period than the term for which they lend, taking power in the conditions of issue of debentures to repay at the option of the Bank after a period fixed as now. This is a matter which will have to be considered by the Bank, the Trustee and the Government with reference to future issues of debentures.

The Primary Banks have been managed satisfactorily and well in almost all cases. But I am sorry I have to warn the Banks of the tendency I found in some of them to introduce party politics in them or to form cliques which create trouble and lead to mismanagement and inefficiency if not to a practical stoppage in the transactions of the Banks concerned. Canvassing on the same scale as in Local Bodies is being resorted to in some places. I also feel anxious about the future of some of the Banks, as some of the office-bearers try to exploit their position for their own personal ends. Co-operation is intended for mutual help and service. If it is utilized for personal aggrandizement or party advantage there will be an end to co-operation in this Province.

The Government have appointed a Committee to enquire into the working and reorientation of the co-operative movement in this Province. The Committee is considering the ways and means of extending the scope of the movement and make it more useful to the people. I hope that the recommendations of the Committee when finally drafted and sent will help the steady progress of the movement in the Province.

The Congress Government and Mr. Giri as Minister in charge of Co-operation in that Government have been always helpful to us as were indeed their predecessors in Office also. I hope the Congress party will soon be in power again and help us in coming to a satisfactory solution of the many difficulties still facing us. In the meanwhile I appeal to the interim Government in which I am glad to note, Co-operation is placed in the hands of our old friend and former Registrar Mr. Hood who was not a little responsible for the organisation and safe launching of the Central Bank to consider our present position with sympathy and help us to carry on the normal working of the Bank. I ought to take this opportunity to tender my grateful thanks to both Mr. Austin and Mr. Venkataraman for their constant courtesy and helpfulness during all the time I have been the President of the Central Bank.

I now request Mr. Giri to open the Conference."

OPENING ADDRESS

By Sri V. V. Giri, Bar-at-law, M.L.A.

After sketching the progress achieved during the last 10 years and paying a well-deserved tribute to Sir M. Ramachendra Rao and Sri T. A. Ramalingam Chettiar, Mr. Giri said :—

"While what has been done so far by the land mortgage banks in the Province is really deserving of appreciation, we should not forget that the dead weight of rural indebtedness is pulling the ryot down and there is still a great need for relief. The volume of indebtedness in this Province was estimated at about Rs. 200 crores. The world-wide economic depression and the precipitous fall in agricultural prices have hit the ryot most, and it is the case that the volume of rural indebtedness in terms of agricultural prices is really much more than has been computed by economists. It was clear when we took up office that the position called for immediate attention. One of our first acts was the passing of the Agricultural Relief Act, in order to rehabilitate agricultural industry and to give relief to indebted ryots by compulsorily scaling down their existing debts and reducing the rate of interest on their future debts. Secondly, we have also constituted 'Debt Conciliation Boards—there were only five boards previously which were not working effectively—at the rate of one for each revenue division in the Province except the Nilgiris. We also provided a sum of Rs. 50 lakhs in the budget for 1938-39 for the distribution of loans to agriculturists for the relief of indebtedness though advantage was not for many reasons taken of this provision. There is no doubt that, owing to the debt relief legislation we undertook, there was a demand for more banks and for loans. During the short period we were in office, we increased the guarantee of the debentures from Rs. 125 lakhs to Rs. 250 lakhs and directed the formation of about 30 more primary banks. There is now no district which does not have a land mortgage bank. We also sanctioned the appointment of eight Additional Co-operative Sub-Registrars to attend to the increasing work in the banks. Our intention was to have one bank for each revenue taluk or two taluks according to the circumstances of the case so that the whole Province may be covered with mortgage banks within as short a period of time as possible and I hope this objective would govern the policy of whatever Government might be in power during the future years.

This reminds me of the representations made to me by a large number of co-operators in the Ceded Districts for accelerating the organisation of mortgage banks in dry areas. I know this question bristles with practical difficulties. The Department and the Central Land Mortgage Bank have already started banks even in dry tracts where definite sources of irrigation either from tanks or wells are available and where

there is a certainty of crops ; in other areas which are precarious, no banks have been formed. I am aware that this policy has been dictated purely by business considerations. For one thing, land banks depend for their funds upon debenture money. The debenture-holder must be paid on the due date and the business of the bank should be so carried on that the confidence which the investing public repose in the soundness of these debentures might not be upset. Agriculture in purely dry areas is a 'gamble in rain' and borrowers cannot in the nature of things be expected to repay their instalments regularly. It is really this apprehension that has rightly deterred the Central Land Mortgage Bank and the Registrar from starting banks in such tracts. Enquiries have also shown that the incidence of indebtedness is not high in dry tracts. Nevertheless, the ryots there, too, are in need of relief and it will be well if some arrangements by way of extending the period of loans, providing for bad agricultural years could be devised for affording relief to the ryots in those areas. I notice from the proceedings of the Committee on Co-operation that they have tentatively suggested a temporary diversion of the portion of the Famine Relief Fund for meeting the obligations to the Central Land Mortgage Bank during periods of distress arising from drought, floods or cyclone and for reimbursing the money in good years. This is a suggestion worth examination and let us all hope that some satisfactory solution of this problem will be arrived at and mortgage banks organised in the less fortunate tracts of our Province.

I have often heard it said that the mortgage banks have hardly done anything to promote agricultural industry except substituting one creditor for another and passing on the accumulated unproductive debt from the private money-lenders to organised banks. I do not entirely agree with this view. It is true that a good deal of rural debt in our country is unproductive, and no agricultural industry can bear it even under normal conditions. To the extent to which land mortgage banks enable the rural debtors to ease the interest burden—it is a notorious fact that most of the debts carry usurious rates of interest—and make the savings available for productive purposes, to that extent do the banks render service to the ryots. In European countries, we are informed, most of the mortgage debt, though the incidence is equally high, is productive and that is a sign of agricultural prosperity. Even so it is necessary that our mortgage banks should supply credit to the peasantry to enable them to carry out permanent land improvements and methods of cultivation. I find from the regulations framed by the Central Land Mortgage Bank, that it can make loans for the construction of wells, tanks and other works for the supply, storage or distribution of water or for the renewal or reconstruction of these works or such other works as the Board may from time to time decide upon. You are aware of the great advance made in the supply of electricity in this Province ; and I feel there are possibilities for utilising the electric power for the promotion of agriculture. How far land banks can be helpful in helping the ryots with long-term money for such productive purposes is a matter which repays careful study.

Sometimes a statement is made that the demand for long-term mortgage money for land improvements is hardly made, if at all, and the demand for funds is almost exclusively for the clearence of prior debts. It is difficult to reconcile this statement with the allegation that loans are not made for land improvements. This is, however, a matter which the Central Land Mortgage Bank would do well to investigate at least in the areas of primary banks where some progress has already been made by way of clearance of prior debts of agriculturists. The collection of such data would be helpful to the bank in its administration. I also feel that adequate propaganda in this matter has not been done by either the primary banks or the Central Land Mortgage Bank. The impression that these banks are intended only for advancing long-term money for the discharge of prior debts should be removed from the minds of the people by sufficient propaganda by the employees of the bank and by distribution of leaflets to the ryots. I understand that in America, a good deal of propaganda is done by the Farm Credit Administration and leaflets written in a popular style about the objects of the banks, types of loans, interest rates, repayment provisions, eligibility, credit standards etc., are printed and distributed on a large scale to the farming classes. I think that any money spent in this direction by the Central Land Mortgage Bank and primary banks will be amply repaid both by way of adding to their popularity and of increasing their transactions.

Another statement made now and then is that Land Mortgage Banks have not been making small loans to small agriculturists. I am informed that this is not really the case in respect of all the banks. There may be difficulties in making loans to small ryots ; for one thing, they may not in all cases satisfy the business tests as to security, repaying power, etc., preliminary to the grant of loans for another, it may not perhaps pay the banks to undertake this business, as the administrative expenses involved in the scrutiny and valuation of lands in connection with the sanction of such loans may not be adequately covered by the fees realized from the applicants for loans. This should not, however, stand in the way of satisfying the requirements of the lower middle-class ryots and of giving relief to them also. I find that of the loans disbursed during 1938-39 amounting to Rs. 58½ lakhs, those below Rs. 500 were about Rs. 1½ lakhs and those between Rs. 500 and Rs. 1,000 were a little less than Rs. 6½ lakhs. As I have said, there may be difficulties in the matter but it is not impossible to overcome them

and to meet the needs of smaller agriculturists. I trust this will engage your consideration.

During my tours in the districts, the one common complaint that I received related to the delays in the sanction of loans by Land Mortgage Banks. The criticism loses, in my opinion, some of its force as a certain degree of delay is inevitable because detailed enquiries are necessary into the sufficiency of the security offered by the applicants for loans, valuation of the properties and examination of their title to them etc ; and such enquiries in the nature of things are laborious and slow. Sometimes the delay is due to the reluctance on the part of the creditors of the applicants to furnish documents available with them and relevant for a considerafion of the questions of prior charges, titles, etc. It was my privilege to have piloted through the legislature an amendment to the Madras Co-operative Land Mortgage Banks Act, enforcing the attendance of any person for giving information or producing documents in his possession or power before the officers or persons authorised by the Registrar in this behalf, and I trust this will go a long way to minimise the delays. I also understand that in certain cases, the delays are caused by the refusal on the part of the creditors to take payment of the debts as scaled down in accordance with the provisions of the Agriculturists' Relief Act. In the absence of legislative provision enabling the mortgage banks to deposit the amount of debts due in Civil Courts on behalf of their members, it is stated that in some cases the loans sanctioned and remitted to primary banks were returned to the Central Land Mortgage Bank. I am sure that the Government will soon consider the need for legislation to get over this difficulty.

You may perhaps expect me to refer to the orders passed by the Ministry before we resigned office, suspending temporary accommodation by the Government to the Central Land Mortgage Bank. You are aware that on the advice of the Reserve Bank of India, the Bank undertook to float debentures once or twice a year when monetary conditions were favourable instead of floating them off and on in driblets and the Government agreed to give temporary accommodation to the Bank till it was able to obtain funds through the flotation of debentures. But owing to the abnormal conditions created by the War, the Bank could not float debentures in bulk as advised by the Reserve Bank and the Government permitted the bank to issue debentures in driblets as hitherto and discontinued the temporary accommodation to it.

As regards the rate of interest on temporary accommodation, I may state that the Government have been borrowing from the Reserve Bank of India paying interest on outstandings at such rate as may be fixed by the Bank from time to time. Similar procedure was considered necessary and revised orders to that effect were issued, though in the initial stages the same rate as that prevailing at the time of the sanction of the advances was charged. Under normal conditions these orders will not affect the margins of the central and the primary banks.

I hope that the Bank would be able to get all the money it requires by the flotation of debentures. If, however, owing to the tightness of the money market, there is not an adequate response from the investing public, I am sure the present Government in consultation with the Registrar and the Bank will devise some satisfactory arrangements to place necessary funds at its disposal to enable the Bank to carry on its business. It is possible that, in any case, the present war conditions might temporarily affect the business of the Bank as well as other economic enterprises of the country. But this, I hope, will be a temporary phase.

I may finally state that the rural problem is a vast and complicated one and the help which land mortgage banks have been affording to agriculturists is only a palliative; it cannot by itself solve the problem. We do require Agriculturists' Relief Act, Debt Conciliation Boards, Land Mortgage Banks, and all that, but what is more necessary is a comprehensive agricultural policy and reform through a co-ordination of the activities of all the departments of Government concerned with the welfare of the village population. Good rural communications, rural water supply, provision of rural medical aid and sanitation, introduction of improved agricultural methods and technique, a satisfactory system of marketing arrangements for the sale of agriculturists' produce, supply of credit and regulation of the relationship between the money-lenders and the ryots as well as between the landlords and tenants, improvement of cattle and adequate provision for rural veterinary service, etc, are several aspects of the agricultural policy on which we were engaged while in office and before evolving which we had unfortunately to quit office. We are not, however, sorry for having come out of office in response to the call of the country, but to whomsoever it may be given to carry on the Government in the future years, let us all fervently hope that a comprehensive agricultural policy will be evolved and that the material and moral advancement of the agriculturisits will be greatly accelerated. I am sure that in a scheme of agricultural reform of this kind, the co-operative movement in general and land mortgage banks in particular will have a great part to play. I do not think that our attempts at the redemption of agricultural indebtedness will succeed unless they are followed up by a marked change in the mental and moral outlook of the ryot. One of the basic conditions of any scheme of debt redemption is that the debtor should agree to give up, for the future, habits of improvidence and uneconomic expenditure. Unless land mortgage banks try to take this into account and work so as to bring about this change in the debtor, they cannot hope to prove the real and permanent solution of the

difficulty and I have every hope that land banks in this Province will strive to achieve this objective.

One word more before I conclude. I find that of late the working of primary banks here and there is unfortunately marred by personal misunderstandings and factious spirit. Mr. Ramalingam Chettiar, too, has drawn pointed attention to it. This is a tendency which should be checked by all well-wishers of the movement. Co-operation offers a common platform for the economic betterment of the people and transcends all considerations of caste, creed or community. It is a sacred movement, in which personal or party differences should be subordinated to the common interests of the greatest good of the greatest number. I appeal to all co-operators to work the banks with mutual good will and harmony and translate into action the ideals for which the movement stands in a spirit of humility and service.

I have great pleasure in declaring this conference open and wish it all success."

Recent Utterances.

The following is the speech delivered by the Hon'ble Mr. V. Ramadas Pantulu at the annual general body meeting of the South India Co-operative Insurance Society, held on the 25th November 1939.

"Your Directors have the pleasure to present to you the Seventh Annual Administration Report on the working of the Society for the co-operative year 1938—39 along with the revenue account, audit certificate and other statements prescribed by the Co-operative Societies Act as well as the returns due to the Government of India in accordance with the provisions of the Indian Life Assurance Companies Act (VI of 1912). Your Directors are happy to state that the year under report was one of marked progress in the Society's business. The business secured shows a satisfactory increase over that secured in the previous year. We completed a paid-up business of about Rs. 25.5 lakhs in the year and added to the Life Fund a little under Rs. 1.5 lakhs, after meeting and providing for all claims and surrenders that arose during the year. The statement given below shows the progress the Society has made since the commencement of its business in 1932 up to the end of June 1939.

Statement showing the progress made by the society from the inception till 30th June 1939.

Year.	Proposals Received.	Policies Issued.	Premium Income.	Life Fund at the end of the Year.
	Rs.	Rs	Rs. A. P.	Rs. A. P.
1932—33 (15 months) ...	8, 74,100	6,33,500	28,493 1 0	2,503 12 1
1933—34 ...	8,96,950	6,66,850	52,107 1 0	11,459 5 11
1934—35 ...	11,77,100	8,62,350	83,946 11 0	41,879 7 11
1935—36 ...	14,16,750	10,99,150	1,22,204 6 0	1,24,368 1 2
1936—37 ...	15,92,450	12,04,375	1,47,963 1 0	1,83,896 10 10
1937—38 ...	24,99,175	19,75,225	2,25,439 7 0	2,83,955 4 1
1938—39 ...	33,29,450	25,46,075	3,04,579 2 0	4,27,183 7 11

In order to comply with the provisions of the Insurance Act we have to change our business year from the co-operative to the calender year. So, we must close our accounts for the current year with 31st December 1939. This will thus be an year of six months work. So far the inflow of business since July is satisfactory having regard to the unfavourable conditions brought about by excessive rains and other physical factors. We hope to be able to complete a paid up business of Rs. 10 lakhs before the end of December 1939.

With the completion of the co-operative year, 1938-39, the Society has entered on the second stage of its career. The new Insurance Act of 1938 has come into force on 1st July 1939. The Society has made considerable changes in its constitution as well as its rules of business so as to be able to not only comply with the provisions of the new Insurance Law but also

to improve its efficiency and usefulness to the public. The Society has now returned all its share capital on which dividend or bonus or interest was payable. Thus a sum of Rs. 34,800 has been removed from the liabilities side of its balance sheet. A very modest membership fee which is merely a rupee in the case of individual policy-holders and Rs. 25 in the case of co-operative institutions has replaced the share capital. No dividend or bonus or interest is payable on this membership fee. This has resulted in a sum of Rs. 9,867 being added to the assets side of the balance sheet. So, from the financial standpoint, this change in the constitution gives added strength to the already sound financial position of the Society. In this connection we desire to acknowledge our indebtedness to the co-operative institutions for the commendable co-operative spirit they have shown in agreeing to take back their share capital without payment of any dividend or bonus, which was a source of considerable financial help to the Society in its initial stages and for their continuance as members of the Society and for electing their delegates to serve on our Board.

The terms and conditions of the policies and prospectus have also been thoroughly revised and brought into conformity with those that obtain in sound and leading insurance concerns. In many cases, the changes made by us mark an advance over some of the best insurance concerns in India. The aim that has been kept in view all through is to render more efficient service to the policy-holders. As a result of these changes, the representation to the policy-holders has been increased. The modifications in our tariff are negligible. We have made no change in the premium rates on any of the plans of Endowment. They remain just as they have been at the commencement of the business of the Society. A slight increase is made in the premium rates on Whole Life Plans, mainly on the ground that they were originally fixed at too low a level and in the opinion of the Actuary a small increase is necessary in order to enable him to certify that the rates are such as to enable the Society to work on safe and sound lines. With this certificate of our Consulting Actuary, Prof. K. B. Madhava, we have now applied for the registration of the Society under section 3 of the Indian Insurance Act. We are awaiting the receipt of the certificate of registration from the Superintendent of Insurance.

The two main aims which actuated those who organised and promoted the Society are: (1) the desire to serve the lower middle classes and the poorer classes by encouraging policies for small sums—from Rs. 100 upwards; and (2) to keep the premium rates as low as possible consistently with sound working so as to ensure to the policy-holders a certain and an immediate bonus each time they pay their premiums to keep their policies in force. These aims are pursued with determination and vigour. The average size of our policies during the year under report is about Rs. 850 and our premium rates are still much lower than those of most companies which have their operations in South India. Even the revised rates on Whole Life Plans compare favourably with those of most other companies.

Coming to our investment policy, we can claim to be both sound and progressive. We have to pursue two definite aims in connection with our investments. We are required by the Insurance Act to invest 55 per cent. of our investments in approved securities. In choosing approved securities we must see firstly that we obtain the highest possible return, since our terms for life insurance and the bonus to policy-holders depend on our income from investments, and secondly as far as possible our insurance premiums are kept within the movement. Besides gilt-edged stock in which we hold the bulk of our Life Fund we have invested a sum of Rs. 1,02,600 in the debentures of the Madras Co-operative Central Land Mortgage Bank which are approved securities. The Madras Committee on Co-operation, whose report is awaited with interest, has under consideration co-operative building schemes and the like which require long-term money. If the Government give effect to those recommendations and make the securities on which funds for such purposes are raised, trustee securities of the approved type, a large proportion of our Life Fund can be made available for co-operative enterprises, consistently with the provisions of the Indian Insurance Act. In regard to the remaining 45 per cent. your Board of Directors have decided that a sum not exceeding 20 per cent. may be invested on the security of first mortgage of immovable properties of policy-holders who will receive special treatment, if the loan so contracted is equal to the amount of the policy held by the borrower in the Society So far a sum of Rs. 36,257-3-9 has been invested in such loans. Our revenues which are available for short investment are invested mainly in Co-operative Banks approved by the Registrar. In order to provide against possible loss by depreciation on our securities, we have started the building up of a depreciation reserve or an investment fluctuation fund. Bye-law No. 45 dealing with distribution of profits has been suitably amended so as to divert the whole of our surpluses mainly as additions to life fund and such portion as is available after providing for the declaration of the desired bonus, to the investment fluctuation fund. We have on date a sum of Rs. 6,433-15-0 in this fund. It is our desire to add to this fund at each valuation, so that in course of time we may provide ample reserves to cover future depreciation in the market value of the approved and other securities.

The organisation of the Society is being gradually extended consistently with our resources. Our policy has been not to take credit for any organisation expenses to be written off in course of years, but to cut our coat according to the cloth and adjust our expenditure on organisation to the income of the year. It is the desire of your Directors to plant in each district of this province an effective organising agency. Outside the province, we are experimenting in the United Provinces and the Punjab with a

sub-office at Lucknow and an agency office at Delhi. The results cannot be said to be very encouraging. At the same time they are not disappointing. So far, the total paid-up business received from this source is in the neighbourhood of Rs. 288,425. These provinces held out promises of yielding good business if we improve our organisation. We have decided not to extend our operations to the province of Bombay or Bengal which are the home lands of the Bombay and Bengal Co-operative Insurance Societies, for there should be no competition in co-operative enterprise. It is my desire to bring about co-ordination of effort between the three insurance societies, particularly with the Bombay Society, which opened its office in Madras also. The least that can be attempted is to demarcate the sphere of activities of the Societies outside their own province so that there may be no conflict between them and to secure to each of them the full advantages of the assistance of official and non-official co-operators in these areas. In the sphere of re-insurance also, much can be done by mutual co-operation.

Last year, I referred to certain proposals to extend our business into some new spheres of beneficial service notably two pension schemes and unemployment insurance. Nothing has materialised. The unemployment insurance scheme may be definitely taken to have been dropped with the exit, for the time being, of the Congress Ministry. The pension schemes are still under discussion and I find from the press reports that the Widows' Thrift Fund, under which an annuity based on the amount invested will be paid monthly to the investor from her 45th year for a period of 15, 20 or 25 years, has been approved by the Government. If the Government give us the necessary encouragement, our Society can without any alteration in our constitution or other financial or administrative difficulties take it up. I stated repeatedly on previous occasions the future development of the Society on sound co-operative lines mainly depends on co-ordination of effort between the various limbs of the co-operative movement. But it is a matter for regret that much evidence of such co-ordination or mutual co-operation has not been forthcoming so far. To take one instance, the advantages of linking up insurance business with the business of co-operative land mortgage banks, which are so obvious have not so far been appreciated. I hope with the steady progress the Society is making, its advantages to the other parts of the co-operative movement will be gradually appreciated and that in the near future the Society will work as an integral part of the co-operative movement.

We desire to express our grateful thanks to the Registrar and his Department for the encouragement and assistance given to the Society and the interest they have evinced in its working and progress."

II

The following is the text of the Presidential speech delivered by Rai Bahadur Pt. Radhe Lal Chaturvedi, Registrar, Co-operative Societies

United Provinces, at the 23rd Session of the Provincial Committee of the United Provinces Co-operative Union.

Co-operative Development in United Provinces.

Formation of Provincial Bank.

"I have no desire to repeat what has been said about the progress of the movement in the annual report of the Union, copies of which have already been circulated. The report will show the ground that has been covered and the all round development that is in prospect. The five to seven year plan embracing the organisation of 30,000 multi-purpose societies; the stores scheme, poultry farming, consolidation of holdings, ghee societies, milk and cane supply and the introduction of improved kolbus and ghanies are unmistakable evidence of the pace set for a big enthusiastic drive. Funds have been provided for new schemes and amounts raised in the case of those under way. There is no longer occasion to complain that the movement is receiving step-motherly treatment at the hands of Government. In fact Government look upon co-operation as the basic point in the campaign of rural development and their policy has infused new life into it. While opinion is unanimous that a multi-purpose society is the best agency for meeting the various needs of the member such as credit, supply of agricultural necessaries, marketing of produce and better living, care should be taken to see that the objects are not stretched beyond proper limits. The programme—extensive and intensive - will need careful stock-taking at appropriate stages. There will be little danger of a set back if only we bear in mind the wise words of the King of Burma who said "There is to everything a beginning, a middle and an end. You should never go beyond the beginning until you are sure of the middle; when you get to the middle, do not forget the beginning; and neither at the beginning nor at the middle should you lose sight of the end."

Circumstances have undergone and are undergoing such a radical change that we can no longer do without a Provincial Bank. Until recently we had single purpose village primaries with a limited membership. Membership was poor in the initial stages and by the time it increased, if it did at all, the owned capital of the society had grown side by side. In either case these credit societies did not involve heavy investments on the part of the financing bank. Our new societies will be multi-purpose organisations with a substantial membership, covering at times more than one village. They will have thus heavy membership on the one hand and handle a variety of activities on the other. The point that I wish to make is that our societies will need funds on a scale which a number of our central banks will not be able to tap with success.

About one-third of the working capital of central banks remains unemployed in the service of the movement. The art of banking lies in seeing

that the amount under this head is reduced to a minimum and all but a portion is made available to meet the needs of the agriculturists. At present each central bank is compelled to provide for large liquid resources to provide for emergencies, but with the formation of Provincial Co-operative Bank the reserves for the purpose need not be as great as the total of the reserves of each individual bank. A Provincial Bank can safely effect a great economy in this respect. In its role as a central reservoir of co-operative finances, it can meet any particular crisis without any difficulty or without placing any undue strain on its resources.

Without a Provincial Co-operative Bank, we remain shut out of the advantages which integral association with the money market of the country confers. Equally shut do we remain out of the benefits of Section 17 of the Reserve Bank of India Act which contemplates a pyramidal co-operative structure with primary societies at the base, central banks at the middle and a Provincial Bank at the apex. The structure is of little use to the Reserve Bank without a controlling institution at the top.

The history of an indolent internal bill market need not be told. The various causes making for scarcity of bills in the country were discussed in detail by the Central Banking Enquiry Committee. This Committee suggested several measures for the development of a discount market in India. Apart from its recommendation with regard to the creation of the Reserve Bank which has since come into being, it recommended the extension of the use of bills in commercial, co-operative and indigenous banking. The Reserve Bank of India Act provides for rediscounting of agricultural paper having maturity of not more than nine months. The Reserve Bank is further permitted to make advances under given conditions to a Provincial co-operative Bank on promissory notes executed by the latter. In this connection attention is invited to the Reserve Bank circular dated May 14, 1938 which details the procedure that should be followed by co-operative banks asking for financial accommodation. I have no doubt that the conditions dictated by capitalistic circumspection will gradually slacken as Provincial Banks work and earn confidence.

With the advance in co-operative thought, it is becoming increasingly clear that sooner or later an all-India Provincial Banks' Act will find its place on the Statue Book. Apart from such help as will be available from the Reserve Bank, the scheme as evolved by its sponsors, is expected to provide for a guarantee of State help to enable Provincial Banks to tide over unforeseen crisis. It is time to take note of this as one of the reasons calling for the early establishment of an Apex Bank in the Province.

Land mortgaging without a Provincial Bank is out of the question. True that the values of land have fallen but that does not essentially change the position. There are still a large number of proprietors who are not yet hopelessly landed into debts. The number of those go-ahead proprietors who would be anxious to carry out improvements on land will not be small either. Sooner or later, occupancy tenants will be granted rights of transfer over their holdings in favour of a land mortgage society on the C. P. model. Are we going to shut this large body of applicants out of the operations of the Provincial Bank which will have a land mortgage department as its annexe ?

Long term loans may be required yet for another class of cases. Instances in which central banks' loans to societies have become frozen are none too few. The work of such primaries sooner or later comes to a standstill. The agriculturist member is denied fresh advances because he is in arrears, and he cannot pay off the debt as the amount is beyond his repaying capacity. Things move in a vicious circle and the result is liquidation. The only way to reclaim such societies is to scale down the debts to each individual member's repaying capacity and fix easy instalments repayable over a long period on the one hand and to advance money for crop cultivation on the other. A number of central banks will find it difficult to spread instalments over a number of years unless there is an Apex Bank to accommodate them for a corresponding period. In view of the fact that marketing of produce will be a necessary function of multi-purpose societies, control over produce of members will be assured and this will considerably facilitate the payment of each crop loan together with the instalment falling due. The matter is one which is going to assume great importance in future. Reorganisation of these societies without a Provincial Bank will not be a practical proposition.

It may interest members to know that out of the Government grant of Rs. 50,000 placed at our disposal for meeting establishment charges and preliminary expenses, steps have been taken to engage the services of a trained staff. Provisionally, the services of a person fully conversant with the managerial work of the Provincial Co-operative Bank have been secured.

Let us not forget that the question of the formation of a Provincial Bank has been before us for quarter of a century. It has been warmly blessed more than a dozen times at meetings both of the Provincial Conference and the Provincial Committee. In fact there is no important co-operator who is not associated with these resolutions as proposer, seconder or supporter. The scheme is essentially non-official, and it is up to members to respond in a measure that it may materialise. A poor response in the matter of subscription to shares means a set-back, and a set-back means a long postponement which must be avoided. I earnestly hope and trust that having met at long last to consider the scheme, we shall not be found wanting to set it going. The Hon'ble Mr. Pantulu in the course of his presidential address delivered in 1936 observed that Fyzabad had been selected for holding the joint session of the Indian Provincial Co-operative Banks' Association and the All-India Co-operative Institutes' Association

with a view to expedite the formation of a Provincial Bank in the United Provinces.

Take it as members may, the guardians of the movement are under an obligation to establish an Apex Bank. For the good name of the Province they dare not postpone its formation. The late lamented Rai Bahadur Narendra Nath Sen of the 'Indian Mirror' used to remark "Madras is spiritual, Bombay commercial and Bengal intellectual." In the view of a competent critic, he might have well added, "The Punjab is physical and the United Province universal." Should such a Province lag behind any competitor in the race ?

Now that the movement has set its pace towards expansion, the need for close co-operation on the part of member is all the greater, all the more urgent. In a campaign which combines extensive and intensive effort supervision is bound to suffer unless officials and non-officials join hands together. May we hope that busy people as members are, they will kindly find time to visit at least a couple of societies every month and satisfy for themselves if the work is proceeding on sound lines. Personally I have great faith in surprise visits. A little inconvenience at this or that end is more than counterbalanced by the disclosures that come to light and which prove so beneficial in the interests of a clientele which is as ignorant as it is unsuspecting. In Germany what keeps the staff in wholesome check is the system of surprise audit and inspection. The paucity of staff in our case is no secret, and even if it were otherwise non-official help in the matter of supervision has a utility and importance all its own. Responsibility, however, cannot be divorced from power and we have to evolve a scheme of delegation which while ensuring closer co-operation will not produce any cracks in the administrative structure or undermine the authority of the Executive Committee of the Union.

Members of depressed classes have shown a peculiar amenability to co-operative discipline. Under the Divine dispensation, there can be no such division as perpetual drudges and perpetual monopolists of plenty, power and privileges. The forces of custom that perpetuate this have to be fought and broken. The more backward the class, the larger the opportunity for service for a co operative society. Unlike a mountain which is measured by its highest altitude, success in co-operation is judged by the lowest stratum of society it has been able to penetrate. The number of societies for depressed classes is a little over 200, and only a fringe of the population has been touched so far. Government have recently made a grant of Rs. 3,600, for employing six supervisors and for giving ten stipends to candidates under training. Another grant of Rs. 10,000 has also been made for improving their housing conditions. The total amount placed at our disposal may not be big, but we expect to get much more provided we show an earnest desire to expand our work in this direction. How true indeed that the service of the small man is the service of mankind and the service of the big man too often the service of self! The field in fact offers to the co-operator almost limitless possibilities for taking up humanitarian work of a high order and for effecting social reform long overdue.

As members are aware, a resolution was passed at the last session of the Provincial Conference held at Bijnor to the effect that the Executive Committee of the United Provinces Co-operative Union should, with the help of such members as it may co-opt, examine the present position of the co-operative movement and make suitable recommendations for its development in the light of the opportunities available to us. The Committee have drawn up a tentative questionnaire and have resolved to co-opt among others at least one expert from outside the Province. Details have not been worked out yet, but besides issuing a comprehensive questionnaire, the Committee, propose to visit a few important centres to elicit informed opinion in the matter.

Government have placed or are about to place on the Statute Book a number of legislative measures designed to revivify village life and to ameliorate the lot of the small man, be he an agriculturist, an artisan or a workman. Co-operators have before them a chance, such as they had never before, to work with faith and enthusiasm for the betterment of villagers and village life. I propose to give a summary of the salient provisions of each measure in a booklet in Vernacular and circulate a copy each to every member of the Provincial Committee and of the field staff. It s hoped that this would considerably facilitate the propaganda side of our work in rural areas.

The members of the Committee will have noticed that our 'Dehat' has been recently emerged into the 'Hal' and that under the arrangement 25 pages will be reserved for publication of co-operative matter. As for the quarterly English Journal, the brunt of the burden has all these 15 years fallen on its devoted editor, Mr. B. Mukerji. It is time that every leading co-operator contributed at least one article every two months to the English or the Vernacular Journal. Now that we have got a Publicity Officer, conferences can be organised with his help at every important centre. Needless to say, we have suffered on account of lack of propaganda and it is an intensive campaign in this direction that can rescue us out of undeserved oblivion.

The future of a mass movement like co-operation depends for its success upon its man power. We cannot be sufficiently grateful to the honorary workers who year after year have been devoting their time to the movement as a labour of love. There are some who have grown grey in its service. In the case of a few, the father has left behind the love of co-operative service as the richest legacy to his son. We are proud of such workers. It must, however, be admitted that our ranks are still very thin and that unless enthusiastic workers come in large numbers, a number of our schemes and resolutions will remain mere pious hopes. As the late Sir Narayan Chandra Varkar said on an historical occasion. "We do not want constitutions; we want consecrations. We do not want measures; we want men."

Reviews

I

EDUCATION AND VILLAGE IMPROVEMENT.

BY MR. I. W. MOOMAW, M.SC,

Principal, Vocational Training School, Ankleswar. Pages 165.

Published by the Oxford University Press. Price **Rs. 2.**

Every one who wants to serve India thinks first of Rural Uplift as a most important field of service. There is difference of opinion among social workers regarding the agency to be utilised for village uplift. The local co-operative society, the local village panchayat and the local school are the three rival claimants for the honour of being the central agent through which uplift work can be most effectively carried out. Mr. Moomaw, the author of this book being the head of a training school in Guzarat naturally looks upon the school as the fulcrum where the lever is to be applied effectively for doing the uplift work.

The author is of opinion that the village school, in addition to being an institution for mental training. "must also become the channel through which new life may flow into the village" and he is full of hope that "through suitable education we can uncover springs that lie hidden even in backward villages." The ideal he is dreaming of is "a true agrarian democracy free from caste and feud where co-operation is the manner of life and where the life of each one is cherished and preserved."

As in the books of Dr. Hatch and Mr. Brayne dealing with the subject of rural uplift there are chapters dealing with the rural uplift, indebtedness, subsidiary occupations. co-operation, agriculture etc. But every topic is integrated with school life and the school is looked upon as the life giving force of all the social institutions of the locality.

On page 2, line 1, 'vellars' is obviously a mistake for 'vellalars', and on page 128, line 3, the well-known co-operative maxim 'each for all and all for each' is slightly modified and given as 'one for all and all for one'. The book will serve as useful guide to the young teacher who takes up his vocation with zeal and enthusiasm and with a determination to improve the lot of the people amongst whom his own life is cast. S.K.Y.

II

கூட்டுறவு "KOOTURAVU" (CO-OPERATION.)

BY A. MUTHIAH, M.A.,

(Putharivu Pathippagam. Tyagarayanagar, Madras **Rs. 2.**

This is a very laudable attempt at expounding to the Tamil public the methods and achievements of co-operation all over the world, with a view to stimulate our people to more honest and strenuous efforts to overcome the limitations pointed out and emulate the progress achieved elsewhere. We are afraid the author has attempted too much in the compass of 312 short pages, if he has in mind beginners in the subject. His account of Raiffeisen societies is full and clear. His introductory and concluding chapters are done in good style and contain discussions on some points which should appeal to discerning readers.

He would have done well if he had restrained his desire, natural in a young writer, to cover the entire field of co-operation in a number of countries, and instead concentrated attention on agricultural co-operation and dealt in detail only with such phases of it as are of absorbing interest to us in India.

Elaborate definitions of different authorities are difficult starting points even to the more learned readers of works in English. Translations of them can convey little meaning to our Tamil readers. Alternative classifications are apt to confuse them. Details of the lives of Robert Owen, Raiffeisen, etc. and of the early history of several types of societies with a lot of chronology and unpronounceable place names may scare away all but the assiduous students. With a canvass so wide and so full of details, it is difficult to bring out the salient features of most important types of societies, like those for agricultural supply, cattle and crop insurance, sugarcane cultivation and sugar manufacture on each of which only a few lines have been written. On the other hand too much space has been given to consumers' societies—especially to their history and growth in various Western countries—while the scope for such societies, especially in rural areas, is much too limited in India. Equally heavy is the treatment of industrial workers' societies of the Self-Governing Workshop type found in England and France, while as regards India what is advocated is only the type of society in which members are handicraftsmen working each in his own home. There is a lengthy description of the Creameries in Denmark and other countries but this is not followed by a discussion of the difficulties in adopting that model in our country or the methods of developing the more needed Ghee Societies.

Mr. Muthiah follows very closely the excellent, but out of date, treatises by C. R. Fay (Vol. I), Gide and J. Matthai. He is not quite up to date in his account of manure societies, loan and sale societies and printing works; nor does he seem to be aware of the fate which has befallen the Provincial and Central Co-operative Banks of Burma, Bihar and Orissa and the Central Provinces and Berar. The very beginnings and the present position of the T.U.C.S. receive his attention, but not its problems in the course of its development. No reference is made to other consumers' stores *e.g.* those in Mysore, which are only second to the T.U.C.S.

Some controversial matters are discussed with an impartiality which is commendable, though it often means a non-committal attitude, which is apt to puzzle learners. On one or two matters the author commits himself. He prefers limitation of liability even in the village credit society and is not for multi-purpose society. He is for the system of controlled credit instead. In his praise of the part played by Government in organising and controlling the movement, he has not done enough justice to the work done by a number of honorary workers, but he pleads for gradual de-officialisation of the movement.

The translation of a number of terms is not quite happy and is not likely to convey the sense intended. But even experts cannot easily find correct substitutes in Tamil. The task must be attempted by a band of workers. There are some positive errors in translation, *e.g.* Fruitieres, Provident Societies, Resource Societies, Gur, Cattle, Dairy Societies.

We do not forget the task is stupendous. We only feel that the author has needlessly imposed on himself the work of a detailed historical survey of the movement in a number of countries in the West. He might have profitably dwelt at greater length on the salient features of the most important types and roused the Tamil readers to emulation. We hope that Mr. Muthiah with his great love of the subject and his remarkable proficiency in Tamil will do this in the next edition. The get up of the book is quite good.

K. C. R.

Committee on Co-operation.

Conclusions arrived at by the Committee on Co-operation during its sittings from the 23rd October to 4th November 1939.

Supersession of Committees of management of societies under section 43 of the Madras Co-operative Societies Act.

1. The Committee of a primary society shall not be superseded without the previous concurrence of the financing bank and that of a central bank without the previous concurrence of the Provincial Co-operative Bank.

2. It shall be obligatory on the Registrar, before dissolving the committee of a primary society or central bank, to summon a meeting of the general body of the institution concerned and to give them an opportunity to consider and carry out a change in the management or reform suggested by the Registrar. Only where the general body proves refractory and does not carry out the suggestions of the Registrar that a dissolution of the Committee should be resorted to; Provided that in special cases, the Registrar may, for reasons to be recorded in writing dispense with the procedure laid down in Nos. 1 and 2.

3. The dissolution of a committee shall not take away the powers vested in the general body under the by-laws in regard to administration of the society, in so far as they relate to the passing of the annual administration report, balance sheet and profit and loss account.

4. Appeal should be specifically provided against every order of supersession to the Local Government somewhat on the lines of sub-section (5) of Section 41 of the Bihar and Orissa Co-operative Societies Act and sub-section (6) of section 38-A of the Mysore Co-operative Societies Act.

Liquidation

Honorary men to be employed as liquidators.

Till such time as the Government is able to supplement the staff to an adequate extent, the Registrar of Co-operative Societies may explore the possibilities of utilizing the services of non-officials in the matter of liquidation, which may be paid for on a commission basis.

Disposal of Lands Bought in by Liquidators.

Coimbatore Decision Adhered to.

Regarding the question whether the present fees charged for arbitration and liquidation needed any revision, the Committee decided that they did not need any revision.

It was also agreed that the Central Banks should be given power to appoint a liquidator in certain circumstances and to proceed against each member to the extent of the loan due by him.

Non-official employees—conditions of service.

The chairman was requested to put in a paragraph in the report regarding the conditions of service of non-official employees in the light of the evidence already recorded and the draft rules prepared by the Registrar.

Need for two Joint Registrars.

The Committee was unanimously in favour of the creation of two divisions for the whole Province and of the appointment of a Joint Registrar for each division in view of the great increase both in the volume and variety of co-operative activities and of the imperative need for intensive development of the movement on the credit as well as on the non-credit side. The Registrar also added that there was need for more than two such officers and was in favour of the Province being split up into four of five divisions and of keeping each division in charge of a Divisional Co-operative Officer of the grade of a Joint Registrar in the interests of the progress of the movement but that in view of the financial implications of the proposal, he would not press it for the present.

Creation of Deputy Registrars' charges.

The Committee was in favour of placing the districts now in charge of Assistant Registrars in the hands of Deputy Registrars.

Liquidation—Procedure.

The Committee decided that in the matter of liquidation, the first step should be the winding up of the society and the actual order of cancellation of registration should be passed subsequently.

Power of Central Banks to proceed against members of societies for recovery of arrears.

(1) A financing bank may direct the committee of a registered society which is in default to it to take action against the members who are in default in respect of sums which have become due to it and if the committee neglects or fails to do so, the financing bank may take such action.

(2) Where such action is taken by the financing bank, the provisions of the Act and of any rules made thereunder or bye-laws of the society shall apply in respect thereto as if all references to the society or its committee in the said provisions or references were references to the financing bank.

(3) Where a financing bank has obtained a decree or award against a registered society in respect of sum due from the society, the financing bank may proceed for the recovery of such sum firstly, from the property of the

society and secondly, from the members of the society to the extent of the loan overdue by such members to the society concerned.

Marketing of Perishable Produce.

Producers' societies have to be organised and technical advice has to be made available to those societies for the purpose of finding a sale. This has to be done on an intensive scale. If a large drive is going to be undertaken by the Government for marketing, then the marketing department will have to be a separate one. If such a department cannot for any reasons be created now, all the marketing officers now working under the Agricultural Department should be transferred to the co-operative department and the marketing organisation and marketing finance should be co-ordinated and worked together.

Expansion of Co-operative Movement in Zamindari Areas.

The Committee was of opinion that encouragement must be given to marketing societies for advancing loans on pledge of produce and for sale of it. With regard to the Land Mortgage Banks the "Torrens System" should be adopted.

The "Torrens system" is briefly as follows :-

The Credit Foncier then proceeds to avail itself of the most important privilege which has been given to mortgage bond companies in France under the law of 1852.

> After assuring itself that the title is clear of all registered claims, it (land mortgage institution) starts a procedure which brings to light any hidden claims. This is called the "purge". It consists of a short notice officially published calling on third parties to show their rights. The process takes only three weeks and costs about one dollar. If claims are presented as a result of this notice, the company may at its discretion oppose them and call on the owner to pay the cost of the suit or cancel the registration of the conditional contract, and reject the application. If claims are not presented, no third party can ever afterwards contest the company's lien, while the loan applied for must be granted. The filing of the conditional contract and the completion of the formalities of the purge constitute the company's mortgage. The purge for mortgages is nothing more than the Torrens system which was subsequently devised in South Australia in 1857 for the registration of all titles to land. With other persons a mortgage must be inscribed anew every ten years to keep it alive, but this requisite is dispensed with for companies licensed under the law of 1852 during the entire period of credit.

Period of loans in primary societies.

On the question of the recommendation of the Reserve Bank of India that oans in primary societies should not extend beyond two years, the Committee

decided to have the period as three to five years and in no case they should extend over seven years.

Closer contact of Co-operative Banks with Commercial Banks.

The Committee was in favour of the idea of co-operative banks having closer contact with the Commercial Banks.

In regard to the question as to whether it was desirable that central banks and urban banks should undertake commercial transactions (such as discounting of bills etc.,) the Committee decided that they should not charge anything with regard to *bona fide* co-operative transactions and for the rest of the transactions, the charge should be the same as for Scheduled Banks.

Regarding the question of closer contact with and mutual understanding between the commercial banks and co-operative banks, the Committee said that they would have no objection to having a mutual arrangement for collection and things like that.

Grant of State loans through Co-operative Societies.

The Committee wanted the existing practice to continue regarding co-ordination between Government Department and co-operative institutions.

Fresh loans to defaulters.

Regarding the grant of fresh loans to defaulters, both societies and individuals, the Committee decided that they could do it on the mortgage of visible securities.

Proportion between short and intermediate loans.

On the question of fixing of a proportion of short and intermediate loans in primary societies and the Central banks the Committee decided that they would adhere to the present practice.

Reserve Funds—Investment.

The committee considered the question as to whether any change was called for in the present system of investment of reserve funds of primary societies in Central Banks and decided in the negative.

Local Boards Deposits—Restrictions.

Regarding the effects of the restriction on deposits of local bodies in Central Banks, the Committee decided that the Government order on the subject should be withdrawn.

Adjustment of share capital towards loans.

The committee decided that the present practice may be adhered to.

Payment of preferential dividend on the shares of Central Banks.

The Committee decided that there should be no payment of preferential dividend and that preferential shares should be done away with.

Effect of formation of multi-purpose societies on the present structure of primary credit societies.

The Committee was of the idea that they would have to classify the members. They would take powers to eliminate bad members and to recover the amount as in the case of past members. In the case of retained members they will go into the new society with their assets and liabilities.

Arrangements for writing up accounts and payment of remuneration to office-bearers in primary societies.

Clerical work will be paid for on the basis of the average working capital for the year (minus reserve fund), and secretarial work will be paid for on the basis of collections.

Group-clerks.

As regards the question of group of clerks the Committee decided to continue the present system.

Restriction of the term of office-bearers.

It was decided to continue the present system.

Prompt disbursement of loans.

The Committee decided to suggest the deletion of the bylaw in the bylaws of the Provincial Banks which requires the recommendation or opinion of the Registrar before the sanction of loans to central banks.

Cash Credit and Jewel Loans.

With the approval of the financing bank, any primary society can give cash credit to its members and it is desirable to extend this system wherever it is possible.

Forecast Loans.

The Committee recommends the introduction of the forecast system in societies on a far larger and wider scale than at present, as it would not only avoid delays in the receipt of loans by members, but also ensure proper application of loans by members and train the members to estimate their requirements correctly. The Central Banks should, therefore, insist that all applications for loans for cultivation expenses should be under the forecast system. No other applications for cultivation expenses should be entertained by the banks except for very strong reasons.

With a view to see that this is done systematically, the Deputy Registrars and the Central Bank representatives should meet sufficiently in advance of the cultivation season say about six weeks ahead and draw up a plan for attending to the work promptly by allotting supervisors for the different areas in the district, supplementing the staff of Inspectors, wherever necessary, with the staff from the Co-operative and Agricultural Departments.

Jewel Loans.

The Committee decided that village societies which are competent might accept jewels and issue loans, with the permission of the Registrar.

Controlled Credit.

The Committee decided that there should be no distinction between commercial crops and food crops in the matter of control.

Property Statements.

The Committee decided that the present practice in regard to property statements might continue.

Departmental Execution.

The Committee did not think that any change was called for.

Measures for avoiding accumulation of overdues and ensuring better working of credit societies.

The Committee was of the opinion that the bylaws should be rigorously enforced in the future.

To prevent debtors selling their produce without the knowledge of the society or bank concerned, though it was under mortgage to the society or bank, the Committee decided to follow the clause in the English Agricultural Credits Act in this respect and make such acts penal.

Period of loans in Land Mortgage Banks.

The Committee was in favour of giving extensions for a period of five years over twenty years in respect of loans issued by primary land mortgage banks.

On the question as to how the co-operative organisations could help the workers in organised and unorganised industries the Committee was in favour of the workers being paid their wages weekly instead of monthly and that the maximum borrowing power should not exceed four times the pay.

The Committee decided that both a compulsory life insurance fund and also a compulsory general provident fund should be provided for the Government employees.

The Committee also decided to recommend compulsory insurance for non-Government servants.

Cottage and Subsidiary industries.

With regard to the sugar industry the Committee considered that it was certainly possible of development with the co-operation of the several departments.

With regard to oil seeds, the Committee was of the opinion that the oil planters should own the factories.

Arbitration Societies.

The Committee was of the opinion that Arbitration Co-operative Societies might be started as an experimental measure, in districts where conditions are favourable, on the lines on which such societies are working in the Punjab.

Miscellaneous Matters.

1. Provision should be made for an appeal in cases where a person is refused admission by the Panchayat or refused a loan.

The Committee decided that there need not be any appeal against the decision of the Panchayat.

2. Provision should be made for secret voting in the case of illiterate members.

The Committee decided that each society should be free to frame its own rules and also that the Registrar might be requested to frame a set of mdoel rules for the guidance of societies.

The Committee decided that bad debts should be ascertained and declared as such every year before declaring net profits and appropriations are made from it. The bad debts should be written off every year but necessary adjustments should be made to reduce the bad debt reserve and Reserve Funds at least once in three years, with the approval of the Registrar.

Building Societies.

The Committee's recommendation regarding the reduction of interest on old loans issued to building societies by Government prior to 1935 was that the interest should be $4\frac{1}{2}$ per cent.

The Committee decided that there must be departmental control over building societies in the matter of sanctioning loans, etc., and they were not in favour of allowing the societies being the sole judges in these matters.

Co-operative Education.

The Committee agreed on the following points :—

(1) To have a co-operative college and two co-operative training institutes—one for the northern districts and another for the southern districts.

(2) The college to be a Government college.

(3) The Government to be helped by a committee of an advisory nature.

(4) The college to be affiliated to the Madras University.

(5) A pass in the Intermediate Examination or any higher qualification to be the minimum qualification for admission into the college.

(6) Matriculation or S. S. L. C. to be the minimum educational qualification for admission into the institutes.

All the other matters regarding education being of a non-controversial nature, were considered to be matters for the report to be put in by Chairman and to be adopted by members afterwards.

The Committee recommended that the college should not teach both commerce and co-operation; it should be a college of co-operation.

Liquidation.

The Committee decided the following :—

(1) As soon as a society is ordered to be liquidated, the Secretary of the Central Bank, unless the Registrar otherwise directs, will become the liquidator. The Registrar may vary the order when necessary.

(2) No member of a society ordered to be liquidated shall be free to alienate his property to the prejudice of the claim of the society during the pendency of the appeal to the Government and within fifteen days thereafter. This should be provided for by Statute.

Explanation :—The word 'claim' will include claims arising out of any subsequent contribution orders that may be passed.

(3) Before the end of the said period and after the Government confirms liquidation, the liquidator should decide which of the properties of members of societies should be attached, and should immediately apply for the same before the Deputy Registrar.

The properties so attached shall be security for, and be charged with, payment of the amounts due to the society as well as the amounts that may be due under the orders of contribution that may be passed.

(4) Thereafter within the time of one year the liquidator should see to the realisation of the debts secured and unsecured due to the society :

(*a*) by persuasive collection;
(*b*) by launching execution proceedings; and
(*c*) by the liquidator scaling down the dues by compromise and with the previous approval of the Executive Committee of the Bank. Every such case shall be reported to the Deputy Registrar.

(5) At the end of the said one year, the liquidator should prepare a statement of the financial position and present it to the Executive Committee and the Deputy Registrar. On that report the Deputy Registrar

(*a*) shall extend the period by six months for the realisation of debt dues, if necessary, to complete execution proceedings;

(*b*) shall within three months thereafter, hold an enquiry (if he deems necessary) and pass contribution orders based on the equality of share capital liability of the member and extra amounts according to the exigencies of the situation.

Such contribution orders shall be immediately executed by the liquidator.

(6) No contribution order or execution proceedings for debts due to such society be deemed to be valid for six years after the society is finally ordered to be liquidated.

(7) It shall be open to the Central Banks to levy a sum not exceeding 7½ per cent. out of the realisations as contribution towards its expenditure.

Stores.

The Committee were generally in favour of the Stores movement.

Hon. Assistant Registrars.

The Committee was not in favour of the idea of appointing Honorary Assistant Registrars and the conferment of titles on them.

The Committee did not agree to the suggestion that no member of a committee of a co-operative society should be on the legislature or local bodies.

The Committee did not think that there was any need for special representation of co-operators in the legislature.

News and Notes.

A portrait in oils of Sir M. Ramachandra Rao was unveiled by Mr. A. Govindachary on the 13th of November last in the premises of the Bhimavaram Co-operative Land Mortgage Bank, Ltd. The late Mr. Ramachandra Rao was the founder of the Co-operative Central Land Mortgage Bank, Ltd., and strove hard for the growth of the movement.

* * *

As an item of special development programme in Salem district it was proposed to conduct a winter training school for workers in rural uplift at Krishnagiri in January, 1940. Mr. A. F. W. Dixon, I.C.S., Collector of Salem, proposes to carry on an intense programme against illiteracy from January onward. This will be in furtherance of the scheme of village development.

* * *

Reviewing the work done in the various departments of the Government during Octobber 1939, the Madras Government issued a press communique which states that "the Government have approved a scheme for a Provincial Widows' Thrift Fund to enable widows to invest their savings or other money in an annuity fund An annuity based on the amount invested will be paid monthly to the investor from her 45th year for a period of 15, 20 or 25 years."

* * *

It is learnt that under the new constitution of the Provincial Village Uplift Board, Nagpur, 6 Tahsil Village Uplift Committees have been formed in the Akola district and in Yeotmal also 2 such committees have been organized.

* * *

Addressing the students of the Central Co-operative institute, Mylapore on the 7th November last, Mr. S. Srinivasa Ayyangar emphasised the need and importance of character for the successful working of the co-operative movement. Referring to the slogan 'go back to the villages' the lecturer suggested that a number of villages should be clubbed together with a town in the centre so as to enable villagers to derive all the advantages of increased culture and civilisation of the urban areas and one industry should be developed in each of such groups.

* * *

His Excellency the Governor of Madras performed the pleasant function of opening the new buildings of the Madras City Co-operative Bank, Ritherdon Road, Vepery. While doing so he observed "Co-operation is a system eminently suited to the economic needs of both urban and rural India and deserves the greatest energy and care and the best possible brains being devoted to its maintenance and credit." Referring to the question of overdue payments His Excellency suggested, that as a measure of greater economy and efficiency, they should periodically revalue the security for loans and regularly collect rents on properties taken in execution. In conclusion he appreciated the work, the bank was doing in assisting people financially to whom credit facilities of a sound type would otherwise be unavailable.

* * *

The Government, it is said, have sanctioned the organisation of four Rural Uplift Schools in the North Arcot district. The schools will be run on the lines of the schools in the Salem district and will be located at the headquarters of each revenue division in the district excluding Vellore. The duration of instruction in Ranipet School will be from November 22 to December 21, 1939; the school at Cheyyar will be run from January 3rd to February 2nd of 1940; at Tiruvannamalai from February 9th to March 8th of 1940 and at Tirupathur from March 16th to April 15th,1940. It is also stated that 16 days have been allotted for conducting tournaments in each of these schools.

* * *

The Government of Assam intends to set up a Committee to consider the state of the co-operative movement in the Province with particular reference to the position of the Central Banks. In this connection a press communique issued runs thus.

" The entire co-operative movement stands to-day in immediate need of revitalisation and reconstruction. The Government are fully alive to this need and have had under their anxious consideration the question for some time past.

The Government hope and trust that they are not alone in their efforts to rehabilitate the movement and that nothing will be done in the meantime which might disturb the *status quo:*"

* * *

The anniversary of the Lakshmipuram branch of the Triplicane Urban Co-operative Society was celebrated on 19th November last under the presidency of Mr S. Satyamurti, Mayor of Madras. Mr. C. R. Srinivasan spoke on "Co-operation" on the occasion. While doing so he observed that co-operation meant joint effort on the part of many people, not being actuated by motives of self-interest, and acting with one will. Mr. Satyamurti said that co-operative societies should try to cater to all the requirements of their members without their being put to the necessity of going elsewhere to get their wants fulfilled. The members also should make it a point to buy their requirements only from the societies. This spirit, the speaker felt, would go a long way in contributing to the healthy growth of the co-operative movement. Srimati Balammal who next spoke made an appeal to the ladies of the locality to take keener interest in co-operation.

* * *

It is reported that a scheme was devised by Messrs. K. Kelappan, President, Malabar District Board, and V. R. Nayanar of the Servants of India

Society and others whereby the unemployment problem in the Malabar District can be solved to some extent. The contemplated idea is to open agricultural colonies in the district and make educated unemployed to take agriculture by giving them 5 acres of land each. The venture will be purely on co-operative lines and will be started with a capital of Rs. 50,000 divided into 10,000 shares of Rs. 5 each. Every colony will be provided with a school, a dispensary and such other amenities as will contribute to the facilities of those young men willing to take up agriculture. For the present arrangements will be made to open two colonies one at Perambra (Kurumbanad taluq) and another at Cherukunni (Chirakkal taluq) in North Malabar where vast areas of cultivable land are available.

* * *

It is pleasing to note that the reorganisation of societies in Sheopur district, Gwalior State, where co-operation is said to be deteriorating, is engaging the attention of the Maharaja of Gwalior. In order to place the institutions on a sound footing the Maharaja, it is understood, has granted further concessions including renunciation of interest for 4 years on Rs. 2,22,965 that was deposited in the bank by the Government, a commission of 10 per cent. to the bank on interest realised by it on account of famine loans advanced by Government and a reduction in rates of interest charged by the bank and the societies.

* * *

Presiding at the annual meeting of the Ujjain District Co-operative Bank, Prof. V. G. Khale of Poona paid a tribute to the Maharaja of Gwalior who is endeavouring very hard to establish the co-operative movement in the State on a sound and steady basis. He said that the Maharaja was pleased to place at the disposal of the Co-operative Department Rs. 25,00,000 at 3½ per cent. interest. It is said that an Apex Bank which would serve as a Banks' bank would very soon be started at Gwalior. About 250 employees of the co-operative department would be trained.

* * *

Information is to hand that the Thana & Bombay Suburban Districts Rural Development Board has decided to open a training centre for young men in rural improvement work. Instruction will be imparted to 60 persons and the course which comprises agriculture, horticulture, care of poultry, co-operation, adult and child education, etc. will be one of one year's duration. It is proposed to train 300 such workers in 5 years who will be able to work as Rural Development Officers. The Government of Bombay will, from out of the grant ear-marked for the purpose, contribute towards the expenses of the taaining centre.

* * *

The Silver Jubilee function of the Kurnool Urban Co-operative Bank, was celebrated on the 18th November 1939, when about 400 persons consisting of Directors and members of the Bank, other prominent co-operators and the elite of the town were present. The occasion was availed of to unveil the portraits of the Ex-presidents and the present President and the Ex-Secretaries and the present Secretary of the Bank. Rao Sahib Juttur Ramayya Setty, President of the Bank, in a short speech, requested Sir T. Vijayaraghavachariar, K.B.E., President of the Jubilee Celebrations, to unveil the portraits of Rao Bahadur S. V. Narasimha Rao, who for sometime held the office of the President of the Bank and his brother, late Mr. S. Narasimbulu Pantulu, who was Secretary of the Bank for 18 years. Sir T. V. Achariar in unveiling the portraits recounted the services rendered to the town by the two "remarkable brothers." After that Sri K. Atchiah Chetty, Secretary of the Bank, requested Mr. K. Abdur Rahiman Khan, M.L.A., to unveil the portraits of Rao Sahib R. Ayyakutti Iyengar, the first Secretary of the Bank and one of the pioneers of the movement in the district and Sri N. Rangaswami Iyengar, who was the President of the Bank for 16 years, and Mr. Abdur Rahiman Khan gave a brief account of their services to the movement before unveiling the portraits. Requested by Rao Bahadur S. V. Narasimha Rao, Sri K. Muthkrishna Naidu, Deputy Registrar of Co-operative Societies, unveiled the portraits of Rao Sahib Juttur Ramayya Setty, President of the Bank and present Municipal Chairman of the town and Sri. K Atchiah Chetty, Secretary of the Bank; and in doing so he made a humorous speech briefly touching upon their public activities.

Rao Sahib Juttur Ramayya Setty next welcomed the guests in a short speech. The Secretary read the messages received from prominent co-operators in the Presidency. Copies of the Silver Jubilee Souvenir were distributed to all the gentlemen present. Mr. K. Abdur Rahiman Khan, M.A.B.L., M.L.A., Member Committee on Co-operation, delivered the Commemoration Address and Sir T. Vijayaraghavachariar, K.B.E., Chairman, Committee on Co-operation, then made the Presidential speech.

With the unveiling of the Marble Tablet fixed up in Commemoration of the occasion by Sir T. Vijayaragavachariar and whith a vote of thanks to the Chair by the Bank President, the pleasant function came to a close.

Government Orders.

Copy of G.O. No. 2677, Ms. Development Department dated 2nd November 1939.

Abstract:—Co-operative Societies Act 1932—Disputes under section 51 (1) (*c*)—Transfer to Deputy Registrars subject to certain conditions—permitted.

ORDER:

The Government accept the proposal of the Registrar of Co-operative Societies to transfer to Deputy Registrars of Co-operative Societies for enquiry and disposal, disputes under clause (*c*) of sub-section (1) of section 51 of the Madras Co-operative Societies Act 1932 as amended by Act V of 1937. But in view of the objections raised to the amendment to the clause when it was introduced as being too wide and liable to abuse, the Government consider it necessary to insist that the previous sanction of the Registrar or the Joint Registrar of Co-operative Societies should be obtained for entertainment of the suits.

(By Order of His Excellency the Governor)

V. N. VISWANATHA RAO,
Secretary to Government.

II

GOVERNMENT OF MADRAS.

ABSTRACT.

Co-operative Societies—Central Land Mortgage Bank—Government guarantee—increase from Rs. 200 lakhs to Rs. 250 lakhs—sanctioned.

DEVELOPMENT DEPARTMENT.

G. O. No. Ms. 2191. *Dated 5th September 1939.*

Read the following:—

From the Registrar of Co-operative Societies, R.C. 3142, dated the 20th July, 1939.

ORDER:

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

Notification.

In notification No. 725, dated the 9th September 1938, published at page 1322 of Part I of the Fort St. George Gazette, dated 13th September 1938, the Government under Sub-section (2) of section 6 of the Madras Co-operative Land Mortgage Banks Act, 1934, increased the maximum amount of the guarantee given by them in respect of the debentures issued by the Madras Co-operative Central Land Mortgage Bank to a total face value of Rs. 200 lakhs redeem. His Excellency the Governor of Madras is now pleased to increase the maximum amount of the guarantee up to a total face value of Rs. 250 lakhs, exclusive of such debentures as the Bank may from time to time redeem, such debentures being issued for periods not exceeding in any case 25 years from the date of issue and bearing interest at a rate not exceeding 5 per cent. per annum. The Government have no objection to the inclusion of the terms of this guarantee in the debentures to be issued by the bank, which satisfy the foregoing conditions.

(By order of His Excellency the Governor)

V. N. VISWANATHA RAO,
Secretary to Government.

Circulars.

I

No. D. 5663/39-B.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE
SOCIETIES, CHEPAUK, MADRAS.
Dated 6th September 1939.

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

CIRCULAR.

Subject:—Co-operative Societies—Public Servants' Co-operative Societies—Working of—Suggestions for improvement.

Ref:—Registrar's memorandum No. 5663/39-B, dated 4th July 1939 and the reports of Deputy Registrars and Assistant Registrars.

An examination of the reports received from Deputy Registrars and Assistant Registrars shows that certain defects are common in the working of the societies for public servants in the Province. The Registrar desires to emphasise that these societies are intended more for the promotion of thrift and savings among public servants than for the frequent supply of easy or cheap credit to them, and that the societies should, therefore, so regulate their business as to restrict credit and develop thrift and other activities in the interests of their members. The following instructions are issued with a view to achieve these objects.

2. There is generally a tendency on the part of members to borrow up to the maximum limit permitted by the by-laws. This limit is almost invariably maintained, as in a majority of cases, there is *continuous* borrowing by members. This indicates that loans are given rather freely without due regard to the real need or adequate repaying capacity of members. One method of checking this tendency is to provide in the by-laws that a member shall not ordinarily be given a second loan until he has cleared a portion of a prior loan or before a certain period has elapsed since the grant of the first loan. Such a provision is in vogue in some of the societies in the city of Madras and has had a beneficial effect on the members. Deputy Registrars are, therefore, requested to advise the societies to add the following as the second paragraph to By-law No. 42 (of model by-laws):—

"No member shall ordinarily be eligible for a second loan on personal surety before he has repaid at least one-third of a loan previously taken by him or before the expiry of four months from the date of disbursement of such previous loans. A member shall not in any case have more than two loans outstanding against him at any one time."

3. In addition to the tendency to borrow rather freely, it is observed that extension of time for repayment provided in By-law No. 47 (model) is also given as a matter of course with the result that repayment of loans takes a much longer time than originally stipulated. While extension may be necessary in really deserving and hard cases, the utmost care and caution should be exercised by the management in granting members extensions of time.

4. The Registrar also observes that the clearing of old loans by adjustment from new loans—euphemistically called 'consolidation of loans' in some societies—is not infrequent. Such a practice tends to lengthen the life of a loan indefinitely, conceals the real repaying power of the member and does not conduce to the prompt repayment of loans on the due dates. This practice is not wholesome and should be abandoned or considerably restricted.

5. In many of the societies, the overdues of members are heavy. In societies composed of public servants who get their pay regularly, there can be no justification for this state of affairs. In fact, this can be effectively avoided if every society strictly enforces the provision contained in the model by-laws, according to which every member has to agree to allow the pay-disbursing officer to deduct from his pay the dues to the society each month. To make this by-law effective, the co-operation of the pay-disbursing officers is, no doubt, essential. It should not, however, be difficult for the societies to enlist the support and co-operation of such officers by approaching them in the proper manner. The Societies should make it a point to send monthly lists of sums due, to all the officers concerned and try to recover the dues of members at the source and thus reduce or eliminate overdues.

An important factor which contributes to the heavy overdues in these societies is that, even in cases of continued default coercive action is not promptly taken by the directors. It is very necessary that the by-law regarding the compulsory closure of loans in cases of default exceeding three months, should be strictly enforced. Punctuality is a very elementary business principle, which societies composed of educated men can teach their members, and the failure to be punctual must be promptly followed up by coercive action and stoppage of further credit to the defaulter. In any proved hard case, the time for the payment of instalments can, under the by-laws, be extended.

6. Public servants' and other employees' societies are intended for men of limited means and limited requirements and for promoting thrift amongst them. The societies should, therefore, bestow adequate attention on the thrift side of their activities. As it is, the Registrar observes that a good many societies have done little or nothing to develop thrift.

Model By-law 4-A of the By-laws of Public Servants' Societies contemplates a monthly thrift subscription. This by-law has not, however, been adopted in many cases, and where it has been adopted, it is not enforced strictly. Again, the by-law permits the adjustment of accumulated subscriptions to share capital or loans. This is not effective in helping members to save a decent sum through the instrumentality of the society. The Registrar, therefore, considers that the by-law should be recast so as to prevent these subscriptions being refunded either by adjustment or by cash and also being in any manner encumbered. If this is done, it will not only help members to save something and make provision for the rainy day but will make the societies gradually self-supporting by building up their own funds. Deputy Registrars are requested to advise all societies to adopt the following by-law which is already in force in some societies—in the place of Model By-law 4-A., and to amplify the note under (model) By-law 44 (i) as shown below:—

By-law 4-*A* : —"Every member shall subscribe to a thrift deposit, so long as he continues to be a member of the society according to the scale laid down below :—

frequently borrowing for domestic expenses. All societies should be advised to start joint purchase activities and to develop them. In this connection, the attention of all Deputy Registrars and Assistant Registrars is drawn to the Registrar's Memorandum No. B-9154/38, dated 3rd November 1938 in which reference was made to the joint purchase activities undertaken by the Madras Civil Accounts Office Staff Co-operative ciety.

8. One way of making these societies function efficiently and successfully is to associate with their Boards of Management the heads of offices from which members are largely drawn. This can be done by providing that such officers shall be *ex-officio* Presidents of the societies. The presence of these officers on the Boards of Management is bound to act as a restraining influence on the tendency of members to borrow freely ; it will go a long way to facilitate the recovery of the monthly dues from the members ; and generally it will give a healthy tone to the working of these societies.

9. Deputy Registrars and Assistant Registrars are requested to bring these observations and instructions to the notice of all public servants' or employees' societies and to see that they adopt them and that their working is placed on a more satisfactory basis than has been the case so far. These societies are almost entirely composed of educated men with regular incomes, and it should be possible for them to have efficient directorates to run them on sound lines, so as to be of greater help to their members and serve as models to other societies.

Deputy Registrars and Assistant Registrars are requested to review in January 1940 the progress made by these societies in the several directions indicated above and to submit to the Registrar copies of their reviews for information.

S. A. VENKATARAMAN,
Registrar.

II

R. 8670/39 B. *Madras, Dated 10th October '39.*

Sub: Property statement—Unlimited liability societies—properties situated outside the area of operations—Inclusion—Instructions issued.

Ref: (1) Registrar's circular 1856/38 B, dated 16-6-38 &
(2) Registrar's letter R. C. 10611/38—B, dated 20-2-39 to the Deputy Registrar, Vellore, copy sent to other Deputy Registrars, Assistant Registrars and Central Banks.

In the property statement form prescribed in the Registrar's circular cited above, the column for showing the properties situated outside the area of operations of a society was deleted. This was done because the panchayatdars of a rural society might not have the means of verifying the accuracy of the entries relating to such properties and to prevent possible inflation of the assets of the society by including unverified particulars about such properties. On a further consideration of the question, in the light of certain representations made, it was decided in the Registrar's letter to the Deputy Registrar, Vellore, cited above, that the value of properties situated within the limits mentioned in the last two sentences of model bylaw 1 of credit societies might be included in the property statement.

2. The Central Banks' Conference which considered the question was of opinion that the exclusion of the properties outside the area of operations would cause unnecessary hardship in many cases and requested the Registrar to permit the inclusion of the properties situated outside the area of operations in the property statement. On a careful reconsideration of the question, the Registrar is of the opinion that the restriction on the inclusion of such properties placed by the Registrar's circular cited above may further be relaxed. The Registrar recognises that the inclusion of the properties situated outside the area of operations will not only enhance the total assets and thereby secure a higher borrowing power for the society, but will also help members having such properties to get loans from the society in whose area they reside. The Registrar has, therefore, no objection to the inclusion of the properties situated outside the area of operations, in cases where the panchayat of a society can have authentic information regarding the existence and the value of such properties, the title of the members to the properties and encumbrances, if any, on them. For this purpose, they must insist on the production of sufficient evidence on these points, before the properties are included in the statement. A certificate from the karnam of the village in which the properties are situated may be taken as satisfactory evidence for the purpose.

(3) In view of these instructions, the form of the property statement prescribed in the Registrar's circular cited above, may be modified as follows :—

(i) Insert a new column. "Value of property outside the area of operations" as column 12 and renumber the subsequent columns.

(ii) After the column showing the total liabilities, a new column "Net assets" may be opened to show the difference between the assets and liabilities.

(By Order)

G. CHANDRASEKHARAN.

III

Sub: Debt Conciliation Boards—Settlement of debts by writing off amounts foregone—Amendments to by-laws of societies—Instructions issued.

According to section 14 of the Madras Debt Conciliation Act, XI of 1936, a settlement made by a Debt Conciliation Board in so far as it affects the debts due to a co-operative society will be valid only if it is approved by the Registrar. The settlement may involve the scaling down of the debts, either under principal, or under interest or under both. In such cases, the society will have to write off the losses resulting from such scaling down. The Registrar will, of course, approve the settlement only with reference to the financial position of the society, and with the approval of the financing bank concerned.

2. As it is, the general body of a society is competent to write off any irrecoverable amount with the approval of the Union and the Central Bank or of the Registrar and the Central Bank, as the case may be. It may not, however, be possible always for a society to convene general meetings to consider the settlements made by a Debt Conciliation Board. To enable societies to reach a quick decision on the settlements, from time to time, the Registrar considers it necessary that the panchayats of societies should be empowered to consider the proposals made by the Debt Conciliation Boards for scaling down debts due to them by members. This can be done if societies adopt a special by-law conferring the necessary power on the panchayat. The by-law may take the following form.

"Notwithstanding anything contained in the by-laws of the society, it shall be competent to the panchayat of the society to accept, with the previous approval of the Central Bank, such amount as may be settled by a Debt Conciliation Board in accordance with the provisions of the Madras Debt Conciliation Act, XI of 1936, in full satisfaction of the claims of the society against the borrower concerned."

3. All Deputy Registrars and Assistant Registrars are requested to instruct societies to adopt this by-law soon.

(By Order)

IV

D. 8369/39—B. Madras, Dated 11th October '39.

Sub: Bylaws—bylaw 5 of the model bylaws of local co-operative unions—amendment—suggested.

According to bylaw 5 of the model bylaws of local co-operative supervising unions, each affiliated society has the right to send from amongst its members one or two delegates to the unions and it is possible for both the delegates to vote at a general meeting of the union on behalf of a *single member* (i. e. the society). This contravenes the provisions of Section 16 (1) of the Act, which lays down that one member should have only one vote.

2. All Deputy Registrars and Assistant Registrars are, therefore, requested to advise the unions in their charge to amend their bylaw No. 5 at the next opportunity, providing for *only one* delegate from each of the affiliated societies.

(By Order)
G. CHANDRASEKHARAN.

V

CORRIGENDUM.

3142/39 J. Madras, Dated 2nd October '39.

Sub: Central Land Mortgage Bank—Government guarantee increase—from Rs. 200 lakhs to Rs. 250 lakhs.

Ref: G. O. No. Ms. 2191 Dev. dated 5-9-39 communicated with the Registrar's R. 3142/39, dated 12-9-39.

In line 7, in the first sentence of the notification in the G. O. communicated with Registrar's endorsement cited above, the following will be inserted between "Rs. 200 lakhs" and "redeem."

"Exclusive of such debentures as the Bank might from time to time."

(By Order)
G. CHANDRASEKHARAN.