The Madras Journal of Co-operation

XXXII

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Madras Journal of Co-operation

OFFICE OF THE REGISTRAR OF BOOKS
27 MAR 1940
MADRAS

The Madras Provincial Co-operative Union.

NOTICE.

CHANGE OF THE OFFICE OF

The Madras Provincial Co-operative Union, Madras.

It is hereby notified that the Office of the Union will be shifted from Westcott Road, Royapettah, to **The Madras Provincial Co-operative Bank Buildings,** Mylapore-Branch, Luz, Mylapore, Madras.

S. K. YEGNANARAYANA IYER,
Ag. Hon. Joint Secretary.

tendency on the part of the management to yield more and more to their pressure. Individual members of Central Banks who were mainly non-borrowing depositors were looked upon with suspicion, an attitude which is not yet completely given up by society representatives. The society representatives always agitated for reduction in the rate of interest on loans given by Central Banks to borrowing societies, till at last in the opinion of some the margin of

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profit has dangerously dwindled down. If Central Banks do not take credit for interest accrued but not realised and if they set apart a decent amount from their annual profits against bad debts, the margin of profit would be found to be quite inadequate.

Supervision of affiliated societies has been now virtually taken over by the Central Banks and they have to find funds for it. So the need for a decent margin is all the greater.

Mr. Hood's warning, therefore, is quite timely and we hope it would be listened to by those responsible for the running of Central Banks.

The Tinnevelly Example.

The co-operators of Tinnevelly deserve to be congratulated on their enthusiasm in commemorating the services of workers in the field. In the new building of the Bank, which was recently opened by Mr. Hood, they unveiled the portraits of the Presidents and Secretaries of the Bank, past and present. We are sorry that owing to heavy pressure upon the space available in our Journal we are not able to publish all the speeches on this happy occasion of unveiling the portraits.

We have a suggestion to make. We do not know whether or not other pioneers who worked in various other districts and sacrificed their time and energy to popularise the movement at a time when it was young and had not many champions have their portraits in any buildings in their own districts. In each district there would be at least half a dozen such pioneers whose disinterested work paved the way for the spread of the movement in the district. We shall be happy to receive and publish short biographical sketches of such pioneers as the late Mr. Thirumalaippa Mudaliar, the President and Founder of the Tinnevelly District Co-operative Central Bank.

The co-operative movement, we know, has offered a platform for genuine workers interested in social service without any distinction of caste or creed and hence our plan of co-operative biography would include men of all classes and creeds and would, we hope, be a factor for cementing the various sections of the population of our Province which is unfortunately, being subjected to strong influences of a fissiparous nature.

Some of these pioneers may be still in the land of the living and some might have passed away. The young recruits who have

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recently come into the movement cannot set a better task to themselves than collecting facts about the co-operative work of their seniors and deriving their guidance and inspiration from it. We therefore make a special appeal to the young co-operators all over our Province to collect information about the pioneers and send us short sketches of their lives.

Sir T. Vijiaraghavachariar on the need for young recruits.

Sir T. Vijayaraghavachariar in his address at the Silver Jubilee Celebration of the Provincial Co-operative Union referred to the fact that most of the audience he saw before him were middle aged persons and he was disappointed at there not being many young co-operators. That occasion was a unique one and many veteran co-operators had come on purpose to take part in the Silver Jubilee celebration and hence the average age of the audience was pretty high. But Sir Vijayaraghavachariar repeated that idea when he addressed the co-operators at Kurnool. He is a shrewd observer and should have noted this fact in particular, otherwise he would not have repeated it.

It is difficult to generalise on a question like this. We have on the other hand heard complaints that persons of ripe experience are not allowed to continue to serve the movement and the raw recruits of to-day are impatient to have them replaced and get into their places. Still the need is obvious for a steady flow of young recruits who will infuse fresh blood into the movement, who will have no strong well established prejudices for or against particular steps of reform and whose enthusiasm will enable them to carry on experiments, which more cautious people will hesitate to undertake.

A successful school master is one who trains up his pupils in such a way that in course of time he becomes less indispensable. So also it is the duty of elders in co-operation to see that in course of time they train up a generation of young enthusiasts who would without violating traditions naturally step into their places and carry on the work in a spirit of service and sacrifice. We hope this supreme duty which elders owe to the movement and to themselves they would realise and discharge.

Dr. Lokanathan on Sales Tax.

We draw the special attention of our readers to an article by Dr. Lokanathan on 'Sales Tax and Consumers' Societies.' There are two main points besides many minor points urged by the learned contributor against the imposition of the sales tax on co-operative stores.

He contends, and in our opinion quite correctly, that co-operative stores are not shops selling articles to its members, but only agencies for the distribution of goods amongst its members. They do not aim at profit and exploitation and this is a point which deserves to be fully recognised and appreciated. The second point is that these co-operative stores are already subjected to unfair competition with private shops. We are not surprised to learn that many private shops are sub-dividing themselves into apparently independant concerns so as to exhibit each an amount of business below the taxable minimum and thus avoid liability to taxation. Public institutions like co-operative societies cannot have recourse to such tactics for avoiding payment of tax.

Considering the fact that co-operative stores are so few in number in the Province and the tax realisable from them is not likely to come to an appreciable figure from a financial point of view, we hope the authorities will be pleased to exempt co-operative societies from the sales tax. The continuance of the tax would in effect amount to penalisation of people combining to purchase by co-operative methods instead of resorting to petty retail shops.

Hopeful Signs.

It is a hopeful sign of the times that more and more societies of the non-credit type are being organised in our Province. Many of the cities have now co-operatively organised milk supply. Madras set the example, Coimbatore followed and now we have co-operative milk supply societies in Madura, Salem and other district headquarters. These societies are to be encouraged both from the producers' and consumers' points of view. The consumer gets milk of good quality and guaranteed purity and the producer also, as the report of the Coimbatore Milk Supply Union* states, stands to gain by getting timely advances for stocking fodder and for the purchase of new stock. Just as cotton sale societies in course of time developed the important task of popularising good variety of cotton seed among its constituent members, so also these milk supply societies are encouraging the proper breeding by maintaining stud-bulls.

Another form of consumers' societies that is very popular in Madras and that deserves to be copied in all big urban centres is the

* See page 499 of this number.

lunch home run on co-operative lines. Almost every important office in Madras has got its own lunch home where the members get stuff of pure quality and at a very reasonable price. Besides this day to day advantage, at the end of the year they get a decent dividend upon their share-capital and a very attractive bonus proportionate to their patronage. These co-operative lunch homes deserve to be connected with co-operative milk supply societies and co-operative stores in urban areas. A drive by the officials and non-officials to have more societies of these three types introduced and to see that better co-ordination is brought about between these agencies is a step which deserves to be taken and which we hope, will, at no distant future, be taken.

There are many fields where as consumers we pay heavily to the shrewd business-men who exploit us. Co-operative laundries and co-operative medicine shops will suggest themselves to the urban co-operators as possible lines of development. Co-operative cinema houses would be looked upon as a dream, but if the average citizen were to examine in what ways he is contributing to other people's prosperity by being an exploited consumer and if he in company with other fellow sufferers were to organise consumers' societies for these various goods and services he would find a bright future for the co-operative movment on the non-credit side of it.

Co-operation in Schools.

One of the most effective methods of promoting co-operative movement in the Province is to familiarize the young boys and girls of our High Schools with the fundamentals of co-operation. Various methods have been suggested in this connection, prescribing well written books on co-operation for study by students, introudcing some lessons on co-operation in their text-books and above all starting co-operative societies for the purchase of books, stationery and other articles required by the students. Of all these the last, in our opinion, is the most efficacious as it would give students opportunity to get into the live-movement and not to read about its shadow.

We are therefore glad to note that the Provincial Co-operative Stationery Stores which was started last year is growing steadily and has got about 60 school-societies affiliated to it. If all these societies were loyal to the central stores and got all their requirements through the central stores, the latter could more than justify its existence by doing quite a respectable volume of business for its constituents. We are glad to note that both the Director of Public Instruction and the Registrar of Co-operative Societies have shown commendable enthusiasm in helping the spread of this movement in schools and colleges. We hope that as a result of the joint endeavour of the heads of these two departments, every school will in course of time have its own co-operative stores and every student will be brought into touch with the consumers' movement as it directly affects him.

We hope that if the large army of students in High Schools be brought into contact with the Co-operative Movement through consumers' societies and if they grow into co-operative stalwarts they would master the principles of consumers' co-operation and having experienced its benefits in their own lives, they would, when they grow into seniors and active citizens, give a new turn to the movement in the Province itself. The excessive importance now attached to the credit side will dwindle or rather the hitherto neglected aspect of co-operation, especially, the consumers movement, will get a fillip. These co-operatively trained citizens and leaders will start a net work of consumers' societies in the Province. Brighter therefore is the future for co-operation, if the young ones are handled in good time and properly.

Some Central Banks.

We give below in a tabular form some important items of information about the condition of 5 Central Banks that have sent us their annual reports. We see that the collection of interest according to demand is satisfactory in Madura, Trichinopoly and Vellore though it is not so good in Tanjore and Kurnool. Overdues of principal are very heavy in Kurnool and Vellore, and they are bad enough in other districts. We are glad to note that most of the Banks have substantial reserves against depreciation and bad debts and some have got Dividend Equalisation Fund as well. The total Reserve Funds standing to the credit of these banks are very substantial and no depositor need have any misgiving as to the security of his money.

We are glad to note that some banks like Kurnool have started deliberately a course of cautious expansion and all banks have been very liberal in encouraging short-time transactions with loan and sale societies. One is led to believe that the worst days of depression are over and that with a little more exertion on the part of the field staff collections are bound to become more and more satisfactory. We hope the authorities in charge of Central Banks will, side by side with rectification and consolidation, carry on a policy of healthy expansion with caution born of their experience of the past 35 years.

	Kurnool.	Vellore.	Madura.	Trichino-poly.	Tanjore.
Members. Individuals ...	194	136	147	138	306
Members. Societies ...	236	652	524	520	248
	Rs.	Rs.	Rs.	Rs.	Rs.
Paid-up Share Capital ...	1,00,858	2,72,95C	3,00,470	1,92,570	1,34,141
Total borrowing at the end of the year ...	6,72,523	21,52,692	27,13,288	28,26,826	9,20,286
Loans : Given during the year...	1,53,459	5,34,095	9,18,662	11,86,638	4,63,160
Collected ...	1,09,205	3,67,917	5,94,281	8,49,458	4,70,566
Outstanding at the end of the year ...	6,08,840	16,72,342	19,39,253	18,94,078	7,74,921
Demand: Interest ...	55,982	1,04,468	86,662	99,620	54,688
Principal ...	5,20,172	12,(5,334	9,81,734	8,65,200	8,42,913
Percentage uncollected : Interest ...	26.3	71	6.5	5.77	38.5
Principal ...	79.0	10	48.0	31.47	44.2
Reserve for Bad Debts, Depreciation, etc. ...	75,604	1,71,500	1,26,871	1,01,295	59,249
Net profit ...	8,507	19,421	31,858	29,819	5,097
Total Reserve at the end of the year ...	54,545	2,33,402	2,01,913	4,44,409	75,212

A Novel Scheme.

Our readers, we hope, will read with great interest the draft bye-laws of the Indian Co-operative Missionary Society published elsewhere. (See page 493) As is shown in the letter of Mr. M. Bashir Ahmad Khan, Honorary Secretary of the All-India Co-operative Institutes' Association, Mr. K. Velayudam Pillai of Travancore was requested to submit draft by-laws, and he has done so.

The main point about the society is its membership consisting of A class members who are full time co-operative servants of the public and B class members who are honorary part-time workers.

The society will work as the executive of the All India Provincial Banks' Association and All India Institutes' Association. The A class members, like the members of the Servants of India Society founded by the late Mr. Gokhale, will devote their whole time and attention to co-operation getting in return a bare maintenance allowance. 10 years of previous experience is a necessary qualification for enrolment as A class members and they are allowed to retire after 15 years of strenuous work.

India is envisaged as one united country and the artificial barriers of political sub-division are swept off, and the Missionary Society gets its funds by a levy on the working capital of the entire co-operative movement of the country as a whole. This ideal is worthy of being kept in view and we hope co-operators all over India will strive to convert this ideal into a reality at no distant future.

Some useful suggestions for the Journal.

We gladly publish below relevant extracts from a letter received from a respectable correspondent who offers some suggestions regarding the conduct of the Journal.

> "Though dealing with all aspects of co-operation, the Madras Journal of Co-operation devotes itself mainly to the problem of co-operative credit. The journal is not to be blamed because the movement itself is so organised that credit bulks large and other aspects of co-operative activity are almost negligeable.
>
> The Journal however is expected not to accept the general tendencies of the times but to give a lead along proper lines so as to educate its readers.
>
> May I therefore suggest that you set apart a specific number of pages in each issue of the Journal for dealing with problems bearing on credit and on various aspects of non-credit co-operation, such as the consumers' movement, i.e., the co-operative stores including students' stationery stores, milk supply societies, co-operative building societies, co-operative insurance, co-operative marketing and so on. These are some aspects of co-operation that do not get as much prominence in the Journal as they deserve."

We accept the charge levelled against us, though not to the extent our correspondent is prepared to press it. This Journal has always given due publicity to all aspects of co-operation and if the various lines of co-operative activities suggested by our correspondent do not find prominent mention in the Journal it is certainly no fault of ours, but only of persons who should have written articles on them and we deserve to be blamed only if we do not publish such articles.

Now that the suggestion has been made we accept it wholeheartedly and are prepared to give special publicity to any article dealing with any aspect of non-credit co-operation and we hope that we shall have the pleasure of publishing at least one article every month dealing with some type of non-credit activity. We would welcome even more a straight forward account of the actual working of different types of non-credit societies.

Rural Indebtedness and Ceremonial Expenses.

By Sri K. G. Prabhu, M.A., G.D.A., G.D.C.A.,

Assistant Registrar, Co-operative Societies, and Rural Development Officer, Satara.

From what could be gathered at the time of inspection of village co-operative credit societies, it was observed on enquiry with agriculturist-members of the credit societies that in most of the cases the hereditary old debts or large frozen personal debts were the outcome of expenses incurred on marriage ceremonies. Side by side, it was also observed that the incidence of indebtedness was greater in the richer tracts where land was fertile than in the poorer tracts where there was poorer yield and indifferent seasons. The logical conclusion would be that in the fertile regions the agriculturists and the money-lenders have been mutually responsive, the one in borrowing to the utmost credit that could be secured and the other in enlarging to the utmost limit, the credit that could be safely extended. To lay the whole blame of heavy indebtedness at the door of solely the agriculturist would not be quite accurate. Because, if the agriculturists as a class had not the ready facility of borrowing from a willing Sawkar it is just possible that the matrimonial market would have so adjusted as to suit the borrowing facility and capacity of the agriculturists. For instance, under the new Debt Relief Measure, it is proposed to restrict agricultural finance only to few select agencies *viz.*, the co-operative society and licensed money-lenders and bankers and provision made for loans for marriages would be restricted. The reason being obvious *viz.*, that with the relief obtained through the Debt Relief Measure it ought to be possible for agriculturists to lay by their own savings for incurring legitimate expenses for marriages. It is also quite likely that with this imposition and restriction when the whole of agricultural class is subjected to restriction in the borrowing for marriage ceremonies unlike in the past, the whole of this class will have to arrive at a compulsory understanding and adopt the custom to undertake such marriages at a minimum expense within their own individual capacity.

Added to this alleviating factor under the new Debt Legislation it would also be quite desirable to further assist the agriculturists in meeting the problem of ceremonial expenses with greater ease and personal satisfaction. This can be achieved as follows:—

We find the marriage ceremonies in small villages are generally village-wide in their extent of entertainment and feasting since one community or other is bound to be in predominance and a communal dinner even outside the circle of relatives is only natural to be arranged at this ceremony. It is worth trying whether atleast in the case of societies, it would be possible to arrange for simultaneous marriages at one time under the management of the society so as to obviate the necessity of arranging separate feasts and ceremonies for separate marriages. The saving in expense in this way would not be inconsiderable. The common expense of this co-operative function under a joint basis could be shared by the parties concerned and the joint function of combined marriages under the aegis of the society would be bound to be a unique and popular event in the whole village. It would also be quite desirable to insist on the parties of the bride and bride-groom to exchange only useful presents such as agricultural implements, necessary clothes etc., rather than ornaments. Under the new machinery of rural workers and other staff these suggestions are quite possible to be followed up in practice and there appears to be no doubt that substantial gain would accrue to the agriculturists. The basic principle to be observed in all cases is that co-operative effort for solving any worldly problem is distinctly of greater advantage to the persons concerned than their individual undertakings.

Sales Tax and Consumers' Societies.

BY DR. P. S. LOKANATHAN, UNIVERSITY OF MADRAS.

The question whether co-operative societies, agricultural marketing societies and consumers' societies should not be exempt from the scope of the General Sales Tax was discussed when the bill was in the Madras Legislature, but the Prime Minister opposed such exemption on the ground that while co-operative societies might be given help in other ways, so far as taxation was concerned they must be brought into line with all trading concerns and should not seek any special favour. In the result all co-operative trading societies pay the sales tax, and the Triplicane Urban Co-operative Society, Madras, the biggest store in India, has been paying since October last the general ½ per cent. on its turnover of about Rs. 9 to 10 lakhs per annum and the tax it pays will amount to nearly Rs. 5,000 in a full year.

The view of the Prime Minister that co-operative stores should not be granted any tax exemption may be contested on grounds of theory, general policy, and practice, and it is proposed to examine some of them here. In the first place, the true nature of a co-operative consumer society must be understood in order to appreciate its claim for tax exemption. Distributive societies registered under the Co-operative Societies Act are societies established for the purpose of distributing articles of daily consumption among their members. They do not sell their articles to the public and are not therefore strictly speaking trading concerns in the sense in which private shops are. Persons in a locality join together and to have a central body to purchase the daily requirements of all of them and then distribute the goods to the members as they require. The societies are not "dealers" in the ordinary sense of the term and any attempt so to regard them offends against the whole principal of co-operation. In fact a decision to that effect was given only recently by the Madras High Court.

The sales tax affects co-operative stores adversely. The central body purchases on behalf of the members and the tax being paid by the sellers of the goods in the first instance is passed on to the society which finds the cost thereby increased. But when the store re-distributes the goods to members by a sale to them, again it has to pay a tax on its turnover and this means that a member of the society is taxed twice, once when the articles were purchased on his behalf by the Society and again on their distribution to members. In effect the member has to pay for the articles he buys more than what he would have to pay if he had not got it from the society but bought it from a small retailer who is exempt from the tax. The sales tax thus penalises the co-operator.

It may be contended that a consumer store should be regarded as in practice a mere trading concern like all private shops whatever it may be in co-operative theory. This view is grounded on prejudice. Further, there are other important reasons why in the interest of the more rapid development of the stores in the Province they should have been exempt from the tax. These distributive societies are not many in number and for various reasons their progress has been tardy. While the revenue accruing to Government may not be much and therefore can easily be dispensed with, the tax is a serious handicap to the societies which working under great odds have always been hard put to it to show any profit. The tax will be felt to be a burden by all stores--not excluding the T. U. C. S.—and their progress will inevitably be arrested. No new stores will be started and the few that are being organised on account of war conditions may not even last the duration of the war.

In India where the consumer does not even enjoy the ordinary rights of a buyer in the form of correct weights and measures and where there is a lot of adulteration which even Congress governments have been unable to check, the establishment of co-operative stores which guarantee to their members correct weight and measure and uniform quality should be regarded as of national importance, for only by an extension of the co-operative stores and their direct and indirect effects on the private trade can a distinct improvement in merchanting practice be secured. Co-operative societies are the complement of the Police and preventive health staff of the Municipalities. While the latter detect and punish wrong-doing, the former exercise a strong, healthy and beneficial influence on private dealers by their example and are a powerful instrument for securing an improvement in trading practice. They therefore deserve to be encouraged in every way.

An argument is advanced that if the whole of this province is permeated by a net-work of co-operative stores and private dealers become extinct and if the stores be exempted from the tax, the sales tax would cease to be productive. The contention has only to be clearly stated to show its futility. It is impossible to reach such a

stage. But if by a happy conjuction of circumstances the impossible happens, then Government surely can devise more suitable methods of raising revenue. For the moment the fear is unfounded. A world where all members buy co-operatively would be an altogether different world from what it is now, and Governments will have less need of revenues. A large part of the Government's expenditure on education, public recreation and entertainments can be saved for co-operators would gladly undertake these functions.

The sales tax will surely have the effect of arresting the development of consumers' movement in this Province and further check all advance in new lines of extension and development. Such a result is greatly to be deplored. Those who have faith in the voluntary co-operative movement will regret the inevitable result of the public being placed at the mercy of private dealers against whose malpractices co-operation has been putting a brave fight. The tax affects unequally the stores and private dealers. The dealers have already begun to break up their businesses into smaller ones with a view to avoid the tax. By converting their shops into little ones and setting them up in the names of the various members of their joint families, these dealers have sought an escape from the tax. It is with such dealers in the altered status that the co-operative stores have to compete and the resulting competition will be unequal.

It is a mistake to think that the large co-operative store by its ability to buy wholesale and in bulk and by its certain clientele will easily be able to supplant the private dealer and in any case should not have to worry about the small burden of the sales tax. Those who have experience of the conditions of wholesale and retail markets in Madras and other parts of India will not think so. The bigger the society, the greater its handicap. The difference in costs between buying small lots and buying in large bulk is very inconsiderable and is hardly sufficient to cover the expenses of the staff of a large organisation. In the classes of commodities in which the co-operative stores in this Presidency deal the margin of difference between wholesale and retail is often under 6 per cent. and sometimes it is as low as 3 per cent. Further it has been found to be cheaper to buy from the retailer than from the manufacturer or the so-called wholesaler because where the wholesaler has entered into exclusive relationship with the retailer the latter's prices are cheaper to outsiders than the former's. Such instances have come within the experience and knowledge of the present writer.

That the sales tax is already arresting certain lines of advance is clear from the experience of the Triplicane Stores which is now faced with the problem that whether a new line of activity proves to be remunerative or not, the turnover tax has got to be paid. Schemes for the establishment of little mills and for the sale of new articles like shoes and sandals, piecegoods of all kinds, are partially held up on account of the sales tax. In any case a spirit of caution, nay almost timidity, is setting in on account of this additional handicap.

The ultimate justification for the plea to exempt co-operative stores from the operation of the sales tax is this. Is or is not the development of co-operative store societies a matter of some importance from the point of view of the people's well-being? Instead of the Government's having to spend large sums in promoting their number and fostering their growth, should Government place a definite handicap at this stage in the history of the store movement in Madras? Further can Government reject the theory on which consumer-organisation is based, *viz.*, that it is only a mutual association of members brought together for the purpose of common purchase and that therefore a society of that kind cannot be treated as "dealer" for the purpose of the sales tax? Upon the answer to these questions will depend the case for or against the exemption of the stores from the scope of the Madras General Sales Tax Act.

Should the Credit Societies restrict their activities to Crop Loans?

BY SYED ZAHUR HUSAIN, B.SC., P.CO.S.,
Educational Assistant Registrar, Co-operative Societies, Punjab, Lahore.

The peasant everywhere has off and on stood in need of outside financial help. The chief agency which has been financing the Indian farmer is the village money-lender or the village shopkeeper. He has been allowing him credit for agricultural as well as household requirements. But this system of finance has generally worked against the interest of the agriculturist and is considered to be the chief cause of his heavy indebtedness.

The causes of his enormous debt have from time to time been studied by diffirent economists and the results tabulated by them reveal that his habit of reckless borrowing and ignorance of the right use of credit is chiefly responsible for this state of affairs. It appeared, therefore, necessary that his attention should be diverted from this vicious system of finance and he should be provided with an agency which while allowing him controlled credit should educate him in the right use of money. These were the primary considerations which resulted in the introduction of the co-operative movement in the country.

The start was made with village credit societies. The bye-laws of these early societies were so drafted as to aim at controlled advances to their members and preferably for productive objects. They definitely prohibited loans for extravagant and speculative purposes. Great stress was always laid on the proper application of the loan. But as the main problem before those responsible for the guidance of the movement was to replace the existing system of money-lending they allowed societies to make advances for purposes which though not strictly productive were indispensible from the view point of the agriculturist. Thus broadly speaking these societies have been allowing credit to members for all necessary purposes.

Now that the societies have served the agriculturist for over a quarter of a century it seems desirable to gauge the effect of their working. As aforesaid, these societies were started to free the agriculturist from the clutches of the money-lender and to save him from the evils of his system of finance. They were intended to make him realise the dangerous consequences of reckless borrowing and differentiate between productive and un-productive loan. They were in fact expected to control his future borrowing and to enable him to free himself gradually from heavy indebtedness. But the policy they have hitherto followed in actual practice has fallen short of the objective.

There is no denying the fact that the credit societies instead of restricting their activities to finance the current agricultural needs of their members have made the mistake of attempting the liquidation of old debts and making liberal advances for ceremonial expenses. Consciously or un-consciously they have followed the policy which was not within their scope and thus got themselves involved in difficulties which tend to result in disaster. Over-financing and their undue leniency towards the recovery of debt has added to their difficulties and the depression converted short-term advances into long-term loans. This has made the position of most of the societies extremely precarious and the bulk of their funds is locked up. Majority of them appear on the roll because they are being allowed to exist but in fact they are stagnating and in a static condition. Even the best societies have not got enough liquid funds to finance the genuine needs of their members and are engaged in the liquidation of their assets. It is, therefore, quite evident that it was a great mistake on the part of these societies to adopt such a liberal policy and run their business on the lines which were not at all within their sphere.

Now two distinct problems require solution. On the one hand they have got to arrange for the reduction of the alarming overdues which have accumulated during recent years and to free themselves from the present stagnation and on the other hand they have to chalk out lines for their future working. The present position of the societies has only recently been reviewed by the Reserve Bank of India and the suggestions made on this behalf in its report need careful consideration. Here we are mainly concerned with the future programme of the societies. It has been suggested that societies would be well advised if they strictly limit their loans to crop finance. Advances for purposes which cannot reasonably be expected to be repaid within six months or at the most within one year should generally be eschewed and if under some exceptional circumstances it is at all felt necessary to issue loans for a longer period they must not exceed a very small proportion of their total business

and should strictly be for purposes directly connected with agriculture. It would be worth their while to rule out as beyond their scope the financing of their members for ceremonial expenses and to take in hand the liquidation of outside debts. It is correctly argued that if the societies had followed this course from the very start they would not have been harassed and would have successfully achieved the ideal aimed at. To rectify past mistakes they must now follow the policy of restricting their advances to crop loans only.

While admitting the principle laid down above in its broad outlines one has to concede that these societies have often to work under peculiar circumstances and environments. The sole object of the societies is to promote the economic interest of their members. They draw their membership from the class which is regarded as conservative, suspicious, illiterate and lacking in foresight. This is admitted on all hands that the Indian farmers depend on others and lack the spirit of self-help. They are socially so circumstanced that they cannot help borrowing for their certain ceremonial customs. They cannot at present dare to act against the general public opinion and against the behests of their women folk who are even more conservative and ceremonial-ridden than the men. So under the circumstances the agency which suits them most is one which can supply all their requirements--agricultural and others. It is, therefore, obvious that when they would find that the society is not prepared to extend its helping hand for all the requirements they would look for some other agency which from their view point would suit them better. There is every likelihood that under the pressure of dire necessity the farmers may resort to other agencies for their requirements and thus the aims and ideals of the societies may remain in the back ground.

Mr. C. F. Strickland, who was once Registrar of Co-operative Societies in the Punjab delivered some three years back a series of lectures on Rural Finance and Co-operation at the University of Nanking. During the course of his lectures he expressed his views on this subject. He says " the endeavour of a co-operative credit society should be to free its members from all outside debt, and to induce them to deal only with the society. If the society will not lend for an object which is really necessary but not productive, the farmer will be driven to go to the money-lender. Sooner or later the money-lender will seize his crops or his animals or his land and the society will lose the money which it advanced to the member for production." He is further of opinion that if the societies restrict their advances to agricultural purposes only they would exclude handicrafts and petty trade from which many farmers earn a part of their income. In the Philippine Islands it is forbidden by law to issue loans for purposes other than productive but in actual practice societies do make advances for necessary purposes which are not productive. Now the question arises whether the objects which are not strictly productive and are included in the by-laws of credit societies are really necessary or not. The farmers here too expect their societies to provide finance not for agricultural needs alone but for all necessary purposes. It has also been observed in some societies whose working is apparently sound that the members have taken loans for un-productive purposes while the bonds given by them to the societies mention the object of loan productive. They do not conceal this fact and offer necessity as their excuse for this irregularity.

In view of the above discussion it would seem that the time is not yet opportune for the societies to make any change in their general policy. They would be well advised to continue working on the same old lines till they succeed in bringing about a change in the mentality and general outlook of their members. Greater stress should be laid on the education of members and they should persistently be taught the economies of life and business ways and practices. So long as their dealings with the outside agencies continue, societies will not be able to do any great good to them and if the working of such societies is found to be satisfactory it will be no index of the actual economic condition of their members.

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The Reserve Bank's Circular to Central and Provincial Banks.

BY SRI V. S. RAMASWAMY IYER, B.A.,
Retired Assistant Registrar.

Apparently in the discharge of its duty, the Reserve Bank has issued a circular to all Central and Provincial Banks, in connection with the reorganisation of the co-operative movement on banking lines. It did well to remind co-operators of the elementary and fundamental principles of banking. Co-operators should admit that though there are many good co-operative banks working, as well as, if not better than some commercial banks, there are also some which are erring even in elementary principles. From their nature and constitution such a state of things is only to be expected. Some co-operators try to take shelter under the word 'co-operative' as if co-operative banking is not banking. Most of the Directors—all of whom come through election—are only novices in banking. The managers too, for various reasons, are not chosen for their knowledge and efficiency in banking but for other considerations, which all of us know. Hence, such advices cannot be given too often and they must be welcomed. I may go a step further and suggest that co-operative banking practice should pass continuously through the critical view of a professional outside banker. Then bad practices will be put an end to then and there. The circular has also brought home to co-operators, the limitations of the Reserve bank, in its being essentially a commercial bank, and that they cannot depend upon its help, unless they try to come into line with the other ordinary banks. This is also necessary now, because co-operators, on account of too much indulgence from Government have forgotten or are forgetting their ideal of *self-help*. But the circular is defective in some respects and these are discussed in the following paragraphs.

1. *Building from the top.* In the last but one para (21) of its circular the Bank says :—

> "Co-operative Banks exist in order to be of service to primary co-operative societies and that their success will depend upon their usefulness in this respect."

It might have gone a step further, and added that the success of those co-operative societies depends upon their usefulness to members. The Reserve Bank should have tried to construct on this foundation; but it attempts its level best to construct the building from the top. As agriculture depends too much on the freaks of nature, agricultural co-operation finds itself unable to adjust completely to all their usual conditions. That is the very reason why the law wants the Reseve Bank to give some special attention to it. There is not the slightest attempt on the part of the Bank to accommodate its business, even to a very small extent, to suit to the special requirements of agriculture. Its suggestions smack something like chopping the head to suit to the cap, as the Tamil proverb goes. It does not seem to give that consideration for the special problems of co-operation which the law wants it. It has not tried to give practical solutions.

2. *Failure to recognise the greatest defect in Indian co-operative finance and suggest remedies.* Attention is invited to paragraphs 217 to 220 of the Maclagan Committee's report. As far back as 1914, that Committee recognised the want of arrangments for the rediscounting of agricultural paper as the greatest defect in Indian co-operative finance. They reported:

> "We are, however, greatly impressed by the difficulties which threatened the whole co-operative finance of the country, and considered necessary to place our view of these difficulties very prominently before the Government in order that such further steps may be taken as the Government may consider necessary in order to secure a careful examination of this question and a satisfactory arrangement for meeting this serious difficulty in the existing co-operative organisation."

That Committee hesitated to recommend a State Co-operative Apex Bank and left the problem for the future to solve. Now that the Reserve Bank has come into existance, it seems, that it is its statutory duty to solve this problem. It is admitted, that it cannot meet all the demands of co-operators, consistantly with its own responsibilities. But it should not be forgotten that it is also its duty to suggest a solution for this greatest problem to co-operators and Government. What is its solution?

The foreign experts of the Central Banking Enquiry Committee also considered this problem. They doubted if the Reserve Bank could help in the matter. But they have suggested that the Government should consider the advisability of placing a part of the monies derived from the postal savings bank at their (Reserve Bank) disposal (Page 716 C. B. E. R). Thus, there are two suggestions; one is to have a State Co-operative Apex Bank and the other to place the

Postal Savings Bank money at its (Reserve Banks) disposal for this purpose. Experience in other countries shows, that without Government this problem cannot be solved. The earnestness of Government is there in the Act. The Reserve Bank cannot shirk its duty in the matter. It is open to them to ask for some concessions or some special favours, to discharge this duty to agriculture or tell point blank that a State Co-operative Apex Bank is necessary. It cannot point out its own difficulties and keep quiet. It is in duty bound to come forward with its proposals to solve the problem.

3. *Fluid resources.* The circular is not quite instructive in regard to fluid resources. It gives some very general instructions on the necessity of keeping a certain percentage of deposits etc. But it does not examine the present system and practice followed by co-operative banks on the recommendations of the Maclagan Committee, and does not point out any defects. This ommission on its part suggests that co-operative banks are not following any principle and that Government have no control over it. The Maclagan Committee after careful examination went to the extent of even prescribing forms for the submission of quarterly financial returns to Government for their scrutiny and publication in the official Gazette (para 165). Their advice has been followed at least in this Presidency, though the publication was discontinued. Since statistics are available for several years, their cirrical examination would have enabled them to give more pointed advice based on facts and figures. They would have done better if they had gone into the question Province by Province, instead of the present too general instructions for the whole of India, to be of any practical use.

4. *British Commercial Practice.* The circular refers often to the practice of Joint Stock Banks in Britain. Great Britain is a very backward country in co-operative credit, *i.e.*, in co-operative banking; and its being too rich and not being an agricultural country, its practices may not be of much avail to us. On the other hand, Germany is more advanced in co-operative credit and we have to learn a great deal from their co-operative-banking. It would have been better if they had given us the experiences of German co-operative banks instead, for our guidance. In that case they would have suggested a State Co-operative Central Bank to solve the greatest financial problem of Indian co-operators referred to in a previous paragraph.

Similarly, in my humble opinion, the Reserve Bank seems to have done to the Central Land Mortgage Bank of Madras a positive wrong by their failure to bring to bear the experiences of German Land Banks, the oldest in the world, in regard to their advice to Government on sinking fund and on the margin between the borrowing and the lending rates. They do not seem to have taken into consideration the fact that there are essential differences between the land mortgage bank debentures and the debentures issued by companies and other institutions, in the *permanency* and the *non-deteriorating* nature of the basic securities of the former. They have also left out of consideration the *absolute necessity* for the land banks to work with *the least possible margin*, between the borrowing and the lending rates. Perhaps this might have been due to their knowledge of mortgage banking being very small. No doubt these mistakes will be discovered later, but only after a long time and after much hardship had been done. The greatest expert financial agency of the land, if they wanted to bring credit to themselves, should have given a more considered advice.

5. *Mortgage debentures as securities.* They recommend only Government securities for fluid resources without making a beginning with land bank debentures. There are thousands and thousands of co-operative societies in the country, and many millions of co-operators. They form a separate world themselves. If societies are encouraged to purchase and keep land bank debentures, which are in no way inferior to Government securities out of their reserve and other funds, they may be used in the early stages as resources among themselves. Their popularity will increase and they will become marketable later on. This is the best time to introduce such securities. In European countries these are found as good as Government securities. Instead of thus encouraging, they have betrayed their unsympathetic attitude, by their hesitation to accept them as securities for advances.

There is yet another and greater good to the country resulting from the spread of these debentures as securities. It is only then that the non-cultivating land-owners will be tempted to convert their lands into debentures. Then only will the land pass into the hands of real cultivators. Thus one of the greatest problems of Government to get the maximum yield from land will be easily solved. The Reserve Bank may be reasonably expected to foresee these far reaching good effects to the country and to suggest methods to make them more and more popular and marketable later on.

6. *Intermediate Credit.* Their recommendations on this point are far from satisfactory. They want to restrict intermediate credit (loans) to the owned capital of banks, and they stop there. They have not bestowed an iota of thought on the question whether the total requirements of agriculturists in this direction can be met. This limit will be far too small and may not meet even a small fraction of their requirements. Nor have they given any suggestion to co-operators and to Government as to where to go for the balance. Should the co-operators go again to money-lenders for this? The United States Government have created a Farm Credit Administration with four Central Banks at the top to deal with each kind of credit, viz., short-term, intermediate, long-term and production. The Reserve Bank is shirking its legal responsibility in not going further into the matter of intermediate credit and finding a way out. What is its suggestion to Government as financial advisers?

7. *Rates of Interest.* It is extremely doubtful if their recommendations with regard to the rate of interest are sound. In paragraph 19 they say "the loan and deposit rates of the Central Banks should be linked with the loan and deposit rates of the Provincial Bank, which in turn should be linked with the Bank rate so that there may be an organic structure of rates throughout the Co-operative Movement". "Rates of interest paid on deposits should not be higher than the Bank rate". The effect of all this will be a levelling of the rate of interest throughout the Presidency. Conditions in the country vary from one district to another and also from one taluk to another. In dry tracts rates of interest are generally higher than in the deltaic parts. This is only natural because the element of risk there has to be protected by an insurance of a higher rate of interest. The Foreign experts of the Central Banking Enquiry Committee "are not in favour of the policy of co-operative departments of Provincial Governments standardising the rates of interest for deposits and credit in the credit societies throughout the whole province". (page 692). This standardisation may place more money where it is dear and less in places where it is cheap without any consideration for the need. It cannot but have some bad effect on the economic condition of the country.

8. *Discouraging Local Independant Banking.* There are many small towns which are mainly rural (e.g., Lalgudi in Trichy District) where there are well managed co-operative societies dealing safely

in all the three kinds of credit—short-term, intermediate and long-term. Provided the management is good, it is quite possible for them to work satisfactorily as independant institutions. The experience in Germany is that even rural societies do attend to all the three credits though long-term credit is very limited. It is highly desirable that such independant societies should be encouraged instead of being discouraged from above by too rigid rules to confine their activities only to short-term credit. *Self-help* being the ideal of co-operative societies they should be encouraged as far as possible to be independant and not to be merely distributors of urban money, provided banking principles are not ignored.

Conclusion. Attention may here be invited to the Maclagan Committee recommendations with regard to the necessity for an adviser with the Government of India (para 202 to 207). The Reserve Bank was not in existence then. Now that there is the Reserve Bank it may well take the adviser's place especially on co-operative financial matters, which might have formed the more important part of his duties. It is desirable and useful that the Reserve Bank comes into closer touch with co-operative banks and gives more definite instructions to each bank separately or to each province, instead of in this too general and haphazard manner.

The Provincial and Central Banks are now sending quarterly financial statements to Governments as stated above. They contain full information about the various kinds of deposits and loans, the periods when they fall due, etc. These statements may be usefully sent to the Reserve Bank and got examined by them. It would then be possible for them to guide by giving proper advice to co-operative banks. From their very constitution they cannot have an ideal management nor ideal managers. Hence guidance from experts will be useful and necessary for a long time to come if not for all times. The Reserve Bank will then be in a position to give better advice based on facts and figures available with them. Co-operators also will stand to gain, because the Reserve Bank will then begin to trust them more and more.

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Conferences.

THE TINNEVELLY CELEBRATIONS.

I

The Tinnevelly District Co-operators' Conference.

The Tinnevelly District Co-operators' Conference was held on Wednesday, January 31st, in a spacious pandal erected in front of the new Buildings of the Tinnevelly District Co-operative Bank, at Vannarpet. Over 400 delegates from all parts of the District attended the Conference.

At the outset, Mr. T. A Ramalingam Chettiar hoisted the 'Co-operation Flag' amidst loud cheers and applause. Dr. R. V. Chokalingam Pillai, Vice President, proposed Mr. T. A. Ramalingam Chettiar to the chair. Mr. S. S. Namasivaya Mudaliar seconded that proposition which was passed amidst acclamation. Mr. T. A. Ramalingam Chettiar, M. L. C., was then installed in the chair.

Mr. Medai Dalavoi Kumaraswamy Mudaliar, President of the Reception Committee, extended a hearty welcome to the distinguished President and to the delegates of the Conference. Mr. T. A. Ramalingam Chettiar rising amidst cheers addressed the conference in Tamil for over 45 minutes. A brief summary of the speech is given elsewhere*. Doctor R. V. Chokalingam Pillai, Vice President, read out the various messages wishing the conference every success.

The following resolutions were passed:—

The Conference urged on the Government the formation of a Co-operative Federation for Tamil Nad and suggested to them that till such time the separate Federation was formed the Provincial Union should be formed on the lines of a Joint Committee of Federation on a linguistic basis consisting of equal number of Tamil Nad as well as Andhra Desa representatives.

A resolution of the Conference urged the Government to remove the ban placed by them in the matter of deposits of funds made hitherto by the Local Bodies and Municipalities into the Central Banks.

A strong plea was made by the Conference that Co-operative Banks and Societies should be exempted from the operation of the general Sales Tax.

The Conference expressed the view that food-stuffs, grains and paddy etc., worth less than Rs. 1,000 need not be required to be covered by Insurances and that insurance clause might be enforced in respect of those commodities worth over Rs. 1,000.

It was also urged by the Conference that the rates of interests at which the Central Banks should lend might be increased to 5½ per cent.

* See page 477 of this number.

4

and the rates at which the primary societies should charge on loans advanced by them might be increased to 7½ per cent. to enable both the Central Banks and primary societies to have sufficient funds for the working expenses.

The recommendations of the Co-operative Enquiry Committee to the effect that the Reserve Fund of all the Co-operative Societies might be constituted into a "Trust Fund" were disapproved by the Conference.

The Government was also requested to appoint special staff for the collection of overdues of the liquidated societies.

Dr. R. V. Chockalingam Pillai then requested the audience to peruse the exhibits and interesting products produced by various weavers' co-operative societies in this District and outside arranged in the Exhibition Hall. He then proposed a hearty Vote of thanks to the President and to the delegates who were present.

II
Opening of the new buildings of the District Co-operative Central Bank, Tinnevelly.

The 31st January 1940 was a red-letter day in the annals of the Tinnevelly District Co-operative Central Bank when during the evening the new buildings of the Bank at Vannarpet were opened by Mr. H. M. Hood, C. S. I., C. I. E., I. C. S., Adviser to His Excellency the Governor of Madras.

In connection with the opening ceremony, a mammoth public meeting was held in the spacious pandal erected for the purpose in front of the new buildings. Quite a large number of officials, non-officials and the elite of the whole district were present. Rao Bahadur M. Giriappa, Joint Registrar of Co-operative Societies, Mr. V. S. Hejmadi, I. C. S., Collector of Tinnevelly, Mrs. Hejmadi, Mrs. Chandran and Mr. T. A. Ramalingam Chettiar, M. L. C., of Coimbatore also attended the function. The Police band was in attendance.

On arrival, Mr. H. M. Hood was received by Mr. Medai Dalavoi Kumaraswamy Mudaliar, President of the Tinnevelly District Co-operative Central Bank and conducted to the dais. At the outset, the M. D. T. Hindu College Scouts presented a Guard of Honour to the distinguished guest.

Mr. Medai Dalavoi Kumaraswamy Mudaliar, M. L. C., President of the Bank extended a hearty welcome to all.* He then requested Mr. Hood to declare the buildings open. In doing so Mr. Hood, Adviser to His Excellency the Governor Madras, made a speech.† Then

* See page 476 of this number.
† See page 479 of this number.

Mr. H. M. Hood opened the new buildings by turning the key of the front door. The distinguished guest and others went inside and saw the buildings. They all then retired to the pandal.

This year and last year the staff of the Bank had done good work enabling the Bank to stand first and second respectively in collection of overdues in Tamil Nad. As a mark of encouragement certificates of merit were issued to several members of the staff. In appreciation of the admirable help rendered by the non-officials of the Unions, trophies (silver cups) were presented to some of the Unions. Mrs. Hejmadi wife of Mr. V. S. Hejmadi, I. C. S., Collector of Tinnevelly gave away the Silver trophies and certificates of merit to winners.

III
Unveiling of Portraits.

Then the whole gathering adjourned to the Medai Dalavoi Kumaraswamy Mudaliar Hall in the Bank buildings. The public meeting continued its session with Mr. H. M. Hood, C.S.I., C.I.E., I.C.S., in the chair, when the important portraits of the former Presidents, present President and Vice-President and founder Secretary were unveiled.

At the outset, Dr. R. V. Chockalingam Pillai, Vice-President read messages wishing success to the Conference and to the pleasant ceremony of unveiling the portraits from prominent public men and co-operators. Portraits of the following persons were unveiled by those mentioned below with appropriate speeches setting forth the services rendered by each.

(1) Rao Saheb Medai Dalavoi Thirumalaiyappa Mudaliar, Founder and first President by Sri P. Avadaiyappa Pillai, B. A., B. L., Advocate.

(2) Sir T. N. Sivagnanam Pillai, second President of the Bank by Sri T. A. Ramalingam Chettiar. B.A., B.L., M.L.C.

(3) Rao Bahadur K. S. Ponnuswami, the third President of the Bank by Sri S. Alexander Gnanamuthu, M.A.

(4) Sri B. Subbarayalu Naidu, Fourth President by Sri T. K. Chidambaranatha Mudaliar.

(5) Sri Medai Dalavoi Kumaraswami Mudaliar, the present President by Mr. V. S. Hejmadi, I.C.S., Collector.

(6) Sri T. S. Kanthimathinatha Pillai, B. A., First Secretary by Mr. R. Sambasiva Aiyar, Advocate.

(7) Dr. R. V. Chockalingam Pillai, the present Vice-President by Mr. T. M. Nelliappa Pillai.

(8) Rao Bahadur M. Giriappa by Sri T. A. Ramalingam Chettiar.

(9) Sri Sambanda Mudaliar, the present Secretary by Mr. Medai Dalavoi Kumaraswami Mudaliar.

Mr. H. M. Hood requested Rao Bahadur M. Giriappa, Joint Registrar of Co-operative Societies to say a few words on co-operation. Mr. Giriappa said that in some places undesirable people had joined and captured the movement bringing disgrace to themselves and to the movement. He had high hopes in respect of the Tinnevelly District Bank as it was now worked by sincere people and men of honesty and business integrity.

Dr. R. V. Chockalingam Pillai, Vice-President, proposed a vote of thanks. The pleasant function then came to a close.

At 9-30 P. M. the same day the drama "Is it possible" was enacted by the Chandran Co-operators' Party in the Royal Talkies, Tinnevelly, under the patronage of Mr. H. M. Hood, Esq. The drama was well attended and successfully enacted. With a vote of thanks to the Chandran Co-operators' Party the function came to a close.

Mr. Medai Dalavoi Kumaraswamy Mudaliar's speech.

"It is my proud privilege" and pleasure to extend to you, on behalf of the Board of Management, our hearty welcome on this happy occasion. We have met here, if I may say so, to celebrate the blooming of this Bank to full man-hood. It is now 21 years since this institution was started. During these 21 years, it has progressed steadily both in reputation and stability, and as well as in its utility to the ryots. And that celebration is marked by an extension of the building which Mr. Hood, our honoured guest to-day will declare open, and of the unveiling of portraits of those who have been personally connected with the working of the Bank and the movement in this District.

When this Bank was started in the year 1918—as all well new institutions often happen to be—it had no abode of its own. It was housed in Mr. T. S. Kanthimathinatha Pillai's residence, the first and founder Secretary of this Bank. The meetings were held in the chambers of the first President—my father. When, as time progressed, the Bank was able to rent a building and the one behind the present extension was rented.

The building-fund was started at the outset by the two Joint Secretaries Mr. T. S. Kanthimathinatha Pillai and Mr. J. Gunaratnam Pillai by relinquishing their claims to their allowances and subsequently setting apart a portion of the net profits every year and thus the fund piled up to a decent sum of Rs. 30,000.

It was then, in the year 1935, the general body invested me with powers to buy or to build a building for the Bank. The building was purchased for Rs. 11,800 and the general body fully approved the same.

The compound with the building is 2.89 acres in extent. It had also a small well, small shed and an out-house. After some repairs and patch work to the main building, work was carried on. But with the

growing volume of work and the necessary increase of staff and increase in records, the building became insufficient. More than that, it was not sanitary for the rooms were dark even during the day time. Another important factor that influenced us was that the public using the free reading room and library must be better accommodated. All these considerations made the general body resolve that the extensions must be made to the buildings and also the compound should be made more attractive and paying by growing a garden.

Now the building has been constructed at a cost of Rs. 14,750 and the garden and well have been improved. The well is provided with an electric motor for the supply of water to the garden. The responsibility of buying materials required for the building fell on us at a time when declaration of war was imminent. Steps were immediately taken to purchase all the required materials before the war was actually declared and we saved thus a lot and were able to construct such a magnificent hall at the minimum cost.

The foundation stone was laid by Rao Bahadur M. Giriappa Esq., the then Registrar of Co-operative Societies, Madras, who I am glad to say is in our midst. For declaring the new buildings open, we cannot have a better choise than Mr. Hood. His previous connection with the co-operative movement for long years in addition to his present position gave us very great pleasure in choosing him. I must thank him for the kindness with which he accepted our invitation in the midst of his multifarious duties and responsible work as he would necessarily have, as one of the three carrying on the work of ten."

Substance of the Presidential Address of Sri T. A. Ramalingam Chettiar, B.A., B.L., M.L.C.

"Your President and Vice-President praised me very much which showed their love towards me. I did not deserve all the compliments paid to me. I am doing what I could in the matter of spreading co-operation. The present state of affairs in this country would show that the movement is not working very satisfactorily in the whole of India.

The co-operative movement, in the whole of India, has succeeded exceedingly well only in Tamil Nad of the Madras Province. The same thing could not be repeated in respect of other provinces in India. In other Provinces, for example, in Bihar, the Provincial and Central Societies were closed and the investors were put to a heavy loss, though the Government undertook in the first instance to pay them some compensation in the first instance. In Orissa, the movement was still worse. In Burma the investors were assured that they would be paid some money within a period of twenty years.

It would appear to them that Government have been taking some responsibility in respect of the spread of co-operative movement. In fact it is not so. The Government have been spending a lot on other things and they are showing here a step-motherly treatment. What appeared in the newspapers about the movement was, perhaps, not the whole truth.

In Andhra Desa, they wanted to change the whole outlook of the movement from the " unlimited " to the " limited " liability. If they take away the unlimited character of co-operative societies, the basis and ideals of the co-operative movement would be sacrificed to the full and the joint stock banks could well act in the place of limited societies and banks. Unsatisfactory working of a co-operative institution would hamper the progress of the movement. Many instances can be given regarding the liquidation of several institutions in various parts of our Province because of the abandonment of the principle of unlimited liability which is the bedrock of the movement.

The movement in Tamil Nad did not lag behind the Punjab even, about which we hear so much in newspapers owing to publicity. The Tamils were lacking in one respect that is publicity. Though the Tamils had worked the movement with greater success, they had not the desire to make their efforts known to the rest of the Provinces, and even to people in their own district. Trade, commerce and industry had to depend on advertisement for their success and prosperity. So also was the case of co-operative movement.

The possibilities of co-operative movement are great, for, co-operation was not a mere shibboleth, but it went much deeper into human nature. Co-operation is really a way of life. The movement offers individual freedom combining in itself the facilities which capitalism offers in regard to machinery, as well as engagement of experts and scientists in factories. It possesses the advantages of capitalism while avoiding the evils thereof as also those of other systems which are based on compulsion. Co-operation is based on the principle of voluntary association and working. Hence co-operation is the only solution for the present economic ills of the world.

Russia is slowly and steadily returning to Capitalism. What Bolshevism and Capitalism could not achive in the way of putting an end to strikes of labourers or lockouts of Mills, co-operation would surely enable them to achieve. For co-operation alone would remove that mentality of the labourers that a particular industry or trade engaging them did not belong to them and that they had no part or lot with the profits of the concern. So if industries were run on co-operative lines, labourer and capitalist would be very keen on the steady progress of these concerns, for, labour and capital would mutually benefit by the accrument of profits. But co-ordination, correlation and proper direction of the movement are necessary. Mere money-lending on a large scale has not really benefited the ryots in redeeming their indebtedness.

The movement had to be pursued on a different method and with higher ideals. It ought to be thoroughly applied to marketing, production and borrowing. The aim of the movement must be to tackle completely the economic life of the ryot as a whole and should enable him to increase his income and reduce his debt. Large amounts of money are lying idle in this District Bank and other Banks in the Province and they should be spent on co-operative movements, embrancing agriculture and industry. These things, if done well, would provide the only alternative that could avoid the evils of both Capitalism and Communism. Production, marketing and distribution of cotton, cottonseed, tobacco, ground-nuts, soaps and several other commercial crops could be carried on on co-operative lines.

Referring to the problem of finding subsidiary occupations to ryots and agriculturists, cottage industries would help them a good deal. But care should be taken to provide a market first for these articles before resorting to a large scale production. Otherwise, the goods produced under the scheme of cottage industries would remain unsold, as it had occurred in respect of khadi at Tiruppur and toys in some other centre.

Tamil Nad should be separated from Andhra country at least in the interest of a healthy growth of co-operative movement in Tamil Nad. In respect of co-operation, they should have a separate Co-operative Federation for the Tamil Nad and a separate Provincial Bank and Co-operative Bulletin for the Tamil Nad."

The following is the speech delivered by Mr. H. M. Hood, C.S.I., C.I.E., I.C.S., Adviser to His Excellency the Governor of Madras, on the occasion of the opening of the new buildings of the Tinnevelly District Co-operative Central Bank, Ltd.

" I thank you most heartily for the very warm welcome extended to me. I would also like to congratulate the Bank on its attaining majority. Now that I have again come into direct contact with the co-operative movement in this Presidency, I may possibly be permitted to make a few general observations. But I have no intention of making any revolutionary suggestions.

For all that I have seen of co-operation and of banking for the last 17 years, I am rather inclined to take a very conservative view. It seems to me that whenever co-operative societies or banks attempted to depart from ancient shibboleths in order to try new methods and policies and when they were trying to do anything original, they were apt to meet with trouble. Banking, of course, is not something new, for there were experiences and traditions of centuries behind the practices of modern banking and hoary customs and traditions could not be lightly set aside.

Now, of co-operation in general, we heard a good deal of the possible benefits which it might confer on ryots and other people of moderate means. We also constantly heard people wishing to make every effort to bring the benefits of co-operation to the rural parts. This is indeed a very laudable object. When that desire crystalises into specific recommendations, I have observed time after time that the problems of rural finance are considered only from the point of view of the ryot. It is of course easy to be charitable with other peoples' money. In practical politics, the philosophy of co-operative credit organisation depended entirely on the maintenance of a thoroughly efficient banking system and for the maintenance of which it is necessary and essential that every proposal to ameliorate the lot of the cultivator must be examined from the point of view of the Bank. For example, we are constantly reminded that the rates of interest must be reduced. That is a good idea to benefit the ryot. But the Bank should pay interest to those who invested their money in it, it should build up reserve to enable it to weather periods of difficulties and it must provide for bad debts. Therefore the Bank should maintain the interest rate level at a point that would enable it to meet all these requirements and in fixing rates of interest, these considerations should prevail in all cases of sound banking.

Again we hear suggestions to the effect that the cultivator could not pay at once and that he must be given a longer period to do so. The limiting factor here again is the financial security of the Bank and we cannot risk the Bank's safety. What benefit can ryots derive from a bank that has failed? I hope that your sympathy to the ryots would be a true sympathy which has to take a long view and that you should see that the state of the central banks is rendered quite secure. This limitation of the system of finance must always be recognised. It was for these reasons, I had urged in the past and I shall continue to urge in future that these banks must persevere in the way of conservative banking and must first look to their own prosperity and security, for, by that course alone, could the bank be of lasting benefit to the people. The construction of this building appears to me to be a monument of the prudent management of the Bank by capable people."

II
THE FIRST RAYALASEEMA CO-OPERATIVE CONFERENCE, KURNOOL.

The First Rayalaseema Co-operative Conference was held at Kurnool on the 29th and 30th December 1939 in the premises of the Kurnool Municipal High School along with the Rayalaseema Mahasabha. More than 200 delegates attended the Conference from societies in the Rayalaseema. Sri P. Kesava Rao, B.A., B.L., President, Kurnool District Co-operative Central Bank, Ltd., welcomed the delegates as Chairman of the Reception Committee.

(See below.)

Sri R. Suryanarayana Rao, B.A., of the Servants of India Society who was also one of the members of the Committee on Co-operation opened the Conference.

(*Vide* page 486 of this number.)

Sri B. Narayanamurthy, B.A., B.L., Pleader and Secretary, Kurnool Co-operative Union presided over the Conference.

(To be published later.)

The following resolutions were passed:

(*Vide* page 490 of this number.)

Sri P. Kesava Kao proposed a vote of thanks on behalf of the Reception Committee and the Conference terminated.

WELCOME ADDRESS

By Sri P. Kesava Rao, B.A., B.L.,
Chairman of the Reception Committee.

Need for Rayalaseema Conference.

"It is appropriate that I should here set out the reasons which have impelled the District Central Bank, Kurnool, to organise a Rayalaseema Conference. At the third Kurnool District Co-operative Conference it was suggested by some friends that a Conference of this type for all the five districts should be organised at the earliest opportunity. Besides the conditions of all the five districts are the same. Co-operative movement in these five districts during all these years has been practically the same. The defects which have accounted for partial failure of the movement in all the five districts are also practically the same. So we thought it better that representatives and co-operators of all the five districts should meet together at this juncture at least to take stock of the movement, to note the causes for its failure and to devise better methods which would ensure the successful working of the co-operative movement and help the rural population in their uplift. Therefore we have decided to hold this Conference taking advantage of the Rayalaseema Mahasabha at present at Kurnool.

Unlimited vs. limited liability.

The Co-operative Committee went into the whole field of the co-operative movement and examined it from all aspects and have arrived at certain conclusions in regard to the type of societies that are to be organised. The question whether there should be societies of limited liability in rural areas was gone into at length. Originally all the credit societies were started on unlimited liability basis because the co-operative movement itself is based upon mutual help and 'each for all and all for each.' It is this guiding principle that was responsible for unlimited liability to be introduced at the outset. Critics of the said theory argue that this has deterred respectable men from joining the societies. In my opinion so far as Rayalaseema is concerned, one has to carefully see whether in future we should start societies on limited liability basis. The present overdues in almost all the five districts, as probably elsewhere in the Presidency, is alarming and if ultimately one has to reduce this heavy overdues one has to resort to liquidation and enforcement of unlimited liability. No doubt, this may deter respectable persons from joining societies. But before any of these principles is adopted in future it is our duty to see that all possible methods to reduce the overdues are taken. The Government will have to help us also to successfully reduce this heavy overdues. If once this is done there can be no scare for respectable people to join the societies. The healthy principle upon which this unlimited principle was started at the outset ought not to be given up simply for fear of our past experience; but any way, it is up to this Conference to see whether unlimited liability principle or limited liability principle is to be adopted so far as our districts are concerned. There is one danger if we adopt the principle of limited liabilily for all future societies, because the Central Banks cannot in that case lend out amounts sufficient for societies to help its members for their needs as the borrowing will have to be restricted to 5 times of the share capital of the particular members in the society. It may, in the long event, tend to cripple the credit facilities now available for the societies especially as the present policy of the land mortgage banks is to lend out monies on long term basis for only areas covered by the wet lands.

Elimination of individuals.

The tentative conclusions arrived at by the Co-operative Committee relating to the elimination of individual shareholders from the Central Banks are to be very carefully examined. The Committee at its last sittings have decided that the general body may co-opt two or three individuals or men of approved co-operative experience. But I am of opinion that the time has not yet come for such a drastic reformation so far as Central Banks are concerned. In the interests of the movement, it is not safe for us to take this important and far reaching step. I feel that there

will be a serious set back to the movement if they are to be eliminated or they are allowed to depend upon the sweet will of the society people for being co-opted. All the Central Banks have derived and are deriving their deposits mostly from the individual share-holders and from non-borrowing class of people. It is the society people that are the debtors of the Central Banks. If the debtors of the Central Banks are practically made its masters, I am sure the confidence of the investing public would be considerably shaken by such a course and the societies have not so far advanced as to attract deposits. If the management is to rest in them completely, it will not be possible or feasible for the society people to supply the needs of the rural population, and they will have to approach the Madras Provincial Co-operative Bank at every stage for funds, and it will not also be possible for the Provincial Bank to always readily grant such large sums. Apart from that, it is the individual share-holders, I may say without fear of contradiction, that have contributed to the healthy growth of the Central Banks because they have been at the helm of affairs from the very start and have been guiding successfully their deliberations. As Central Banks are generally situated at head-quarters of districts, generally honest men with public spirit from among the individuals would come forward to take up the responsibility of running such an institution. While saying so I am not talking in any disparaging terms of the capacity of some of the society representatives among whom are many enthusiasts and warm-hearted co-operators. But as matters at present stand they do also need the help of the individuals to guide them successfully. Therefore, I am firmly of opinion that they ought not to be eliminated nor co-opted, but the present state should continue at least for some more years to come when these individuals can safely be eliminated from Central Banks.

The division of Apex Bank into two.

One other recommendation of the Co-operative Committee which we have to carefully consider is their tentative decision that the Madras Provincial Co-operative Bank should be split into two apex banks, one catering to the needs of the Andhra districts and the other to the Tamil districts. Again in my opinion this will be suicidal and would in the long run affect the co-operative movement in the whole Presidency. As I said at the outset, personal differences ought to be kept aside and this question be viewed dispassionately. Now one apex bank for the whole presidency has been a source of great strength for the co-operative movement. If divided, I am sure, there will be mutual competition and when specially these two banks are to be located at Madras there is bound to be bitter competition between the two in the commercial field as well as in other matters. As it is, the Madras Provincial Co-operative Bank has been one of the premier banks in the whole of India. The profits have been well high over two lakhs for over two years and if this bank is to be split up the same strength will not, I fear, continue. The bank if divided into two will not be in a position to lend out large amounts to Central Banks as the apex bank is now doing. Therefore I am not in favour of this bank being split up into two which, I fear, would also throw our Rayalaseema banks on the tender mercies of our friends of the coastal districts.

Land Mortgage Banks.

It is a matter for gratification that the Committee has resolved with certain reservations that in areas which are exclusively dependant upon dry cultivation some methods must be devised by the Government to finance them through Central Land Mortgage Bank. The long term credit can only be supplied by land mortgage banks. It has been the approved policy as far as Central Banks are concerned that they should supply only short and intermediate credit and the object of the movement has been that the Central Banks should not lend for periods beyond 5 to 7 years at the most. It is the Central Land Mortgage Bank that is to cater to the needs of the rural population and repayments of the loans taken from the said bank are spread out for a longer period. If the previous policy of the Central Land Mortgage Bank, namely, to lend only to areas covered by wet cultivation continues, practically all these Rayalaseema districts would have to forego the benefits of long term credit. We hope that if the Government were to implement the recommendations of the Committee in regard to this matter, it would afford real relief to the agriculturists of Rayalaseema.

Co-operative Education.

One of the recommendations of the Committee is to establish a central College of Co-operation and two schools, one to cater to the needs of the northern districts and another to cater to the needs of the southern districts. The question whether the Government should control these institutes has also engaged the attention of the members of the Committee. I feel that they should be under the control of the Government. One of the proposed institutes, we must strive to see, is located in one of our Rayalaseema districts. Our more prosperous brothern in the coastal districts ought not to deny us even this facility. They have been providentially placed in more prosperous situation and the previous Governments also have helped them and to-day they are very rich when compared to our Rayalaseema districts. So it is necessary that they should sacrifice in the interests of Rayalaseema, and the Government must come to the rescue of the Rayalaseema districts and see that the institute is opened in one of the Rayalaseema districts.

Rural Indebtedness and subsidiary occupations.

The Committee have taken great trouble to go into the question of the rural indebtedness and have devised some methods to mitigate the same. It is necessary for us all who are assembled here to devise some methods which must reduce the indebtedness from which unhappily our ryots are suffering owing to famine and failure of rains. Subsidiary occupations ought to be created and co-operators must join and see that such subsidiary occupations are created on healthy and sound lines so that the ryot, who now leads practically a life of forced idleness for nearly six months in the year, may take advantage of them. The credit aspect of the movement alone ought not be emphasised. The advantages, of such subsidiary occupations, and facilities having been created for the same, must be brought home to them. For this sufficient propaganda must be taken up in all the villages, and the Central Bank, so far as Rayalaseema is concerned, must be financed by the Government to take up this question of active propaganda in villages. Now the Government of India grant which is being given and which is being utilised for the last 2 years for the propagation of the co-operative movement in all the districts is not sufficient. A sufficienly large sum must be granted by the Government to enable these Rayalaseema districts to employ sufficient trained men permanently to carry on propaganda of the co-operative movement and its healthy principles to every villager. Attempts must be made to start a co-operative society in every village, not necessarily of a credit type. There are about 50,000 villages in our presidency and if the benefits of the movement ought to be taken advantage of by the villagers, it is imperative that we start one society for each village as far as possible and in some cases by grouping of small villages into one society. In other words there should be no village without a co-operative society. In starting such societies care should be taken for selecting honest and sincere persons for running them. The moral aspect of the movement has been lost sight of in the last few years. It is therefore necessary that this aspect ought to be more impressed upon the villager and I am sure, if the ideals of the movement and the benefits accruing from the same are brought home, they will not fail to take advantage of the same.

The property statements at present are not properly prepared. In fact when loan applications are prepared a family budget must be prepared by the Supervisor and loans must be granted taking into consideration the repaying capacity of the borrower. Forecast loan system if adopted in all societies would bring immense benefit to all the agriculturists. Controlled credit system which has been emphasised by the department must be taken advantage of, for it would in the long run tend to the benefit of the agriculturists.

Pooling up of reserves..

One question that came up before the Committee for consideration was the question of pooling up of reserves and a tentative conclusion is also reached so that we might help some other societies or Central Banks which require help. I submit that this would not be a very healthy principle as it would set a premium upon societies which worked very badly all these years and punish such of the societies which have worked very efficiently.

One of the problems that must engage our attention is also with regard to the disposal of large landed property which has come into the possession of the Central Banks and societies. The Government must come to the aid of the Central Banks and societies by helping them to dispose of those properties either by raising debentures for the purpose or by advancing monies to the Central Banks and give these lands to the original owners on rent purchase system and collect the amounts from them as land revenue. One other matter that is engaging the attention of the co-operators is in regard to the departmental control over the movement. In my opinion, time has not yet come, when the departmental control ought to be removed. The existing arrangements may be allowed to continue for the present."

OPENING ADDRESS

BY SRI R. SURYANARAYANA RAO, B.A.

Brother Co-operators,

"Concerned deeply as we are in the economic development of our tract and believing as we do that co-operation is a potent instrument for the economic uplift, any change sought to be introduced in the organisation of the movement ought to receive our careful consideration.

I must congratulate the organisers of this Conference for this happy idea of bringing together all interested in the development of the movement in the Rayalaseema. Co-operation being essentially a movement for promoting the common economic interests without any distinction, it is but right that people whose economic uplift is governed by the same set of conditions should meet and take counsel together so that measures devised may produce results calculated to improve their economic condition. The Rayalaseema has problems which are peculiarly distinct from those of other tracts in the presidency where struggle for existence is not so keen and the general economic level is decidedly better. While we may co-operate with others in considering problems which are common to all parts of the presidency, the peculiar economic ills from which we suffer need special consideration and they cannot receive the attention they need at such common gatherings. In holding this Conference we are actuated by a desire to promote the common interests of the movement with special reference to the peculiar conditions of

our area. In fact every true well-wisher of the Rayalaseema should enthusiastically welcome our efforts to come together, to understand problems which are peculiarly our own and to suggest remedies for overcoming the troubles that face us.

Even a cursory study of the development of the co-operative movement in the Rayalaseema will show that neither from the point of view of the numbers nor of the transactions can we confidently state that we have fully utilised the movement for the economic benefit of the people. It is not that people of the Rayalaseema do not appreciate the benefits of co-operation. If they have not taken more advantage of the movement and derived benefits thereby, it is due to the lack of impetus which backward areas such as ours need for the propagation of the movement. It is a great pity neither we nor those who profess to be the leaders of the movement have made any serious efforts to utilise the movement as a lever for the economic uplift. It does not need vision or initiative or active effort to propagate this movement in areas where scarcity is unknown and where Nature proffers every facility for economic development. What co-operation can accomplish can be better demonstrated in areas like ours. It may be that theories and regulations applicable to areas blessed by Nature will have to be modified to suit the peculiar conditions of our tract especially when the land is poor, irrigation facilities are meagre and the annual recurrence of famine has become almost a settled fact. There is no gain-saying the fact that short-term credit of the kind recently suggested by the Registrars' Conference for us is almost out of the question. In any scheme of short-term credit the peculiar conditions of the tract should be taken into consideration and provision should be made for automatic postponement of the instalments due whenever famine or scarcity is declared. When failure to make regular payments is due to circumstances beyond the control of the ryot, it should be made possible for the Central Banks to grant extention of time. To enable the Central Banks to meet their obligations, the Provincial Bank should come to their assistance. The Provincial Bank at present has large funds invested in Government securities. A portion of this amount can be usefully diverted for the movement in the Rayalaseema. I feel this is quite enough for the purpose. The Provincial Bank need not go out of its way to raise debentures to meet contingencies such as those which may occur in the Rayalaseema. It remains to be seen how far it will meet with the approval of the Provincial Bank. Unless some such method is adopted, co-operation is not likely to make any headway in the Rayalaseema. I make this appeal for special consideration hoping that it will meet with the approval of those who are in authority.

There are a few contentious points on which I took a somewhat strong line about which I feel I should say something. I think they are vital points. You will forgive me if I should dwell on at least some of them at some length. The first point of great importance is the question of unlimited liability. You are aware that most of our agricultural societies have been organised on the unlimited liability basis. There has been a great deal of discussion on this vital point and to reproduce the whole discussion and marshal points for and against it will take up much of your time. Suffice it to say that those who plead a change in the nature of the liability wish to ignore the two basic principles of mutual knowledge and mutual trust which are so vital for the promotion of corporate life in our villages. It is somewhat strange that those who have been great protagonists of the revival of the village corporate life are the very persons who are now opposed to the unlimited liability principle. As in social and other spheres, we are all anxious to promote joint action even in the economic sphere. What principle is more fitted to inculcate a desire and practise a joint common endeavour than the principle of unlimited liability? Is not this principle designed to forget all differences based either on creed or caste or wealth and work for a common cause? A Hindu or Mussalman or a Brahmin or a non-brahmin or a member of the scheduled classes, all become members of a co-operative society. They are made to practise in actual life the principle "Each for All and All for Each". If we only take into account the vital interests which affect our daily lives, many of the acerbities which are the cause of communal tension will disappear. Man does live by bread alone and everything which helps to earn it is of vital concern irrespective of the religion he follows or the caste to which he belongs. The introduction of the limited liability introduces indirectly the division of the community into different grades according to the wealth one possesses as the credit worthiness a member of a Society is then based not on character but on the amount of real wealth he possesses. It has been rightly said that money is a wonderful solvent of many a difficulty. In the political field undue emphasis is placed on religious and cultural differences which are unfortunately dividing us into different warring groups. More than anything else, the common economic interests bring about a fusion of diverse groups and diminish to a great extent the undue emphasis we are prone to lay on other differences. The unlimited liability principle, binding as it does the different groups for a common purpose promotes unity and thereby revives the corporate life in our villages which was for centuries the pride of our race. The limited liability principle deprives the deserving poor of the assistance which they need to re-habilitate themselves. The sense of responsibility and the power of discrimination which the Panchayat of a Society exercises in sanctioning loans will no longer be necessary as it will not be the purpose for which the loan is sought and the character of the individual seeking it that will be the main considerations but only the creditworthiness based on considerations such as those which influence the Joint-Stock concerns. The virtues which the unlimited liability principle inculcates which are no small assets to our national life and on the promotion of which our future corporate life depends will cease to exist and the result will be the enthronement

of the principle "Each for Each" which is the negation of corporate life. There are other aspects of the question with which I shall not trouble you now as I have reserved them for another occasion.

It is for you now who have considerable practical experience of the working of the societies to express in unequivocal terms what you think is best suited to the genius of our people and the growth of the movement on right lines. I have no doubt the representatives of the Central Banks who have made careful study of the question have also come to the conclusion that the change of liability will affect the flow of money in the movement. It may interest you to know that at the close of the year 1932, more than 90 per cent. of the societies in Japan were working on the limited liability basis. But by amendment of the Co-operative Law in 1932 all the existing co-operative societies with limited liability were transformed within 5 years into those of guaranteed liability or unlimited liability. The importance of the change will be appreciated if it is known that the co-operative societies in Japan are formed for the most part in rural areas with members who are chiefly agriculturists of limited means and that more than 70 per cent. of the total membership consists of agriculturists only.

On the question of the creation of separate apex banks on linguistic basis I took a definite line opposing it both on principle and on grounds of expediency. To my great surprise this move was supported on the grounds such as those put forward for the creation of the Andhra Province. While one can sympathise with the idea of the formation of regional banks based upon economic grounds and for the purpose of developing particular backward area it was too much for me to swallow the proposition that these separate banks are necessary because the Andhras and the Tamils are swayed by different ideaologies. For reasons we oppose the creation of the Andhra Province we should oppose the move for separate Apex Bank. When I found the forces arrayed against me were found to be somewhat powerful I pleaded in all earnestness that the Rayalaseema should along with Malabar and South Kanara be given the option to determine its own affiliation. Even this proved a cry in the wilderness.

I find there has been considerable amount of dissatisfaction with the decisions of the Committee on Co-operation in regard to the representation of individuals on the directorate of the Provincial and the Central Banks. On this topic Mr K. Bhashyam put up a strong and gallant fight. It looked as though he had achieved something at least in regard to the Provincial Bank. But success as he achieved was short-lived. To-day both the Provincial and the Central Banks occupy the same position in regard to the representation of the individual share-holders. I am at a loss to understand the object behind this move on the part of some of our eminent co-operators. Being neither a representative of the societies or of the individuals on any management, I examined the question with a detached mind. I must confess I could not understand the vehemence with which the proposition was sponsored against an insignificant minority on the managements. Could it be the persons in authority, whomsoever they may represent, dread the presence of the representatives of individual share-holders because they act as a necessary and healthy check? Often they are men of light and leading and their presence on the Board is more a help than a hindrance. Why should one fight shy of such an enlightened minority? Apart from the ripe experience which these representatives possess, their presence infuses confidence in the investing public. Moreover, these individual share-holders are often depositors and on their deposits the Banks, especially the Central Banks, have to depend to meet their obligations during the off-season when collections from societies are negligible. Considered from all points of view their presence is decidedly advantageous to the movement. In depriving them of representation we are so to say cutting the nose to spite the face. This move should be stoutly opposed. I would even go further and say that the depositors who are not shareholders should seek representation as the policy-holders are doing in the case of Insurance Companies. Instead of welcoming representation for all concerned with the Bank it is regretted a suicidal policy is being advocated bringing no advantage to the movement. The co-operative movement in our presidency just now needs the goodwill and support of all sections of the population. As long as no one section has a preponderating voice and the interests of no section are inimical to those of others there is no reason to penalise any particular section.

You have already heard from the distinguished Chairman of our Committee on Co-operation about the decision regarding the Land Mortgage Banks in the dry area. I have no doubt most of you have followed carefully the discussion on the subject which took place in the Committee. I shall not weary you with a disquisition on the subject. I am sure we are all grateful to the Members of the Committee who were good enough to understand the difficulties of those living in the dry areas and were pleased to support my proposition.

Co-operation is a big subject and the details pertaining to it are so many and varied that it will occupy a large space to deal with them. I have refrained from doing so and have concentrated my attention on some important topics. The views I have expressed on these topics may not meet with the approval of every co-operator in the Rayalaseema. But I dare say you will treat them with the consideration they deserve, coming as they do from one who has no axe of his own to grind. All that I beg of you to do is to give a careful and unprejudiced consideration, always bearing in mind the economic interests of the poor Rayalaseema."

Resolutions.

1. This Conference deeply regrets the death of Messrs. K. Lakshmanaswami Rao, A. Chowdeswara Rao and P. Ramaswamiah and conveys its condolences to the members of the bereaved families.

2. This Conference congratulates the Government of Madras for the great interest they evinced in the nation building departments during the short term they were in office

3. This Conference is of opinion that the tentative conclusion arrived at by the Committee on Co-operation namely "that the liability of a society of which the primary object is the creation of funds to be lent to its members and of which the majority of members are agriculturists shall ordinarily be limited" is against the orthadox Raiffessien model and the adoption of this rule in general to a considerable extent will restrict credit to the agriculturists as the maximum borrowing power of the society will be fixed with reference to the share-capital of the members in the society and the reserve fund of the society.

4. The Conference, is of opinion that it will not be in the interests of efficient working of the Co-operative movement if the recommendation of the Co-operative Enquiry Committee to pool the reserves of the co-operative societies for the common benefit is adopted, as it levies unnecessary premium on societies working on sound lines and the recommendation itself is based on socialistic and communistic ideals which are quite contrary to the established principles of co-operation.

5. This Conference, while dissenting from the recommendation of the Co-operative Enquiry Committee as to eliminate individual share-holders from the Central Banks completely, recommends their retention as a necessary safe-guard for the stability of the Central Banks and to have the confidence of the investing public.

6. This Conference is emphatically of opinion that the splitting up of the present Madras Provincial Co-operative Bank into two independent apex banks for the Telugu and Tamil districts and that with their head offices at Madras as recommended by the Committee on Co-operation will not be in the best interests of the Co-operative Movement.

7. This Conference views with disfavour the growing utilisation of the Common Good Fund of societies for purposes not particularly useful to the members and requests the Government to modify the bye-laws of all co-operative societies in such a way that in future that that fund is available only for the spread of co-operative ideals or education in the village in which the society is situated in view of the deplorable lack of co-operative education in the country.

8. This Conference recommends that in view of variety and growth of work of Central Banks and Urban Banks, the time has come to have the audit of these banks done by Professional Certified Auditors of the class of Registered Accountants appointed by the Registrar of Co-operative societies from a panel of auditors of the Presidency.

9. This Conference requests the Government of Madras to introduce Prohibition with effect from the next October in the districts of Kurnool, Bellary and Anantapur in view of the economic plight of these districts.

10. This Conference heartily supports the decision of the Committee on Co-operation (that in view of the fact that in areas dependent exclusively on rain, repayments cannot be made regularly every year, special arrangements be made to finance the Land Mortgage Banks by Government offering accommodation to the Central Land Mortgage Bank from the Famine Relief Fund so as to enable it to meet interest liabilities to Debenture-holders upon the investments in such areas during the periods of distress caused owing to failure of rains, or floods or cyclone) regarding the organization of Land Mortgage Banks in dry areas and requests the Government to give effect to it immediately.

11. The Conference requests the Government to help such of the Central Banks as desire to restore the lands owned by them to the original defaulters by rent purchase system, with necessary finance by floating debentures, if necessary, to the extent of the value of lands so restored to enable the Central Banks to return short-term deposits.

12. This Conference is of opinion that the heavy overdues now outstanding be collected by the Bank's Executive Officer and Secretary and the Registrar be empowered to invest them with all powers of the Sale Officer.

13. This Conference recommends to the Government for the immediate provincialisation of the services of the Secretaries and Managers of Central Banks in the interests of efficient administration.

14. This Conference recommends the early starting of multi-purpose societies at least in one centre in each taluk of Rayalaseema as an experimental measure.

15. This Conference recommends to the Government to accept the proposal of the Committee to appoint one Deputy Registrar for each district of Rayalaseema for the rapid expansion of the Co-operative Movement.

16. This Conference urges upon the Government the necessity of immediately publishing the report of the Famine Committee and implement its recommendations.

17. The Conference requests the Government to encourage labour contract societies by showing preference in giving contracts to them.

18. This Conference recommends to the Government to grant liberal subsidy for developing cottage industries in Rayalaseema.

19. This Conference urges upon all co-operators in Rayalaseema to help in the establishment of Co-operative Mining Syndicate and requests the Government to help the co-operators for the successful organization of the same.

20. This Conference requests the Government to make suitable rules to enable the pay disbursing officers to deduct the amount due to co-operative societies by public servants.

21. This Conference requests all the Co-operators to utilise the abundant resources available in Rayalaseema in regard to fruit growing and canning and bring them into the ambit of the Co-operative movement.

22. This Conference urges upon the Government, if it is to accept Co-operative Committee's recommendation in reagard to the establishment of two Institutes of Co-operation, that one of such be located in one of the districts of Rayalaseema.

The Indian Co-operative Missionary Society.

DRAFT RULES.*

1. *The Name of the Society.*—The name of the Society shall be "The Indian Co-operative Missionary Society."

2. *Area of operation.*—The area of operation of the Society shall extend to the whole of India *i.e.*, the British Provinces, the Indian States and the Territories under foreign rule.

3. *Objects of the Society.*—To organise and maintain a band of life-workers wholly devoted to the cause of Co-operation in India.

4. *The duties of the Members.*—The following will be their duties :—

(*a*) To do intensive propaganda in the country to develop the co-operative movement on right lines. To serve this purpose Conferences and Conventions may be arranged as often as possible in different Provinces and States, lecturing tours may be organised, a higher course of Training for workers may be instituted, pamphlets, bullettins, magazines and books may be published and all other things that will contribute to the progress of the movement may be done.

(*b*) To encourage and help the organisation of special types of Societies and Rural Reconstruction Centres and to make arrangements for their proper management.

(*c*) To specialise in different branches of the co-operative movement and tender advice to the Departments and Institutions of the Provinces and the States.

**From Khan Mohammad Bashir Ahmad Khan, M.A., LL.B., M.R.A.S., (London), Honorary Secretary, All-India Co-operative Institutes' Association, Lahore.*

Subject :—"The Indian Co-operative Missionary Society," draft rules.

DEAR CO-OPERATORS,

I beg to bring to your kind notice resolution No. 9 passed by the Standing Committees of the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association at their meeting held at Jubbulpore in April, 1939 :—

"This meeting considers that the time has come to organise, train and maintain a band of co-operative life-workers for the better propagation of the ideas of the movement and for its development on sound lines, and calls upon its two Associations to initiate the scheme as soon as possible."

The question was again discussed at the meeting of the Standing Committees held at Madras in October, 1939 and the following resolution was adopted :—

"This meeting requests the Secretaries of the two Associations, in collaboration with Mr. K. Velayudhan Pillai, to draw up a scheme for implementing resolution No. 9 of the joint session of the Standing Committees held at Jubbulpore in April 1939 regarding organisation of a band of life-workers to serve the Co-operative Movement in India."

The scheme has been drafted by Mr. K. Velayudhan Pillai of Travancore. I am sending a copy of the draft scheme for your comments. The scheme, with the comments, will be considered in the next meeting of our Standing Committees.

You are, therefore, requested to send your reply early and oblige.

Yours Co-operatively,
U. BASHIR AHMAD KHAN,
Hony. Secretary.

(*d*) To organise and maintain a library where all possible literature on Co-operation and Rural Reconstruction as practised in different parts of the world will be made available to the co-operators and also facilities will be afforded to them to do research work on co-operation.

(*e*) To constitute and conduct committees of enquiries to review the working of the movement once in three years in every Province and State and also to suggest plans for its working for the next three years. (NOTE:—For the development of the movement it is highly necessary to review its working at short intervals and suggest measures to rectify the mistakes committed and also to prepare plans for a specified period for its progress in future in all the Provinces and States. The present practice of appointing committees of enquiry by Governments once in a way and often consisting of members who are not keenly interested in the movement does not serve the purpose although it entails great expenditure. Hence it is that the responsibility of constituting the committees of enquiry is vested in this Society of life-workers. The periodical enquiry, once in three years, will help the movement very much and assist the Governments concerned to find out the flaws in its working without much cost. Moreover the committees working under the auspices of the same body will be able to introduce uniformity in the working of the movement throughout India).

(*f*) To bring home to the co-operators of different Provinces and States and professing different religions that the division of India into separate units for administrative purposes and the division of Society into separate religions do not stand in their way of forming a brother-hood and as citizens of the same country their interest for the economic progress and social amelioration is the same.

(*g*) To work as the Executive Body of the Indian Provincial Co-operative Banks' Association and the All-India Co-operative Institutes' Association.

5. *Membership*.—The members of the Society will consist of two classes A and B.

A class members will be full time workers. They should work according to the instructions issued to them from time to time by the Executive Committee formed as mentioned hereafter. For their expenses a living salary will be given to them every month as per sanction of the General Body of the Society constituted as mentioned hereafter.

While on tour they will also be given daily and travelling allowance as per rates fixed by the General Body.

B class members will be part-time honorary workers. They will also abide by the instructions of the Executive Committee. While on duty outside their headquarters they will be paid daily and travelling allowances as per rates fixed by the General Body.

A class members will be permitted to become B class members and B class members will be permitted to become A class members with the sanction of the General Body.

The members of the Society should be in active service for a period of fifteen years. After that they may be allowed by the General Body to become honorary members of the Society. One who has served as A class member for 15 years will be given half of his original salary as living allowance for life. The honorary members should attach themselves with one or more Co-operative Societies as office bearers or Advisors and try to work them as model societies. Honorary members can exercise equal rights as active members in the General Body meetings of the Society.

6. *Admission of Life-Members*.—The first batch of members of the Society will be admitted by a meeting of the Joint Session of the Standing Committee of the Indian Provincial Banks' Association and the All-India Co-operative Institutes' Association. Subsequent admissions will be made by the General Body of the Society.

7. *Qualification for Membership*.—Only persons who have worked in the Co-operative movement for a period of not less than 10 years are eligible for admission to membership of the Society. Preference should be given to those who have had long experience of organising and working Primary Societies, Supervising Unions, Urban or Taluk Banks, District or Central Banks, Land Mortgage Banks, Non-credit Societies, Rural Reconstruction Societies, Institutes or Provincial Unions, and Provincial Banks or Apex Banks. Those who have worked all or a major number of above types of societies as Secretaries or Presidents for more than 10 years would be possessed of experience which would be of inestimable value to the Movement and as such their services are worthy of being retained at any cost. Persons who have worked as Editors of the Co-operative and Economic Journals for a period of ten years should also be eligible for admission to the membership of the Society.

8. *Funds*.—The Funds of the Society shall be derived as follows:—

(*a*) By raising at the rate of Rs. 5 for every lakh of working capital of the Co-operative Movement in the Provinces, the States and the other administrative units in India, the contributions being made payable at the end of every co-operative year by the Apex Banks working in the administrative areas.

(*b*) By raising subsides from Governments interested in the growth of the Co-operative Movement in their jurisdiction.

(*c*) From donations subscribed by societies and sympathisers.

(*d*) By the sale proceeds of the publications of the Society.

(*e*) From funds raised in any other manner by the Executive Committee.

9. The funds of the Society shall only be utilised for promoting the objects for which the Society is organised.

10. *Constitution.*—The Management of the Society shall vest in a General Body and an Executive Committee.

11. *General Body.*—The General Body shall consist of :—

(*a*) The life-members as admitted under bye-law No. 6 ,of the Society and

(*b*) The Ex-officio members as mentioned below :—

(i) The President, the Vice-Presidents and the Secretary of the Indian Provincial Banks' Association.

(ii) The President, Vice-Presidents and the Secretary of the All-India Co-operative Institutes' Association.

12. *Executive Committee.*—The Executive Committee shall consist of a President, a Vice-President, a Secretary and four other members. The President of the Indian Provincial Co-operative Banks' Association shall be the ex-officio President of the Society. The President of the All-India Co-operative Institutes' Association shall be the ex-officio Vice-President of the Society. The Secretary of the Society shall be elected from among the life-members of the General Body. The four other members of the Society shall be elected by the General Body from among themselves.

13. One-third of the number of the members of the Society shall form the quorum for the meeting of the General Body. The quorum for the Executive Committee shall be four.

14. The President when present will preside over all the meetings of the General Body and the Executive Committee. In his absence the Vice-President will preside over the meetings. In the absence of the both any member may be elected to preside over the meeting.

15. There must be at least one meeting of the General Body held every year. The place and time of the meeting will be decided by the Executive Committee.

16. All questions shall be decided by a majority of votes and every member present shall have only one vote each. In the case of equality of votes the President shall have a casting vote.

17. The entire administration of the Society shall vest in the General Body. It will particularly exercise the following functions :—

(*a*) To consider and adopt the Annual Reports and Accounts presented by the Executive Committee.

(*b*) To pass the Annual Budget.

(*c*) To alter or add to the bye-laws of the Society.

(*d*) To admit or remove the life-members of the Society (Note :—In the case of the removal of a member the resolution should be passed at two consecutive meetings of the General Body).

(*e*) To consider and decide upon complaints made against the members of the Society. (At such occasions the members against whom the complaints are brought will not be allowed to attend the meeting).

(*f*) To define or alter the general policy in the working of the Society.

(*g*) To consider any other matter that the Executive Committee desires to be submitted to the decision of the General Body.

18. Subject to the control of the General Body, the Executive Committee will administer the affairs of the Society. The General Body will decide from time to time what powers should be exercised by the Executive Committee. But the day to day administration such as alloting work to the members, scrutinising the reports submitted by the members and passing orders thereon, appointing committees of enquiries and communicating their reports to the Governments and the Institutions concerned, tendering advice to Governments and Institutions when sought for, managing Institutions working under the Society, and carrying out the instructions of the Standing Committees of the Indian Provincial Co-operative Banks' Association and of the All-India Co-operative Institutes' Association, etc., may be attended to by the Executive Committee.

19. The Secretary will be the Executive Officer of the Society. But he will work under the control and guidance of the President.

20. The head-quarters of the Society may be selected by the General Body from time to time.

21. The Society will have a common seal and it will be affixed to all its important documents.

Reviews.

The Twentieth Annual Report on the Working of the Cochin Co-operative Central Bank, Ltd.

The Cochin Central Co-operative Bank, Ltd., passed through another year of strain and has come out successful. The number of affiliated societies, paid-up share capital and deposits from individuals, all show some increase. The net profit has gone down considerably and that is explained by not including accrued interest on amounts outstanding with societies under liquidation. This is a wise and cautious step. We endorse the following remarks of the management born out of long experience.

> "We may state that we sincerely believe that no amount of concessions will solve this question. Relief measures coupled with extra activities on the part of society-panchayats to enhance the earning capacity of the ryots followed by honest attempts by borrowing members of societies to improve their economic conditions, strict vigilence and prompt attempts at realisation of dues from recalcitrant members on the part of the governing body of societies alone may save the situation."

We hope that with the hearty co-operation of the enlightened public of the State the Bank will not only recover all its dues from constituent societies but launch a scheme of cautious expansion which has been long over due.

S. K. Y.

II

Report on the working of the Mysore Provincial Co-operative Apex Bank, Ltd., Bangalore City, during the year ending 30th June 1939.

Frankly speaking the report is somewhat disheartening. Out of a total of nearly Rs. 17 lakhs of demand the Bank was able to collect barely Rs. 75,000 leaving Rs. 16 lakhs and odd outstanding.

We are glad to note, however, that the old policy of taking into account the accrued but not realised interest on loans due by indebted societies and declaring profits on this unreal figure has been given up. Though the amount thus taken credit for all their years exceeds Rs. 4½ lakhs yet it is something that a separate interest reserve has been started and a modest beginning has been made by setting apart Rs. 5,000 of rupees out of this year's profits towards this interest reserve. The share-holders, both preference and ordinary, get only 2 per cent. dividend on the share.

The actual loan given during the year is less than the paid-up share capital of the Bank and most of the deposits of the Bank have been lent as long term loans. We hope the Bank Inspectors will do vigorous work and see that money flows both from the Bank to the societies and through them to members and back again to the Bank from members through societies.

S. K. Y.

III

The Coimbatore Co-operative Milk Supply Union.

In reviewing the work of the Coimbatore Co-operative Milk Supply Union for the year 1937-38 we expressed the hope that the mistakes of that year would be avoided in the coming years and that the record of the working of the Union would be brighter. We are glad to note that our hope has been realised.

By adjusting the supply of milk from its constituent societies to the demand for milk in the town, the Union avoided the danger of having a large quantity of milk on hand which had to be converted into curd or butter or ghee; with the result that they were able not only to wipe off last year's loss of Rs. 2,000 but to make a small profit of over Rs. 300 during the year under review. During this year they bought over 4 lakhs of measures of milk for over Rs. 50,000 and sold them roughly for over Rs. 60,000.

We are glad to note that the Union has been able to get some big supply contracts. From a purely business point of view, big hotels and hospitals taking large quantities of milk will be good clients; but from a larger and more co-operative point of view the attempt should be to extend the benefit of the supply of pure milk to as large a number of consumers as possible. In this connection it is worth mentioning that in many of their supply centres they sell even 1 oz. of milk for a pie. The spirit underlying this kind of business deserves to be encouraged. We are also glad that the Union is having not merely supply of milk as their ideal but improvement of the breed of cattle and enabling the owners of cows and buffalloes to stock in bulk the feed required for a year for the animals. We hope the Union will try to better its own record in the years to come.

S. K. Y.

IV

The Annual Report of the Servindia Rural Centre, Mayanur. 1938-39.

As co-operators interested in the welfare of our rural population we are naturally interested in every institution having the same ideals and working towards the same goal.

The Servindia Rural Centre at Mayanur running an Agricultural and Industrial School there is one such institution and its report for the year 1938-39 shows that it has passed the experimental stage. It is doing very good work.

The school is self-maintaining, inspite of its poor income because most of the teachers get not what would they deserve or what they would have got in other places but only nominal salaries. The Government grants of Rs. 2,200 is supplemented by the grants of Servants of India Society of Rs. 750. These two items are supplemented by the sale of articles produced in the Industrial Section and donations and the total under income is about Rs. 4,000.

The need of the institutions is first an increase in the boarders. There are only 60 at present and the institution can easily take another 30. But each additional boarder means Rs. 5 extra per month and the management appeals for a donation of Rs. 1,800 which would enable them to maintain 30 extra boarders. Moreover they want another Rs. 8,000 for extension of buildings, for construction of teachers' quarters and a few sheds. We hope this appeal by this very useful institution would be generously responded to. All visitors, officials and non-officials, have spoken well of the institution and it is practically managed by the teachers though it was started and run by Mr. K. G. Sivaswamy of the Servants of India Society. He has trained the staff to be self-reliant and it is a great achievement. We wish the school all success.

S. K. Y.

V

The Eleventh Annual Report of the U. P. Co-operative Union Ltd., for the year 1938-39.

The Union deserves to be congratulated on its being able to influence the Government to give them sufficient money to launch a big programme of expansion. We are glad to note that the present idea is to appoint 1,000 supervisors by progressive stages in five years and these are expected to organise 30,000 societies of the multi-purpose type by the end of the 7th year. This year they have employed 200 supervisors with the help of Government grant exceeding a lakh of rupees. These recruits have been given sufficient training so that they may go to different portions of the province and start organising work. The following items of Government grants aggregating to Rs. 1,28,539-13-0 make a Madras Co-operator burst with envy towards his U. P. bretheren. What would not our P. C. U. do if it were to get a Government grant ear-marked for various purposes indicated below.

(a) Rs. 75,000 as contribution to the Provincial Committee for the provincialization of the supervising staff of Central Banks.
(b) Rs. 12,500 for ghee work.
(c) Rs. 13,100 for consolidation of holdings.
(d) Rs. 2,662 for journals.
(e) Rs. 2,000 for village guides.
(f) Rs. 2,317-13-0 for lady supervisors.
(g) Rs. 17,000 for marketing of agricultural produce.
(h) Rs. 2,160 for milk work out of the grant for Rural Development.
(i) Rs. 1,800 for organisation of co-operative societies for growing and marketing of fruits in the Lucknow district.

It is true that out of this Rs. 75,000 goes towards the maintenance of nearly 350 supervisors working through out the province but under the control of the Union. Excepting the Banks that employ their own staff all the other non-official staff is under the Union. Even then it gets large grants for trying co-operative experiments like the running of ghee societies, for marketing agricultural produce, for training village guides, etc.

The report mentions in particular the good work done by its officers for marketing of ghee, consolidation of holdings, development of marketing sugarcane and marketing of milk.

The Union has been a pioneer in the Province so far as rural reconstruction work is concerned, and through its successful working the movement has come to stay and is no longer looked upon "as a vision of the theorist." The Union also conducted the training classes, held the Provincial Conference and conducted the journals.

We congratulate the Union on its good work and we hope its ambitious project of dotting the whole country with Multi-purpose Societies will be realised in the fulness of time.

S. K. Y.

News and Notes.

The Government Central Apiary celebrated the Honey week from January 18 to 24 at Kalrodupalle, a village 25 miles from Chittoor. Rev. Fr. Boon of Pakala, who is himself a Bee-keeper, at a public meeting held in that connection, exhorted the ryots to take to bee-keeping as it did not interfere with their other avocations.

* * *

The Tinnevelly District Board has decided to have a Rural Propaganda Van in each taluk of the District. For this purpose Sri T. G. Kangasabapathy Pillai presented a Van and a pair of bullocks. Mr. A. C. S. Muthiah Reddiar, Member of the Tinnevelly District Board inaugurated the Van Propaganda Campaign on the 2nd January.

* * *

The importance of a village, politically, socially and economically in serving as a primary unit for the growth of a country was stressed by Mr. P. Sitharamiah at Padavarahalli in the course of a co-operative education propoganda lecture.

* * *

During the last 30 years Co-operation in India has shown good progress. The number of co-operative societies has increased by nearly 50 times. It is reported that the Province of Coorg headed the list among the areas, with 149 societies for lakh of inhabitants followed by Ajmer Merwara.

* * *

Addressing recently the officers of the co-operative department of the Trichinopoly District Mr. K. Gopalakrishna Raju, Provincial Marketing Officer, Madras, exhorted them to develop team spirit and help the producers to improve their conditions and prospects by giving them all facilities through co-operative agency.

* * *

The All-India Poultry Show will be held in Madras on the 2nd and 3rd March 1940. The show is open to the whole of India and will be organized under the auspices of the All-India Poultry Club.

* * *

The Government of Madras has been pleased to sanction a scheme for the formation of milk recording societies, half the cost of the scheme being borne by the Imperial Council of Agricultural Research. The work will first be started in the Nellore District in the breeding area of the Ongole cattle. The records will be utilised for the selection of animals for breeding purposes and thus help the development of good milk-yielding breeds of cattle among the important Indian breeds.

* * *

"Speaking for myself, I have a bias towards nationalising all key and large scale industries and further to the State taking upon itself the entire responsibility for running some of the cottage industries." Thus observed Mr. V. V. Giri, speaking recently on National planning under the auspices of the Mysore University.

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While replying to an address presented by Mr. Rama Gowdar of the Ootacamund Municipality on behalf of the Co-operative Societies of Kundasappay, Thumanatti and Kendorai, Sir T. Vijayaraghavachariar expressed satisfaction at the progress of co-operative movement among hill-tribes. The Revenue Member of the Indore State who accompanied Sir T. V. Achariar congratulated the villagers of Kundasappay on their efforts to wipe off debts by co-operative enterprise.

* * *

Village Improvement Week was celebrated in five villages of the Vellore Taluk. The first four days were devoted to the removing of encroachments and levelling of streets by the people in front of their houses. The fifth day was observed as a day of cleanliness, viz., sweeping and cleaning of streets, removing of filth and dust near public wells and spreading sand, etc. The sixth day was Tree-planting Day. Villagers evinced great interest. Bhajana parties were organised and sweets were distributed to children. The Cheri people of Shenbakkam, it is said, have themselves made a road about four furlongs in length.

* * *

"The lives of hundreds of women had now become brighter owing to the advent of Prohibition" observed Mr. D. V. Subba Rao, Prohibition Officer, Chittoor, while addressing a meeting of women at Kuppam, Chittoor district. The women, he said, could play a greater successful part by organising a secret information service to give clues to the police about the contemplated crimes.

* * *

The 3rd East Godavari District Horticultural Exhibition was opened at Coconada on January 20, 1940 by Mr. M. Pallamraju, M.L.A. While doing so he observed that such exhibitions gave recreation to both townsfolk and villagers and should be organized in villages for propaganda. The Horticultural Societies, he opined, must not only organise exhibitions but carry on research.

* * *

His Lordship Francis Tiburtius Roche, S.J., D.D., Lord Bishop of Tuticorin, performed the pleasant function of opening a Co-operative Milk Supply Union at Tuticorin on 17-1-1939. In declaring the Union open His Lordship said "the Union of the kind would solve many problems connected with milk supply." The Union started work under the auspices of the Tuticorin Municipality with milk-men and milk-consumers as share-holders.

* * *

The Madras Government intend to introduce a bill entitled 'The Madras Live-stock Improvement Bill' to provide for the improvement of live-stock in the Province. Its aim is to bring the provisions into operation in those places where a sufficient number of good stud-bulls are available for breeding purposes within easy reach of cattle owners. The Bill requires that licenses should be got for bulls which may be used for breeding. Temple bulls will not require to be licensed.

Addressing recently the Nizam College students at Hyderabad on 'Colonisation of waste lands." Rao Bahadur M. R. Ramaswamy Sivan, Secretary to the Sub-Committee on Animal Husbandry and Dairying of the National Planning Committee said: "In India only 33 per cent. of arable land was uncultivated. The problem was to cultivate as much of the waste land as possible and also to find suitable means to irrigate more land than at present". He commended the example of Punjab and urged that unemployed men be made to settle on land.

* * *

It is pleasing to note that Mr. S.K Chettur, Sub-Collector, Ramanad, is evincing keen interest in the betterment of rural life. The game of hockey, it is reported, was introduced to the villagers in about a dozen villages in the taluk of Ramanad. Hockey balls were supplied free by the Sub-Collector and country sticks cut from branches of Tamarind and Margosa and other trees were made use of as bats by the village teams. Inter taluk matches were also organised which proved very successful.

* * *

A rural reconstruction campaign which lasted for 3 days was held at Medapuram, a village chosen as a rural reconstruction centre by the District Board, Anantapur. In this connection the District Panchayat Officer, the Revenue Inspector, and other prominent people and villagers went to the Harijan colony and removed dirt, encroachments, etc. Another party consisting of the District Board President, the President of the District Congress Committee and others went round the streets doing propaganda, removing encroachments, inspecting drinking wells and cleaning the streets.

* * *

The Malabar District Co-operative Bank Inspectors and Supervisors' Conference was organised in the District Co-operative Bank's premises on the 11th and 12th December 1939 with Mr. T. Gopala Menon in the chair. The Conference was opened by Sri M. M. Kunhirama Menon, B.A., B.L., Vice-President of the Bank, with an instructive lecture touching on various aspects of the movement. Mr. P. Krishnan Nair, Non-credit Senior Inspector of Co-operative Societies, Calicut, addressed the conference and explained clearly on controlled credit scheme and activities of multi-purpose societies.

* * *

The need for a Co-operative Sugar Factory at Coimbatore was stressed at a meeting of the Sugarcane Growers' Association, Coimbatore. Sir T. Vijayaraghavachariar presided on the occasion and Rao Bahadur K. Gopalakrishna Raju, Provincial Marketing Officer, who next spoke endorsed the suggestion and said that, meanwhile, manufacture and sale of jaggery could be carried on on a co-operative basis by opening a chain of depots on the West coast.

* * *

It is reliably learnt that out of the Government of India Grant for rural reconstruction and the local contributions for the same work, the District

Collectors in the Madras Presidency had spent nearly Rs. 7,29,700 during the period from April 1, 1937, to September 10, 1939. A press communique issued by the Government of Madras in this connection states that in Trichinopoly District, during the quarter ended 30th September 1939, 23 holdings were consolidated into 12 holdings and attempts were being made to form Consolidation of Holdings Co-operative Societies in other districts also. In Salem it is said "an intensive scheme for the formation of rural uplift and sports sangam in every village with a definite programme of work was organised and Taluq associations for rural uplift started."

* * *

Reviewing the activities of the Co-operative Department of Chittoor Mr. Bhimraja Mudaliar, Deputy Registrar of Co-operative Societies said that after the introduction of Prohibition 119 co-operative societies of various interests had been registered bringing the total number of societies to 405. Of these 51 were said to be thrift societies. Co-operative societies were formed for Tirupati Bead-makers, Thirumalai Dholi-bearers, Tiruchanur toy-makers, etc, with a view to improve the economic condition of not only the ex-addicts but of the working classes in general. It was also under consideration of the Government to form co-operative societies for the colonisation of the Sugalis near Madanapalle. Many other co-operative societies also were formed to improve and develop cottage industries.

* * *

Presiding over the first South Kanara District Harijan Conference held recently at Udipi Mr. K. J. Ballal, President of the local Bar Association and the Taluk Educational Advisory Committee said that a band of young men should be trained from among the Harijans in the work of unification and unlift of Harijans. Every such trained young man, he said, should organise a multi-purpose co-operative society which should, among other things, attempt joint or individual farming by getting cultivable lands from Government or rich land-lords, introduce cottage industries, etc., as subsidiary occupations during their spare hours, run primary schools for Harijan boys and girls, eradicate drink and other evils, and undertake generally all such constructive work as would be conducive to the betterment of Harijans as a whole. Such multi-purpose societies, the speaker said, should include all Harijans and should take the place of the old village assemblies.

Extracts.

FINLAND LEADS IN CO-OPERATION.

Great Britain's co-operative strength commands between 10 per cent. and 12 per cent. of the nation's retail trade. The Swedish movement has captured 12 per cent. in the same field. Both figures are impressive. They become less so when compared with Finland. For in that country co-operation controls over 30 per cent. of national distribution. Seldom striking the head-lines of the world co-operative press, Finland is the outstanding example of a nation whose commerce and resources find fullest expression and efficiency.

It is to the life of this "Land of a Thousand Lakes" that the eyes of the world have recently been directed. Stalin is on the march; Finland, and its 3,700,000 peoples, are news. In common with the other Baltic States, the "nation of co-operators" faces the wooing of Moscow. Another chapter in a stormy history is being written.

Conquered by Sweden in 1157; crushed by Peter the Great from 1701-1717; divided between Sweden and Russia in 1721, and later in 1809; completely overrun by Russians again, the story of Finland is one of war. But such was the natural vigour of her people that even in 1809 Russia felt it wise to give Finland the status of a semi-independent duchy. Not until 1899 did Nicholas II attempt the process of "Russification."

The year 1899 marked the beginning for Finland of something else apart from organized tyranny. For that year witnessed the real birth of a Finnish co-operative movement. With 430 members and $ 40,000 it commenced the pioneering work upon which the present structure of Finland's co-operation is built.

The first store of the Helsingfors General Consumers' Union was opened before the close of the century. In other parts of the country organized education bore fruit and other societies were formed. Wholesale co-operation was born in 1904, when 12 consumer societies took their courage (and assets) in both hands to form the first Finnish Co-operative Wholesale Society (SOK). The venture proved an almost immediate success. From the trade of $ 22,480 in 1905, the society approached the $ 500,000 mark in immediate pre-war years. A Co-operative Union (YOL) of Societies associated with SOK was set up in 1908.

Social democracy was becoming a political power in the land. Among its leading Parliamentary representatives was a young man of 26 named Vaino Tanner. He was destined in later years to be not only Finland's Prime Minister but President of the International Co-operative Alliance as well.

Without actually being invaded, Finland suffered severally in the World war. Nor was the progress of co-operation undisturbed. In many respects early co-operative enterprise in Finland was conservative in tendency. Between the aspirations of the farming communities, the backbone of most of the early societies, and the rising co-operation of the industrial centres, were many differences of outlook. These differences came to a head in 1916. There was a serious split. The section of the movement calling itself "Progressive" broke away to form a movement more in conformity with its social philosophy. Tanner became immediately leader of their cause. A Central Union of the Progressive Societies (KK) was set up, followed in 1917 by a Wholesale Society.

To-day both "Neutral" and "Progressive" movements "make great efforts to overcome all competition by increasing efficiency, building attractive shops and by systematic and able education." The "Neutral" movement embracing 147 societies, claims over 300,000 members. The "progressive" movement, with 122 societies, has over 306,000 members, among them the 55,000 members of the great consumers society of Helsinki, "Elanto". Warmly supported by a Government in which Vaino Tanner is Finance Minister, both movements are making substantial contribution to the well-being of the country.

(*Co-operation and Markets News.*)

II

AN APPEAL ISSUED BY INTERNATIONAL CO-OPERATIVE WOMEN'S GUILD BEFORE CHRISTMAS.

Xmas and New Year, the seasons of goodwill, peace and hope draw near and soon this sad and terrible 1939 will be behind us. Yet the world lies under the scourge of war. Hatred and death stalk the earth bringing destruction, misery and starvation to men, women and children alike In these dark days the millions of co-operative women associated in the International Co-operative Women's Guild send this message of friendship to the mothers and women of all lands and call on them to unite in the struggle to bring justice and peace to mankind. For nearly 20 years women co-operators in all parts of the world have worked together to raise the standard of life for all peoples and to build international co-operation and true understanding among the nations of the world. Speaking different languages, living under different conditions we have been drawn together by our belief in the economic system for which co-operation stands and our passionate desire to see international relations governed by the co-operative principles of freedom, equality and security for all. Our work together in our International Guid has taught us that nations, like individuals, are interdependant, that prosperity based on the aggression and exploitation and others cannot endure. Only when men cease to oppress and exploit one another will each people obtain a fair share of the earth's riches.

Co-operative women have always striven and must continue to strive with all their strength for equity in all human relations and the abolition of social injustice. Not through force but by peaceful means do we seek to bring about a different social order, to build a happier world for those who follow after us. In providing for the needs of their families the mothers and housewives control three-forths of the national income in every country and this gives them the power to compel the just distribution of all kinds of goods. Our co-operative movement is based on the principles of equality among the members, participation of all in the control of the common enterprise and the right of each one to a secure future and a better standard of life. In all parts of the world to-day can be found women who are proud to call themselves co-operators and to help in the great task of building a new civilisation. They know that the ties of a common humanity are stronger than racial differences and national pride, that military conquest means misery and horror for thousands who have no quarrel one with the other. They hail as comrades all those who will join with them in working for international brotherhood and the freedom of all peoples.

Even during the last war co-operative women strove for Peace and the struggle for Peace and Disarmament has always been one of the I.C.W G.'s most vital tasks. In 1937 we affirmed at our International Conference, we do not want our nation to be the mightiest but the happiest, the country which seeks the highest good of all its citizens. Military conquest only brings terror and misery to thousands of innocent human beings whose only wish is to live at Peace and pursue their daily life undisturbed, and now when another war is shaking the foundations of our world we must as never before have the courage to stand up for our convictions.

The responsibility for the next generation lies with the world's women. We co-operators call on you all to unite with us in striving to build a new future, to keep alive the spirit of toleration and fellowship that will make a just Peace possible. Each nation must have liberty and the right to determine its own way of life. Free exchange of men, money and goods in all parts of the world must put an end to economic competition and national privilege and there must be universal repudiation of the doctrine that might is right. We must convince the masses in all countries that they can live at peace if all are prepared to sacrifice something for the common good, to recognise the rights of others, and as members of a co-operative community refuse to be parties to aggression and exploitation of or by any nation or group.

Co-operative women have proved for themselves that co-operation is practicable, that human beings of all races can live and work together for the common good. They are resolved to continue this into international collaboration, they offer their friendship to the peoples of all countries and particularly do they send assurances of solidarity to all those staunch comrades of former days whose movements have been destroyed or must now march beneath another banner.

Women of our Movement! Women of the world! We have not been strong enough to avert this war; we can and must unite all our forces to prepare the way for a true Peace that will free mankind from the menace of war for all time.

Hoping that you will be able to use this message and with warmest greetings for Xmas and the New Year,

Yours sincerly,

EMMY FREUNDLICH,

President.

List of Societies Registered in January 1940.

Serial No.	Name of the Society.	District.
1	The Tatipaka Co-operative Crop Loan and Sale Society, Ltd. ...	E. Godavari
2	The Bhimakrosupalem Sri Seetha Rama Co-operative Credit Society ...	"
3	The Vulapalle Co-operative Credit Society ...	"
4	The Tetali Co-operative Consolidation of Holdings Society ...	W. Godavari
5	The Palacoderu Co-operative Consolidation of Holdings Society ...	"
6	The Penumantra Co-operative Consolidation of Holdings Society ...	"
7	The Daliparru Co-operative Credit Society ...	Krishna
8	The Lankapalli Co-operative Credit Society ...	"
9	The Kaikalur Board High School Students' Co-operative Stores Ltd. ...	"
10	The Gannavaram Co-operative Stores, Ltd. ...	"
11	The Guazala Board High School Students' Co-operative Stores, Ltd. ...	Guntur
12	The Repalle Co-operative Stores, Ltd. ...	"
13	The Kangala Weavers' Co-operative Purchase & Sale Society, Ltd. ...	"
14	The Melubalee Co-operative Credit Society ...	Nellore
15	The Nelapattur Co-operative Credit Society ...	"
16	The Sulurpet Co-operative Stores Ltd. ...	"
17	The Lalgudi Co-operative Stores, Ltd. ...	Trichinopoly
18	The Lalgudy Board High School Students' Co-op. Stores, Ltd. ...	"
19	The Kattuputhur Zamindar's High School Students Co-operative Stores, Ltd. ...	"
20	The Kattuputhur Co-operative Stores, Ltd. ...	"
21	The Sri Ranganadha Co-operative Society ...	"
22	The Chengam Board High School Students' Co-operative Stores, Ltd. ...	N. Arcot
23	The Serambattu Co-operative Jaggery Society ...	"
24	The Ponnambalam Co-operative Jaggery Society.	"
25	The Usilampatti Board High School Students' Stores, Ltd. ...	Madura

Serial No.	Name of the Society.	District.
26	The Ayakudi Co-operative Stores, Ltd. ...	Madura
27	The Melur Co-operative Stores, Ltd. ...	"
28	The J. Meenakshipuram Co-operative Credit Society, Ltd. ...	"
29	The Narikudi Co-operative Society, Ltd. ...	Ramnad
30	The Sivakasi Municipal Employees' Co-operative Society, Ltd. ...	"
31	The Vallarendal Co-operative Credit Society, Ltd.	"
32	The Erode Municipal Superior Employees' Co-op. Society, Ltd. ...	Coimbatore
33	The Tiruchendur Board High School & Higher Elementary School Students' Stores ...	Tinnevelly
34	The Inam Kechilapuram Kalangaraipatti Co-op. Credit Society ...	"
35	The Loyal Mills Employees Co-op. Stores Ltd. ...	"
36	The Nalantinputhur Co-operative Credit Society...	"
37	The Kaup Co-operative Credit Society ...	S. Kanara

List of Societies Cancelled in January 1940.

Serial No.	Name of Society.	District.	Date of Cancellation of Registration.
1	Kandikuppa Moolapolam F. L. C. S.	East Godavari	... 14-1-40
2	Thachakudy Co-operative Society ...	Ramnad	... 15-1-40
3	Kottavady Co-operative Society ...	Salem	... 18-1-40
4	Vepery Co-operative Society ...	Madras City	... 19-1-40
5	Ponneri Arambakkam Co-operative Society ...	Chinglepnt	... 19-1-40
6	Madura Knitting Co-operative Employees Co-operative Society Ltd.	Madura	... 25-1-40
7	Dindigul South Urban Bank Ltd. ...	"	... 27-1-40

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