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Editorial Notes.

The XIX Central Banks' Conference.

As the President of the Provincial Bank, Mr. Ramadas Pantulu welcomed the representatives of various Central Banks of the Province assembled at the 19th Central Banks' Conference held last April and in the speech he delivered on the occasion* he laid stress on two or three important points.

Firstly he drew an unvarnished picture of the movement as it is to-day, and recommended that speedy steps should be taken to arrest the rot that has set in. When six Central Banks have overdues exceeding 90 per cent, and 19 including the above six, have overdues exceeding 50 per cent, the situation is serious enough. Mr. Pantulu then went on to give constructive suggestions for rectifying this state of affairs; the first thing to be done is to investigate every single loan of primary societies and find out how much can be collected, how much may be scaled down and how much has to be written off as completely irrecoverable. Having gathered reliable data about the outstandings, the next step should be to write off bad debts by setting off the share capital and reserve funds of societies invested in the Central Banks. If these two things are done, Mr. Pantulu hopes the movement can be effectively rehabilitated. He sounded a note of warning against the bad debt reserve of Central Banks being utilised as a part of their working capital and thus becoming a bad asset.

* See pages 660–671 of this number.

Having made concrete suggestions about the improvement of the movement in general, he warned the co-operators assembled against certain bad tendencies that are creeping in, which if left unchecked would weaken the businesslike character of the movement and pleaded for the Central Banks keeping to sound business principles. He was against the acceptance of co-operative paper from overdue societies as cover and said that such paper should be treated as dead paper. He also deprecated the practice which started as an experimental measure was becoming a permanent feature, namely, advancing loans to bad societies for the sake of non-defaulting old members and new members. Thirdly he was against the forecast procedure of Loan and Sale Societies being applied to ordinary loans of primary societies. The system is found working quite well in the case of short term produce loans which, if not repaid after the first harvest, is not allowed to remain overdue after the 2nd harvest. Lastly, he pleaded for the retention of the present practice of insisting on produce pledged being insured and not to have a false sense of security because of the unlimited liability of members in village societies.

Later on he dealt with the problem of rate of interest, and showed how a margin of 4 per cent between the lending rate of the Provincial Bank and the rate at which primary societies lend to members is not too much. This margin of four per cent may be divided between the District Banks and primaries according to local circumstances.

He put in an effective plea for placing the debentures of the Madras Central Land Mortgage Bank on the same footing as the gilt-edged papers of the Government. He pointed out how co-operative societies were subjected to unjustly heavy levy of supertax because they are technically not considered corporations but are only associations of persons. He conveyed to them the glad news that so far as 1940-41 is concerned temporary relief has been given by the introduction of a clause in the Financial Bill passed by the Central Legislature and assured them that he would continue his efforts to have this relief placed on a permanent footing by effecting a change in the Income-tax Act itself. He concluded with a sincere appeal to the representatives of Central Banks to look upon the Provincial Bank as their own and co-operate with it in the years to come in expanding and rehabilitating the movement on the lines suggested by the Committee on Co-operation.

At the above Conference 32 Banks including the Provincial Bank were represented by 56 delegates. Sri M.D.T. Kumaraswami Mudaliar, President of the Tinnevelly District Co-operative Bank was elected as Chairman of the meeting. Though many resolutions were discussed only 13 resolutions were finally accepted by the Conference and they are published elsewhere in this number.*

We are glad the Banks' representatives passed a resolution to perpetuate the memory of the late Mr. V. Venkatasubbaiya who devoted his full life to the service of co-operation in this province. The Committee appointed to take steps to perpetuate his memory will, it is hoped, act promptly while the memory of our departed friend is fresh.

Special significance is attached to the 3rd resolution which if acted upon will make the Conference thoroughly representative in character. As it is, delegates give notice of resolutions in their own individual capacity and though most of these are based on their own personal experience yet they have not got the weight of being the opinion of the Bank management. Hereafter this drawback will be removed and the resolutions would be resolutions of the Bank's executive and not of any individual member. Other resolutions are self-explanatory. We would, however, like to draw the special attention of our readers to the resolution No. 6. Mr. Pantulu both in his welcome address as well as in his Presidential address at Nellore dwelt at some length upon the need for removing the dead-wood from the path and suggested the adjustment of share capital and reserve fund of societies towards their dues to the Central Banks. We are glad that the Bankers assembled have agreed to adopt that course with the necessary permission of the Registrar. Resolution No. 10 abont the rate of interest also is in conformity with the suggestion of Mr. Ramadas Pantulu made in both the speeches referred to above.

The resolutions accepted by the Bankers Conference give a clear indication of the trend of co-operative thought among those invested with the onerous responsibility of managing financial institutions. It is true that some of these asked for concessions and relaxation of the rules of the Madras Provincial Co-operative Bank as if it were an extraneous body, but we are glad to note that there was considerable response to the appeal of the President of the Provincial Bank to the representatives assembled that they should look

* See pages 672 and 673.

upon the Apex Bank as their own and we hope the spirit of accommodation which characterised the Conference will continue to prevail amongst the co-operators vested with authority so that they may discharge their responsibilities to the movement in the days to come when the great work of rehabilitation and cautious expansion awaits them.

The 10th Andhra Provincial Co-operative Conference.

This Conference was held at Nellore on the 27th and 28th April last. Sri B Gopala Reddi. former Minister, unfurled the Co-operative Flag and Sri T. Prakasam declared the Conference open. Sri R. Dasaratharama Reddi, the President of the Nellore District Bank, was the Chairman of the Reception Committee of the Conference which was presided over by the Hon. Mr. V. Ramadas Pantulu.

Mr. Dasaratharama Reddi in welcoming the delegates* expressed the feeling current among all co-operators, namely, that a correct lead for the future development of the movement is expected from the Committee on Co-operation whose report is expected shortly. While agreeing with enthusiasts about the need for increasing the number of co-operative societies and for converting existing societies into multi-purpose societies, Mr. Reddi laid great emphasis on the need for workers, properly trained leaders of the village people who would look to the management of these various institutions, not for any selfish ends, but for the good of the people at large. His remarks on Co-operative Education that ultimate control must be in non-official hands would be welcomed by co-operators of the province. Following the line of thought which has now come to be accepted Mr. Reddi pleaded for the clearing away of the dead wood from the path by adjusting the share capital and the reserve funds of over-due societies towards their dues to the Central Banks, and as the President of a Central Bank himself, he was not for increasing lending rates to the ultimate borrower. He dealt sympathetically with the problem of employees in non-official institutions and pleaded for the provincialisation of higher ranks of employees. He put forth a vigorous plea for the official and the non-official workers in the movement to sink their differences, to give up the attitude of suspicion now adopted by both the sections, each towards the other, and work harmoniously for the benefit of the ryot on whose prosperity ultimately depends the prosperity of the country.

* See pages 673–78.

In the Presidential address at Nellore* Mr. Ramdas Pantulu dealt with the general co-operative problems pertaining to the province as a whole, but viewed them from the point of view of Andhra Desa. After describing the relative positions of the movement in the Andhra Desa and in the other parts of the presidency, he pleaded for a vigorous expansion of the movement in the Andhra Desa. Only 6,500 villages have been benefitted by the movement out of 16,000 in the area, and he therefore advocated a five or seven years' plan at the end of which every village must have a co-operative society of its own.

This process of expansion has to be carried on simultaneously with the rehabilitation of the movement as it is. It is like repairing an old house and putting up extensions to it in several other places. Partition walls made have to be pulled down and new walls and buttresses erected. The old wooden beams may have to be replaced by steel girders. So also weak village societies may have to be amalgamated with new societies to be formed in areas now without any such societies and existing bad societies have to be set on their feet once more by the adjustment of bad debts. In all these ways we have to make co-operative credit flow once more along the old channels. Mr. Pantulu went on to say that the human agency to carry on the work is already available in the officers of the department and in the thousands of non-official workers. and if the dream of autonomous villages become realised, each village can look after its own co-operative society whose scope meanwhile will have to be expanded to cater to all the economic needs of the villager.

Mr. Pantulu then dealt with the prevailing notion that there is a fundamental difference between the Andhra and Tamil sections of the movement regarding their ideology. It is commonly held (with what little justification, Mr. Pantulu has shown) that the Tamil co-operators are for unlimited liability of village societies and for the retention of supervising unions; whereas the Andhras are supposed to favour limited liability and the handing over of supervision to the Central Banks themselves. Mr. Pantulu has ably argued out this point and shown that the cleavage is not along linguistic division but is a matter of individual opinion and advocates of either side are to be found both among the Telugus and the Tamilians.

He dealt with the need for ordinary village societies confining themselves to only short term loans and then dealt with the problem of rate of interest. He pleaded for the expansion of controlled credit for seasonal loans to the agriculturists and said that there is scope for expanding this line of short time credit to the tune of 5 or 6 crores in the Andhra Desa itself. Lastly he pleaded for the village societies converting themselves into Khaddar Banks. If societies encourage thrift among their members and repay money so saved not as cash but as articles of food and clothing, members will be doubly benefitted. That is an aspect which co-operators will do

* See pages 679–86.

well to concentrate their attention upon, in these days when every one is anxious to see the movement expanded and to see the ordinary society bloom forth into a multi-purpose society.

The Conference passed as may as 30 resolutions, one of which (resolution No. 7) having a large number of sub-sections. It would have been very much better if the resolutions had been arranged according to the important subjects dealt with.

The Andhra Co-operators expressed their condolences over the deaths of Sir Daniel Hamilton, Mr. Joggiah Pantulu and Mr. V. Venkatasubbaiya. In the case of the last, they have requested the Provincial Bank to take steps to perpetuate his memory in a suitable manner. It would have been very much better if they themselves had taken some steps for doing this.

Another set of resolutions demand concessions from the Government. The reduction of audit fees and of execution charges, relaxation of rules with regard to attachment of salaries, exemption from Sales Tax etc., naturally figure prominently in this set of resolutions.

Among the current problems dealt with, are the resolutions about rates of interest, cancellation of the existing G. O. regarding Local Funds deposits in the District Banks, and the reduction of interest on Government loans granted to House Building Societies prior to 1935.

Land Mortgage Banks form the subject matter of another group of resolutions whose common aim is to expedite the granting of loans and make the banks more and more useful to the people at large.

The Conference has passed a resolution about the policy of the Supervising Unions and transferring their work to Central Banks.

We are glad to note that the question of pay and prospects of employees in non-official co-operative institutions was the subject matter of an important resolution and that matter has been referred to a strong committee of accredited leaders of the co-operative movement in Andhra Desa. We hope they will be able to evolve some working principles which will be acceptable both to the employees and to the management.

Resolution No. 25 deserves to be dealt with at some length as it involves a fundamental change in the structure of co-operative finance. This taken along with No. 10 which asks for formation of multi-purpose societies breathes the spirit of the famous report of the Reserve Bank on the working of the Banking Union at Kodinar. There is a school of thought among co-operators that would strongly advocate the formation of Central Banks one for each Revenue District because they are of opinion that if there be more than one Central Bank in a revenue district, they are not likely to be financially strong. Mr. Ramadas Pantulu in his presidential address at the Bengal Conference drew pointed attention to the existence of a

large number of central banks in that Province and said that was one of the chief causes of their weakness. As against this school, there is a volume of opinion for the formation of Banking Unions for each taluk to which a number of societies, most of them of multi-purpose nature, may be affiliated. This system which may be called the Kodinar system, expounded in the Reserve Bank report has not, so far, met with much favour in this Province. It is therefore somewhat intriguing to note that the Andhra Provincial Conference has passed a resolution in favour of this new policy in the matter of co-operative finance. We take it the Co-operators of Andhra Desa assembled were fully aware of the implications of this resolution.

On the whole a wide range of subjects has been covered in these resolutions and a definite lead has been given with regard to some of the most pressing problems of the day.

Consumers' Co-operation in General and the T. U. C. S. in Particular.

It is a very hopeful sign of the times that co-operators are thinking more and more about non-credit aspects of it and in this particular number of our Journal we have published three articles on "Consumers' Movement."

Rao Bahadur M. Giriappa in his article on "Consumers' Movement in Japan and in India," draws a comparison between the state of affairs in the two countries, and if his statements are true, we have very little to learn from Japan.

> "The movement there is not working strictly according to co-operative principles; there is no feeling that the movement is people's movement and should be run by the people. The co-operative movement is under the direct and strict control of the Government. In fact the directors of the Provincial Bank are paid by Government and auditors are appointed by Government and Government have taken half the number of shares allotted."

If this be a correct summing up of the movement in that land of the sun, it stands self-condemned. It is not because we are under an alien bureaucracy that we do not like Government intereference with the movement. Even in England the cradle of consumers' co-operation where there is complete identity of interest between the government and the governed, the movement is a people's movement and not a department of the Government; and having derived our inspiration from English leaders, we look with great suspicion upon Japan and her totalitarian method of running Co-operative business.

Our suspicion becomes considerably stronger when we are told that only a small percentage of the successful stores observe the Rochdale practice of sale for cash and sale at market price. We may have big business; but if we give up these two sheet-anchors of the

Consumers' Movement, it will be a short lived prosperity and not healthy growth which will stand the test of time.

Having said some thing about Co-operation in Japan, Mr. Giriappa pays a compliment to the T. U. C. S. as being the most successful Consumers' Store in India. Yet he is not satisfied with the progress achieved and suggests improvement both internally and externally. By internal improvement he means, appointment of paid staff for both buying and selling and increasing the loyalty of members ; and by external improvement he means, wholesale purchase as is being done by Leagues of Co-operative Stores in Japan. The Joint Registrar may not be unaware of the fact that the selling agency of the T. U. C. S. is paid staff and there are expert purchasing agents for purchasing from the local market and at two producing centres. The general advice tendered by such an experienced co-operator as the present Joint Registrar, will, we hope, be taken in the spirit in which it is given by the directors of the T. U. C. S.

There is one other point mentioned by Mr. Giriappa and that is a point to which we invite the special attention of the directors, namely, that the movement has hitherto been confined to the middle classes and has not percolated deep down to the masses. In England it started with the masses and is trying to catch up the classes above. Whereas here, the Consumers' movement has been confined almost exclusively to the intelligentzia and has not extended its benefits to the masses. Co-operators in general, and the authorities of the T. U. C. S. in particular, will, we hope, bestow their full attention on this matter.

Rao Bahadur C. Gopala Menon whose article also is published in this number, first deals with the evils resulting from concentrating too much attention upon the credit side of the movement. He then gives some tips as a successful business man to the authorities of the T. U. C. S. and it is hoped his advice, well-meant and born out of his long and varied experience, will be acted upon by the directors of the T. U. C. S. Like a good co-operator he is for ending the competition between the Provincial Marketing Society and the T. U. C. S. Like the successful business man he is, he wants the T. U. C. S. to improve its art of display and make the shops far more attractive than they are at present. A casual visit to any of our branches would show that "instead of the Stores being the centre of radiating activity, present a dull soporific atmosphere lacking liveliness, mirth etc.—a poor apology for a shop and warning what a store ought not to be instead of being a model of what it ought to be." These are strong words but true, and we hope this well meant criticism will be accepted by the authorities of the T. U. C. S. in the spirit in which it is given. Unfortunately, provisions in a loose conditions do not lend themselves to such an attractive display as packad tins and bottles do. It is hoped, however, that the Directors of the T.U.C.S. will learn lessons from capitalistic enterprises in the matter of the mass psychology and realise the advertisement value of attractive arrangements.

Dr. Lokanathan's article is partly a defence of the T. U. C. S. but really an explanation from the point of view of an economist who is also facing the realities of the situation as to why the T. U. C. S. is not progressing as rapidly as others wish it does. The inherent difficulties belonging to the very nature of things handled and of the market supplying these articles and the mentality of the clientele, these are described in a masterly way by the learned Doctor. He has also pointed out justifiably, that the charge of stagnation which is laid at the door of the T. U. C. S. is not real though the progress of a particular year may not be spectacular. The T. U. C. S. has been hastening slowly and if you take a decade instead of a year you find many signs of healthy growth. Arrangements are being made by the T.U.C.S. to have its own rice and gingelly oil and it is feeling its way with regard to the selling of pice-goods. The learned Doctor's article may be taken as a sort of reply to the Registrar's remarks contained in his administration report for the year 1938—39. The Registrar was pleased to remark about the T.U.C.S. as follows :—

> "In fact, during the last few years, there has been no increase at all in its membership, and very little in the volume of its transactions ; its condition has been more or less stationary. More intensive and systematic propaganda seems to be necessary for extending its usefulness to the large consuming public in the City. I am bringing this factor to the notice of the society and trust that in the near future, it will rapidly expand its membership and business."

It is hoped the difficulties of the T.U.C.S. will be appreciated by the persons in authority ; and it is also hoped that well meant advice of officials and non-officials will be cheerfully accepted by the management of the T.U.C.S. who are expected to carry out a forward and progressive policy and not be satisfied with their own achievements.

Registrar's Report. III.

An important topic on which there has been such pronounced difference of opinion is the utility of the Supervising Union. Some Co-operators are for abolishing this and entrusting the function of supervising the work of village societies to the District Banks to which they are affiliated. Some others, however, hold that they do serve a very useful function as a separate body and advocate their retention. The Registrar attributes the unsatisfactory work done by Unions to the want of "enthusiastic and disinterested men on the governing bodies of these unions with sufficient leisure and with a readiness to serve their fellow co-operators." This lack of proper human material is a fundamental difficulty. The Registrar is for giving another opportunity to these unions to acquit themselves well and for making another attempt to rectify, improve and strengthen their working.

We wanted to deal at some length with the Government policy regarding Co-operative Education. There is so much to be said about it that we have thought it better to deal with it in a separate article than in a short editorial note. It is sad to reflect that though years ago the Townsend Committee reported that education, especially for non-official workers and employees, should be entrusted to a non-official agency like the P.C.U., the Provincial Government have been making many attempts during all this period to keep a tight control over co-operative education. We do not complain about thier running their own training institute for the departmental officers and for recruits to the department; but they have not been giving that support and encouragement to P.C.U. to handle efficiently training of non-official workers as contemplated by the Townsend Committee. We shall, however, deal with the topic elsewhere.

The Registrar has fully realised the significance of the part that a co-operative society can play in village uplift and he is for starting health co-operatives which, if we are correctly informed, has been given up by the Government. The experiment proposed to be conducted under the auspices of the Madura Ramnad Central co-operative Bank of doing intensive work towards rural development by co-operative secieties will be watched with great interest by all co-operators. We see that the scheme is sufficiently comprehensive as the following extract from the Registrar's report will show.

> "The supply of agricultural implements, improvement of livestock, control of diseases of livestock, provision of irrigation facilities, promotion of public health, spread of education among adults. development of cottage industries, promotion of temperance and thrift, introduction of reading rooms and libraries, organisation of health co-operative units. whereever possible, are some of the matters proposed to be taken up under this scheme."

The process of arbitration and execution has been speeded up and the Registrar is devoting special attention regarding the delay in winding up the proceedings of liquidated societis. He has revised the form of monthly progress reports and is reviewing the progress in greater detail than before.

The report as a whole, as we said at the beginning, is full of the spirit of youth and enthusiasm characteristic of the new Registrar. We also look forward to the reports of the coming years in a spirit of "chastened optimism."

A Co-operator in the British Cabinet.

Co-operators all over the world will be glad to note that the Rt. Hon'ble A. V. Alexander, M. P. Parliamentary Secretary to the Co-operative Society in England has again been called to occupy the high place of First Lord of Admiralty in the Ministry of All Talents which has been recently formed in England under the premiership of Wintson Churchill. Mr. Alexander is not new to the cabinet. He held the same place under a former Labour Ministry.

On behalf of Co-operators in this province, we offer him our sincere congratulations.

Consumers' Movement in Japan and India.

By Rao Bahadur M. Giriappa,

Joint Registrar of Co-operative Societies, Madras.

Co-operative Movement in General in Japan.

People generally have a very poor idea of the Co-operative Movement in Japan. The late C. F. Andrews told me, when he was in Coimbatore last, that there was no co-operation in Japan and that Japan was ruled by capitalists. He even dissuaded me from going to Japan. I can affirm however, after my visit to Japan that the Co-operative Movement does flourish there, in a sense, and that among the members of societies there is genuine co-operative spirit. People in Japan have made it a religious habit to purchase all their requirements from their co-operative society and sell all their goods through their co-operative society. But the Movement there is not working strictly according to co-operative principles; there is no feeling that the co-operative Movement is a people's movement and should be run by the people. The Co-operative Movement is under the direct and strict control of the Government. In fact the directors of the Provincial Bank there are paid by Government and auditors are appointed by Government and Government have taken half the number of shares allotted.

Stores Movement.

There are 130 stores societies in Japan; but I should say all of them are not working well, the main reason being they do not adhere to the principles of the Rochdale Pioneers. Out of 130 stores in Japan, the cash system is observed only in 10. Co-operators in Japan argued with me that the cash system was unnecessary and unworkable and that they had faith in the honesty of their members. But the fact is that, in spite of the emphasis put on the honesty of the members, it is only the few stores working on the cash basis that are working successfully. Moreover, the stores in Japan do not observe the principle of sale at current prices. Every stores tries its best to sell to its members at as low a price as possible. Only 10 per cent of the stores in Japan observe the principle of sale at current prices. Therefore, they are not able to declare any decent bonus on the purchases. They told me that whatever advantage could be given to the members should be given at the moment and not postponed to a future date.

The existence of Utility Societies and also of what are called 'Department Stores' in the important urban areas hamper the progress of co-operative stores. These Utility Societies supply not merely credit but also all the necessaries of life, agricultural and non-agricultural. They believe that a society should cater to all the needs of the members. The Department Stores are not co-operative institutions, but capitalistic concerns. They are located in huge buildings with 7 or 8 flats. Electric lifts will take you from one flat to another. In these stores, you get everything you require, from a pin to an elephant. You get the cheapest and the costliest article and the price is fixed. At the bottom, you have a board showing what articles are available in the store and at what flat; and, if you are tired, you can go to the restaurant which is located at the top-most flat.

The Co-operative Store Movement in Japan cannot be said to be altogether a failure. There are some stores which are working well. Now we got down at Kobe. The store here was organised in 1921. This has been working successfully, because as an exception to the general class of co-operative stores in Japan, this store endeavours to adhere strictly to the principles of the Rochdale Pioneers and on this ground it is called 'the modern store' in Japan. Its membership is somewhere about 4,000; its paid up share capital is equivalent to Rs. 1 lakh, its annual sales amounted to Rs. 1 crore and its net profit is about Rs. 20,000. It has opened three branches. One interesting feature of the society I may mention here. Alive to the necessity of the active participation of women in the society's business, the society has founded what is called "The Home Association" after the model of the British 'Women's Co-operative Guild."

We will now go to one other store in Japan, viz., the Kyockisha Store in Osaka. This store, originally started as a workers' store, has now transformed itself into a general store. It has attached to itself what is called a "Co-operative Store Association", whose main business is the sale to the general public of what are called Kagawa suits (Kagawa being the name of its President) manufactured in the factories run under its direct management. With a view to develop the work of co-operative stores in Japan, co-operators have organised what are called "Leagues of Co-operative Stores," which are federations of co-operative stores intended to purchase in bulk the articles required by the

member urban stores at fairly cheap rates. With the aid of such leagues, the stores are able to get the articles required by them from distant places at very low prices with the result that the stores are able to sell to their members the articles required by them at very cheap rates.

Consumers' Movement in India.

In India the store movement cannot be said to be quite a success. Says the Bombay Registrar on co-operative stores: "Speaking generally, experience proves that stores societies are most difficult to run"; while the Registrar of the United Provinces says "the margin of profit of the ordinary retail dealers seems to be so small that there is little scope for the successful working of co-operative retail shops." As regards Central Provinces and Berar, though the stores movement dates from 1918, 'it has been marked by more failures than successes.' The Assam Registrar has remarked in his report that "almost all the co-operative stores in the Province are in a bad way." The Bengal Registrar has observed that in that Province "the co-operative stores have been more unsuccessful than successful." The only Provinces in India where the Store Movement has generally been successful are Mysore and Madras. But in Mysore, stores are generally open to non-members, and they do not adhere strictly to the principle of selling at the market prices. The State Committee on Co-operation has reported that the practice there is to sell goods bought wholesale at a small profit over cost price. In Madras, however, we have been adhering strictly to the principle of selling to members for cash and sellng at bazaar prices; and that is why we in Madras have succeeded much better than the other Provinces of India.

The Stores in Madras.

Speaking of the Consumers' Movement in Madras, one author on Co-operative Movement in India has said:

"When one thinks of Consumers' Co-operation in the West, the Rochdale success and the great co-operative wholesale societies of the British Isles come to my mind. In India the mention of consumers' co-operation inevitably suggests the Triplicane Urban Co-operative Society, Ltd., of Madras, started in 1905 by 14 Rochdale enthusiasts, mostly school-masters." The T. U. C. S. is no doubt a bright star in the firmament of the Consumers' Co-operation in India. But the question is whether it has to rest on its laurels and not take a leap forward, and if so, under what conditions.

Before I deal with the T. U. C. S., let me deal with the urban store movement in this Presidency. There were only 87 stores in the Presidency before the war started; but thanks to the drive given by the Registrar soon after the War as he noticed a tendency on the part of merchants to profiteer at the expense of consumers there are now 184 stores in the Province. But we must confess that success is not very easy in the consumers' movement. It cannot be denied, that it is a very difficult task to work co-operative stores. As one author on co-operation has said, "the business of purchase and distribution necessitates an understanding of certain ordinary economic rules and the observance of certain ultimate efficient practices. Men must know what they need and realise what they can afford. They must pay for their purchases and must either engage an expert staff giving them an adequate salary and supervise their proceedings or themselves take an active part in the management of the society." In the first place a co-operator is an amateur trader. The starting of stores in urban areas has brought him into conflict with the professional trader, whose experience, ability or rather unscrupulousness, has been in many cases more than a match for the sanguine and honest co-operator. Secondly. for the success of stores, you want expert management. We require paid men and we cannot always rely upon honorary service. But dealing as we do in small quantities, we cannot afford to pay well for management. The experience of some of the stores which had paid men only showed that the lesson can only be learnt at the price of recurrent loss. If, therefore, stores are to employ paid agencies both for purchasing and selling, they have to increase their transactions enormously, which is only possible with a large clientele loyal to the very core. During my inspection of the co-operative stores in the Province, I noticed that the membership in stores generally is very small and their transactions are very low. Just yesterday, I presided over the annual day celebration of Branch I of the T.U.C.S. at Saidapet. The branch was started 32 years ago, soon after the T.U.C,S. was founded. It has only 174 members and the sales amounted to Rs. 24,000 for a whole year! 22 members have made no purchase at all. Now what is the good of having members who make no purchases at all? Was it not possible to develop the membership of this branch during the 32 years of its existence? I understand there is another branch at Saidapet. I do not know under what circumstances another branch was opened when this branch itself had not made sufficient headway. I am not sure if these branches are self-supporting. It seem to me that if

there was a paid staff, they would have not only done propaganda to bring in more members but also improved the sales considerably. This is the case not merely in this branch of the store but all over the Province. It seems to me, therefore, that if stores are to succeed, there should be improvement not merely externally, but also internally. By improvement internally, I mean (1) there should be an efficient paid staff (2) more members should join, all of whom should make it a religious duty, as in Japan, to purchase all their requirements only from their stores. There is no use of purchasing articles in large quantities, unless there is a market for those articles which is possible only with a large clientele wedded to purchase from their stores. By improvement externally, I mean the stores should make their purchases in bulk which is possible only if all the stores in the Presidency combine and form a federation which will enable them to purchase in bulk and supply at cheaper rates to the constituent store societies. When these two things are possible, it is possible also to appoint a paid staft who will devote their entire time and energy to the development of the stores.

The T.U C.S. Need for a Planned Development.

I shall now refer to the Triplicane Urban Co-operative Society. If I make a few suggestions, I may assure you, it is in a spirit of healthy criticism, not in a spirit of cavil or of animosity. I request you, therefore, not to misunderstand me. I notice, in the first place, that there has been a stagnation in the society both as regards its membership and its transactions. In 1934 it had 5740 members on its rolls, and in 1939 its membership was only 5943. While the sales in 1934 were Rs. 3,94,299 in 1939 the sales were Rs. 4,29,637. I ask you whether you will rest on your laurels or whether you will take some steps to develop still further the transactions of your society? While the population of Madras City is about 6 lakhs, you have been catering only to about 6,000 persons. Don't you think it is desirable to have a plan or programme to develop your transactions so that ultimately you may cater to the needs of at least 25 per cent. of the population?

Why not Cater to Workers.

Incidentally, I will bring in the question of supply of articles to the workers in the city. Will you take a step forward? You have all along been catering to the needs of the middle class men. I will not ask any other store to do it, because it cannot afford to bear the risk or the loss in the initial stages. But it is possible, I should think, for a big institution like yours to attempt it. You may possibly create a separate class of shares for these poorer people and make arrangements to deliver the goods in motor vans to the poorer localities once in a week, say, on a Sunday. Detailed rules may be drawn up for this purpose. Just the other day when the Registrar consulted you in that matter, you reported "that the idea of sending in van to the poor men's quarters is foreign to the established notions of the Triplicane Urban Society and that the idea of van delivery will not carry conviction at a general body meeting." Is it not desireable in the interest of the city as a whole, that the worker should take in good food and be healthy? What is happening in poor men's localities, some of you at least could have noticed. Petty shopkeeper will set up a shop there, charge the people there exorbitantly even for bad stuff, because he cannot pay in cash. So the poor man is multed not only of his meagre income but he is also denied the pleasure of using good stuff. If only the T.U.C.S. changes its "established notions," it should be possible to come to some working arrangement through the local co-operative societies not only to pay in cash for the articles supplied, but also to make proper arrangements for the delivery of the articles.

Expansion of Production.

As regards the other side of the development of the transactions of the T.U.C.S. in the city, I agree with some of the observations made by Dr. Lokanathan at Saidapet yesterday. It is necessary, in the first place, that the T.U.C.S. should, as far as possible, produce the major articles of consumption required by it. The start made by the T. U. C. S. in the matter of rice and oil has already proved a success. The English and Scottish Wholesale Societies have succeeded, because they produce many of the things they require and do not rely very much upon others. I do not ask you to rush forward. I would only ask you to hasten, though slowly. Secondly, it is necessary that the purchasing and the selling staff should be efficient, and I do not think you can always rely on honorary persons to attend to this item of work. After all, you cannot expect much from honorary men and if they do not do their duties satisfactorily, you cannot blame them for it, for they are honorary men.

Expert handling.

It is necessary, therefore, that you should have a paid staff both for purchasing and for selling. In the matter of both purchases and

of sales, it is necessary that there should be small committees, say, one committee for rice, one committee for ghee, one committee for dholl and one committee for oil and it will be their duty to study the various aspects of the business side of it, so that they may specialise in the articles they are asked to handle in the T.U.C.S. Here we are up against the same old question. If you want to employ a paid efficient staff, your transactions should warrant the expenditure and the transactions will warrant the expenditure only if you have a large and loyal membership. It is for that reason that I told you at the beginning that you must have a definite plan, say, a ten year plan to increase your membership and your sales so that T.U.C.S. may stand out one day not merely as bright star in the firmament, but also as the brightest star in the firmament, shedding its light and lustre on all the men in the city of Madras.

"Consumer's Co-operation"

By Rao Bahadur C. Gopalamenon, B.A.

I feel it incumbent upon me to express my sense of appreciation at the almost orthodox ways in which the ideals of the pioneers of this consumer's movement have been observed. These are days of facile credit and leisurely repentence of its consequences. You may all remember the good old days in which the pioneers of the T.U.C.S. have had to face difficulties after difficulties in making the movement the success that it is to-day. Without meaning any reflection on others, I feel I will not be taken amiss, if I were to particularly mention the name of late Prof. T. K. Hanumantha Rao. Oh! What a tremendous fight against odds he had to carry on in stabilising the Stores movement as against its rival the credit movement. What amount of difficulties and misunderstandings had to be got through before the Stores movement could be made strong enough to withstand the onslaughts of the interested merchant class.

I use at times to ruminate what would have been the fate of the movement as a whole, had only the protogonists of credit movement had taken into their head to correlate the credit and non-credit side of the movement—a wish that was always dear to Mr. Hanumantha Rao. Instead of that what do we find? At the cost of the non-credit side, the credit side was given a push—a great push and a dangerous push—so much so we all have occasion to repent the misery to which the ryots that were given facile credit have to face. If the question of overdues were to be the determining factor to judge the soundness or otherwise of the movement, I daresay we are not yet out of the wood. The mere preaching of a great objective without any steps being taken to implement these objectives left a great gap between achievements and aspirations. To a certain extent it seems to me the application of democratic principles of Panchayatdars of societies being elected by majority votes is responsible in leaving the movement into wrong hands that never scrupled to get their own ends realised at the cost of the movement. The soul of an institution is in the personalities that control its destinies. To get a verdict after 35 years' working of the movement from no less a person than the present Registrar of Co-operative Societies that the Societies in villages should be re-manned by persons imbued with high ideals of service is enough to condemn the hasty expansion of the movement in the past. Time was when the Co-operative movement was hailed

as a Kamadhenu bound to give everything to all. This way of exaggerating the potentialities of the movement without understanding its limitations proved at once the bane of the movement because it raised great expectations in the people with its reactions of greater disappointments later. The promotion of thrift, mutual knowledge, mutual help and each man living for others—these formed the slogans of those that controlled the destinies of the movement. Any amount of friendly criticism, when things were going head-long with an one sided development, met with a poor response or no response from the Government and the people. Instead, if the non-credit side of the movement was given its proper importance, the people would have a different tale to tell year after year in the administration report of the Department. The pity is that persons at the helm of affairs of the movement did not realise the full implications of the criticism that placing facile credit in the hands of the ryots was inviting them to spend money before they had earned it, which meant spending others' money recklessly, hoping to recoup when better days were to turn up which as a rule did not. The rigid scrutiny of the application of loans for purposes for which they were ostensibly sanctioned or the discouragement of loans for unproductive purposes, were honoured more in their breach than in their observance. The eternal blaming of monsoons and consequent failure of crops and absence of adequate prices for agricultural products were put forth as potent causes for the huge overdues.

It seems to me there is something strong, noble and virile in the movement itself that it refuses to die whatever may the calamities that overtake it. I judge it from the way in which the movement recuperated itself in the far off Burma and the nearby Orissa where there was a regular break down. In our own province, thanks to the re-orientation that is being given by the Registrar, the movement is making its way through the proper path. Attempts are being made to organise the Co-operative Marketing of Agricultural produce on an impressive scale. Organisation of milk supply in towns through milk supply societies in all the districts and the promotion of cottage industries such as Khadar and Handloom cloth through the wholesale society and its branches augur well for the future. Proceeding in this line, I hope, the time will not be far off when there will be a network of societies all over the province catering to the several needs of the members and affiliated and controlled by a Central whole-sale society at the headquarters of the Province. Unless some such path is followed in the movement, the ideal of the founders of the movement viz., the creation or a commonwealth would only be a dream.

In our stores it cannot be said that we have attained that measure of success worthy of our position to realise the ideals of the pioneers. We have yet to organise production of articles distributed through our stores. Even articles of stationery are not sold in our store. In that sense we are one among other shop-keepers running a tenth or fifth shop in a locality after buying from the first or second shop of the same locality. It cannot be said that our resources are too small to start production on a small scale at least, if not on a factory basis. I am however glad to note that our stores have started the production of gingily oil recently. Even on the side of creating savings from out of the bonuses distributed, we cannot congratulate ourselves in the measure of our achievement. For a moment just think what a small fraction we consumer co-operators constitute in a population running close to seven lakhs. Contrast this with the mighty 5 million members in co-operative stores in British Isles. We are yet to take lessons from the Central Wholesale Society in arranging in a self contained way, in co-operative production, co-operative conveyance and co-operative distribution through retail stores, of all articles of consumption. If I am not to be misunderstood, I want to openly suggest that it is high time that we do something out of the routine ways of carrying on our work. I will go further and say that we must have a national outlook in ordering of our running the stores. As far as possible we must try to purchase our requirements from the various production societies started all over the province instead of giving our orders to big wholesale merchants. I also hope that the management of our stores and the Registrar would come to an understanding in regard to the competition that is being carried on between our stores and the Provincial Marketing Society, as competition between co-operative society and co-operative society is not desirable. I do not think there will be any serious objection to our stores supplying goods to members of co-operative societies on credit in the same way as the Provincial Marketing Society is doing. Attempts should be made by our stores to supply the articles required by the various lunch clubs run in the various offices all over the city and also to supply the requirements of labour population employed in big Mills like the B. & C. Mills, Government Press, P. W. D., Stores, etc. Altogether a reading at a stretch of the different years' reports on the working of our stores

[redacted]not fail to leave the impression on our mind that we have re[redacted] state of optimum as it were on all sides. The mere variation in [redacted]gures of turnover between one year and another is not going to impress us very much that the movement is abreast of the times. To test the Stores on the superficial side, one cannot associate with our stores any arrangement in the display of articles on anything like an attractive scale or much less on anything like the methods of modern shops. On the other hand a casual visit to any of our branches would show that, instead of the Stores being the centre of radiating activity, present a dull soporific atmosphere lacking liveliness, mirth etc.—a poor apology for a shop and warning what a store ought not to be instead of being a model of what it ought to be. A word about the loyalty of our members. Out of the 6,000 members on the rolls, I do not think, that even a third are regular purchasers from our stores. In spite of a compulsory by-law enjoying on its members that they should purchase from the stores a stated portion on their requirements to entitle them to exercise their franchise in general meetings, not even 1/25th could live down this clause and take part in voting in the general meeting. An eloquent proof of the sense of loyalty of the members !

The Expansion of the Triplicane Stores

By Dr. P. S. Lokanathan.

There has of late been a tendency on the part of several co-operators to speak in rather depreciatory language of the work of the Triplicane Urban Co-operative Society and to point out that it has not been making any progress but is merely stagnating and that the Society is only resting on the old oars supplied to it by past management. As justification for such criticism, it is stated that the membership of the Society has not been increasing appreciably, that it has remained round about 6,000 for several years and this in a city like Madras with its population of 7 lakhs growing year to year is certainly a sign of stagnation and arrested development. It is also alleged that the sales of the Society are also not increasing but have remained for some years round about Rs. 9 lakhs per annum.

Such criticism is somewhat superficial. Stable membership and stable sales are not always evidence of stagnation. Behind such seeming stability is evidence of constant change. Old members resign because they leave the city, new members join and there is continuous activity and interest in the Stores. Even in regard to sales there is, year to year, sufficient change to enable the management to know if it had done better or worse than in the previous years, and it is just this marginal change that is indicative of the spirit and life of the Society. Even accepting however the criticism that judged by membership and sales the Society should be regarded as not marking any progress, there are other evidences of progress and activity which the critics often ignore. During the last few years the Society has embarked on new lines of activity. It has opened a production department for the first time, and has installed a gingelly oil mill driven by electric power, where the whole of its members' requirements is produced. The Society has also opened a piecegoods department where handloom goods of all kinds are stocked and sold. New branches at new centres are being opened. A canvassing agent has been appointed to do propaganda work, to interest the people in the work of the Stores and to persuade them to become members if they are not already so or to buy from the Stores the whole of their requirements. These certainly are no evidence of stagnation or of the self-complaisance of the management. Even the complaints received of the quality or of the prices of particular articles from

several of its members are partly at least to be regarded as a sign of life and activity and of the interest taken by the members in the work of the Stores.

It must however be conceded that progress judged by external standards is not merely slow but is not evident. What the critics really have in mind is the question as to why the T. U. C. S. should not expand into a big society with a large net-work of branches all over the city, with a membership of say 60,000 instead of 6,000 and with sales ten times as much as now. So long as the Stores remains what it is in size, it is argued that it is bound to be weak and inefficient and that only if its size expands it can really achieve good results. Such a view, apparently unexceptionable and sound, is grounded on certain fundamental assumptions and unless these assumptions hold good, it will be dangerous to accept the view unquestioningly. Now what are those underlying assumptions? These are that as the scale of a business expands, certain economics can be achieved which will bring down cost and which will enable the business to make more profit. In the case of a society like the T. U. C. S. the assumption is that if it grows in size, it can buy goods in bulk and bulk purchase is supposed to be synonymous with cheap purchase. Large-scale organisation implies also better division of labour, greater specialisation, employment of specialised ability for specialised jobs, all of which will result in reduction of overhead cost and increased return. Work can be divided and sub-divided among the various members of the staff and even among the Directors. It is a common place of economic theory that the bigger the business unit, the greater is the possibility of securing of increasing return which follows from the fact that the expenses do not increase in the same proportion as increased turnover. Thus the same competent purchasing agent can buy as readily goods of the value of a lakh of rupees as he can goods worth Rs. 50,000, and his salary remains the same. A business manager on Rs. 500 a month will become less and less expensive if the turnover of that business increases, for the per unit cost of management will become less, as the total output increases. Similarly advertisements cost does not increase in proportion to the value of the goods advertised.

It is therefore theoretically correct to assume that with such vast economies that are possible it is a sign of incompetence or indifference on the part of the management not to have taken steps to secure an expansion of the stores. Unfortunately, however, in the special conditions of Madras, the assumptions on which the above view rests are questionable and are not supported by facts. The assumption that when you buy in bulk you buy more cheaply than when you buy in small lot implies that the market is an organised market, where goods are graded and standardised and that when an order is placed by sample there is the guarantee that the goods supplied will be true to sample. It also further implies that the market can supply as readily and easily the entire requirements of a large business concern as of a small concern. In other words if, for example, the T. U. C. S. places an order for 2,000 bags of dholl of a particular variety, the market can supply that quantity as easily as it can 200 bags of that same variety. Where such conditions do not exist, where the market is not so well organised as to meet the bulk demands of a big business, where goods are of various qualities and there is no guarantee that goods of the approved quality will be forthcoming, the entire assumption on which the theory of large scale organisation rests breaks down. The Madras market illustrates precisely these difficulties. The markets in Madras Presidency are split, narrow and often local in character. There is an insufficiency of stocks of one and the same quality. Dholl at Tirupattur may be excellent, but is not available in such large quantities as to satisfy the requirements of even a comparatively small society like the T.U.C.S. A little quantity of good stuff may be readily available, and the clever owner-manager of a small retail store may be able to get that without difficulty and maintain even a reputation for handling only quality goods. But a larger concern may find it impossible to get its entire requirements of the approved quality from any market at all. Butter, ghee, dholl, grams, pulses, etc. illustrate the above fact very clearly. To give only one recent instance of the difficulty of the T. U. C. S., on a sample of excellent dholl was placed an order for 200 bags at a special price from one of the big wholesale suppliers of the city, but when deliveries were taken it was found that all but 50 bags were only of the ordinary inferior variety, and only 50 bags were true to sample. As long therefore as we have a market which is utterly incapable of and unequal to supplying the larger orders of the larger stores, an increase in size will not result in increased efficiency. On the contrary it is conceivable that if a business expands under such bad external conditions, it will rapidly lose its reputation for quality and there can be no assurance of uniform supply as between member and member with the result that serious damage will have been done to the reputation of the Society.

Again the assumption that bulk purchase implies cheap purchase also does not hold good in Madras. The margin of difference between wholesale prices and retail prices is so inconsiderable that the expenses of a big organisation cannot be met out of such low margins. Why the margin is so low is a question that cannot be answered here, for that would occupy more space than is now available. But the fact of the low margin cannot be disputed. The nature of the commodities handled by the T. U. C. S. is not like that of a business which has its own patented articles to sell. Where a business somehow manages to sell goods of its own brand or label, it can create and ensure a larger margin. But so far as the goods handled by the T. U. C. S. are concerned, the margins are invariably low. In the case of some articles like grams, pulses, sugar, chillies and until recently gingelly oil the margin was as low as 3 to 4 per cent. In some cases it is a little higher, say about 6 to 8 per cent. The Society is only able to meet its expenses of organisation by its more favourable margin in respect of rice and a few other commodities.

It may seem strange and almost incredible that a society like the T. U. C. S. should not be able to buy more cheaply than a small private store. The explanation is that a wholesaler often makes no difference between a very small retailer and a big retailer like the T.U.C.S. Further the competition among the retailers is so keen that they are content with less than bare wages for all their work and are willing to sell to consumers at only slightly above the price at which they themselves had bought the goods. But with a bigger organisation this clearly is impossible. Unless it keeps a margin of about 8 to 10 per cent. it will incur a loss. The larger business is therefore at a disadvantage compared to the smaller one, and hence size is not a favourable factor.

Is there no way of escape? There certainly is, and it will be referred to presently. But the significance of the above fact is that a bigger organisation is under a real handicap compared to a smaller one in the special conditions of the Madras market. Nor is this the only handicap. Retailers in Madras have means, not open to the T. U. C. S., of compensating themselves for such apparently low margins by practices which are shady. Adulteration is resorted to so cleverly that it escapes the vigilant eyes of some of the members who always complain of the higher prices of the T. U. C. S., but would not own their ignorance or the deception practised on them.

How many of the richer people in Madras delude themselves with the belief that they can buy unadulterated ghee at Re. 1-8-0 a viss whereas the experience of the T.U.C.S. is that even genuine butter cannot be secured in the places of production at that price? The number of varieties of goods is so large that it is a clear mistake to think that there can be only one price ruling for a commodity. Dis-organisation, deception, malpractices are yet the bane of our marketing, and as long as these evils last, the T.U.C.S. cannot safely expand without taking measures to ensure that it could itself organise the market in a better way.

Another factor that limits the expansion of a business is that consumer demand is itself not homogeneous and standardised, and therefore the advantages of bulk purchase are neutralised. Again in each market the consumer gets accustomed to particular varieties of goods even though the quality is not of the best, but are unwilling to pay higher prices for patently better stuff. Gingelly oil, ghee and dholl are instances in point where the members of the T.U.C.S. are quite content with low priced goods and would not pay higher prices for better quality goods.

A third assumption on which the economy of large-scale organisation is based is that there will be the widest possible scope for division of labour and the employment of specialised abilities. But with every division of labour the task of co-ordination and integration becomes more difficult. The executive at the top must be of superior type able to co-ordinate all activities in such a way that no one department does anything contrary to the work and policy of the other departments. Divisions of labour implies almost inevitably a lack of touch with detail on the part of the higher executive. It correspondingly magnifies the difficulty of proper supervision and control. Unless also the executive consist of men equal to the task a big organisation may prove ultimately to be a weak, inefficient and bloated organisation. There is no guarantee that under existing conditions it will be possible to get an adequate supervisory staff of the right calibre. The workers should be properly recruited and trained and must have the incentive to work diligently and with zest. The T.U.C.S. has a number of branches all over the city, and to ensure honesty on the part of the staff a number of checks and verifications have been devised, which all add to the cost of the organisation. The branch staff have no incentive to work with enthusiasm because there has been devised no system by which the good workers may be rewarded. Alreay the size and impersonal

nature of the organisation militate against rewarding merit and condemning shoddy work. In a small business or even in a large private business the employer has, even if he has no regular or systematic method of appraising the work of the staff, a rough and ready method of assessing the individual worth of his employees. His ubiquitous eye is everywhere. A large organisation tends to become somewhat like a Government department, wooden and bureaucratic in which rewards and promotions are based only on seniority. As time passes on, the business aspect is lost sight of. Procedural points and formalities are elevated into first principles. Delays become normal. Further the lack of agreement among the management in regard to the work and worth of particular individuals always militates against just and efficient treatment of the staff.

Again when a business concern grows in size, the problems of management increase. The supply of goods to the indents from branches, the day-to-day transport arrangements, immediate attention to every detail—all these require careful planning and unless corresponding to these functions there are competent managers and assistants inefficiency will surely result.

At present in the T.U.C.S. the bulk of the higher managerial and administrative work is done by means of committees of Directors who are all giving a portion of their time without remuneration of any kind. These directors are themselves busy men and cannot obviously give as much time to the work which a large organisation inevitably requires. The number of honorary workers who are both willing and capable of doing their respective tasks and who have sufficient leisure at command is extremely limited. Nor is it always safe to assume that in a co-operative stores only the best available men are elected as Directors. The result is that even under existing conditions it is found difficult to get all the work through expeditiously and efficiently. The Directors are often afraid to take the initiative and are merely content to carry on because success brings them no reward while failure means severe censure from the General Body. The work of purchase which now devolves on the Purchase Committee is itself a task of such magnitude that with the best will in the world the Directors are unable to chalk out independent lines of organisation and development. Many more persons are necessary if there is to be specialisation in purchase, so that each major article may become the special concern of one or two directors.

So much has been said above regarding the limitations of the doctrine that the size of a business is any measure of its economy or efficiency because too often the conditions in which alone the theory can be regarded as valid do not exist in practice. It is however not to be understood that the T. U. C. S. has reached the utmost limits of its expansion and that further increase in the scale of its operations would necessarily be undesirable or harmful and result in inefficiency. Far from it. What has been stressed above is that before an increase in the size of the T. U. C. S. can be safely brought about, the existing deficiencies in external and internal organisation should first be removed. There are certainly ways of doing so. But until that is done it will be only dangerous to bring about a rapid development. At present the society is working on a level of efficiency which, while it certainly cannot be regarded as high, is at least sufficient to ensure stability in membership and sales. Any attempt to force the pace without ensuring a change in external and internal organisation will only result in weakening the Society.

What then are the ways by which the external and internal organisation may be improved? In the first place, the society must reduce its dependence on the local market, and must set up its own organisation in the places of production or distribution for purchase. But mere purchasing and selling will not improve matters. It must take steps to do at least some part of the processing of goods itself, so that as far as possible every article sold by the society might have the label and brand of the society. This label and brand must be genuine. We have already succeeded to some extent in regard to rice, and more recently, in regard to gingelly oil. The next step should be that in the case of many more articles the same processing should be adopted and goods must be sold as branded goods of which the T. U. C. S. alone would have the monopoly. Only in that way can the society get reasonable margin of profit sufficient to cover the expenses of organisation.

The second task is to set up productive departments and organisations for purchase, not in the rough and ready way as now but in a systematic manner. This is, of course, no new suggestion at all; but the significance of this lies in a new attitude to the task of organisation. Each unit of productive organisation should be regarded as a business in itself with separate agents and a director to look after it.

If the above suggestions are to be carried out, an entire reorganisation of the structure of the society is inevitable. Problems of

recruitment, training, wage payment, incentives, etc., should receive careful attention, and the staff recruited should be of higher calibre and ability than is now the case. Systems of promotion and of remuneration must be evolved by which honest and capable work may be rewarded and shoddy or indifferent work penalised. At present, since the salesmen and the accountants get a fixed salary, there is no incentive for them to push up sales. The less, the sales, the better for them, because they will have less work to do.

But since the new organisation cannot properly function without greater supervision and control from above and also without many more full time executive who can give their whole energy to the task, the present system of honorary work will have to give place to paid work or atleast to work with some honorarium attached to it. Without a large number of directors who can give their time and energy to the increased work, no expansion is possible. In the present temper of the general body with its innate conservatism and general unwillingness to pay for work, it may not be so easy to bring about a change. But the condition of expansion is the availability of more willing workers at the top, and even to them, some incentive, apart from the doubtful honour of being directors of the T. U. C. S., seems to be necessary. At least half a dozen directors must be whole-time people who will be responsible for the various production and purchase departments. Not until these and many other conditions are fulfilled can the T.U.C.S., expand safely or without danger to its efficiency.

Conferences.

THE MADRAS XIX CENTRAL BANKS' CONFERENCE

20—4-1940.

WELCOME ADDRESS.

By The Hon'ble V. Ramadas Pantulu,
President, Madras Provincial Co-operative Bank, Ltd.

Esteemed representatives of Co-operative Central Banks,

I extend to you on behalf of the Madras Provincial Co-operative Bank a hearty welcome to this session of the Central Banks' Conference.

Present financial position of Central Banks—Need for rehabilitation.

I wish to avail myself of this opportunity to bring under brief review the general position of central banks and some of the problems which demand our attention at present. Information regarding the financial position of the several central banks tabulated under various relevant heads has been compiled by the Provincial Bank giving figures as on 31st March 1940. It is appended to this address and I hope you will study the statement with some care. You will find therefrom that the overdues position in many central banks is far from satisfactory. Of the 30 central banks, excluding the two in South Orisa which are still with us, the overdues (balance to demand) stand at 50 per cent and over in as many as 19 banks, that is, nearly 66 per cent of the central banks in the province. Again, in six of these they are over 90 per cent. The estimate of overdues to outstanding will not yield useful data, for among the outstanding loans large amounts now represent loans against produce both to loan and sale societies and village societies, which are expected to come back from the sale of produce. So, any such estimate will not reveal the true position about overdues. This is a very unmistakable indication of the fact that bulk of the assets of these central banks had become frozen and that the condition of several societies affiliated to them is such as to justify the conclusion that they are in a state of stagnation. This is a situation which ought to put us on our guard. There is something for us to feel anxious about. So, I think the time has now come for each central bank to undertake a careful investigation of the condition of its affiliated societies to unfreeze the frozen assets and put fresh vigour and life into the credit movement in their respective areas. This is by no means an easy task and neglect of it for any considerable time will involve the movement in this province, as in the case of some other provinces, in serious difficulties. Of late, I inspected

certain central banks and in my notes of inspection not only did I record my impressions of the conditions of the movement in their areas but also submitted for consideration of the Provincial Bank and the central banks concerned, my suggestions to bring about an improvement. Among other measures I may mention the following as being of urgent importance:—

(1) A fresh programme of rectification should be drawn up with a view to ascertaining as definitely as possible what portion of the loans outstanding in the societies can be collected either in lump sum or in extended instalments, what portion of the loans are adequately secured and what portion should be remitted or writen off *in toto* or scaled down to the level of the repaying capacity of the members. Unless we do it, we do not know exactly where we stand in regard to each central bank. Mere paper statistics collected from the books of societies serve no useful purpose. Genuine investigation on the spot and an honest endeavour to gather reliable data can alone help us.

(2) Each central bank should also put in operation a scheme of revitalisation of societies by writing off all bad debts which are definitely ascertained to be irrecoverable from the accumulated and legally available reserves. Some central banks are over-capitalised and in the case of a number of central banks a large number of indebted societies have substantial amounts of share capital and reserve funds invested in central banks. Nevertheless, we follow the time-honoured orthodox methods and practices of merely showing the indebtedness of societies on one side of the account and their investments in share capital and reserve funds on the other side. But what relation there is between the two sides of the account and when and how the balance is going to be struck are questions which do not so far seem to have engaged the serious attention of central banks. This practice appears to me to be indefensible, judged by either normal rules of banking or accepted methods of accounting. I therefore suggest that central banks may immediately embark on the task of clearing the dead wood from their path and removing as many of their indebted societies as possible from the list of defaulters by making necessary adjustments referred to above. My personal enquiries have convinced me that a large number of societies, which are shown as persistent defaulters and find a place in C and D class can be once more revitalised by this process. There is nothing in co-operative law and practice to prevent such adjustments, and I am sure that if reasoned representations are made to the Registrar, furnishing all relevant information, he will not withhold his assent. In cases where the share capital, reserve fund and bad debt reserve of societies are found insufficient, portion of the bad debt reserves of central banks concerned may also be used. The question of pooling the reserves which is clouded in controversy may be left out for the purpose of the present scheme

of revitalisation and societies may be dealt with individually, without one society being asked to go to the help of another. Even this will result in retrieving the position considerably. Unless some such scheme is worked out bankers and creditors of central banks may not consider their balance sheets worth looking into in course of time.

(3) The position in regard to bad debt reserves must be thoroughly re-examined. These so called bad debt reserves of central banks and societies are now utilised in their business and have become indistinguishable from their bad assets. It is not denied that bad and doubtful debt reserves are kept distinct from general statutory reserves with the avowed object of having at the disposal of the management funds from which bad debts of the institution may be periodically written off, before touching statutory reserve. But the purpose of creating a bad debt reserve is frustrated firstly by utilising it in the business of the society whereby itself becomes a bad asset again and secondly by not periodically writing off bad debts at least to the extent of the bad debt reserve. I have dealt with this question at some length in my inspection notes of half a dozen-central banks, and a circular on the subject has already been issued by the Provincial Bank to all central banks. The subject also finds a place on to-day's agenda. I hope and trust that central banks will pursue the matter and obtain necessary permission from the Registrar for periodical adjustments.

Financing of Central Banks.

The Provincial Bank always considered itself to be the custodian of funds gathered into a common pool for the benefit of the central banks. Every endeavour has been made and is being made to meet the financial requirements of the central banks to the extent possible. Of late some fresh problems have cropped up in regard to financing of central banks, whose committees of management are superseded and of central banks, the overdues position of whose affiliated societies is extremely bad. The Executive Committee of the Provincial Bank shoulders very serious responsibility in such cases. In accordance with a previous decision of the Board of Management, in the case of banks whose committees are superseded under section 43 of the Act, fresh finance by the Provincial Bank is limited to loans against produce in the custody of loan and sale societies affiliated to central banks. So, no fresh loans are expected to be advanced to central banks for carrying the normal financing operations with their affiliated societies. The same rule must be observed in the case of central banks, the bulk of whose assets are practically frozen as in the case of banks with overdues over 90 per cent. and whose collections from their affiliated societies are evidently not forthcoming to the extent necessary to enable them to meet on maturity the claims of their depositors and creditors. In other words, accommodation in the case of

central banks, so situated as not to be able to effect sufficient collections from their outstanding loans in societies even to pay their depositors and creditors in time is extremely risky and unbusinesslike for the Provincial Bank to undertake. But loans against tangible security of produce stored in the godowns of loan and sale societies or places of storage which are in the effective custody of central banks stand on a different footing and I feel that the financing of such central banks must be limited to such loans. Central Banks which to-day find themselves in that situation must first make every endeavour to put their houses in order by carrying out some of the suggestions which I have already made and in such other ways as they think fit. In order to help the central banks to put their affairs on a better footing, the Provincial bank will, I am sure, extend its help liberally by way of subsidies or subventions for additional services, guaranteeing long term accommodation to a safe limit if deposits have to be returned as a result of putting old loans on a long term basis after adequately securing them, and the like. Then several societies which are now ineligible for fresh loans from such central banks will become eligible for fresh credit besides their paper becoming acceptable as cover for overdraft from the Provincial Bank. It is a matter for regret that we should be fast losing our sensitiveness to the deadly effect of these overdues. I find a proposal on the agenda for to-day that the Provincial Bank should accept overdue paper of societies as cover for overdraft. It is a request that should not have come from any responsible quarter. If such discrimination is made in the case of central banks which are admittedly in financial difficulties there will be little justification for not showing a similar concession to central banks which are comparatively more sound financially. The Provincial Bank will be betraying the trust and confidence placed in it by the central banks as well as the investing public if it accepts such suggestions. That only shows how the persistent continuance of overdues has deadened our sensation to the rot that has set in, much in the same way that the noses of those who dwell in the city slums become insensible to foul odour. We must wake up before it is too late and treat all overdue paper as dead paper for discounting or rediscounting for purposes of fresh co-operative credit. We shall then become alive to the need to put our houses in order expeditiously and deal more effectively with our overdues.

But there are certain central banks which are in a much better financial position and do not fall in the category mentioned above but which have some affiliated societies whose overdue position is very unsatisfactory. During the period of intense economic depression we showed some laxity in regard to financing such societies. Broadly speaking, we took the view that future finance must not be wholly cut out simply because a society is in default to a central bank and the overdues of members in the society were heavy. We relaxed our caution to a certain extent and pursued the policy that non-defaulting and new members of defaulting societies should not be starved, though the financial condition of the society taken as a whole was far from satisfactory. It was clearly a temporary expedient to prevent stagnation and a virtual collapse of the credit system at a time when the credit movement was passing through an acute economic crisis. But that policy should not be turned into the normal rule. I have of late found a tendency on the part of certain central banks to press for loans to societies which are bad and persistent defaulters merely on the plea that the new loans applied for are intended for disbursal to non-defaulting and new members. I think we shall be trading on very dangerous ground if we accept this as normal procedure in daily loaning operations. We must not allow overdues to continue indefinitely on the books of central banks or societies. Even if non-defaulting or new members are to be financed, it is necessary both for the central bank and the Provincial Bank to know the exact position in regard to overdues and the adequacy or otherwise of the action taken by the concerned societies to collect the overdues. I therefore consider it desirable that along with their applications for loans to finance rural societies, the central banks may also furnish to the Provincial Bank information regarding the overdues position of the societies as on the date of the application. I append to this address for your examination a form in which such information may be supplied.

I may also add that in future short term seasonal credit should be encouraged more and more and that long term credit, that is to say loans for over three years, should be restricted as far as possible to the owned resources of the central banks. This will be a safe rule, specially in the case of central banks which have not considerable reserves of societies invested with them. Demands for long term loans on the Provincial Bank will put a certain amount of undesirable strain on the financial resources of the Provincial Bank and will adversely affect its present excellent liquid position. This is a contingency which the central banks must avoid in their own interests and the interests of the societies affiliated to them.

When short term seasonal loans are advanced, there should be a limit to the period for which a loan may continue to be overdue. The convenience of the borrower no doubt plays an important part in our method of dealing with the societies, but there seems to be no justification in allowing a defaulter to whom a short term loan is advanced more than one year after his loan has become overdue. He must repay it atleast out of the second harvest. If he does not, I think action for recovery should not be postponed.

In order to encourage produce loans and to facilitate the business of the central banks in that sphere, the Provincial Bank has been sanctioning, on a forecast basis, loans to central banks for advance against produce both to loan and sale societies and village societies. The main object of providing this facility is to meet the demands of the members for loans against produce promptly and adequately. There has been a demand to extend the forecast system to ordinary loans to village societies. In the present stage of the movement and the condition of central banks and societies, this will involve serious risks and will remove practically all control of the Provincial Bank and central banks on the loaning operations of societies. It is therefore, in my opinion, not desirable to introduce this system at this stage.

Produce Loans and Insurance.

From the tabulated statement of the financial position of the central banks, which is appended to this address and to which I have already referred, It will be seen that the business of the loan and sale societies is progressing satisfactorily. On the 31st of March 1940, loans to the extent of more than half a crore of rupees are outstanding against these societies. Besides this type of produce loans, there are loans advanced against produce by village societies themselves. There are, however, no available data to show with any degree of accuracy the amount of such loans. In future, it will be desirable for the Provincial Bank to obtain through the agency of the central banks figures for loans advanced by village societies against produce apart from those advanced through loan and sale societies. The desire to extend loan business of rural societies against produce stored and pledged is both legitimate and beneficial. With the expansion of produce loans through village societies, the operations of loan and sale societies may be more and more linked up with the marketing of produce of members. The Provincial Bank has therefore rightly decided to charge the same rate of interest to central banks whether the loans against produce were intended to be given through loan and sale societies or village societies. That scheme may continue.

In connection with the development of this business we are coming up against some new obstacles. I shall deal only with one of them. There is a growing reluctance on the part of central banks to enforce the conditions laid down by the Provincial Bank with reference to these loans. More than one central bank wants to relax the rule about insurance of produce. Some banks say that the existence of unlimited liability in societies is sufficient reason for not insisting on insurance. Liability in loan and sale societies is limited and I believe that even in rural societies their by-laws do not contemplate unlimited liability in respect of produce loans. Can it be contended with any justification that, if the produce of one member is accidently destroyed by fire and he is unable to repay the loan from his other assets, the other members of the society should be made to bear the loss? You all know that produce loans are not computed with reference to the maximum borrowing power either of the society or the individual borrower and these loans are generally large in size in relation to the produce stored. Is it reasonable or just to seek to enforce unlimited liability in respect of such loans when the produce is destroyed by fire? I do not think any one will subscribe to such a proposition. Then, some banks say that produce like paddy or cereals is not combustible. So far as I know, when the receptacle in which it is stored takes fire, such produce will burn quite as well as any other substance, and the argument is quite unconvincing. Once our depositors and creditors come to know that we do unsound business be lending against uninsured produce, our credit in the market will definitely go down. The agriculturists, who borrow from commercial banks, even at higher rates, do not complain against the insurance charges and pay quite cheerfully. When loan and sale societies and village credit societies are making money available at as cheap a rate as possible and offer various other facilities, which commercial banks do not, I do not see why our borrowers should make such complaints against insurance charges. These charges are borne by the borrowers and the central banks do not shoulder any portion of the burden. In these circumstances, I do not see why some central banks are so insistent on the condition about insurance being waived. The Executive Committee of the Provincial Bank is doing everything possible to keep the credit of the Provincial Bank in the market as high as possible, and I most earnestly beg of you not to drive the Provincial Bank to embark on patently unsound banking business. Waiving of insurance is most suicidal to the true interest of the Provincial Bank andthe central banks, and I hope that the demand will be dropped.

Rates of Interest.

Your are aware that the Imperial Bank of India has put up its rates of interest both on loans as well as overdrafts on gilt edges to 3½ per cent. Three and a half per cent is the lending rate of the Provincial Bank to central banks. Nevertheless, the Executive Committee of the Provincial Bank has been endeavouring its best not to raise the rate of interest to central banks until it becomes absolutely necessary to do so. We are now able to get accommodation at 3 per cent both from the public as well as the Reserve Bank of India. Unless the conditions of the money market are greatly disturbed, I hope that during the present busy season, that is during the unexpired portion of the current co-operative year, there will be no need to raise the lending rate of the Provincial Bank, which will be maintained at 3½ per cent. It is, however, difficult

now to predict what may happen in future, specially having regard to the world conditions and their reactions on money markets. So, it will be desirable for the Provincial Bank and the central banks not to commit themselves too far in advance either in borrowing or lending and to adjust their finances to the requirements of the changing times.

It is not for me to tender any advice as to the rates which the central banks should charge to the societies and those which the societies should charge to their members. The question of the margins which central banks and societies should maintain has now come to the forefront, particularly in view of the speech delivered by Mr. H.M. Hood I.C.S., at Tinnevelly recently. About the soundness of Mr. Hood's advice, there can be no two opinions. Prudence and banking principles alike demand that we should so regulate the margin between our borrowing and lending rates as to ensure the financial stability of the institutions concerned. But excessive conservatism leading to reverting to old high rates such as 9⅜ per cent must be avoided. I think the societies can be made to work satisfactorily, if rates going up to 7½ per cent and not more are charged to the ultimate borrowers according to the local conditions. In some areas we may be able to work with 6¼ per cent especially if societies and their transactions are large. I have adverted to this question because I have heard that in some quarters there is an attempt to advocate the need to raise universally in this province the lending rate to ultimate borrowers to the old level of 9⅜ per cent. I consider it is unnecessary. The Provincial Bank now lends at 3½ per cent. and the Executive Committee has already approved a proposal to permit the central banks to receive deposits at the same rate. This proposal has also the approval of the Conference of Registrars of Co-operative Societies, which met at Delhi in December last. So, there will be a clear margin of 4 per cent between the borrowing rate of central banks and the lending rate of the societies if they charge 7½ per cent to their members where conditions justify it. It ought to be enough in my opinion. The way to increase the revenues of the societies is to improve their membership and expand their transactions and not unduly raise their lending rates to an uneconomic level. We must take note of the realities of the villagers' life and the fact that rural economy is on the whole a deficit economy and the villagers can pay even 6¼ per cent with considerable strain on their resources. So, we must not err either on the side of charging rates which are too low or which are too high.

Investments of Central Banks.

The main investments of the central banks outside their business and the Provincial Bank are in gilt-edged securities and the debentures of the Madras Co-operative Central Land Mortgage Bank. At the last general body meeting of the Provincial Bank held on 26th November 1939, I dealt at some length with the question of investment of reserve funds and general funds of Central banks in the debentures of the Central Land Mortgage Bank. The position at present is that out of the total reserve fund investment of central banks in the Provincial Bank amounting to over Rs. 32 lakhs, a sum of Rs. 16 lakhs or about 50 per cent thereof has been invested by the Provincial Bank in the debentures. This does not involve the central banks in any financial embarrassment in regard to either capital depreciation or their ready negotiability and marketability. The average borrowing rate and the average yield on the investments of the Provincial Bank are well spread out and rise and fall with the conditions of the money market, and on the whole do not involve any steep loss. Besides the investments thus made by the Provincial Bank, the central banks have directly invested a sum of Rs. 2.88 lakhs from out of their reserve funds (over and above the investment in the Provincial Bank) and a sum of Rs. 24.08 lakhs from their general funds in these debentures (*Vide* columns 17 and 18 of the financial statement appended). The position as to the discountability of these debentures is this. The Imperial Bank and other joint stock banks, if they agree to accommodate, will not charge less than 3½ per cent to the Provincial Bank on loans or cash credits granted on the backing of these debentures. So, if the Provincial Bank is to accommodate the central banks on such security, they must necessarily be charged something more than 3½ per cent, unless money is to be passed on at the same rate at which the Provincial Bank borrows, which is not a business proposition. The Provincial Bank has, therefore, taken up the question with the Reserve Bank of India and requested the Reserve Bank for accommodation at bank rate on the security of these debentures. The Reserve Bank was addressed as early as 24-1-1940 but the matter seems to be still under investigation and no reply has been received. It will be helpful if the Madras Co-operative Central Land Mortgage Bank also takes up this question of accommodation on these debentures at bank rate with the Reserve Bank. It will strengthen our hands.

As for the soundness and safety of investments of central banks in these mortgage debentures, there is no question. But two points have to be considered in connection with these investments. One is the question of capital loss. Gilt edged securities of Provincial and Central Governments carrying 3 and 3½ per cent are now quoted at a discount and the debentures of the Central Land Mortgage Bank can certainly not be expected to fetch more, if need arises to sell them. A capital depreciation on these debentures will mean a substantial loss to the creditors and depositors of central banks. Secondly, the objection frequently raised to the general funds of central banks, raised from short term deposits, being invested in long term loans applies also to investments in

long dated mortgage debentures as well, and this involves a certain amount of risk which cannot be overlooked. This risk can be eliminated only when the Government and the Reserve Bank take adequate steps to give these debentures the same status as gilt-edged securities in the market as well as in the matter of accepting them as cover for fluid resources. The present rule regarding fluid resources is that investments made in the debentures of the Central Land Mortgage Bank can count for fluid resources only to a limit of one-third of the resources required, subject to a maximum of 80 per cent of the market value of the debentures. So, investment in debentures of the Central Land Mortgage Bank stands to-day on a very different footing from investment in gilt-edged securities in regard to fluid resources. The central banks are driven to the necessity of investing their funds in these debentures for the reason that cash credit given by the Provincial Bank to central banks against the security of societies' promissory notes cannot be counted by central banks as fluid resource for outside liabilities, while the cash credit enjoyed against the mortgage debentures can be so counted, though their availability is restricted to one-third of the resources required or 80 per cent of the market value, whichever is less. To me, the whole position seems to require re-examination. Further representations should be made to the Government and the Reserve Bank to put these debentures on a more satisfactory basis by removing the handicaps mentioned above.

Supertax Relief.

There is a general belief that co-operative societies enjoy substantial privileges in respect of income-tax and super-tax. While it is true that under an old notification of the Government of India, what are called 'business profits' of co-operative societies are exempt from income-tax, in actual practice the scope of the exemption is being cut down to the narrowest limits. In fact, in regard to super-tax the co-operative banks stand on a different and much worse footing than the joint stock banks earning the same amount of profit. The Madras Provincial Co-operative Bank has been paying on its profits a much larger amount of tax than what it would have paid if it were a joint stock bank. The following figures for the three years 1937-38, 1938-39 and 1939-40 will show the position :—

Year of Assessment.	Profits as per Balance Sheet.	Profit assessed by the Income-tax Department.	Income-tax Paid.	Super-tax paid.	Super-tax Payable if it were a Joint Stock Company.
	Rs.	Rs.	Rs.	Rs.	Rs.
1937-38	2,02,267	2,58,260	34,207	29,916	14,101
1938-39	1,97,722	2,51,941	31,214	28,526	13,673
1939-40	2,93,184	5,10,377	42,535	72,345	31,898

I have taken up this question with the Finance Department of the Government of India and with the Central Board of Revenue for some time past. My endeavour to move an amendment to the Incometax Act, when in its final stages in the Council of State, proved infructuous. But the then Finance Member gave me an assurance on the floor of the House that the question would be looked into at the earliest opportunity and legitimate relief would be given. The anomaly arises from the fact that co-operative societies are not treated as corporations, companies or firms but as associations of persons under the Incometax Act and as such are liable to pay the highest amount of tax. So, while a joint stock bank is taxed as a company, a co-operative bank is taxed as an association of persons. This is the reason for our being subjected to heavier taxes. Though it has not been possible for the Government of India to introduce legislation to amend the Incometax Act by classifying co-operative societies as separate class of assessees and prescribing the mode of taxing them, yet as a temporary measure of relief a special provision was introduced in this year's Financial Bill by the Finance Member. The result of this proviso will bring immediate relief in respect of assessment for the year 1940-41. But for the introduction of this proviso we would have had to pay a sum of over Rs. 59,000 as super tax. Now our liability will be round about Rs. 16,000 and we thus obtain a relief to the extent of over Rs. 43,000 for the assessment year 1940-41. As the proviso also has the effect of exempting all profits up to Rs. 25,000 from super-tax, central banks, which earn not more than Rs. 25,000 of assessable profits will be totally exempt from supertax and on assessable income over that amount only a flat rate of one anna in the rupee will be charged, while the banks were liable to pay a graded tax going up to Rs. 0-7-6 in the rupee, previously. Thus the central banks also get substantial relief by this amendment. While conveying our thanks to the Finance Department and the Central Board of Revenue, I have laid stress on the need for placing this relief on a permanent statutory basis by amending the Incometax Act itself. There are also three or four other grievances of co-operative banks in regard to assessment to income-tax. I have submitted a memorandum to the Government of India on that matter, and shall pursue it to the best of my ability and see what relief we can get.

Conclusion.

Before I conclude I wish to repeat the sentiment which I often expressed in the past, *viz.*, that the central banks must look upon the Provincial Bank as their common possession and that the Provincial Bank must feel absolute identity of interests with the central banks. I therefore hope and trust that in the years to come the central banks and the Provincial Bank will continue to function as integral parts of the one co-operative credit machinery with common aims and ideals to pursue and common needs to serve. I have not anticipated the recommendations of the Committee on Co-operation, which is soon expected to publish its report. The aim of that Committee is to give a new orientation to the Movement. I hope that in implementing the recommendations of the Committee, the Provincial Bank and the central banks will collaborate and contribute their best for the lasting benefit of the agriculturists of this province.

Financial Position of Central Banks as on 31-3-1940.

No.	Name of Central Bank.	Share Capital	Reserve Fund.	Other Owned Funds.	Reserve Fund of Societies.	Deposits. Time.	Deposits. Demand.	Borrowings from Provl. Bank. Time loans.	Borrowings from Provl. Bank. Cash credits.	Other borrowings.	Loans to Primary Societies.	Loans to Sale Societies.	Loans to Liquidated Societies.	Estimated bad debts.	Investments in G. P. notes.	Investments in C. L. M. B. Debentures. R. Fund.	Investments in C. L. M. B. Debentures. G. Fund.	Investments in Banks. Provincial Bank.	Investments in Banks. Other Banks.	Percentage of over dues. Balance to demand.	Percentage of over dues. Balance to outstanding.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
1	Aska ...	119117	32280	105027	59972	408414	36085	...	1846	4599	540113		24775	34820	58975	...	...	44279	...	92.0	37.0
2	Berhampore...	74045	18396	29685	110814	333600	286121	40000	5493	...	521622	7500	20,6	7230	221063	...	50000	25496	2900	55.0	24.0
3	Chicacole ...	77515	24834	17996	43626	1,04,8	5,153	125645	18080	3544	398,18	...	23690	20450	34500	...	...	3,334	11487	96.3	59.6
4	Vizianagarm.	202680	82960	96000	346197	838623	2,5606	404400	79572	...	1538467	20834	88401	48631	30500	...	369000	124212	29221	66.51	45,8
5	Cocanada ...	84400	41284	63646	1095,4	316621	101587	177000	...	...	4,5631	158924	60341	56287	46498	3000	32000	4,488	510	72.8	4.5
6	Ramachandrapuram ...	103200	98100	81781	168274	447895	174132	600000	39833	27738	1199906	238962	22875	22875	60265	1000	9000	112100	...	11.72	64.3
7	Amalapuram.	149800	70241	69598	163982	291371	2 31 2	568140	54709	9498	1005530	198017	41656	82934	46500	17300	40000	70841	1500	36.6	22.3
8	Rajahmundry.	26150	16977	3358	41109	7,543	130,44	...	...	...	156287	60442	2367	2804	11511	...	15000	19942	...	49.6	15.64
9	Ellore ...	254125	106,13	83580	259164	786236	145,55	950030	...	...	1296443	6902 5	82343	53700	23,629	33362	20000	131505	146764	42.2	32.1
10	Krishna ...	188,39	1573,6	142589	433430	74841	243547	1050000	100774	56683	1832883	736614	58372	33150	103502	12600	50000	77500	625	28.0	16.0
11	Viziavada ...	16,347	3,054	46480	1151,0	528316	251,64	549101	...	...	1324104	84225	10113	17877	24469	2700	82658	68,62	35680	3,.9	24.4
12	Guntur ...	178672	195052	153960	202280	306546	397097	785400	14726	...	866119	731,39	113339	119545	152356	4200	...	227743	5,232	2,.0	20.0
13	Nellore ...	143299	96200	120229	135914	1105948	863717	...	15899	52552	845915	166664	48156	...	1125457	10600	10000	106566	118291	38.13	1,.89
14	Chittoor ...	147627	45909	33,33	201141	266771	75214	133634	81260	...	59641,	542,8	73253	10,816	...	...	90000	16,941	618	75.2	34.3
15	Cuddapah ...	731,0	30155	36247	,5524	4311 7	97769	190590	...	156169	456,5	184007	90646	96043	252336	7500	20000	47440	1184	97.83	71.14
16	Hospet ...	148448	51458	78565	1388,3	486818	1 5429	23559	...	...	77219	23231	38083	136603	19922	...	34500	113442	19182	96.9	73.8
17	Anantapur ...	292561	8,588	94836	314909	762406	67319	24032	45426	...	1110155	13154	134353	194233	63306	1100	119930	105040	10869	91.4	70.9
18	Kurnool ...	101325	54545	75123	89983	596416	83309	...	44970	...	708100	85559	4,515	60228	50000	14,00	10000	101845	9118	92.6	67.7
19	Madras ...	120481	6105	23205	454971	158544	125182	297600	...	...	798851	...	32616	43826	144045	...	...	38108	1069	14.4	1,.3
20	Conjeevaram...	363281	268959	155156	68,403	610156	229627	31425	89348	...	1434044	28352	291699	233477	...	...	50000	4,2824	...	91.0	82.0
21	Vellore ...	267325	233402	234470	623070	9522,1	329688	68500	60000	7301	164,069	13893	356400	180000	237100	...	219835	258363	3118	78.4	42.9
22	Salem ...	185364	2001,3	262287	762206	1032777	4,0877	754449	...	32343	2638360	5000	68423	69854	409,26	10100	...	21,527	5899	44.0	14.0
23	Coimbatore ...	268689	2,3893	73410	106813	2523834	627811	120000	...	200000	37,1367	8000	44584	426,9	405396	24000	332100	304847	71602	60 7	29.9
24	Malabar ...	114149	50863	55155	146934	54,972	155129	50000	16992	18112	721693	202784	252263	1,0485	27100	20000	45000	52123	1100	66.15	42.6
25	South Canara.	117227	72968	25884	41546	5 2939	121536	187000	...	62608	686149	415749	64931	49326	51611	1700	63100	123,45	...	16.0	9.0
26	South Arcot ...	294643	144776	107736	366397	459189	89404	170250	96609	...	890313	170259	255012	144524	74531	17000	100000	154649	56,5	79.9	73.5
27	Kumbakonam.	123397	117142	836 3	371022	590868	392748	...	...	...	786419	155845	145357	112896	391500	8,00	...	189851	5923	50.0	42.5
28	Tanjore ...	129266	75213	59226	235678	339429	157550	...	1037	120082	561658	96130	14,827	193227	...	...	150000	93938	205,5	61.16	65.15
29	Trichinopoly.	193420	444410	267185	1197468	982010	618227	...	...	...	1919205	117044	211115	19,543	343666	46200	301500	624793	74019	73.78	18.52
30	Madura Ramnad ...	313802	201932	184679	756803	1441306	390417	188000	36875	45020	2484291	338639	96662	77107	147500	...	100000	323848	5481	57.8	23.9
31	Tinnevelly ...	187091	148947	70458	3261,4	572136	356479	...	88600	68079	802056	294146	90567	89213	197244	53000	175000	214123	8812	57.3	26.1
32	Srivilliputhur	87391	33476	40184	106266	98400	30681	86227	72068	...	336805	27527	71758	71840	...	...	25000	50976	1025	74.2	60.6

Resolutions passed at the XIX Session of the Central Banks' Conference held at Madras on the 20th April 1940.

1. This Conference places on record its sense of sorrow at the death of Mr. V. Venkatasubbiah, who rendered conspicuous services to the Co-operative Movement in various capacities and resolves to perpetuate his memory in a suitable form.

2. It was resolved to appoint a Committee of the undermentioned five gentlemen with power to co opt for taking necessary steps to perpetuate his memory.

(1) The Hon'ble Mr. V. Ramadas Pantulu,
(2) Sri T. A. Ramalingam Chettiar,
(3) Dr. P. Gurumurti,
(4) Sri M. Shiva Rau, and
(5) Sri Rao Bahadur A. D. Thandu Mudaliar.

3. Resolved that notice of resolutions and motions sent by representatives of Central Banks shall be supported by a resolution of the Executive Committee of the Central Banks concerned.

4. Resolved in pursuance of the circular of the Provincial Bank dated 1st March 1940 and in modification of the resolution of the Central Banks' Conference dated October 1926, that Central Banks be allowed to regulate the rates of interest on deposits, subject to the maximum lendin; rate of the Provincial Bank.

5. Resolved to request the Government to cancel G. O. No. 1407 L. A. dated 5th April 1939, regarding investment of funds of Local Bodies and Municipalities and allow Local Bodies to deposit in Co-operative Institutions on the same conditions as before.

6. That in the rectification of bad societies, affiliated to Co-operative Central Banks, whose debts to the Central Bank and outsiders can be discharged by setting off the share capital held by the society in the Central Banks (on which the Central Bank has a lien, under section 22 of the Co-operative Societies Act) and the reserve fund of the society invested in the Central Bank, it is resolved to request the Registrar to permit wherever necessary the adjustment of such share capital and reserve fund to Central Bank loans.

7. Resolved to request the Government to exempt Co-operative institutions from the operation of the Sales Tax as it will hamper the growth of the movement.

8. Resolved to request the Government to appoint special staff (including Sale Officer) at least temporarily to collect the heavy overdues from liquidated societies.

9. Resolved to request the Registrar to issue suitable instructions with a view to get amended the by-law of societies fixing the remuneration of

Panchayatdars on the basis of collections instead of the loans outstanding at the end of the Co-operative year.

10. While the Conference is anxious to keep the rate of interest as low as possible to the ultimate borrower, it is of opinion that the Central Banks' rate of interest should not in any case exceed two per cent over the lending rate of the Provincial Bank and the rate at which the primary societies lend should not exceed two per cent over the rate at which they borrow from the Central Banks.

11. Resolved that arrangements be made wherever facilities exist to secure the gold jewels mortgaged with the primary societies in the Central Bank with which they are affiliated and the Central Banks do allow credit facilities to a corresponding extent on the lodging of such jewels.

12. Resolved that in the opinion of the Central Banks' Conference, it is desirable to invest separately the bad debt reserves at the Central Banks outside the business of the Bank but within the movement.

13. It was resolved to request the Provincial Bank to accept in special cases pronotes of limited liability societies as cover for loans to Central Banks.

THE TENTH ANDHRA PROVINCIAL CO-OPERATIVE CONFERENCE.

WELCOME ADDRESS

BY SRI. R. DASARADHARAMA REDDY,

Chairman, Reception Committee.

Brother Co-operators,

I extend to you, on behalf of the District Co-operative Bank, Nellore, and the Reception Committee of this Conference, a most hearty welcome to the 10th session of the Andhra Provincial Co-operative Conference.

I have no new problems to place before you. The vital problems that exist today and await solution at this Conference have been in existence for over half-a-dozen years past. The Congress Government that came into power in 1937 realised that this non-official movement has not been functioning well and that it ought to be set right. For that purpose, they constituted a Committee on Co-operation to investigate into the working of movement, and to suggest measures for the rejuvenation of the same. Men of emminence, and rich experience have served on the committee and have examined the problems at great length and critically. The President of the Committee is an able administrator, who devoted considerable portion of his time for the study of agricultural and rural problems He is fully aware of the economic position of the agriculturist and his inability to make both ends meet. The committee has concluded its deliberations and the report will be submitted to the Government very soon. I have no doubt, that the report will deal exhaustively with all the problems that have been raised and discussed and suggest measures to combat the evils in the movement and improve the prosperity of the peasants and give a new orientation to the movement. Though the congress has laid down office, still I am confident that the Government would make the necessary changes on the basis of the report.

Village Societies.

The first and foremost thing that ought to engage our attention is the revival of the village societies and the expansion of the movement. It is suggested that the introduction of the Limited Liability basis instead of the existing Unlimited Liability basis, the organisation of a society for a group of villages, instead of a society for each village; replacing an agricultural credit society by a multi-pupose society would make the movement more comprehensive by attracting into its fold the rich and the non-borrowing public, who shun to enter its portals; would stabilise the village society by securing to it decent profits, without enhancing the margin between the lending and the borrowing rates; and would at the same time cater to the needs of its members by not only supplying credit but other amenities on an efficient and Co-operative basis. This opinion has gathered strength and has taken deep roots in the minds of prominent non-official co-operators. I have therefore nothing to add except to commend the same to your acceptance. It is our duty to strive hard to educate people in the villages in the principles of Co-operation and to make them run the society on sound and efficient lines, for the common good of all. Added to this, if a group of villages can be provided with a qualified guide, prosperity of the movement can be assured. I would therefore, suggest that multi-purpose societies, should be started with caution and only in places where right type of men and material are available,and where the villagers realise the wholesome virtues of co-operation and feel confident of managing their own affairs for the common good of all. This alone is not sufficient. The revival of the movement depends largely on the economic uplift of the agriculturist. Steps are therefore to be devised to improve his resources and his repaying capacity by measures legislative and otherwise i.e., (1) increasing the yield by supply of better seed (2) launching irrigation schemes and guaranteeing adequate water in season (3) fixing a minimum price for agricultural products (4) finding a market for his produce by eliminating the middle men, etc. It is necessary that the co-operative movement should link itself more closely with the ryots and study their special problems with a view to improve their economic well being. I urge on this conference to give the necessary lead in the above directions.

Central Banks.

The income of Central Banks has gone down considerably, on account of (1) fall in transactions of credit societies; (2) accumulation of arrears of interest and principal resulting in writing off loans as irrecoverable or in

appropriating collections to principal, (3) fall in lending rates to societies: (4) increasing cost of establishment etc. Income earned on Government Paper which is the only legal mode of investment of surplus funds besides loans to affiliated societies, is being assessed to income-tax, on the basis that the income derived, that is, from purposes other than co-operative. The Government must be moved to exempt Co-operative Banks from income-tax entirely. To improve the situation of Central Banks, outstanding debts should be collected, societies should be stimulated to expand their volume of business on right lines, irrecoverable debts have to be ascertained in societies, and the same set off against the general and bad debt reserves of the society without resorting to liquidation and in deserving case the bad debt reserve of the Bank also should be utilised for the purpose and societies revived. The Unions and their governing bodies which function at heavy expense, may be suspended temporarily. Some suggest that the lending rate must be enhanced, but I personally consider that any steps in that direction are highly prejudicial to the interests of the ultimate borrowers and the stability of the movement. Our distinguished President has put forward a scheme for the rehabilitation of village societies and resuscitation of the Central Banks. Similar schemes have been suggested by others. We should immediately agree on a scheme and enforce it and restore the central banks to the postion they occupied before depression, before the confidence of the investing public is shaken. It is also necessary that in the case of such of the Central Banks whose financial position is not sound, the Provincial Bank should intervene with a view to restore its financial equilibrium.

Co-operative Education.

This is a branch which has long been neglected. Experience has taught us, that, to make the movement flourish, members of primary societies ought to be taught the principle of co-operation. For the last 4 years Panchayatdars' training classes are being organised by the central banks, under the auspices of the Provincial Co-operative Union, with the subsidy given by the Central Government. These classes are serving no useful purpose and I consider any amount spent under that scheme is a waste of money. Instead of this, these funds can be usefully diverted for undertaking an organised system of education. The necessity to establish a central co-operative college was recognised long ago, and the Provincial Co-operative Bank got a scheme prepared in about 1933. The said scheme was also approved by the Registrar. The enthusiasm then faded away. But during the regime of the Congress Ministry Mr. Varkey revived interest in this matter and put forward a scheme. Under that scheme, the Government was to manage the institution with the Registrar as its head, and with the effective co-operation of non-official co-operators. Co-operators were of opinion that the control and management of the institution should be entrusted to the non-officials. Opinion was keenly divided and nothing took shape. The Congress Ministry has now gone out of office and we do not know if the present Government is prepared to expend any amounts on this new scheme in the present times. We hope and trust that ere long a scheme acceptable to both would be evolved, and a college started soon. This college would in course of a couple of years after its starting be in a position to supply a band of young men, well trained in co-operation, who would live in the villages and educate the members in co-operative principles and its virtues. Unless such a state of affairs is ushered into existence, the village societies which form the very foundation of the movement cannot revive. Study circles as a medium of education has been found to be of immense value. These are organised on a very large scale in foreign countries and we hear reports of their satisfactory working. A few days back one was organised, for the co-operative employees in the city of Madras. I therefore invite Central Banks to organise similar study circles in every village and promote knowledge of co-operation amongst its members, by discussion.

Non-Official Employees.

I agree with the non-official employees, that they are labouring under various difficulties, such as, arbitrary cut in salaries, insecurity of service, absence of grades, meagre salaries, and the whims and fancies of changing management. It is therefore, desirable to assure them some permanency so that they may live contended and discharge their duties efficiently. I further propose that the services of Secretaries, Managers and Executive Officers may be provincialised. The central banks should, however, retain full control, over its staff and an appellate board consisting of purely non-officials may be constituted, for redressing the grievances of the aggrieved.

Non-Credit Societies.

Steps should be taken to organise and work the non-credit co-operative societies. The Department is entrusted with their organisation, and a number of them have been registered within the last 3 or 4 years. The Departmental officials have not, however been able to make these societies function. The non-official co-operators should take interest in these societies and make them live organisations. In the initial stages, the societies have to be run entirely on subsidies and voluntary donations. Since the central banks have no adequate resources, the Provincial Bank and the Government should be requested to donate for these societies liberally. Loan and Sale societies have not been doing any marketing except in Salem District. It is learnt that the sale societies in Salem are working very satisfactorily. Our societies should take a lesson from the working of the Salem societies and secure better prices for our commodities.

Official and Non-Official.

Instead of there being co-operation between the official and non-official, there is increasing suspicion and distrust in the minds of both regarding each

other. The Department wants to appoint its men as Secretaries and Executive Officers of central banks when-ever they feel that the management of the bank is not proper. On the other hand, non-official feels that the Official interference and encroachment into the management is increasing and has to be put an end to. The official should be only a guide, friend, and philosopher for the non-officials who should run the movement. The official should not interfere in the internal management of the institutions. Such a co-ordinated activity by both these agencies can rehabilitate the movement and give it a new orientation. Hence, a scheme has to be evolved wherein both may work in co-operation with each other, with definite duties assigned for both and little scope for interference with each other's of activity.

India is essentially an agricultural country and its prosperity depends on the prosperity of the agriculturist. It is, therefore, our duty as co-operators to contribute as much as we can for the improvement of the lot of our village folk. I therefore fervently hope that we, co-operators, should undertake village re-construction as an integral part of our scheme.

Reserve Bank of India.

This conference should also consider the recommendations of the Reserve Bank in the administration of co-operative banking, with a view to determine how far they are in the interests of our movement. I am afraid that a too rigorous application of methods applicable to banking, to our institutions may not be conducive to their healthy growth.

The President Elect of this Conference, is the accredited leader of this movement in this Province. He is an authority on co-operation and has attained an all-India eminence. With his vast experience of the movement both in India and outside, he is bound to give us very valuable lead. We are fortunate in having secured him as the President of this conference. Veteran co-operators of Andhra Desa are also gathered here and I am confident that with your sound advice and rich experience these deliberations would achieve something useful for the rejuvenation of the movement.

Sri T. Prakasam has an abiding interest in the villages and as a minister in charge of Revenue, he has endeavoured his best to evolve a scheme to make villages autonomous units. But before the scheme materialised he had to lay down his office. In him we can always find a friend and a true guide of the villager. He has kindly agreed to open our conference and we are very grateful to him.

We also thank Mr. B. Gopalareddi for having consented to unveil the co-operative flag on this occasion.

I take this opportunity of thanking the Andhra Co-operative Union Rajahmundry, for having kindly agreed to convene this conference at Nellore.

I once again extend to you all a hearty welcome, and request Sri Prakasam to open the conference.

Hoisting the Co-operative Flag on the occasion of the 10th Andhra Provincial Co-operative Conference at Nellore on the 27th April 1940, Mr. B. Gopalareddi, M L.A., spoke as follows :—

My grateful thanks are due to the reception committee and the Andhra Co-operative Union, Rajahmundry (under whose auspices the conference was organised) for having invited me to hoist the co-operative flag. This flag consists of seven colours, resembling the Rainbow. Each colour has a symbolic representation of the ideals and idealogies of the movement. The International Co-operative Allience described this flag as an emblem of the International Co-operation. This Flag with its rainbow colours displays unity of race, world peace, universal brotherhood, and hurts a blow at cut-throat competition between man and man. Based on sound economic principles, it establishes peaceful atmosphere doing away with the class-competition and class hatred. When the Congress was in power attempts were made to rehabilitate the movement on sound economic principles and hence the Committee on Co-operation. Hon'ble Mr. V. Ramadas Pantulu who will occupy the Presidential Chair shortly, and Mr. T. Prakasam, our veteran leader, who will open the Conference, will give a clear perspective of the movement. Their suggestions are of great value to which I commend the house.

OPENING ADDRESS

By Sri. T. Prakasam,

Ex-Minister for Revenue.

While opening the 10th Session of the Andhra Provincial Conference, at Nellore, on 27th and 28th of April 1940 Sri T. Prakasam, Ex-Minister for Revenue, Spoke thus .—

I am thankful to the reception committee and to Dr. P. Gurumurti for the opportunity they have extended to me and called upon me to do this pleasant function of opening the conference. I am proud to confess, in this connection, that the wisdom I acquired through propaganda tours along the villages is much more than that I gained in the class room or in the Provincial Cabinet as a Revenue Minister. Villages can certainly become self-sufficient with a spinning wheel and hand loom taking important role in rural life. The realistic nature of the scheme is amply proved with material successes gained at Jogannapalem in Guntur District. To launch such schemes adequate funds are absolutely necessary and the perfection of the scheme largely depends upon the economic resources available. Before India could become independent, the lot of the villagers has to be considerably improved so as to make them self-sufficient. Village Panchayats and Multi-Purpose Co-operative Societies should find place in every village. It is gratifying to note that the Co-operative Movement is sailing smoothly in this province though its lot is not so happy in other provinces. Mr. V. Ramadas Pantulu, Dr. P. Gurumurti, Dr. Pattabi, and Mr. Satyanarayana have to be congratulated upon their able steering of the movement.

PRESIDENTIAL ADDRESS

By The Hon'ble V. Ramadas Pantulu.

Brother Co-operators,

It has given me genuine pleasure to accept your invitation to preside over this Conference, and I need hardly say how greatly I feel honoured by your choice. But I have spoken to you so often about the Co-operative Movement in the past and I am hard put to find anything new that I can now convey to you. The need of the hour, however, is the formulation and execution of a programme of consolidation and expansion of the movement in the Andhra Desa and not a search for innovations. Before I proceed to give my views on what should be our plan and programme of consolidation and expansion, let me set out the position of the movement in the Andhra districts and the rest of the province in terms of aggregate figures of the societies and their transactions.

		Telugu Dts.	*Other Dts.*
Number of Central Banks	...	18*	14
No. of primary land mortgage banks	...	51	68
No. of societies affiliated to Central Banks	...	4710	6480
		In Lakhs of Rupees.	In Lakhs of Rupees.
Working Capital of Central Banks	...	268·69†	322·49†
Owned Capital of Central Banks	...	50·21	66·8
Loans due to Central Banks from primary credit societies	...	157·35	194·78
Do. from loan and sale societies	...	34·53	18·73
Amount involved in liquidated societies	...	9·65	21·29
Loans due by primary land mortgage banks to the Central Land Mortgage Bank	...	99·35	105·99

Scheme of Reorganisation and Expansion.

Our aim must be to bring every village in the Telugu Districts within the sphere of operations of one or other of the village co operative societies. Of about 16000 and odd villages in the Andhra Desa, not more than 6500 villages are covered by societies. So the necessity for expanding the movement is clear. The ideal which we so far followed in the formation of our societies is that of single village societies. This is based on the principle that such societies will foster mutual help and mutual knowledge, leading to promotion of corporate life. But in a scheme of re-organisation of village societies on a group basis—which I commend in order to cover the entire area as quickly as possible—there is no need to sacrifice these principles of co-operation, so far as they are still live factors in our present day individualistic rural economy. I am of opinion that we must immediately embark on a five or seven year plan of expansion of village credit societies

* Includes Banks at Aska and Berhampore.

† For details of owned and borrowed capital and distribution of the assets of the central banks, see statement printed on page 671.

and their reorganisation. This is the main subject which engaged the attention of the Committee on Co-operation which has practically concluded its labours, and one of the most useful chapters in the Committees' report is that which deals with reorganisation and expansion of the village co-operative societies. As that report is likely to be available to the public very soon, I do not wish to dwell at any length on the recommendations of the Committee in regard to such reorganisation and expansion. Suffice it to say that reorganisation must be both on an intensive and extensive scale. In other words, effort should be made to bring every resident of a village within the influence of a society and every village within the ambit of the movement. This attempt to bring the bulk of the rural masses into the movement should be coupled with an effort to make the village societies serve as many of thei members' needs as possible, consistently with the objects, aims and structur of the societies. Our programme has a two-fold aspect--one an intensiv drive to increase membership and the other to supply as manny socio-economi needs of the members as possible.

The scheme of reorganisation involves not merely amalgamation o small village societies into larger societies or forming new societies on a group basis. It involves a programme of work which is perhaps more difficult than either of these two items. Seventy-five per cent of our existing societies require to be rehabilitated. The financial position of some of our central banks and their affiliated societies is far from satisfactory. A glance at the tabulated statement (printed on page 671) will show that the assets of several of our central banks are more or less in a forzen condition. Of the 18 central banks, the overdues stand at 50 per cent and over in 10 banks. Again, in 6 of these they are over 90 per cent. Schemes of reorganisation and expansion cannot succeed unless the work of rehabilitation of the central banks and their affiliated societies is tackled simultaneously. We have, therefore, a very strenuous programme before us, and I hope and trust that this Conference will be able to impress upon the co-operators of Andhra Desa assembled here the importance and urgency of the problem.

Detailed recommendations regarding the methods of rectification and reconstruction of existing societies have been made by the Committee on Co operation. An important part of that programme is the writting off of bad debts by judicious and proper utilisation of the resources hitherto laboriously built up by central banks and societies. Even by dealing with societies individually and not asking a strong society to go to the help of its weak neighbour--or in other words advocating the pooling of their resources even on a voluntary basis--much can be done. We have all along neglected to deal with our bad debts by making periodical adjustments, to write off or reduce them, from out of available reserves. In our attempt to rejuvenate the movement we must clear our path by cutting the dead wood that impedes our motion.

Agencies to implements a five or seven year plan.

I was asked by several people as to what agency we possess to reorganise and expand our movement so as to cover the whole province. If the Provincial Government and the non-official organisations collaborate in the formation and execution of schemes of expansion and reorganisation we can achieve marvellous results. There is a departmental field staff of about 750 men besides indoor staff on whom a sum of Rs. 12 lakhs is being spent annually, that is to say about Rs. 1 lakh monthly. The non-official organisations, central banks and the unions between them maintain a very large field and indoor staff. If these departmental and institutions staffs are employed on fruitful work, a great deal can be done. In course of time we can train an adequate number of village workers. Our ideal of honorary service of panchayatdars and secretaries of village societies must continue, for it is impossible to pay for these services. Honorary services must be fostered and encouraged. With the imparting of co-operative education to the members of the societies and supply of well-trained teachers through co-operative schools and training institutions our new societies can be managed by honorary workers more efficiently than has hitherto been the case. I hope the co-operators of Andhra Desa will turn their attention to this aspect of the question. With the development of the statutory village panchayats somewhat on the lines so often emphasised by Mr. T. Prakasam and the planting of village guides and rural development staff, there will come into existence really efficient agencies to develop and give a new orientation to the co-operative movement.

Before I pass on to my next topic, I should like to point out that the prevalence of the zamindari system in large areas in the Andhra Districts is a handicap to the development of the co-operative movement. The scheme of expansion of co-operative credit movement outlined above will not be practicable to any large extent in the zamindari areas. The faulty system of record of rights, non-transfer of pattas registering the names of the real owners of the holding, the evil of joint pattas, heavy rents, absence of irrigation facilities and other defects in tenure stand in the way of organising primary land mortgage banks or even co-operative credit societies to help the agriculturists in zamindari areas. It will be a slow and laborious process. In the meantime, I am of opinion that the system of loans against agricultural produce may be usefully developed. Formation of loan and sale societies is not attended with the same risks as the formation of land mortgage banks or credit societies. The question of developing produce loans in zamindari areas, therefore, deserves serious consideration.

Ideals and Ideologies of Co-operators.

There has been an attempt in some quarters to make out that there are some fundamental differences in the ideals and ideologies of co-operators of the Tamil Nadu and Andhra Desa. I can claim to have fairly intimate knowledge not only of the general lines on which the movement is run in the several parts of the province but also of the working of the institutions in almost all the districts. I am unable to find any material divergence in the principles or practice of co-operation as they obtain in the Tamil Nadu and Andhra Desa. It is true that on two important questions affecting the movement, there is some amount of conflict of opinion among some of the co-operators. These two matters of conflict relate to the future of unlimited liability of the village societies and utility of supervising unions. I am unable to agree with the view that this conflict is one between the co-operators of Tamil Nadu and Andhra Desa. Opinion is not divided on lines of Tamil and Telugu. An analysis of the answers received in response to the questionnaire issued by the Committee on Co-operation will show that there is a fairly large volume of opinion in Tamil Nadu also in favour of limited liability, while there is a certain volume of opinion in the Andhra Desa in favour of unlimited liability.

In the Committee on Co-operation itself, the majority of the members were in favour of abrogating the statutory provision that unlimited liability should be the rule and that limited liability may be adopted only by general or special exemption from the Government. Andhras are in a clear minority in the Committee as a whole So, when a majority of the Committee were in favour of limited liability it is obvious that opinion in this connection was not divided on Tamil and Telugu basis. Moreover, among the minority, consisting of six or seven members which expressed itself in favour of unlimited liability being the rule, there is at least one Andhra. So, it is clearly wrong to say that the cleavage on the question of liability is one between Tamils and Andhras. It is a question of personal opinion of the co-operators concerned.

Let me assess the position outside the province of Madras. At the thirteenth session of the All India Conference of Registrars of Co-operative Societies held at Delhi in December last, opinion on the question of unlimited liability being maintained on the present statutory basis was very sharply divided. Indeed, the resolution in favour of maintaining the present rule about unlimited liability was adopted by the casting vote of the Chairman, 17 voting for and 17 voting against it. The Bengal and Punjab votes were over-weighted and decided the issue. The report of the Committee on Co-operation sets out the arguments for and against unlimited liability on the merits of the controversy and nowhere drops any hint that the issue is one between Tamil Nadu and Andhra Desa.

The position is the same in regard to the future supervising unions as well. There has been a radical change in the position and functions assigned to the unions all over the province. The original conception of the unions was of organisations created for mutual supervision of societies based on the doctrine of divorce of supervision from finance. It may be said that the

idea of divorcing supervision from finance is now definitely abandoned. The central banks have taken over the functions of appointing and controlling the supervisors practically all over the province. The supervision fund is no longer collected and administered by the unions, but is pooled in the central bank which frames the budgets for the unions and distributes it among them. In some cases, central banks themselves directly administer it. In fact the supervision fund is itself a nebulous thing now, as the entire cost of supervision is met by the central banks from out of their interest collections from the societies. Any deficiency in the supervision fund is made up by a grant from the general funds of the central banks. The Committee recommends that the by-laws of the supervising unions should provide that only representatives or delegates of A and B class societies should be elected to the governing bodies which may consist of not more than five members. Of the 5800 societies audited up to October 1939 only 1100 societies fell under A and B class. Representation of the other 4700 societies will be cut out under this recommendation. No suggestion is made in the report about any discrimination to be made in the application of that recommendation with reference to any linguistic area. There are advocates of continuance of unions in Andhra Desa also. No body ever advocated that where unions are working satisfactorily and local co-operative opinion favours their continuance, they should be abolished.

Thus both in regard to unlimited liability and the local supervising unions ample freedom is left for local option. Any endeavour to make out that these two ideas are the salt of the movement and their abandonment will lead to the deterioration of the movement is, in my opinion, a fruitless task. I feel no doubt that when the time comes for the recommendations of the Committee on Co-operation to be actually implemented, co-operators of North, South, East and West will equally find the unsuitability of unlimited liability to the new type of societies with larger membership, wider area of operations and enlarged functions. They will also realise the need for financing banks to take up supervision more and more into their hands. It is only a matter of time.

Financial Policies.

In regard to another matter there has been and there still is some difference of opinion between the Tamil banks and societies on the one hand and the Andhra banks and societies on the other, generally speaking. It relates to our loan policy. Many of the southern banks have been, and some are still, staunch advocates of long term loans extending up to 10 or 12 years through village credit societies and central banks. They hold fast to the view that short term loans are not of much economic benefit and that unless long term loans are disbursed, the true economic interests of the members will not be properly served. In fact, in some of the big central banks in the south till recently the proportion of long term loans to short term loans has been astounding. Two of the once biggest banks in the south viz., the central banks of Cuddalore and Conjeevaram, which have now practically ceased to advance new loans to their members and whose assets have almost entirely become frozen show on 31-3-40 the following proportions of the long and short term loans:—

		Cuddalore	*Conjeevaram*
		Rs.	Rs.
Long term loans outstanding	...	8,39,000	16,11,000
Short term loans outstanding	...	1,66,000	60,000

Though there has been of late some change in this attitude, still unlike the Andhra Desa banks in general, the southern banks believe in the need to dispense real long term loans through credit societies and central banks. The Madras Provincial Co-operative Bank for over a decade, and latterly the Department, have consistently discouraged long term loans through ordinary co-operative credit agencies. One of the main purposes of long term loans is the discharge of prior debts. The Provincial Bank has practically ceased to advance any moneys to central banks for that purpose, and the central banks, as can be judged from the proceedings of their periodical conferences and of the Board of Management of the Provincial Bank, have on the whole accepted this principle. If some loans are still advanced for discharge of prior debts, they are confined to very small debts, say not exceeding Rs. 500, and even then very small sums are advanced for such purpose. Co-operative opinion, official and non-official, both in the Tamil Nadu and Andhra Desa may now be said to have crystallised round the view that village credit societies and central banks should tackle only short and intermediate loans and that real long term loans should be made available only through land mortgage banks. The Madras Committee on Co-operation has made an unanimous recommendation on these lines. No distinction was made in the application of this recommendation between the banks in Tamil Nadu and elsewhere.

Thus, so far as I can see there is no ground for adumbrating the view that there are fundamental differences in the ideologies of co-operators of Tamil Nadu and Andhra Desa even in respect of financial policies. The principles and practice which are applicable and which ought to apply to the movement in our province do not, in my opinion, vary regionally either on linguistic or other basis. Of course in actual working of the institutions, the peculiar economic condition of the tracts, the staying and purchasing power of the members, their repaying capacity, the vicissitudes of seasons and so on will naturally react on our day to day transactions. But these are not matters of any difference in ideology and do not justify a claim that the movement in different parts of the province should be run on different principles and practice.

Rates of Interest.

After pointing out the peculiar nature of co-operative finance where borrowers are in their collective capacity their own creditors and how the

rules of capitalistic banks are, to a certain extent, inapplicable to co-operative finance, he enunciated the general lending policy as follows:—

"While co-operative credit societies and central banks should make every endeavour to keep down the interest on loans advanced to their members at as low a level as possible, they must so regulate their business as to maintain sufficient margin between their borrowing and lending rates so as to ensure adequate revenue for the efficient conduct of their indoor and outdoor operations and maintain unimpaired their financial stability." So far as I am able to gather, the general trend of opinion is that the central banks and societies should at least have a margin of 4 per cent between them, that is to say between the rate at which the central banks are able to borrow and the rates at which the primary societies can lend to their members.

My plea for co-operative organisations having freedom to settle their own terms and conditions of borrowing and lending should not be understood as a justification in the least for the Provincial Government to modify the provisions of the Madras Agriculturists' Relief Act to the prejudice of the agriculturist-borrowers. The considerations that govern the need for that legislation are wholly different from those which ought to apply to co-operative societies.

Our Provincial Organisations.

There is now fortunately no longer any controversy among the co-operators of Tamil Nadu and Andhra Desa about the need for developing their provincial organisations in the process of consolidation of the movement in their respective areas. The Andhra Sahakara Sammelanum must be so reorganised and devoloped as to effectively discharge the function of education and propaganda and to serve as the recognised exponent of accredited non-official opinion of the Andhra Districts. I have always been of opinion that co-operative education and propaganda are legitimate functions of co-operative institutions themselves. I am not a believer in imparting co-operative education through departmental agency. The responsibility for the discharge of this function must sooner or later be fully assumed by the language federations.

As regards the question of establishing separate provincial co-operative banks for the Andhra Desa and the rest of the province, I now find that the co-operators of the Tamil Nadu also are agreed. Indeed, their Provincial Conference passed a resolution to that effect. This is a good and healthy development, and I hope that we shall be able to lay the necessary foundations from now to so reorganise the existing Madras Provincial Co-operative Bank as to furnish the Tamil Nadu and the Andhra Desa with two separate banks, which will be its healthy off-spring. It is gratifying to note that the Committee on Co-operation has not only made a definite recommendation in this behalf but also marshalled the reasons in support of it in an admirable manner.

Our New Role.

Both the public and the Provincial Government have for some time past been evincing increasing interest in general schemes of economic rehabilitation of the people. Legislative and executive measures for relief of indebtedness, setting up of machiney for conciliation and scaling down of debts, regulation and control of money-lending and the like are essentially intended to rehabilitate agriculture which is the basic industry of the people and not so much to give relief to individual agriculturists who have run into debt. Land is the source from which not only the food for the people but also the grist for the factories and mills is raised. The depression of agricultural industry reacts very unfavourably on other sections of the community as well and with depressed agriculture no part of national economy can be sound —indeed can thrive. The co-operative movement must be made an integral part of the agencies for the economic rehabilitation of the rural masses, and we in our turn must equip ourselves to play our role as an integral part of these agencies. By judicious and proper regulation of our methods and practices we can help the agriculturist not only to abstain from contracting unproductive debt in future but also to improve his income and purchasing power. I think we have not so far sufficiently realised the great service the movement can do to the agriculturists by placing in their pockets productive credit for their seasonal operations and pursuit of other rural industries. I feel that there is scope for the beneficial investment in this manner of about Rs. 3 to 5 crores annually in the form of agricultural loans advanced on a system of controlled credit and against the pledge of produce in the Andhra Desa. We have plenty of resources if only we care to collect and utilise them. We must help the agriculturists to buy his credit cheap and sell his produce dear by correlating his productive and marketing activities. The co-operative institutions in the Andhra Desa must give an intensive drive in this direction.

We must also effectively play our part in the constructive programme of the nation. Villagers are now fairly familiar with the benefits of production and consumption of khaddar and using products of village industries in preference to those which are dumped on them by the factories of the towns and cities. Cannot the 4000 and odd societies in the Andhra Desa function as miniature emporiums of products of handlooms and cottage industries so as to popularise them among the people? We can act as so many Khaddar banks, for instance by pooling the small savings of our members by pursuing a programme of thrift and returning the savings not necessarily in the form of coin but in the form of domestic requirements such as a fine pair of khaddar cloth to wear and some really useful and durable articles of domestic use. We can iustify our existence only if we take our proper place in our national economy and help the successful pursuit of the constructive programme laid down by the nation.

Resolutions passed at the 10th Andhra Provincial Co-operative Conference held at Nellore on the 27th and 28th April 1940.

The Hon. Mr. V. Ramadas Pantulu, next moved the following resolution :

"This assembly of co-operators re-affirms the conviction that the co-operative system of economy and social ideals represents the future basis of civilisation and the surest guarantee of peace, and calls upon all co-operative organisations, national and international, immediately to formulate the demands of co operators and employ their forces as citizens, with all the moral and economic influence they possess, in the defence of freedom and the re-establishment of justice and the full recognition of human rights and the restoration of peace."

2. This Conference places on record its sense of sorrow at the death of Mr. V. Venkatasubbiah who rendered conspicuous service to the Co-operative Movement in various capacities. It is further resolved to request the Madras Provincial Co-operative Bank to take suitable steps to perpetuate his memory and calls upon all co-operators to provide adequate funds for the members of his bereaved family. This Conference prays that his soul may rest in peace.

3. This Conference places on record its sense of deep sorrow at the death of Mr. V. V. Jogaiah Pantulu who presided over the 9th Andhra Provincial Co-operative Conference and who has done yeoman service to the co-operative movement and for a very long time the President and Director of the Ganjam District Co-operative Bank, Berhampore.

4. This Conference places on record its deep sense of grief at the death of Sir Daniel Hamilton who has done great service to the cause of Indian Co-operation and prays that his soul may rest in peace.

5. This Conference is of opinion that the audit fees charged by the Government is highly exhorbitant and requests that the scale be reduced to a rate not higher than Rs. 3-8 per day.

6. This Conference requests that the Government may be pleased to exempt the decrees of the co-operative societies from the operation of the Civil Procedure Code which exempts from attachment the wages of labourers and salaries of officials of Government and local authorities to the extent of Rs. 50 and allow attachments for such salaries and amend the rules accordingly.

7. This Conference requests the Government

(*a*) To exempt the Co-operative Societies from payment of Profession Tax;

(*b*) To provide house sites free of cost for construction of buildings for the co-operative societies wherever they are available for their own habitations;

(c) To give preference to non-official co-operative employees in the matter of recruitment to Government services, with exemption from age-limits in all cases;

(d) That the Department be invested with powers to hand over properties purchased in sales by co-operative societies without having further recourse to civil courts;

(e) That the Department be authorised to proceed against the sureties who are entrusted with properties attached in execution of co-operative awards and to enforce the terms of the surety bond without recourse to civil courts;

(f) That facility may be provided in Taluk and Huzur Treasuries to receive cash balance of local land mortgage banks and allow the operation of such accounts by cheques in the same way in which Local Boards' monies are allowed to be deposited and drawn against;

(g) That the Government be requested to make provisions in the Madras Land Mortgage Banks' Act by which decrees of Civil Courts and Revenue Courts be kept in abeyance on the production of a certificate by the debtor from the land mortgage bank to the effect that a loan has been sanctioned by the land mortgage bank to the judgment debtor for the purpose of discharging the decree under execution.

8. This Conference resolves that the members of land mortgage banks be permitted to execute documents in favour of the trustees and suitable amendments be made in the rules empowering the execution of such bonds.

9. This Conference resolves that the zamindari villages be surveyed, diglots printed and copies of the said diglots be supplied by land mortgage banks.

10. This Conference resolves that multipurpose societies be formed to cater all economic needs to the ryot.

11. This Conference is of the view that co-operative societies being essentially people's institutions, co-operative education should be guided by the Non-official co-operators alone and the instruction given should conform to the aims and aspirations of the people whose co-operative societies ought to save. They therefore feel that co-operative education controlled and guided by the British Government cannot be called co-operative education and can in no way serve the needs of the people.

12. That the Government be requested to make provision in the rules framed under the co-operative societies act for the compulsory deductions from the pay bills of the fixed instalments due on the loans advanced to members of the Government Servants' Co-operative Societies as in the case of attachment orders of a court.

13. This Conference resolves that the Act and Rules of the Co-operative Societies Act may be suitably amended to permit the retiring Government

servants to continue as members of Government Servants' Co-operative societies.

14. This Conference resolves to request the central land mortgage bank to utilise its common good fund for the co-operative propaganda through the linguistic federations as is being done by the Madras Provincial Co-operative Bank.

15. This Conference resolves to request the Government to exempt co-operative institutions from the operation of the sales tax, as it will hamper the growth of the movement.

16. While this Conference is anxious to keep the rate of interest as low as possible to the ultimate borrower, it is of the opinion that one per cent for supervision fund in the differences in borrowing and lending rates and there should be a margin of rate of interest of one per cent between the lending rates of the Provincial Bank and the Central Bank and one per cent between the lending rates of the central bank and the primary societies.

17. This Conference is of the view that the policy of the department in dictating the constitution of a co-operative fire insurance society and introduce the mediaeval principle of nomination and the action of the Provincial Bank in acquiescing in the said principle are alike opposed to the principles of co-operation and hopes that better regard would be paid to observance of co-operative principles.

18. This Conference is of the opinion that non-official employees should be empowered to be invested with the powers of the Registrar and that such investure should not be confined only to departmental men, in as much as such a policy would foster and encourage the dumping of officials on co-operative institutions.

19. Resolves to request the Government to cancel G. O. No. 1407 L. A. dated 5th April 1939 regarding investment of funds of Local Bodies and Municipalities and allow Local Bodies to deposit in co-operative institutions on the same conditions as before.

20. This Conference calls upon all co-operators to insure their lives in the South India Co-operative Insurance Society, as such this society has been working on co-operative principles.

21. This Conference requests the Madras Provincial Government to reduce the rate of interest on loans issued to the House Building Societies prior to 1935 to 5 per cent.

22. This Conference finds that the allotment of 3 land mortgage banks to one Sub-Deputy-Registrar results in such a Sub-Deputy-Registrar not being able to give reports on more than 10 loan applications. This results in delay in the sanction of loans to members of land mortgage banks involving considerable hardship. This Conference therefore requests the Government to appoint Honorary Sub-Deputy-Registrars from among people

with experience in revenue matters if the number of Sub-Deputy-Registrars in charge of the land mortgage banks cannot be increased.

23. This Conference requests the Government to furnish encumbrance certificates to land mortgage banks from the time of Block Survey as the present practice of giving encumbrance certificates for the past 24 years would not facilitate proper enquiry into the title of the applicant for the loan applied for in the primary land mortgage banks.

24. This Conference requests the Government that the Supervisors of the primary land mortgage banks be allowed to have access into the execution registers of the Civil Courts for execution.

26. This Conference is of the opinion that Banking Unions may be established in each Taluk with a view to bring credit within an easy reach for the borrower.

26. This Conference calls upon all the primary land mortgage banks to make provision in their bye-laws to set apart common good fund and request the Registrar to register the amendments made in this behalf.

27. This Conference views that the charges made for the execution of decrees and for filing of references are exhorbitant and in some cases exceed the amounts of the decrees or the suits. This Conference therefore feels that the charges now made for arbitration be also made applicable for execution of decrees involving Rs. 100 or less, no fee towards the execution charges be charged.

28. This Conference requests that bonds for Long Term loans executed by societies be allowed to be executed in the Bank premises as in the case of short term loans.

29. This Conference is of the opinion that the Co-operative Supervising Unions involve waste of co-operative funds and is of the opinion that all Co-operative Supervising Unions be suspended.

30. This Conference appoints a committee consisting of the following gentlemen to go into the question of Provincialisation of the non-official co-operative employees of the province with a view to safeguard the security of service of the non-official co-operative employees working in co-operative institutions:—

(1) Hon'ble Mr. V. Ramadas Pantulu.
(2) Dr. P. Gurumurthy.
(3) Mr. R. Dasaradharama Reddy.
(4) ,, K. Krishna Rao.
(5) ,, N. Satyanarayana.

Reviews.

Report of the Minister of Agriculture for the Dominion of Canada for the year ended March 31, 1939.

Recently we had an opportunity of reviewing the working of the Agricultural Departments of Madras and of Bengal. Our review was necessarily superficial and was from the commonsense point of view of an ordinary layman and from the same point of view we read the report of the Minister of Agriculture for the Dominion of Canada. We find that the Agricultural Department there is following more or less the same lines as in our country and they have a Science Service section subdivided into Entomology which tries to tackle the question of pests, of Botony attempting to study the growth of plants of different varieties and the disease of plants, and of Chemistry, dealing with soils, fertilizers, food both of men and animals, of Bacteriology specialising in the study of microbes and their effect on soil and food, and lastly the section of animal pathology which in our country is dealt with separately by Veterinary Department. Over and above these various science sections the actual experiments performed in the way of various experimental stations are recorded and assessed. Lastly there is marketing section with its various sub-divisions of which we should like to lay stress upon publicity and extension work.

Publicity of the work carried on by the department is given by means of exhibits put up in various agricultural exhibitions and officers of the department are encouraged to write articles to the daily and weekly journals both of technical and general nature, and they also give radio talks Lantern slides are prepared and lent for use at agricultural meetings. Schools and women's institutes, amature societies like societies of horticulturists are pressed to service for publicity purposes.

We in India have many things to learn from our brethern in Canada in the matter of giving wider publicity to the results of research attained by our experts.

S. K. Y.

The Annual Report on the Working of Co-operative Societies in the Presidency of Bengal for the year ending 30th June 1938.

This report is more than one year overdue. Many Provinces have published their reports for the year ending 30th June 1939. But the delay is explained by the Registrar, as being due to a fundamental change in the constitution of the Department. The Assistant Registrars were hitherto 5 in number and now the number has been increased to 16 so that the area in charge of each may be much smaller and the new officers took sometime to complete the compilation of annual statistics of the year and hence the delay.

Mr. Ramadas Pantulu in his presidential address at the Co-operative Conference held in March last has dealt with the situation in Bengal as it is at the present time. The report under review dealing as it does with the state of affairs 20 months ago draws a picture more rosy than is the case at present We are glad that the Department has realised the need for a "comprehensive scheme involving a bolder policy for reconstruction of the entire agricultural credit movement by scaling down the debts of the primary borrowers and by extending the period of repayment of the adjusted debts over a number of years consistent with the repaying capacity of the borrowers together with adequate facilities for short term advances."

Land Mortgage Banks financed by the Provincial Bank have been following a policy of caution.

Agricultural Credit Societies nearly 20,000 in number have been leading a sickly form of existence. Collection has been slowly going down during the last two or three years and during the year under review it was 6.4 per cent. The Milk Societies Union of Calcutta sold milk to the extent of Rs. 1,81,663 and earned a net profit of Rs. 7,892 as against Rs. 5,247 of the previous year.

Non-Agricultural Credit Societies have been doing well though there were of serious defalcation in one or two societies.

Stores Societies have not a good record to boast of. The value of total sales was only Rs. 2.75 lakhs for the whole Province for a whole year and this just three months sale of the T. U. C. S. alone.

We are glad that the Rural Reconstruction Societies, have acquitted themselves well. This is what the Registrar has to say of them:

> "These Societies have been successfully catering for the economic, sanitary and educational needs of the members by opening out avenues of supplementary income, cutting jungles, reclaiming silted up tanks, opening out new roads, destroying water hyacinth, starting primary schools and training the members in improved methods of weaving. On the industrial side, the finished textile products of the members, both weavers and non-weavers have found ready sale at the local marts."

With regard to the Bengal Co-operative Insurance Society though we are glad to note that the insurance fund shows an increase of about 17 per cent and income from premium an increase of 15 per cent we are disappointed that the actual figures have not been given.

Things have worsened considerably after this report has been drawn up and Mr. Ramadas Pantulu's presidential address has suggested certain bold plans. Perhaps when the report for the year 1939-40 or for the year 1940-41 is available our readers will be in a position to know how for the suggestions of Mr. Pantulu were accepted and acted upon.

S. K. Y.

The International Yearbook of Agricultural Statistics.

Among the publications of the International Institute of Agriculture now in preparation is the International Yearbook of Agricultural Statistics, 1939-40, which owing to its scope and accuracy, is a basic reference book for those who study the problems of agricultural production, trade and prices. The Yearbook, which contains a thousand pages, has now reached its twenty-third edition. It provides series of statistics on the area and population of all countries in the world, on the areas, yields per hectare and production of the various crops and on the numbers of livestock and poultry. Four hundred pages devoted to international trade show the course of movements between exporting and importing countries of the principal agricultural products during recent years. Another section gives the prices in various currencies of a wide range of products, index numbers, monthly gold prices, freight rates and exchange quotations. A section of special interest, in view of the progress in cultural technique, is that relating to the production, consumption and prices of fertilizers.

The 1939-40 edition contains, in addition to all the useful features of earlier issues, further improvements which make it an indispensable source of information on agriculture and on its importance in the various countries of the world.

Extracts.

AS OTHERS SEE US.

The Madras Provincial Co-operative Union.

One of the most active among the Provincial Co-operative Unions and Institutes of India is that of Madras, which recently celebrated its Silver Jubilee. As the Hon. V. Ramadas Pantulu, its President, since 1926, pointed out at the anniversary celebrations, the Madras Union differs both in its constitution and objects from its sister institutions in other parts of India. It does not undertake any administrative functions or responsibility for the audit and supervision of its affiliated Societies, but has always concentrated on propaganda and education. Its membership, which has never been homogeneous, includes a variety of Co-operative Societies, Federations and Banks, as well as individuals. This is no disadvantage, because it has enabled the Union to become a rallying point for persons other than Government officials who are interested in Co-operation and rural problems, and, by voicing unofficial co-operative opinion on important questions, to secure a greater degree of independence for the Movement than it might otherwise enjoy.

The Province of Madras occupies most of the eastern seaboard of the Indian peninsula and much of the hinterland. Its population comprises 4 main language groups; Tamil, Telugu, Malayalam and Kanarese. The Provincial Co-operative Movement comprises of about 13,000 Societies, the overwhelming majority being Rural Credit Societies, with a total membership of over 600,000. The Co-operative Union was founded in 1914, just 10 years after Co-operation was first introduced into the Province, and has given valuable help at every stage of its progress. Whenever a new experiment became necessary or desirable, the Union was always ready to enlighten opinion and give a lead. The Union's propaganda prepared the way for the establishment of the Central Co-operative Banking Institutions. Other flourishing enterprises which owe their existence to its initiative are the Co-operative printing works at Madras and the South India Co-operative Insurance Society. Rural Reconstruction is also an important sphere of the Union's activity, and with a special grant from the Provincial Bank, it maintained for several years 6 centres for practical experiments in the reform of village life on co-operative lines. Although the Union has now ceased to organise such centres it still supports training classes in which young people can be prepared to serve as leaders of reconstruction work.

In 1924-25 the Union began formal educational work with courses for supervisors of Co-operative Credit Societies, for which the Government

provided a small subsidy. After a few years, however, these classes were discontinued when a longer course was provided by the Government Institute of Commerce and 5 Training Institutes were set up in various districts. This type of education has always been closely controlled by the Government and subject to a number of changes of policy. The project of establishing a Co-operative College has been under discussion since 1933, but there is still no general agreement on whether such an institution should be run under Government auspices or independently by the Union and other Provincial Co-operative Organisations. The opinion of the leaders of the Union is that the official system of co-operative education has failed and that a fresh start must be made on different lines.

Immediately after its formation the Union took charge of the monthly *Madras Bulletin of Co-operation*, then appearing in English, Tamil and Telugu, which was the principal Co-operative orgain in the Province. In 1929 it became the present *Madras Journal of Co-operation*. The tendency in more recent years, however, is for the Regional Linguistic Co-operative Federations to publish journals in the languages of their respective regions, with the help of annual subsidies from the Union.

Among its other services may be mentioned the library and reading room at its headquarters in Madras, the organisation of the annual celebration of International Co-operative Day, and its lantern and film propaganda in the villages. More and more the Union tends to become the centre where the Co-operators of the four linguistic groups can meet on common ground, and some of its leaders are already looking forward to a change in its constitution and functions by which it will become, by the inclusion of Organisations in neighbouring native-states, the South India Co-operative Alliance.

(*Extract from the "Review of International Co-operation" March 1940.*)

News and Notes.

The Trichinopoly District Agricultural Conference held at Samayapuram passed a resolution urging the Government not to interfere with the natural rise in prices of Agricultural products while controlling prices to prevent undue profiteering during the period of war.

* * *

In a speech inaugurating a course of rural reconstruction lectures for the training of Calcutta University and College Students, Hon. Mr. Tamizuddin Khan, Minister in charge of Agriculture and Industries and Rural Reconstruction Department, Bengal, announced that the Government are going to organise rural reconstruction training centres at all subdivisional headquarters with in a short time.

* * *

The 23rd U. P. Co-operative Conference was presided over by Sir T. Vijayaragavachariar. A resolution was passed establishing Provincial Co-operative Bank in order to ensure expansions of co operative movement in all directions. The conference urged the Government to make substantial increase in the annual grant to the Provincial Union and suggested further strengthening of the department on the lines of the Punjab and Madras.

* * *

The United Press learns that the Imperial Council of Agricultural Research has under consideration proposals for constituting a standing Central Economic Committee. Its work will be to find markets for agricultural produce and to lower the cost of production.

* * *

The American Consumers' Co-operative Movement can list in 1939 as its greatest year of progress. By the end of the year more than 2,000,000 were members of the co-operatives doing a total annual business estimated at over $ 150 000,000.

* * *

There are two rural reconstruction centres at Baroda, one at Kosamba and the other at Karjan. The summer courses were started with practical instructions in kitchen, gardening, carding. spinning and weaving etc, rural scouting, physical training and poultry training had their own quota in the centre of activities besides children maternity welfare and special medical aid.

* * *

In a press communique the Bombay Government writes, "that the Government proposed to spend Rs 49,000 on the introduction of dry-farming schemes mainly in the Northern parts of Bijapur districts which are peculiarly liable to famine and where the cultivators are already interested in improved methods of dry-farming.

The Bombay Government has notified the reconstitution of the existing Village Panchayats according to the Provisions of the recent Village Panchayats Act. The new Village Panchayats to be established from November 1st in all revenue villages or groups of villages having a population of not less than 2,000, has also been notified.

* * *

Mr. Mann who is attached to the co-operative movement in Ohio and who had been to England on an educational tour remarked that the propaganda which they were carrying at America is more academic than practical. She said "it is a movement of the masses. So propaganda with a practical teaching is necessary."

* * *

The death has recently been announced of Rev. Father T. A. F. Finlay, S.J., in a Dubling nursing home at the age of 92. He is almost the last of the pioneers of the Modern Co-operation in Ireland.

* * *

Mr. S. Srihari Rao delivered a course of four lectures in the local library Bezwada, on rural life and rural reconstruction.

* * *

A scheme to solve the problem of unemployment of educated young men in Sindh by settling them on the land, has been chalked out by the Hon. Mr. Nichaldas, (Revenue Minister.)

* * *

Preliminary arrangements for opening Adult Literacy Campaign centres in the city of Madras were contemplated at a meeting of the workers presided over by the Mayor of Madras. The campaign has since been launched.

* * *

Mr. R. Galleti, I.C.S., Additional Joint Registrar of Co-operative Societies, Madras, inaugurated a Mango Growers' Co-operative Society in Chittoor. In inaugurating the Society Mr. Galleti said that members should not only be bent upon getting good profits, but see that the consumers get good varieties for the money they pay.

* * *

The Devadhar Malabar Reconstruction Trust devoted to rural uplift work in the district has during the year ended March 31st, 1940, conducted four Higher Elementary Schools with a strength of 866 pupils consisting of Harijans and Moplahs etc. Weaving, Agriculture and spinning were taught. The trust maintained three adult education centres. A literacy campaign was inaugurated with the co operation of the Malabar District Board.

* * *

A co operative land colonisation society the second of its kind in the district of Salem was started in Metturpatti village by Mr. S. Nithyanandam, Deputy Registrar of Co-operative Societies, Salem with a view to provide employment for the former toddy tappers.

* * *

The Government of Mysore have framed the two following rules—one disqualifying defaulter members of co-operative societies from holding any office or being elected to the committee of management of such institution and another, disqualifying such defaulter members from exercising their votes during the general elections.

* * *

The Training Classes for Panchayatdars and Members in the District of Malabar was inaugurated on the 12th instant by Prof. S. K. Yegnanarayana Iyer, M.A., Secretary of the Madras Provincial Co-operative Union.

* * *

The Hon'ble Mr. V. Ramadas Pantulu addressed a meeting of Co-operators at Coonoor. He said that he satisfied himself by local enquiries that there was need for a Consumers' Store at Coonoor. After explaining how Consumers' Stores were organised and conducted in the West, particularly in England and Denmark, he said that he preferred the British type of Store. The Coonoor store to be started should be a single organisation with branches in suitable centres within the Municipal limits. He said that the articles should be sold to members at current market rate of the day to avoid coming into conflict with the neighbouring retail shop-keepers and that as far as possible cash trading should be the rule. But the employees of the municipality and other recognised institutions may be allowed credit upto a fixed limit, if the employees and their employers agree to pay the dues to the store from their wages or salaries. He favoured sales to non-members also, after meeting the requirements of the members, but no dividend on purchases should be paid to non-members. In the absence of a wholesale society, he advised the Coonoor Store to put itself into touch with the Madras Provincial Marketing Society, The Triplicane Stores, Producers' Co-operative Society and whole-sale dealers. He said that the success of the store depended on the loyalty of its members and co-operative idealism and ideology of its Directorate as well as of the official agency which will guide and supervise the concern.

Circular.

No. D. 2186/40. F.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE
SOCIETIES, CHEPAUK, MADRAS.
Dated 20th April 1940.

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

CIRCULAR.

Subject:—Liquidation—Disposal of lands purchased by liquidation scheme of help.

Ref:—Registrar's circular No. F, 945/38, dated 8th December 1938.

In Registrar's Circular cited above, the procedure to be followed in conciliating the debts of members of liquidated societies was prescribed and it was suggested that in cases where the liquidators were in possession of lands of the defaulters, they should offer these lands for sale to the original owners or their next of kin so as to give them every opportunity to get back their lands.

2. These suggestions should be implemented by the liquidators of co-operative societies by trying to dispose of the properties by private negotiation to the original owners or their next of kin. If attempts in this direction fail, the properties should be advertised for sale in open auction. When once a sale is held and knocked down in favour of a third party, it should not ordinarily be set aside later merelybecause the original owner or any relation of his subsequently offers to purchase the properties, either for the same price or for a higher amount. If this is permitted, it will always be open to somebody claiming to be a relative of the defaulter to ask for the cancellation of the sale at any stage. It is also likely that some interested parties will set up such relatives. A sale once held should not ordinarily be set aside merely for the reason that there is a higher offer, if in other respects it is in order; if however the bid was *much* below the market value of the properties there can be no objection to cancel the sale. Unless the above procedure is followed, there will be no finality for the sales held by the Department and no importance will be attached to such sales.

3. Subject to the observations made above, Deputy Registrars and Assistant Registrars should continue to pursue the policy of returning lands to the original owners as soon as possible by showing them the concessions referred to in the Registrar's Circular cited above. When once a sale is over, however, these considerations should not prevail and the sale should be concluded in favour of the highest bidder, if the amount of the bid is not unduly low and if the sale is otherwise in order.

(By Order)
G. CHANDRASEKHARAN,
Manager.

List of Societies Registered in April 1940.

Serial No.		Name of the Society.	District
1	The	Madgole Estate Employees' Co operative Stores, Ltd.	Vizagapatam
2	,,	Rajapuram Weavers' Co-operative Society, Ltd ...	,,
3	,,	Chicacole Weavers' Co-operative Society, Ltd. ...	,,
4	,,	Chodavaram Board High School Students' Co-operative Stores, Ltd.	,,
5	,,	Sompeta Board and Aided Schools' Students' Co-operative Stores, Ltd.	,,
6	,,	Rajahmundry N. L. C. M. Workers' Co-operative Credit Society	East Godavari
7	,,	Mulakallanka Field Labourers' Co-operative Credit Society	,,
8	,,	Chaguntipadu Co-operative Credit Society ...	Krishna
9	,,	Ambapuram Co-operative Credit Society ...	,,
10	,,	Chodavaram Co-operative Credit Society ...	,,
11	,,	Gopuvanipalem Co-operative Credit Society ...	,,
12	,,	Madhiripadu Co-operative Credit Society ...	,,
13	,,	Ramanakkapet Co-operative Credit Society ...	,,
14	,,	Gudivada Co-operative Stores Ltd. ...	,,
15	,,	Bezwada Municipal High School and its Branches Stores' Co-operative Stores Ltd. ...	,,
16	,,	Ragullenka Adi Andhra Field Labourers' Tenants Co-operative Credit Society ...	,,
17	,,	Gandepalli Tenants' Co-operative Credit Society.	,,
18	,,	Sajjavaripalem Harijan Co-operative Credit Society	Guntur
19	,,	Manikesvaram Co-operative Credit Society ...	,,
20	,,	Vemavaram Co-operative Credit Society ...	,,
21	,,	Kotapadu Co-operative Credit Society ...	,,
22	,,	Bollapalle Co-operative Credit Society ...	,,
23	,,	Veldurthi Co-operative Credit Society ...	,,
24	,,	District Board High School Students' Co-operative Stotes, Ltd.	,,
25	,,	Guntur Government Muhammadan High School Students' Co operative Stores, Ltd. ...	,,
26	,,	Haranadh Co-operative Stores, Ltd. ...	,,
27	,,	Bhuttiprole Co-operative Stores Ltd. ...	,,
28	,,	Narasaraopet Municipal High School Students' Co-operative Stores, Ltd.	Guntur
29	,,	Nookanapalle Co-operative Credit Society ...	Nellore
30	,,	Guvajipet Bramaramba Co-operative Credit Society	,,
31	,,	Budidavedu Co-operative Credit Society ...	Chittoor

Serial No.		Name of the Society.	District.
32	The	Duarakapuram Co operative Credit Society ...	Chittoor
33	,,	Arcot Co-operative Credit Society	,,
34	,,	Cuddapah Electric Supply Co-operative Employees' Co operative Society, Ltd. ...	Cuddapah
35	,,	Prodattur Co-operative Stores, Ltd. ...	Prodattur
36	,,	Prodattur Womens, Government Training School Students' Co-operative Stores, Ltd. ...	,,
37	,,	Jammalamadugu School Students' Co-operative Stores, Ltd.	Jammala-madugu
38	,,	Cuddalore Secondary and Training School (for girls) Students' Co-operative Stores, Ltd. ..	S. Arcot
39	,,	Thathiangarpettai Weavers' Co-operative Sale Society Ltd.	Trichinopoly
40	,,	Sesha Aiyangar Memorial High School Students' Co-operative Stores, Ltd, ...	,,
41	,,	Lalgudi Fishermen's Co-operative Society Ltd. ...	,,
42	,,	Muthukulam Co operative Credit Society ...	,,
43	,,	Kalandira Cheliappanur Co-operative Society ...	N. Arcot
44	,,	South Indian United Church Members Co-operative Society, Ltd.	,,
45	,,	Ramanaickenpettai Co-operative Jaggery Socicty...	,,
46	,,	Gudiyattam Municipal High School Students' Co-operative Stores, Ltd.	,,
47	,,	Kondakuppam Co-operative Credit Society ...	,,
48	,,	Pochampalli Co-operative Society	Salem
49	,,	Mettupatti Gokulanadha Land Colonisation Co-operative Society	,,
50	,,	Agasipalli Co-operative Society	,,
51	,,	Tiruppur Asher Textile Mills Co-operative Stores Ltd.	Coimbatore
52	,,	Naduvacheri Co-operative Credit Society ...	,,
53	,,	Unjalur Agricultural Improvements' Co-operative Society Ltd.	,,
54	,,	Mettupalayam Board High School Students' Co-operative Stores Ltd.	,,
55	,,	Perianaickenpalayam Co-operative Butter and Ghee Supply Society	,,
56	,,	Tinnevelly Co-operative Thrift and Loan Society Ltd.	Tinnevelly
57	,,	Piranjeri Co-operative Credit Society ...	,,
58	,,	St. Aloysius Girls High School Students' Co-operative Stores	,,
59	,,	Nanguneri Board High School Students' Co-operative Stores	,,
60	,,	Ottanatham Co-operative Stores	,,

LIST OF SOCIETIES REGISTERED AND CANCELLED

S. No.	Name of the Society.	District.
61	The Sethiamabalam Co-operative Stores	Tinnevelly
62	„ Sawyerpuram People Memorial High School Students' Co-operative Stores	„
63	„ Manantoddy Co-operative Stores, Ltd. ...	Malabar
64	„ Cherplucherry „ ...	„
65	„ S. S. Board High School Students' Co-operative Stores, Ltd.	„
66	„ Purakkadi Co-operative Credit Society ...	„
67	„ Calicut Weavers' Co-operative Sale Society, Ltd.	„
68	„ Taliparamba Moothedatti H. S. Students' Co-operative Stores, Ltd.	„
69	„ Pazhambalacode Weavers' Co-operative Sale Society	„
70	„ Ujri Adi Dravida Co-operative Society ...	S. Kanara
71	„ Ajanur Fishermen's Co-operative Society, Ltd. ...	„
72	„ Mulky Board High School Students' Co-operative Stores Ltd.	„
73	„ Mangalore Municipal Public Health Menial Employees' Co-operative Society, Ltd. ...	„

List of Societies Cancelled in March 1940.

S. No.	Name of Society.	District	Date of cancellation of registration.
1	Ayyavarigokulapadu Cumbly Weavers' Co-operative Society ...	Kurnool ...	4-3-40
2	Thachenallur Urudayar Co-operative Society	Tinnevelly ...	5-3-40
3	R. Thummalapalli Christian Co-operative Society	Cuddapah ...	16-3-40
4	Juhir Panchama Co-operative Society.	Anantapur ...	19-3-40
5	Mori Weavers' Co-operative Society.	E. Godavari ...	19-3-40
6	Kommuchikala Co-operative Society.	W. Godavari ...	19-3-40
7	Thimpathipuram Sweet toddy Drawers Co-operative Society ...	„ ...	23-3-40
8	Authur Adi Dravida Co-operative Society	Chingleput ...	27-3-40
9	Mettupatty Devendrakulam Co-operative Society	Ramnad ...	31-3-40
10	Boloor Factory Women Workers' Co-operative Thrift and Loan Society Ltd.	S. Kanara ...	31-3-40