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## Editorial Notes.

### The International Co-operators' Day.

The International Co-operators' Day was celebrated all over India and we have received reports of such celebrations from many centres not only in this province but from other provinces as well. It is an occasion for all co-operators to re-examine the significance of the fundamental principles of co-operation. The resolution drafted by the International Co-operative Alliance and given wide publicity by the All-India Co-operative Institutes' Association calls upon all co-operators and co-operative organisations to exert their force and influence "for the inauguration of a new era of peace based upon the co-operative principles of Free Association, Democratic Government and Equitable Distribution of the Resources of the World."

The co-operators' principle "Each for All and All for Each," is a basic principle of human action and it cuts at the very root of individualism on which modern social fabric is built. Each to himself and devil take the hind most has been the fundamental structural principle of the modern society with capitalism on its economic side and national self-sufficiency on the politico-economic side. The co-operative principle on the other hand is for subordinating individual interest to the interest of the society and unless that is correctly understood and practised co-operation will remain only a superficial thing, a weak exotic feebly struggling for existence in the weed garden of competitive individualistic capitalism. Mr. W.C. Good addressing the Annual Congress of the Co-operative Union of Canada at its recent conference at Winnepeg chose as the subject of his address "The High Road to National Security or Why War come again." Therein he demonstrates with much logical acumen and historical illustrations how the principle of individualism has been applied not only in the dealings between individuals in a society but in the dealings between vast bodies of such units, *i e.* nations among themselves. He puts in an effective plea for the restoration of the co-operative principle of willingness to share the good things of life with others and having no desire to exploit others and grow rich at other's expense. We wish all co-operators to act by the noble ideas and not look upon co-operation as a palliative of the evils created by capitalstic society, but as a radically different principle of life, a path of rightiousness, Dharma and Equity that, if practised, will lead to peace and prosperity all round.

### District Agencies for Co-operative Education.

A Co-operative enthusiast who honestly believes he has a message to deliver to his less enlightened neighbours and who has enough faith in his own eloquence and powers of persuasion finds it somewhat of a handicap that there are no agencies in the headquarters of districts that would get him the opportunity he longs for to try his powers upon an audience. It is true that District Banks are there with their field staff and administrative sections; but the Banks by their very nature are strict business bodies regulating their activities by the measuring rod of profit likely to accrue from them. It is true that in many districts the supervising unions have become extinct or dormant and their functions have been taken over by the banks. They are also residuary legatees of the now defunct Federations which had education and propaganda as one of their main activities. Therefore the Central Banks would be perfectly justified if they take up this work and set up a Committee of their Board to be in charge of this very important function; but, as it is, their activities are confined to collection of dues, rectification and in some cases, of "cautious expansion." Too cautious as enthusiasts would say and not much of appreciable expansion; or expansion only along those lines that would bring more business to them, more grist to their mill.





The Committee on Co-operation recommend that "Co-operation should be woven into the very life of the villages by this continual process of popular education." They recommend a "greater co-ordination of effort between non-official co-operative agencies and the Co-operative Department in the matter of Co-operative propaganda and education." They add further that "it should be one of the essential duties of the Department to arrange popular talks in different centres, particularly in rural areas."

Knowing as we do the department with its bureaucratic tradiiton and redtapism we are afraid that many district officers already overburdened with routine work find it very difficult to take up this further talk of engaging "popular talks in different centres, particularly in rural areas." This onerous task has to be taken up only by the non-official agencies, the Provincial Federation and the Linguistic Co-operative Unions and above all, the Central Banks. There must be, in each district, an agency charged with this specific work and we hope every Central Bank will set up an Education and Propaganda Committee of its board with prominent co-operators co-opted (if they be not members of the board already.) The need for such an agency is obvious and need not be expatiated upon.

### Women and the Co-operative Movement.

The chapter dealing with this topic in the Committee's report is the shortest of all. The fact that there was no lady member on the Committee, perhaps, accounts for it; otherwise it would certainly have been given greater importance.

Women of the Province are to be classified according to the report into three classes; upper middle, middle and lower middle classes. Some classes of societies are recommended to be formed for the first two classes and another set for the third section. We have yet to see what action the Government are going to take on recommendations of the Committee to have lady organisers to work among women.

The three classes mentioned above may be reclasified from the economic stand point as those who need not work to have their wants met, those who will dowell to work to supplement the meagre income of the family and those who have to work to supplement the menfolk's income or are economically self-dependent and have to earn to maintain themselves.

Leaving aside the first class, who may to while away their time engage themselves at social service, let us, as practical people, try to devise methods of helping the other two classes. It is well known that most middle class women, unless burdended with an overgrown family, have a lot of time hanging heavily on them especially between the hours of 11 and 4 in the day. The Sevasadan at Poona has tackled the problem successfully and the middle class ladies walk into it after 11 to study some useful vocation which can be carried on later at home. Classes are conducted for these young ladies in needlework, rattan work etc.

It would be very much better if the women are not only taught useful occupations, but are encouraged to practise them during leisure hours and a central agency should undertake to collect together the produce of their labour and have them marketed. Poona city is a compact one and ladies from many parts of the city can easily walk to the Sevasadan. Wherever a central place like that can be secured in our urban areas societies intended for middle class ladies where they can carry on some cottage industries may be formed.

But it is the last class that deserve special attention of co-operators, our poor sisters who have to earn their living by the sweat of their brow. In towns we meet them doing cooly work in buildings, selling fruits and vegetables, or milk, curds and ghee. The one way to help them would be to start credit societies specially intended for them with facilities for daily repayment of the amount borrowed in easy instalments. If our information is correct there is some such society intended for the vegetable sellers in the City Market of Bangalore.

Equally useful would be credit societies that would advance small loans to women to enable them to buy cows and buffaloes and take back the principal in easy instalments. The best service that the upper middle class ladies can do to their poorer sisters is to manage such societies for them. The poorer folk have not the necessary literacy qualification or managerial ability for running such institutions. Upper class ladies can have no better way of making themselves useful citizens and of contributing to the general welfare of the motherland than joining the co-operative movement in hundreds and running these societies intended for their less fortunate sisters.

Fortunately for us, at the present time there are many ladies of light and leading who take active and prominent part in the public life of our country, and in point of women's education our province





occupies comparatively high place among the provinces of India. It was only the other day that the Madras Province Constituent Conference of the All India Women's Conference was held and the ladies assembled passed resolutions on communal harmony, the part that ladies can play in St. John's Ambulance, Red Cross Work and A. R. P. Work and the contribution they can make towards solving two of the most pressing problems of the city, liquidating adult illiteracy and banishing the begger problem of the city. Those leaders who took part in such conferences might be requested to take some interest in the co-operative movement and if co-operative societies are started under their able leadership and supervision intended for the benefit of the poor people, they would certainly be run on efficient and business lines and prove to be a great blessing to a large number of our poor sisters. It is hoped that prominent officials and non-officials in the movement will turn their attention to this hitherto neglected field of ladies' part in the co-operative movement.

## The Need for a Provincial House Building Society.

The questionnaire issued in connection with the Co-operative Enquiry Committee contained no questions at all about the Co-operative House Building Societies. That these societies are by no means negligible is shown by the statistics given in the latest report of the Registrar and embodied in para 50 of the Committee's Report. The Committee has, however, not done full justice to this phase of the co-operative movement in the Province in as much as they have relegated their consideration of the question and recommendation to an appendix. Let us be thankful for the small mercies and not grumble.

There is one recommendation of the Committee which deserves more consideration that it seems to have received, namely, the starting of a Provincial House Building Society. The scheme now in existence has been working satisfactorily enough so long as the Provincial Government went on alloting a few lakhs of rupees every year; but the Government stopped financing the housing societies a year back soon after the War was declared. One can imagine the confusion among those taking their baths in a river if all of a sudden the river were to run dry; no less is the confusion and inconvenience caused among the Co-operative House Building Societies by this sudden stoppage of Government loans.

In the words of the Report "We see no reason why the scheme (formation of a central building society) should not be revived and an attempt made to finance the primary building societies through a central society taking private capital in the open money market." We feel thankful to the Committee for their recommendation that "until the central society reaches a stage of financial stability and independance, the Government should guarantee its debentures to ensure confidence among the investing public." We are glad that the Committee further add that "it is also necessary to give it (the central society) financial assistance by way of subsidies and staff until it can stand on its own legs."

These recommendations cannot be characterised as being extravagant at all; they follow the actual practice regarding the Land Mortgage Banks. There also the need was felt for a long term loan; primary land mortgage banks were started and they were empowered to float their own debentures, the Government taking up a good proportion of the debentures themselves to inspire confidence among the investing public. In the case of primary house building societies the Government have lent all the money. The next step forward is the formation of a central house building society as a Central Land Mortgage Bank was formed. The recommendation of the Committee is very timely.

If a central house building society be formed and the existing primaries are affiliated to it, the bye-law of the primary society that it can borrow only from the Government has to be deleted; moreover, in the case of house building societies where the Government has acquired the land for the purpose of the formation of a colony the right that the Government reserve to themselves of taking back the land if it is not built upon within a particular period has to be waived. If our information is correct certain Nidhis and Permanent Funds that are eager to have long term deposits of their monies consistent with safety, would eagerly welcome the opportunity of lending their surplus amounts to house building societies if not for 20 years, at least for 15 years and certainly for 10 years if such conditions are removed.

The possibilities of starting a central society have to be explored both by the Department and by the non-officials. We are sure to have the fullest co-operation in this matter of Insurance Companies, District Boards and rich Devastanams and Trusts that want long period investment of their money consistent with safety.





## Non-official Co-operative Employees.

The Co-operative Enquiry Committee has examined the various aspects of the problems regarding this subject pretty exhaustively. They also gave an opportunity to the representatives of the Provincial Non-official Co-operative Employees' Association to present their grievances and to suggest measures for ameliorating their conditions. The five demands made by these representatives were as follows:—

1. That definite rules should be framed governing the condition of service of paid employees in all co-operative institutions and incorporated in the Act itself and should not be left to be decided by societies themselves;
2. that the number of employees required for each type of co-operative institution, minimum salary, hours of work etc., should be determined by joint boards of employers and employees in each district;
3. that there should be provincialization of service, at any rate so far as the employees of urban and central banks are concerned;
4. that a definite procedure should be laid down for awarding punishments, appeal, constitution of appellate authority etc., and
5. that the employees who are already in service should be exempted from qualifications regarding training etc.

The Committee have decided that the rules governing the conditions of service could not be incorporated in the Act itself, but they may be embodied in the rules framed under the Act which has statutory force and can be enforced. It is hoped that model by-laws governing service conditions of non-official paid employees which the Registrar has been asked to frame would soon be published and would be accepted at least by big co-operative institutions having a large number of employees in the service.

The Committee have vetoed the proposition of provincialization of services in the case of central and urban banks. The reason alleged is that these institutions are autonomous, and they are not branches of a provincial organisation; but it is open to societies of particular types to voluntarily federate themselves into a provincial organisation if necessary or at least come to an understanding at their annual conferences or sectional conferences regarding exchange of employees from one institution to another, of the same type, The store societies for example do require experienced hands and whenever a store is to be started in a place instead of employing a raw hand it would be better if the services of an experienced hand be secured from a long standing store. Similarly, when an urban bank is to be started it is better that at least the chief man of the establishment be an experienced hand who will train other persons recruited locally and his services may be secured from an another urban bank of some years' standing. In this way a convention may be established and this would go a long way in opening up channels for promotions to persons working in individual societies of particular types. As it is, most of these have absolutely no scope of increased pay or improvement of prospects unless the management of their own institution grants it.

Among the complaints laid before the Committee by the representatives of the Employees' Association is one which we consider to be a serious one, namely, that employees are compelled to work on behalf of employers in local elections and disciplinary powers are freely abused especially in the case of those who refuse to render service in the aforesaid manner. Recently it was brought to our notice that in a particular urban bank, management is divided into three definite groups, Congress men, Self-respectors and Sanatanists and the employees have to shape their general policy according to the whim and fancy of the party in power. In democratic countries where ministers responsible to the Parliament are in charge of administration the paid service has got security of tenure and it carries on its work independent of party politics. It must be possible for the co-operative institutions also to see that the paid service is placed on a satisfactory foundation and members thereof are allowed to do their duties in the best interest of the movement quite independent of the nature of management or its politics.

The eight recommendations of the Committee regarding service conditions are, we take it, acceptable to the employees and the suggestions of the Committee regarding professional conduct of the employees are also, we hope, equally welcome.

We hope that ere long these suggestions would be implemented both by the employees and by the co-operative institutions concerned.



# The Madras Committee's Report on Co-operation.

## A DISAPPOINTING DOCUMENT.

By G. Srinivasa Raghavachari.

*Retd. Deputy Collector and Assistant Registrar of Co-operative Societies.*

As one who had considerable opportunities of watching the progress of the Co-operative movement almost from its inception and also worked the movement for some years as Assistant Registrar of Co-operative Societies, President of a District Central Bank and Secretary of a Co-operative Federation, I feel that the Committee's Report, so far as it relates to rural credit, is a disappointing one. Co-operators will remember that the movement was introduced into this country mainly for the purpose of creating and fostering rural credit and that, inspite of all the efforts made by officials and non-officials for over 35 years, it has proved a great failure. It may be that the failure here has not been so bad as in some other provinces. But this is poor consolation.

*Condition of Rural Societies.*

For the information of readers, I give below some figures extracted from the published report of the Registrar of Co-operative Societies for the years 1938-39 and would leave those figures to speak for themselves. Year of introduction of the movement 1904. Total number of villages in the Presidency : 50 thousands. Total agricultural population : 36 millions. Number of live agricultural credit societies 10,784. Number of members: 567 thousands. Number of villages served: 16 thousands. Number of bad and indifferent societies 9,770. Percentage of societies working at a loss 55. Loss to be recouped Rs. 20 lakhs. Outstanding loans Rs. 354 lakhs. Members overdues Principal 61 per cent. of the demand, interest 69 per cent. Amount involved in litigation Rs. 9 lakhs. Amount covered by awards and decrees Rs. 49 lakhs. Value of properties purchased by societies in execution of decrees (wet land 3,628 acres Dry 10,805 acres. Houses No. 2,726) Rs. 14.95 lakhs. Number of societies under liquidation 1,392. Loans to be recovered from them Rs. 73 lakhs. Value of properties purchased by liquidators Rs. 292 lakhs. Dividend declared on shares by financing Banks—fall from 9 to 3 per cent. and nil in some cases.

*Inadequacy of the recommendations.*

The committee's recommendations would appear to be based mostly upon the opinions or a compromise of the opinions of the members of the committee and of some others like them not directly in touch with village societies or their management. In many respects, they are identical with the recommendations made by the former Townsend Committee and by the several periodical Co-operative conferences, which had been tried in various places and found wanting. If only the committee had examined with care a few bad societies, keeping in view the figures given above with their full implications, its recommendations would have been quite different from what they were. According to the committee, the failure of the credit movement in our province was due to one or other of the following ;—faulty organisation, want of Co-operative Knowledge and training on the part of members, absence of suitable human material for managing the society, want of effective supervision and control, absence of subsidiary occupation etc. These are only subsidiary causes. But the main cause lies elsewhere.

### *Main cause of failure.*

In an article of mine published in the Hindu of 23rd July 1938 I pointed out that, though in individual cases the failure might be due to one or other of the above causes, the main and general cause of failure was the general inadequacy of the margin of income of the agriculturist and until this main cause was removed, which could be done only by the immediate reduction of the land burdens, there was little chance for the credit movement to succeed. For the success of a credit movement, two things are essential (*viz*) the capacity to repay and the willingness to repay. The latter exists in abundance with our agriculturists. But it has been of little avail in the absence of the former which does not generally exist. In proof of this, one has only to look into the following facts and figures :—72 per cent. of the population of our province or nearly 30 millions have to live by agriculture. Of this, 3½ millions are holders of land on Ryotwari tenure which is supposed to be more favourable than any other tenure. Of the 3½ millions, those paying a government assessment of Rs. 50 and below form 97 per cent. As the government assessment is said to represent half the average net income from land 97 per cent. of the ryotwari land-holders have to live on an annual income of Rs. 50 and considerably less, except, of course, a few who may have other sources of income. No wonder therefore that, with a clientele mostly drawn from this section of landholders, the credit movement has proved a failure and that the total agricultural indebtedness of the province has mounted upto Rs. 300 crores.





### *Nature of Remedy.*

What then is the Remedy ? The aforesaid 97 per cent. of the landholders are mostly in possession of uneconomic holdings *i.e.*, ranging from 5 acres to less than one acre. And they have to carry on a profession which requiries money considerably in advance of the time when they could hope to get an income which is, however, not always certain. Having no money of their own, they have to borrow. When they do so and are not able to repay from the income derived, which does not ordinarily leave anything appreciable after meeting cultivation expenses and Government Kist, they are obliged to sell away their lands to their creditors or to their few better-circumstanced brethren of the village or to a Co-operative society, if they are indebted to it. Nothing can prevent the operation of this economic law of survival of the fittest. Mr. Sathianadhan, during the recent enquiry into the Agricultural Indebtedness, has, as a matter of fact, found that " the small holder is gradually making way for the large holder. " Instead of, therefore, attempting at the impossible task of keeping the insolvent holders of uneconomic holdings on their legs, the Government will do well to create facilities for solvent men taking their places. There is only one way of doing this. Plenty of private money is available in the country not only for the purchase of lands but also for financing agriculture. But people in possession of it are not disposed to make it available for these purposes on account of (1) the ever increasing burdens on land in the shape of land revenue, water rate, land cess, education cess and other local rates, not to speak of unauthorized mamuls incidental to landholding, all of which together with fall in prices of agricultural produce, bring down the average net income of a landholder to less than 40 per cent. In this connection it may not be out of place to recall to the memory of the readers a statement made by no less than the President of the Committee, Sir T. Vijayaraghavachari during one of his lectures to the effect that " he, as several others, is cultivating his lands only for the benefit of Government." (2) The uncertainty of the future land revenue policy which, it is apprehended may not be favourable to land-holder. (3) The series of enactments in favour of borrowers, such as the *Madras Debtors Protection Act, the Agricultural Loans Amendment Act, the Madras Debt Conciliation Act, the Madras Agriculturists Relief Act* etc., which have all belittled the interests of the money-lender. (4) The impending Rural Insolvency Law, which is calculated to encourage non repayment of loans. (5) The increasing facilities for better investments offered by Joint Stock Banks, Business concerns, Commercial enterprises, Government loans etc., and (6) Want of necessary amenities in villages in the shape of good housing, water supply, schools, medical aid, etc.

How then to make moneyed people to go in for land? Not certainly by means of platform "Back-to-land lectures" addressed to unemployed young men who have little or no lands to cultivate, no capital to invest, and no credit to command. Under existing conditions, land, except perhaps in exceptionally favoured areas and years of good out-turn and high prices, does not yield even 2 per cent. return on outlay. In many cases the return is considerably less if not nil. For a better return there must be an increase in outturn or rise in prices or there must be a reduction in expenditure. Outturn is a thing which cannot be increased suddenly by means of a magic wand. It is also one which is after all subject to a limit. Some increase may, no doubt, be possible by improvement of irrigation sources, introduction of better methods of cultivation application of scientific manure etc.,; but these mean money, education, propaganda and experiment, which all mean time. As regards prices, its control is neither in the hands of Government nor of the agriculturist. The expenditure of the agriculturists consists of 3 items viz., Cultivation expenses, Government Kist, his own cost of maintenance. For want of money lands are now generally ill-cultivate all labour is poorly paid. Further reduction of cultivation expenses is therefore out of question. Nor is any reduction possible in the cost of maintenance of the agriculturist as he is already living on half rations. The only item that can admit of reduction is the land revenue demand which has risen from Rs. 4 croses in 1900 to 7½ crores at present, mainly as a result of successive settlements. Further, land assessment, besides being heavy, is also unfair. Agriculture is as much a profession as any other and there is no reason why the income from it should be subjected to a uniform land tax of 50 per cent. without any exception while the income from other sources are subjected to a graded tax ranging from 6¼ to 12½ per cent. with a taxable minimum of Rs. 2,000. Like other imposts, land assessment is also a contribution made by subjects to Government towards the cost of administration of the country—call it by whatever name you please, rent or tax. It is not clear why poor land-holders should be subjected to a greater burden than others. It must be noted that this unfair treatment is also another cause against moneyed people going in for land.





*Immediate reduction of land revenue—The only Remedy.*

Both justice and fairplay therefore demand that the present land assessment should be reduced considerably. This may be done either by fixing the land assessment at 25 per cent. of the net income as recommended by the Indian Taxation Enquiry Committee or at the pre-settlement level as proposed by Mr. T. Prakasam, the ex-Minister for Land Revenue or better still by levying it on the basis of income-tax, lowering the taxable minimum to Rs. 500, if the loss cannot be made good by the new Sales Tax or by any other means.

*One possible objection.*

A possible objection to the extinction of uneconomic holdings will be that their holders will lose their place and job in the village. There can be no danger of the kind, as those persons will nevertheless continue to remain in the village and in their own homes, enjoying in most cases of the self-same lands but a different capacity. Instead of cultivating the lands as landholders with all the anxieties and responsibilities incidental to land-holding, they will be cultivating them as carefree tenants with funds provided by the land-holder which, in his own interest, he is bound to do. It is a mistake to suppose, as many people do, that the position of a cultivating tenant is worse than that of a land-holder. Whatever may have been the past, the present day land-holder is, in most cases, at the mercy of the tenant and is obliged to take what the latter is pleased to give him, for the simple reason that it may not be possible for him to get on without the help and labour of the tenant. To prevent possible exploitation by land-holder, the tenant's share of produce may be fixed by law, care being taken to see that the land-lord gets a reasonable return on his outlay. It is to be regretted that the Committee which sat over the work for several months failed to go into this basic aspect of the agrarian problem and suggest suitable remedies.

In conclusion I may add that, unless and until the land revenue policy is so changed as to leave sufficient margin for both the land-holder and the cultivating tenant and a new background is created, teaching of thrift and principles of co-operation to villagers, training of teachers for that purpose and establishment of colleges therefor, the starting of loan and sale societies and stores, consolidation of holdings, etc., which are all calculated to benefit only a few better-circumstanced villagers, the creation of subsidiary industries which is not an easy matter, and other sundry remedies suggested by the Committee will be productive of little appreciable results.

# Report of the Committee on Co-operation.

SRI VADREVU RAMAMURTY PANTULU, B.A., B.L.
*President, The Razole Co-operative Land Mortgage Bank, Ltd., Razole.*

The report of the Committee on Co-operation published more than a month ago has not attracted that measure of public attention that its importance demands. A few but very brief comments appeared at the time in the leading columns of the Daily Press but there is little evidence of any thing like a critical examination of the report by any prominent publicist, economist or a Co-operative expert. Most of the prominent Co-operators of the Province, official as well as non-official, were associated as members of this Committee and this accounts in a large measure for the paucity of any comment by way of an enlightened review. In circumstances such as these it is with the greatest diffidence that one ventures to offer one's own humble views on a report produced under such eminent auspicies. As an humble worker in the field of Co-operation for some years, I beg leave to offer in this article though with some trepidation, a few of my views on the report which came to me on its perusal.

2. When the terms of reference and the perosonnel of the Committee were publicly announced a belief was engendered in the rank and file of the Movement that the Committee's labours would result in proposals for a thorough re-orientation of the Co-operative Movement in all its component parts. To them, therefore, the report must have come with a certain disappointment. The questionairie prepared and issued by the departmental officer with a pre-determined aim and purpose before the advent of the Committee has probably served as a great handicap in determining what may be regarded as a proper approach to the problems the Committee have had to deal. If the Committee had undertaken a comprehensive tour round the Province with a view to learning at first hand the defects and difficulties in the working of the different types of institutions and if the Committee decided to record oral examination of witnesses likely to reflect all shades of Co-operative thought, the task of the Committee would have been rendered much easier than it had been. A general spirit of conservatism reminiscent of only of the ancient Tory-type seems to have pervaded the entire field of the Committee's investigations and there is no wonder therefore if the report of the Committee fell short of sanguine expectations.

3. The presentation of the report reveals an exhaustive search into the various problems confronting the Movement but the proposals offered in their solution in regard to some of them do not





seem to be quite adequate. The problem of overdues that has been largely responsible for the utter stagnation into which the Movement has been thrown, has been carefully and well discussed but the remedies offered by the Committee are by no means new or are in themselves sufficient to pull up the Movement out of the mire In fact the Department and the non-official Co-operators had devised measures for rehabilitation and re-suscitation of the Movement for tackling the problem of overdues on lines some what similar and they held the field for a number of years before but the one problem of how to carry out these remedies to practical effect has not been satisfactorily answered by the Committee. The Committee seem to have proceeded on the complaisant belief that every thing wanted was being done and that what was needed was a mere exhortation to do more. Although nearly a decade has passed after the faults and failures of the Movement have been discovered and the solvent remedial measures designed to effectively irradicate them have been suggested, the work so far acomplished in this direction is not by any means satisfactory or sufficient to justify the complaisance. What was needed is a machinery capable of effectively dealing with the problem on the lines indicated in the report independently of the Central Banks or of the Society. It is hoped that the Government would see to it that such a machinery is immediately set up, if necessary, by clothing it with statutory authority to effectively carry out the various suggestions so as to set the primary societies on a new but firm footing.

4. It is not possible within the limited space available to attempt anything like an exhaustive review of all the points discussed by the Committee and I shall therefore content for the present with recording such thoughts as have occurred to me on a careful study of the report. While effective measures are being taken to irradicate untouchability in social system the recommendation of the Committee in retaining the existing practice of segregating members of the scheduled classes without finding means to absorb them in the existing village societies is very much to be deplored. While the Committee recognised that the supervising Union system is an admirable arrangement it is strange that they did not propose measures for their re-suscitation and re-organisation on the lines approved by them. By their leaving the unions to the tender mercies of the Central Banks the Committee has virtually sealed their doom. In view of the programme for expansion envisaged by the Committee with the ideal of bringing all the villages

in the Province within the Co-operative ambit, the recommendation against the banking union idea on a regional basis at the rate of one such union for every taluk can not secure universal acceptance. An experiment in this direction should in my opinion be immediately initiated so that its services may be ready and available when the expansion scheme ultimately materialised. The decision of the Committee to eliminate the individual element from the management of the Central Banks does away with the only safe-guard for independent advice and the suggestion for co-optation can by no means be regarded as an adequate substitute. The Committee should have insisted upon such Central Bank employing an efficient, well trained and fully equipped with banking knowledge as its secretary with powers clearly demarkated and well defined. The Committee cannot be congratulated on their decision to accept a compromise on the principle of fixing the aim of Co-operate education. In view of the potential possibilities for development of the Movement, any scheme of Co-operative education should comprehend that degree of teaching which would result in producing men of the requisite Co-operative qualities of character and capacity. On the vexed question of Audit fees which has been agitating the Co-operative mind for some years it is a matter for regret that the Committee had no definite recommendation to make. Proposals of the Committee for undertaking fresh legislation or by way of amendments to existing statutes will be readily accepted. Most of these changes were rendered necessary as a result of experience gained in the working of Land Mortgage system and the Land Mortgage Banks' conferences have from time to time demand such legislation. The amendments proposed in regard to the Debt Conciliation Act with special reference to Section XIV are designed to secure a comprehensive enactment on debt conciliation. The incorporation into this law, of a carefully devised rural insolvency scheme somewhat on the lines of the Bengal Act is an urgent necessity. The legislation recommended on the lines of the torrence system deserves special consideration. The proposals for amending the Co-operative Societies Act are acceptable so far as they go.

5. The report on the whole is exhaustive, illuminating and scientific and the opinions recorded by the Committee on most questions placed before them are generally satisfactory. The Province as a whole is greatly indebted to them for the time and the talent it has freely given and the labour it has expended in trying to deal with the most complex problems ever presented to a Committee. I sincerely hope and trust that the Government will bestow its careful consideration on the report and devise suitable measures for giving immediate effect to the benificent proposals it undoubtedly contains. Before concluding I cannot help remarking that in the words of the Hon'ble Mr. Ramadoss Pantulu expressed, in another connection, that the Registrar still remains 'the centre of the picture' and the peoples' Movement is yet a distant goal.



# Section 48 of Act VI of 1932.

BY MR. P. K. SRINIVASA RAGHAVA ACHARYA.

Section 48 of the Madras Co-operative Societies Act reads thus:—

'Save in so far as is expressly provided in this act, no civil court shall take cognisance of *any* matter* connected with the winding up or dissolution of a society under this act and when a liquidator has been appointed *no suit or legal proceedings* shall lie or be proceeded with against the society except by leave of the Registrar and subject to such terms as he may impose.' This section is intended to safeguard the interests of societies whose registration has been cancelled.

In Act X of 1904 (The Co-operative Credit Societies Act 1904) a similar provision is found in section 24 (6) where it is laid down as follows:—"Save in so far as is herein before expressly provided, no civil court shall have any jurisdiction in respect of *any matter* connected with the dissolution of a society under this act." That section itself provided for the framing of rules providing for an appeal to the Court of the District Judge from any order made by a Liquidator under this section. This act was repealed by Act II of 1912 (please *vide* section 50 of that act). A provision similar to section 24 (6) of Act X of 1904 was enacted in section 42 (6) of this act with the exception that instead of the word society the term "Registered Society" has been introduced. In Act II of 1912, section 42 (4) provided for an appeal to the court of the District Judge from an order made by a liquidator where such an appeal has been provided for by the Rules. Here is seen a departure from the provisions of Act X of 1904. Whereas in Act X of 1904 there was an unqualified right given to aggrieved party to appeal to the District Judge from the orders of a liquidator, Act II of 1912 allowed an appeal only in cases where the rules provided for one. In other words unless the Government framed rules providing for an appeal there was to be no appeal from the orders of the liquidator. Rule XIII is the only rule that says anything about the appointment of a liquidator and his functions. That rule is silent regarding any appeal from any order of the liquidator. Subsequent to Act II of 1912 some of the provinces had their own acts passed regarding the working of Co-operative Societies. The Bombay legislature passed Act VII of 1925, Burma had Act VI of 1927 and the Madras Presidency had Act VI of 1932. In all these acts attempts have been made to prevent interference by courts of law with the actions of the liquidator. Section 51 of the Bombay Act says 'Save in so far as is expressly provided in this act no civil court shall take cognisance of any matter connected with the winding up or dissolution of a society under this act and when a winding up order has been made no suit or other legal proceedings shall lie or be proceeded with against the society except by leave of the Registrar and subject to such terms as he may impose.' Section 49 of the Burma Act says 'Save in so far as is herein before expressly provided no civil court shall have any jurisdiction in respect of any matter connected with the dissolution or winding up of a co-operative society under this Act.' The provision in the Madras Act has already been mentioned. It is seen that the sections imply that the acts have expressly provided, for cases being brought before civil courts in certain affairs connected with the dissolution or winding up of societies. The Burma Act provides no doubt for an appeal to the District Judge from any order of the liquidator when 'it is provided for by the rules'. Rule 23 framed by the Government of Burma states, that an "appeal under section 47, sub-section (4) shall lie from the order of a liquidator appointed under section 47 only in cases in which the Registrar has given his consent in writing to the presenting of the appeal. Thus it is seen that the legislature in all these provinces of Madras, Bombay and Burma provided for the aggrieved party moving a civil court for redress only in cases where the Registrar grants permission.

It is not within the scope of this article to question the wisdom of such enactments. Suffice it to say that where as Act X of 1904 enables the parties to seek redress in a civil court the other enactments have reduced the scope of exercising such a right to nothing.

The section under consideration consists of two parts. The first part is concerned with the subject matter of the legal proceedings and the second part with the party to such a proceeding. By the first part any action relating to any matter connected with the winding up or dissolution of society is barred. By the second part any legal proceeding against a society is barred except with the permission of the Registrar and subject to such terms as he may impose. The only section that provides for an appeal is section 49 (2) which says that an order of surcharge which may be passed





in the course of winding up of a society may be appealed against to the civil court. Apart from that provision there is no other provision which expressly provides for such an appeal.

It cannot be contended that the legislature is harsh towards persons who have got any claim against societies. Societies are creatures of statute and every one dealing with them is expected to know that all their rights and remedies are prescribed by the statute that created such societies. The powers of the liquidator are enumerated in section 47. Section 47 (3) (*c*) vests the liquidator with powers to investigate all claims against the society and to decide the questions of priority arising between claimants. One cannot help feeling that the language chosen is unhappy. Is the liquidator authorised to decide as to whether the claim against the society is really bona fide? He no doubt is empowered to investigate. Investigation cannot mean decision especially when the clause itself authorises him to decide certain cases. It has to be presumed that investigation has been authorised by the liquidator to be made so as to enable him to exercise those powers, vested in him under clause (*d*) and pay claims against the society. Even clause (*d*) is unhappy. The legislature evidently thought that no claim can be made against the society unless it has arisen before liquidation. To take a hypothetical case the liquidator passes an order for contribution against a past member, attaches movables which are subject to a mortgage, brings them to sale and purchases them himself. Subsequently the mortgagee wants to realise his mortgage amount by the sale of the properties that have been purchased by the liquidator. Clause (*d*) authorises the liquidator to pay claims against the society (including interest up to the date of cancellation of the Registration.) By implication it can only mean that he can pay off only those claims that were in existence against the society before it went into liquidation. It may no doubt be urged that the liquidator should not pay up the claim made by the mortgagee. This is one of the defects in the Act where the defects are the rule rather than exception. The mortgagee cannot insist on being paid off because the authority of the liquidator does not extend to the paying up of such a debt. He cannot sue since the liquidator has powers to investigate all claims against the society and since such a course is necessary for the winding up of the society. The legislature never thought of leaving such a claimant helpless but the provisions of the law are such that he is really without any remedy.

The second part of the section says that no suit or legal proceeding shall be instituted against the society without the permission of the Registrar. The society has taken possession of some immovable property to which it is not legally entitled. The person whose property has been so taken possession of, wants to recover it. It may be contended that it is claim against the society as per clause (*c*) of section 47 (3) or it is a suit which is covered by the second part of section 48. If it comes under clause (*c*) no court shall take cognisance of it and if it comes under second part of section 48 the permission of the Registrar has to be obtained.

This section corresponds to section 28 of the Provincial Insolvency Act with the difference that whereas under the insolvency act the unsecured creditors are prohibited from instituting any suit or other legal proceedings except with the leave of the court under the co-operative societies act no distinction is made between a secured and unsecured creditor and for the matter of that between persons having any kind of claim against the society. The Registrar under the Co-operative Societies Act is substituted for the court under section 28 of the provincial insolvency act.

No doubt it may appear strange and inequitable that section 48 of the co-operative societies act should be interpreted in the way in which it is interpreted in this article. I have been asked by many friends of mine as to whether I am placing a construction upon the section which is unequitable. Some say that the section may apply to cases where members put in claims against such societies. I have to state that the section makes no difference between members and non-members. This is a provision of law similar to rule XXII (17) (*a*) and (17) (*c*) in respect of its applicability to members and non-members. The period of limitation fixed by the Indian Limitation Act for a suit to set aside a claim order is one year. When the order is with respect to a property proceeded against by the society through the Registrar of the District the period of limitation is 6 months. The law in section 48 is not laid down with respect to members or non-members but with respect to a society which has gone into liquidation.

It is better in this connection that the case law dealing with this matter is considered. In Mugi Subbiah *vs.* Ravulacheruvu Thippa Reddy, A. I. R. 1939 Madras 967 a suit was filed against a Deputy Registrar of Co-operative Societies in his capacity as the liquidator





for setting aside certain sales. It was alleged that the sale officer failed to follow strictly the procedure laid down by the rules under the co-operative societies act. The trial court dismissed the suit on the ground that 'the civil court has no jurisdiction to entertain such a suit for a remedy in respect of which a special machinary has been provided by the act'; and also because by reason of section 48 of the Madras Co-operative Societies Act where under the suit would not lie without the leave of the Registrar. The learned District Judge on appeal allowed on the ground that the "jurisdiction of civil courts cannot be taken away unless it is expressly excluded by the statute in question and that section 48 has no application because the bringing of properties to sale in execution of decree or an award is not past of the winding up of the society". On second appeal the High Court of Madras held that such a suit cannot lie. The learned Judge is pleased to say "It seems to me that the decision of the learned District Judge is demonstrably wrong on both these grounds". "All the cases to which I have referred recognise that the jurisdiction of civil courts may be ousted by necessary implication when a special statutory machinary has been set up and the ouster need not be express. As to the reason for not applying the bar under section 48 the learned District Judge has overruled the fact that though suit has been filed nominally against the liquidator, it is in fact against the liquidator as representing the society and such being the case the second portion of section 48 will apply and the suit will not lie without the leave of the Registrar." It should be noticed that in this case the plaintiff was a member of the society. In Kuppugovinda Chettiar *vs.* Uttukottai Co-operative society 52 M.L.W. 134 also the scope of section 48 of Madras is considered. Their Lordships compare the language of section 48 of Act VI of 1932 with that of section 42 (6) of Act II of 1912. Their Lordships observe "As will be seen from the words of the provisions of the law with which we have to deal, namely section 48 of the Madras Act VI of 1932, the second clause thereof is far more precise in its language than the provisions in the earlier Imperial Act. For it says that when a Liquidator has been appointed no suit or other legal proceedings shall lie or be proceeded with against the society except by leave of the Registrar. There was no provision of this kind in the earlier Imperial Act for a suit being filed with the leave of the Registrar against a society after a liquidator was appointed. In this case it is admitted that the Registrar refused leave when leave was asked for, and we find it impossible to find any reason for ignoring the plain words of the provisions of law which are applicable to the present case and in particular, the second clause of section 48 of the Act which is as clear as possible. It says that *no suit* can be instituted against a society when a liquidator has been appointed except by leave of the Registrar. This provision appears to us to stand in the way of the present suit and though this point was not prominently placed before us in the argument and was not certainly referred to in the court below we are not able to find any way out of the situation created by the new law."

There are two decisions of the Rangoon High Court which are sufficient to show that even in cases where non-members sue the permission, of the Registrar is a condition precedent to the institution of such suits. In U. Kyan *vs.* S. V. K. V. Chettiar Firm 8 Rangoon 585—A. I. R. 1931 Rangoon 65 the facts of the case were these. The respondent had obtained a decree for costs against a society which subsequently went into liquidation. The decree was sought to be executed. The Learned judge observes " Section 47 (2) gives the liquidator power to investigate all claims against a society which is in liquidation and section 49 says that no civil court shall have any jurisdiction in respect or any matter connected with the dissolution or winding up of a co-operative society. It appears therefore that in respect of claims against a society which is in liquidation the jurisdiction of civil courts is barred, and the matter is left to the decision of the liquidator, so that persons desiring to enforce claims against the society must apply to the liquidator and not to the civil court. In U. Saw Buri and another *vs.* U. Maung Gale 11 Rangoon 442=1933 Rangoon 243 a suit was instituted by non-members against a society in liquidation for recovery of certain sums of money which was deposited by them in current account. It was urged that section 49 does not apply to non-members. " It is contended however, the learned chief judge observes " that although section 49 of the Act abrogates the jurisdiction which otherwise the civil court would possess to entertain claims against a co-operative society in liquidation by members or past members of the society or their legal representatives, claims against the society preferred by strangers are not within the ambit of section 49. It is urged that in as much as the liquidator is authorised " to institute and defend suits and other legal proceedings on behalf of the society (section 47 (2) (*a*) and to institute or defend such suits in the civil court having local jurisdiction and such other legal proceeding





against persons other than members, past members or nominees heirs and legal representatives of deceased members as may be necessary for the purpose of recovering debts and of recovering or retaining possession of other properties to which the society is entitled (R. 22) these provisions cannote that persons other members or past members are entitled to prosecute claims against a co-operative society in liquidation in civil courts. In my opinion this contentions cannot be sustained. Because the liquidator is authorised to defend suits or other proceedings brought against the Co-operative Society it does not follow that such suits are not maintainable, or that the court has jurisdiction to hear or determine them. Even when a suit does not lie the defendant must be at liberty to defend the suit although it may be that his only defence is a plea of jurisdiction." It follows that the claims of strangers and members against a co-operative society in liquidation as Orneston J. observed (civil revision No. 199 of 1928) are alike subject to the uncovenanted mercies of the liquidator. Non-members who have deposited money with a co-operative society which goes into liquidation may perhaps lament the predicament in which they find themselves, but those who lend money to persons or institutions under disability have only themselves to blame if they did not discover the risk that they were incurring before they lent their money. It is therefore clear that the bar placed by section 48 applies to all cases and persons alike.

Such and similar questions of law have to be considered by the Department. Regular classes in law which they have been called upon to administer are of absolute necessity to Deputy Registrars, Registrars of District and Sale Officers. It may not be possible to bring them to realise the necessity for such classes. The department has encroached much on the powers of civil courts. It if but fair and proper that those who have been empowered to administer law should be made to know what they have to administer. I hope that I will not be misunderstood if I say that the Registrar should insist that at least in the Refresher Courses held every year for the officers of the Department they should be given classes in several branches of law which they should be conversant with.

# A Co-operator's Pilgrimage.

By Prof. S. K. Yegnanarayana Ayyar, M.A.

The greater portion of the Ramnad district is under the jurisdiction of the Madura Ramnad Co-operative Central Bank at Madura and hence the new drive for establishing co-operative stores in rural and urban areas has been extended to Ramnad district as well. When I undertook a tour in Madura for the specific purpose of studying the growth of the store-movement in that area it was not possible for me to visit any store in Ramnad; I got that opportunity when I went on a pilgrimage to Rameswaram and during that trip I visited three stores, those at Karaikudi, Rameswaram and Ramnad and my impressions are set forth below.

### *Karaikudi.*

This is a fast growing town, recently converted into a municipality. It is at the junctions of various roads spread out in the land of the famous Nagarathars and serves as an effective distributing centre for the large quantities of various goods consumed in this area. It was, therefore, a very wise step that the authorities took to start a store in this town. While I was touring in the Madura area organisation of this store was going on and it was declared open on 15-9-1940. When I visited it on 27-9-40 it was barely a fortnight old.

Two buildings have been taken up in the commercial quarters of the town and the store is situated in one of them, the other being used as a godown. The handicap under which the store works, heavy anywhere on account of antagonism of vested interests, is particularly formidable here, as the local merchants who have hitherto been monopolising the custom of the rich Chettiars anticipate loss of their flourishing business if the store succeeds.

To start with, the store is stocking rice and articles of grocery. It has wisely not included fruits within its sphere as that article is consumed in large quantities in the area and justifies a special agency for the purpose. The Madura District Sale Society has opened a branch at Karaikudi and this branch sells fruits of many varities and English vegetables.

The establishment to run the store is comparatively costly, their monthly bill coming to Rs. 120; whereas the daily sales are averaging round about Rs. 100. But there is every scope for the increase of business and if that be secured the cost of establishment will come within the percentage that has been considered as allowable.





It is a pity that the store has to work practically from 7 a.m. to 9 p.m. As in the case of any local retail shop this is ever kept open some one member or another always remaining in the store to attend to possible customers.

One pecularity of the clientele of this locality is that great importance is attached to the quality of articles, irrespective of price; and another is that if an influential Chettiar family were to purchase its requirements from the store, it would be quite easy to secure the custom of other families. In Madura certain shops prominently advertise the fact that they are being patronized by Nagarathars. All attempts are, I was glad to note, being made to enlist the sympathy of prominent leaders of this influential community on behalf of the stores. The store in this locality has great possibilities.

The present practice of getting all articles first to Madura and sending them later on to different centres increases the cost of transport. Things coming from north of Trichinopoly can more easily be sent direct to Karaikudi along the Trichy Manamadura line than getting them to Madura and transporting them by bus over 50 miles from Madura to Karaikudi. The proposal, therefore, of the Madura C.WS. to open its own distributing centres at some important places like Dindigul, Kodaikanal Road, Karaikudi etc. is to be welcomed.

The complaint I heard at the time of my visit that articles like tamarind and sugarcandy are much dearer at the stores than in the local bazaar is, I take it, but a passing phase. When the store is more firmly planted in the soil and begins to do business in a more economic way by doing away with all avoidable extra expenses, it must be able to compete successfully with local shops both in the matter of quality and of price.

### *Rameswaram.*

The holy town of Rameswaram attracts, practically throughout the year, pilgrims from all parts of India. A co-operative store was started in this place as early as October 1920 and it has continued to exist, inspite of vicissitudes, to the present day and just at present it is showing signs of healthy growth.

The store has 3 classes of members. A class members own shares worth Rs. 10 each and B class, shares of Rs. 50. Recently another class called C with a nominal share capital of Re. 1 has been started. The famous Devasthanam of this place is an institution-member of the store and a separate branch has been opened near the temple in the North East corner of the town to cater to the requirements of the temple. The store has a membership of over 200 with a subscribed share capital of over Rs. 3,200. The large floating population of the town, the thousands of pilgrims that come every day, contribute substantially to the business of the Stores.

The store is located in its own building in a busy locality. It has rented a godown and also the building in which the Temple-branch is located. The building cost of Rs. 3,500 is attempted to be covered by a Building Fund to which contributions have been made year after year and the fund stands to-day at Rs. 2,300.

The establishment is large though not costly. Besides Manager and a Head-clerk there are 5 clerks (3 at the head office and two at the branch) besides some temporary salesmen and boys; but the total cost comes only to Rs. 144 per month. The monthly average sale exceeds Rs. 5,000 in recent years and hence the cost works out less than a day's sale.

The store, I was glad to find, stocks quite a large variety of articles, clothing department—being a main item. Pilgrims generally makes gifts of dhoties and sarees to priests and Pandas and to their women-folk and this department which has a large stock of cheap varieties carries on a brisk trade.

The president of the local Devasthanam Committee is, luckily, the President of the Store as well. It would not at all be a bad policy to make that official the ex-officio president of the stores and thereby assuring the custom of the temple. The Board of management consisting of the President, Vice-President, Secretary, Assistant Secretary and three other members carries on the business. The Board meets at least once in a month and passes the monthly indent and the permanent executive carries on the day to day work under the supervision of the Secretary who happens to be a local man.

It was stated before that a respectable portion of the store's business is contributed by the non-member pilgrims. It is obviously unfair that the few members should reap the advantage of this business and declare a rebate upon purchase of four pies in the rupee as they did last year. The more equitable course would be to divide the amount available for distribution as rebate upon purchase into two sections, one to be given to members in proportion to the business contributed by them, and the other derived from the business of non-members and to allot the latter for some common purpose; to the





Building Fund, to the Reserve Fund or even to a Dividend Equalisation Fund to be drawn upon in times of need. The best course would be to pool that section of the profit into a separate fund and utilise it for increasing the amenities for the pilgrims. There are no decent public conveniences at all in the town and the number of public water taps is not at all sufficient in times of rush. The major portion of the profit contributed by non-members should be returned to them in some tangible and useful form. I hope the members would realise the equity of this recommendation and give effect to it ere long.

*Ramnad.*

For reasons of administrative convenience Madura continues to be the headquarters of both the districts, Ramnad and Madura. This small town after which the district is named continues to be the residence of the Rajah Saheb of the place. It has got some public offices and schools and hence a co-operative store was planted in this place about a year ago (23-9-1939). It has a membership of over 130, and a subscribed capital of over Rs. 1,400. Its business has been slowly increasing. Upto 30—8—'40 is, for about 11 months after it was started its sales amounted to about Rs. 8,200. The sales of August last were to the extent of Rs. 1,500. This figure though very encouraging compared with the sales of earlier months is, by itself, a poor figure. The T.U.C.S. of Madras will look upon a branch doing Rs. 1,500 business a month as a very poor one and would seriously think of closing it down. Even this business is due to the kind patronage of some institutions like Rajah Saheb's Estate now administered by the Court of Wards, the hostel attached to two local girls' school and a local hospital.

The President of the Store, Sri Marimuthu Pillai, B.A., B.L., a local advocate whom I had the pleasure of meeting at the store explained the poor business as being due to local competition and to the prices in the stores being higher than in the local bazaar. He gave a specific instance. A variety of rice known as Europe Rangoon rice for which there was a great demand was selling in the store at Rs. 14-9-0 a bag, whereas the same was available in the local market at Rs. 13-8-0. This enormous discrepency was due to the fact that local merchants got this rice from Tuticorin direct via a local port Kizhakudi, about 10 miles from Ramnad; whereas the co-operative stores has to get the same stuff from Tuticorin via Madura. He also complained about the abnormal delay at Madura in the execution of orders placed with them. I hope that this is but a temporary disability and that with the passing of time these small complaints would, automatically, disappear.

All these three stores are located in urban areas. I was not able to see any rural store at work in this district. With a little more of improvement in the working of the Madura C.W.S. and a rectification of its business methods by avoiding all duplication of transport, the store movement in the area of operation of the Madura Ramnad Co-operative Central Bank has got a great future before it so long as the Bank is enthusiastic in its support of the ideal and the stores themselves and the C.W.S. follow business methods.

*P.S.*—There is an important omission in my account of the stores I visited in my tour in the District of Madura and I am sorry for leaving it out.

The village of Alanganallur is situated 9 miles from Madura on the road from Madura to Nilakottai. That is a typical little village in the area irrigated by the Periyar water. I had the privilege of not merely visiting the Store but of inagurating it. On the 13th September I went to that village in the afternoon and was delighted to see a huge audience assembled in a Pandal waiting to receive Sir P. T. Rajan who was to have opened it. But as he had another important engagement elsewhere he deputed his brother to act for him.

A small house was engaged to locate the store and the C. W. S. had sent all the articles that are likely to be sold in the stores. The Deputy Registrar was successful in inducing the owner of a neighbouring house which was very much bigger than the house in which the store was originally located to let the house on rent to the stores. The enthusiasm of the people evinced on the occasion of inauguration was so genuine and it augured well for the stores that even on the first day it was able to get proper accommodation.



# Future of Panchayats.

BY R. SURYANARAYANA RAO.
*Servants of India Society.*

It may be remembered that when the Congress Ministry held Office the question of legislation dealing with village panchayats was in the air. The Bill never saw the light of day perhaps being tossed about between various departments and Ministers holding differing views. It appears the question has been revived again and very soon a Bill may be published. Owing to the eternal and enlightened vigilance exercised by the press in Madras, some important particulars involved in the proposed legislation have been vouchsafed to the public. They require examination and criticism.

Any student of local Self-Government will recognise that its evolution is a record of administrative changes carried out time and again to suit the exigencies of a highly centralised administration. There have been minutes of early British administrators, notably Munro, who protested against officialisation and deprecated imposition of restrictions on village government based on distrust. But their cry was in vain. So for a long time the administration of local self-governing institutions were entrusted to officials and the change-over to non-official control has taken place slowly but often grudgingly. Even the recommendations of the Royal Commission on Decentralisation and the proposals in the resolutions of the Government of India, 1915 were not given effect to for years. The Madras Government has continued to remain conservative especially in regard to transfer of judicial functions and the Madras Village Panchayats Act of 1920 bore the marks of that conservation. The words laying down the policy of the Madras Government in promoting the Act of 1920 bear repetition:

> " It is believed that this measure may help to rouse the communal spirit and enable the villagers to work together more and more for common purposes to gather experience in managing affairs affecting their health and prosperity and to fit themselves in course of time to take a more fruitful and active part in promoting the broader interests of their district, province and country. "

Owing to the restricted scope of this piece of legislation separate panchayats for purposes other than those stated in the Act had to be started. There are the Irrigation Panchayats, the Forest Panchayats besides the Panchayat Courts constituted under the Madras

Village Courts Act, 1888. In a poor agricultural country where even elementary education is not compulsory the talent available in villages is limited and often the same persons have to serve on the various panchayats. To stop this multiplication of bodies catering to the needs of villages, it has been often urged that territorial panchayats should be entrusted with all functions relating to the village. In any reform of local administration this essential change should find a place.

It was early recognised that for the successful working of the Panchayats, there should be a controlling Officer who would not only exercise supervision and control but act as the philosopher, friend and guide of these institutions. The Act of 1920 provided for this and the decade between 1920 and 1930 is even now recognised by all as the Golden Age of the Panchayats. A cautious and progressive system of State Aid was evolved and that the Panchayats acquitted themselves splendidly in shouldering the responsibilities pertaining to administration of their local affairs is amply borne out by the Administration Reports of the successive Registrar-Generals of Panchayats. With the passing of the Act of 1930 by which the transfer of control of Panchayats was shared between the District Boards and the Government a period of retrogression began and today party politics and divided control have wrought havoc. Supersessions have become the order of the day and even Utteramerur has not escaped the rod. Everyone is agreed that radical reform is necessary urgently and naturally the restoration of the Act of 1920 with such improvements as are required necessitated by the growth of political consciousness is considered as the immediate necessity for the present rotten state. Any attempt on the part of the present administration to make the Panchayats a wing of the Revenue Department would practically nullify the policy enunciated in 1920. If between 1920 and 1930 Panchayats prospered and did valuable work under the guidance and control of the Registrar-General, why not that system be revived. Past experience ought to be a safe guide. Let the Collectors by all means act as the agents of the Registrar-General and they may be assisted in the administration by the District Panchayat Officers working under them. Any attempt to appoint Personal Assistants to Collectors for the purpose of exercising control over Panchayats and to make their salaries and the cost of their establishment a charge on the Panchayat funds should be strongly resisted. Nor are the suggestions that the Village





Officers shall be ex-officio members and that in the case of minor Panchayats the Karnams to act as Executive officers worthy of consideration. There has been a cry that the village officers should be made the servants of the Panchayats and all their functions including the collection of land revenue should be made over to the Panchayats. On this point there has been a keen difference of opinion between an Ex-Minister and a veteran co-operator. It is true the Fifth Report of the Select Committee of the House of Commons, 1812, describes the village officials as the servants of the community. The introduction of the Rayatwari Settlement which has been a settled fact and the consequent collection of land revenue by the Village officials and exercise of similar other governmental functions have radically changed the position of the village officials. It will perhaps take years before the Panchayats can become real " Village Republic " and "usurp" all the functions of Government. So it is not worthwhile pursuing the controversy.

Though the Decentralisation Commission recommended the confirment of judicial powers on the Panchayats, the fact that it would mean the combination of judicial and executive functions in one and the same body is a matter of doubtful utility as such a combination is repugnant to modern ideas. Various devices have been adopted in different provinces to meet this objection. But they have not been found satisfactory. The suggestion of the Hon. Mr. Ramadas Pantulu to create a panel of competent persons from different villages from which the Bench should be constituted appears to be eminently reasonable. It only means the area of operation of the Panchayat Courts will not be the same as that of the Panchayat. In fact the Madras Village Courts Act will have to remain on the Statute Book.

There is no denying the fact that the success of any institution much more of the Panchayat, will mainly depend on the resources it possesses to discharge its responsibilities. The Government should not hesitate to make over a major portion of the Land Cess and the whole of any other cess that is now shared partly or appropriated fully by the District Boards. It is not also ambitious to ask that a portion of the Land Revenue should be allocated to the Panchayats. Though there is a testimony of a former Registrar-General of Panchayats about the readiness of villagers to tax themselves it is perhaps desirable to make the levy of tax on owners and occupiers of houses and lands compulsory. This would augument the resources of the Panchayats even at the beginning.

A co-operative society being a voluntary organisation cannot under the circumstances, undertake duties which a statutory body like the Village Panchayat alone can perform. At best a co-operative society can be an auxiliary and can effectively assist in the promotion of schemes for village uplift. It is regretable that this distinction between the two institutions is not realised and suggestions have been made that a Village Panchayat can even perform the functions of a co-operative society.

It is hoped in the directions indicated above the Government will undertake legislation to promote Village Panchayats.

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# Recent Utterances.

*The West Godavari District Co-operative Conference, Ellore, Sunday, the 10th November 1940.*

## OPENING ADDRESS.

BY THE HON'BLE V. RAMADAS PANTULU.

Sri Raja Gangaraju Garu, Dr. Gurumurthi and Fellow Co-operators,

It has given me genuine pleasure to accept the generous invitation of the organisers of this conference to me to open this conference. I do not wish to take advantage of our indulgence to trouble you with any lengthy survey of all our current problems. I wish to advert to two or three matters arising out of the recommendations of the Committee on Co-operation, which I consider to be of topical interest.

*Co-operation and reorganisation of Rural Economy.*

The bearings of co-operation on rural welfare is the one subject which is receiving increasing attention at the hands of all those who are interested in co-operation and the promotion of prosperity in rural areas. It is now realised by political, social, and economic reformers that unless greater attention is paid to rural problems and something tangible is done to transform rural economy, which is now a deficit economy into a surplus economy, and to redress the balance between the town and the country, India cannot make any genuine progress, politically, socially or economically. As the Royal Commission on Agriculture point out, "the modern conception of the co-operative movement differs markedly from that at the close of the last century." The expressions, 'agricultural organisation' and 'rural reconstruction' are now supposed to express more fully the nature and scope of the activities hitherto associated with the co-operative movement. Wherever agriculture is a predominant industry, co-operation has come to be regarded as the normal basis of socio-economic development. It need hardly be said that this is applicable to India in a very special measure. If the Report of the Committee on Co-operation is more valuable for one reason than any other, it is the recognition of this principle and the formulation of proposals intended to carry it out. I, therefore, commend to the careful study of co-operators of this province the chapter on rural reconstruction in the Committee's Report.

The two agencies which are best suited for the reorganisation of rural life and agricultural industry are, in my opinion, the co-operative societies and village panchayats, the former organised and run on voluntary basis and the latter on a statutory and compulsory basis. The setting up of autonomous village units, which are significantly named 'village republics' by my esteemed friend, Mr. T. Prakasam, and the transformation of co-operative societies into economic organisations, which will deal with the villager's life as a whole and bring within their scope as many residents of the village as possible should, in my opinion, be tackled together. Those interested in village panchayat reorganisation must study the bearings of the co-operative movement on village life, and similarly those who are engaged in the task of reorganising co-operative societies must recognise the limitations of those societies to deal with all the problems of the villager and the need for supplementing voluntary effort through co-operation by an effort of local village self-governing bodies. I have merely indicated the nature of the problem for your consideration, and I do not wish to elaborate it. In this connection I would like to strike a note of warning. We should not attempt too much. Radicalism in reform is a very different thing from mere idealism unrelated to the realities of the situation. Those who wish to entrust village panchayats with what must be considered to be functions of the State, like demand and collection of land revenue and those who wish to entrust co-operative societies with all kinds of philanthrophic and public utility services are, in my opinion visionaries, who are not likely to build any institutions which are now required by the villagers. I do not know whether under the present arrangements the subjects of Co-operation and Village Panchayats are vested in the same Adviser or different Advisers to the Governor. Whether one Advisor or different Advisers deal with them, I hope that the problems of reorganisation of co-operative societies and of village panchayats will be examined in their relation to each other, so that when the panchayats and the co-operative societies are reorganised they may between them bring about a real socio-economic reconstruction of rural areas.

Let not our administrators and legislators forget that now the power of setting up popular governments in the provinces, even under the defective scheme of the Government of India Act is vested in the rural voter, who has received an increased measure of franchise, though not to the extent of making the franchise an adult universal franchise. If the Governments are in any sense to be popular, they must consider that the improvement of rural economy is their first duty and if they fail to discharge it properly, the stability of popular governments in future will be seriously jeopardised.

### *Co-operative Education and Non-official Effort.*

Another subject on which I wish to dwell though briefly on this occasion, is co-operative education and training. The Committee on Co-operation after examining the present position make certain recommendations in this behalf. The recommendations briefly are: (1) There should be a college of co-operation for higher co-operative education affiliated to the University, organised and controlled by the Government, with the aid of an advisory committee. (2) There should be two training institutes, one for





the Telugu Districts and another for the Southern Districts to impart co-operative education and training to candidates so as to make them fit for service as supervisors, clerks and village guides. These institutes are to be entrusted to non-official management under the Provincial Co-operative Federation (Union) which should in consultation with the co-operative linguistic unions run them. The Registrar and an Educational Expert *will be at liberty to help the Provincial Co-operative Federation with their advice* on matters relating to the conduct of the institutes. The Committee further say that through their educational work, the two institutes should "assist in making the co-operative movement strong and self-reliant." (3) The education of members and panchayatdars in village societies should be entrusted to co-operative linguistic unions or federations. (4) Finally they say that apart from the college of co-operation, education should be effected through co-operative rather than the State effort.

One of the first recommendations of the Committee to be dealt with by the Government on the proposals sent up by the Registrar is that relating to co-operative education. Of the three grades of education—collegiate, professional and rural—collegiate education through a government college is still very far off, for there are no prospects of the government now establishing a college of co-operation at a time of financial stress like this. I do not however regret it, for to my mind absence of provision for collegiate education in co-operation is to be regretted less than provision for such education through a college exclusively organised, financed and controlled by the government. I shall leave it at that.

Coming to professional education, that is, training candidates to make them fit for service as clerks, supervisors or village guides, the Registrar seems to have proposed to the Government that the recommendation of the Committee, which is in accordance with the existing arrangements, should be given the go-by and that the two training institutes to be started this year—one at Anantapur and the other at Tanjore—should be conducted exclusively under the control of the Registrar, who will appoint the instructors and conduct the examinations himself. This departure from the recommendations of both the Townsend Committee and the recent Committee on Co-operation and a reversal of the existing arrangements is a decidedly retrograde and reactionery step. It sets back the hands of the clock of progress by at least a decade. If this is to give us a foretaste of the way in which the recommendations of the Committee will be implemented by the Government at the instance of the Registrar, then the time, labour and money spent on the work of the Committee must be declared to be a colossal waste. However, until I know more of the Registrar's new scheme of the management and conduct of these institutes, the kind of teachers he is going to employ and the kind of examination he is going to conduct, I do not wish to make any further comment.

As regads the third category, viz. education of panchayatdars and members of rural societies, nothing is heard so far. I shall not be surprised if this is also withdrawn from the co-operative institutions which are now entrusted with this task. It may now be taken that the new orientation which was expected as a result of the Committee's labours has started with a wholesale officialisation of co-operative education and scrapping all efforts so far made to entrust it to non-official co-operative organisations.

What should co-operators do in these circumstances? I think they must have a scheme of co-operative education through their own institutions, irrespective of education which the Registrar and his department propose to impart. It is certainly not beyond the capacity of the Provincial Co-operative Union and the language federations, either educationally or financially, to organise and run two institutes to give adequate training to men whom they wish to employ as supervisors, clerks or village guides. I suggest that without asking for financial aid from the government, the Provincial Co-operative Union and the two language federations may take immediate steps to organise two such training institutes, one for the Andhra Districts and another for the other districts. We must resolve that men who pass through these genuine co-operative institutes conducted by the Provincial Co-operative Union and the language federations should in future be employed by non-official institutions for service in them. This is not the occasion for elaborating the scheme further. I have no doubt that the Provincial Co-operative Union will take the earliest opportunity of submitting a full scheme for the consideration of and adoption by co-operators and co-operative institutions in this province.

As regards education of panchayatdars and members of societies, it is now being conducted by district committees composed of the representatives of the district co-operative banks and the department, in collaboration with the Provincial Co-operative Union. To supplement the annual grant made by the Government of India, the Madras Provincial Co-operative Union has been contributing for the last three years (1938, 1939 and 1940) sums aggregating to Rs. 5 to 7 thousands a year. I see no reason why the Provincial Union should under the altered circumstances continue to do this work. It may be safely left to the Registrar himself to be carried on through his own inspectorate. We can draw up another scheme for holding periodical classes for members and panchayatdars under the auspices of the District Co-operative Banks and the local co-operative unions where they are working, without asking the government for any grant. There is enough money in the movement and the Provincial as well as central financing organisations ought to be easily able to finance such a scheme. Our aim should be what the Committee on Co-operation has defined for us, viz., co-operation should be woven into the very lives of villagers by this continual process of popular education.





*Measure of Official Control over the Co-operative Movement.*

The third and last subject to which I wish to refer on this occasion is the measure of legitimate control which the State department of Co-operation should exercise over the movement. As I have often said the ideals with which the framers of the Co-operative Societies Acts of 1904 and 1912 started, viz. progressive demorcratisation of the movement so as to make co-operative institutions popular in the sense of their being institutions of the people, for the people and run by the people, has been receding, particularly of the inauguration of Diarchy and Provincial Autonomy under the constitutional reforms of 1919 and 1935. The Provincial Co-operative Societies Acts which replaced the All India Act of 1912 have vied with each other in strengthening official control over and stifling the growth of the movement, and each Act which followed the other improved upon its predecessor, in this respect. Please make a comparative study of the Provincial Acts of Bombay (1925), Burma (1927), Madras (1932) Bihar (1935) and Bengal (1940) to find out whether what I have said is correct or not. The Madras Committee on Co-operation devoted a speciel chapter to the statutory powers of the Registrar. Besides recommending the differentiation of the audit branch and administrative branch and freeing the former from the control of the latter, the Committee made some recommendation which if given effect to, may mitigate the rigour of the official control. In dealing with the amendments to the Act, some detailed recommendations are made to minimise the chances of misuse of the very wide powers vested in the Registrar and provide for appeals to the Government against the orders of the Registrar on important matters, where there are no appeals now. It remains to be seen how far these recommendations will be accepted. The running of the movement under practically official aegis has practically robbed it of its popular character and killed initiative and sense of responsibility among those for whose benefit the movement is intended. If people who are inspired with true nationalist ideals and non-official workers who cherish ideals of freedom and self-respect do not take enthusiastically to the co-operative movement, this increasing official control is partly responsible for it. The statutory functions of the Registrar of registration, inspection, audit and liquidation, if they are exercised in accordance with the intentions of the framers of the Co-operative Societies Acts are not only unexceptionable but also helpful. But I feel that in the exercise of each of these functions, the department starts with a mistrust of non-official initiative and enterprise and a belief in its own omniscience. The pathetic faith of the department in the efficacy of continued spoon-feeding is ever-growing. On the whole, under the present system, the Registrar has shed his original role of friend, philosopher and guide of friendly societies and has assumed the role of the Inspector General of Co-operative Police in charge of erring and suspect bands of non-official co-operators. If this is the outcome of our efforts after a lapse of nearly 35 years of the inauguration of the movement in this country, it must indeed be very distressing development to the minds of true students of co-operation in this country.

What is the remedy? What is it that we should do to arrest this process of ever-expanding departmental stranglehold on the movement? In the first place co-operators must be vigilant and enter a strong and emphatic protest whenever the legitimate exercise of statutory powers vested in the Registrar degenerates into irritating and wholly uncalled for interference in the internal affairs of societies. I hope the Registrar will not deny to responsible non-official co-operators and co operative instituitons opportunities to draw his attention to the idiosynchrosies and uncivilities of his subordinate officials who mainly control the movement. Co-operators must make up their minds not to permit such interference, and each such interference must be met with necessary opposition. Secondly, we must ourselves do everything possible to get rid of our dependence on government. One of the deplorable weaknessess of the co-operative movement is the tendency of co-operators to ask for more and more favours and concessions from the government. So long as we cannot stand on our own legs imposition of outside control is inevitable. So, my advice is that from now we should reduce to the utmost extent possible our dependence on the government for financial and fiscal assistance.

Recently the Reserve Bank have withdrawn the facilities which co-operative institutions have so far enjoyed for free remittance of funds for genuine co-operative purposes. We were hitherto treated on a better footing than joint stock banks. It is true that we had a claim for such preferential treatment. For one thing, such free remittance facilities made credit somewhat easier and cheaper to the agriculturists. In the next place, creation of facilities for transfer of funds from capital cities and towns to rural areas is a legitimate function of the State in order to improve agricultural economy. But these considerations which are generally associated with an enlightened agrarian policy have not found favour with the Government or the central banking institution of the country, which through their Agricultural Credit Department, were looked upon as a great boon to the urban and rural interests of this country. Nevertheless, I think it is desirable for co-operators not to beg the Reserve Bank or the Government for the continuance of the free remittance facilities but to so reorganise our business and to so readjust our borrowing and lending rates as to meet the cost of these remittances. There are some other facilities and concessions which we still enjoy, and the Government which is entirely capitalistic in its outlook and temperament may in due course withdraw them also. Let us be prepared for such an eventuality and begin to put our houses in order so that we may no longer depend upon the Government for the successful working of our concerns.

Let me make it clear to my fellow co-operators that my aversion to departmental control of the movement has not the slightest connection with





the colour or political complexion of a government in power for the time being. Government control of co-operation is equally undesirable in the case of so-called popular governments as in the case of unpopular governments. Even in countries which enjoy full measure of self-government as England and America co-operators never reconciled themselves to any undue measure of State control. This is not fully realised in this country. Even the erudite Committee on Co-operation was unable to appreciate my view-point. Referring to my objection to government controlled education, the Committee remarked, " but the majority of us think that he over-stresses the danger of government's *particularly pcpularly elected government's*, restriction of free thought and enthusiasm. " This in my opinion shows the lack of appreciation of the implications of Government control over spheres of co-operative enterprise, which ought to be entirely left to the movement itself. Any belief that popular governments can be trusted to be effective guardians of popular rights, where the exercise of such rights is controlled by a bureaucratic executive is an illusion. The fear of executive encroachment on people's rights and freedom is no less real in the co-operative department than in others. In support of my view I cannot do better than quote an illuminating passage from a broadcast speech on 'Citizenship' delivered the otherday by the Rt. Hon. V. S. Srinivasa Sastriar. He said: "Self-rightousness is a besetting sin of popular government all the world over, the more dangerous when it rests on a large majority. From the dawn of society, power over men and things has been a notoriously corrupting influence. Human ingenuity has been taxed to the limit of its resources to devise checks on its exercise." The danger pointed out by Mr. Sastriar is all the greater in a country like India, where the executive still enjoys a very large measure of autonomy and in fact exercises certain amount of control even over the so-called popular governments themselves. As Mr. Sastriar points out, " the distilled wisdom of ages of bitter experience is enshrined in the saying, 'Eternal vigilance is the price of liberty.' It must of course be enlightened vigilance. So, I conclude with the exortation that co-operators must be eternally vigilant about their rights and about the freedom of their movement.

## CO-OPERATION AND RURAL RECONSTRUCTION.*

*A Scheme for Unemployment and under-Employment,*

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### CHAPTER I.

When I see you, young friends gathered before me, I begin to ask the question, what is your future? All of you cannot get Government posts or it is only the fittest that would survive nowadays. It is the Commission that selects candidates for Government appointments, they would select only

*An address delivered at the Loyola College, Madras.

the fittest for posts and no influence, however strong, can weigh with them. Your education has only fitted you largely for Government posts. The system of education started exactly a century ago still continues. The education of most of the boys is aimless. After passing the School Final, they do not know what to do and they join Intermediate class. After passing the Intermediate, they do not know what to do and they join the B.A. class. After passing the B.A., unable to get any appointment, they join the B.L. Class just to spend time and so, on it goes. During the College classes, they would be sending in applications for appointments, after closely watching the advertisements in the papers. They come to Madras from up-country not so much to study, but because they have better opportunities for sending applications and also because they find it irksome to remain in the villages. The result is that Arts Colleges in Madras are flooded with applications for admission. The anxiety of the parents at the present day begins not before passing but after passing. Instance you would have seen in the papers that some, unable to find employment, even commit suicide. As a remedy for un-employment, it has been suggested that agricultural colonies may be started for unemployed graduates, but these, I am afraid, will not succeed. How can the present system of education be fitted for luring graduates to settle in agricultural colonies? We have one colony for unemployed graduates at Chidambaram and there are only two graduates left there. It must be said to their credit that they are sticking on to the land. It seems to me that there should be a restriction in the number of graduates. Dr. Spencer Hitch has said "large numbers of these graduates are unemployed, contributors to discontent and a drain upon rather than a help to the resources of the country." It seems to me, however, that there is a way of harnessing our young men of the present day to rural reconstruction for which there is plenty of scope in the villages. I shall deal with rural reconstruction work in my next chapter.

For this rural reconstruction work, we want workers, sincere and true. We want an army not to conquer Hitler but to conquer ignorance and illiteracy. But this army should first be educated, but they need not be highly educated. It is enough if they are High School students. They should also be trained in the elements of rural economy and hygiene so that they may be guides to the rural folk. This idea of rural guides has been advocated by Dr. Thomas long ago. Rural uplift schools for the purpose of training rural guides have been started in Salem, Chittoor and Cuddapah. But these are only sporadic attempts. At the instance of the Registrar of Co-operative Societies, Government have also approved of a scheme for the purpose. One or two Secretaries or other directors of the societies are selected in each District and trained in Co operation, Rural Economy, Book-keeping, Accountancy and Elementary Banking for 3 months in the Central Co-operative Institute. What I feel, however, is that sustained and systematic attempts should be made to evolve a scheme of bringing in a large number of rural guides to undertake rural reconstruction work in the Presidency. We





have about 50,000 villages in the Presidency. At the rate of one for every 10 villages, we would require 5,000 rural guides. This would absorb 5,000 school finals for active rural work and would also reduce the number to this extent of young men aimlessly going up to College classes for study. For the purpose of training these men, I would suggest that a system of rural education more or less on the lines of the folk high-schools of Denmark should be started in this Presidency by the Universities which now send out graduates year after year. I do not want to elaborate on the working of the folk high-schools in Denmark; some of these Professors here would have known the working of the schools, but, for the sake of you, students, I shall explain briefly the system and its importance. It is said that "the triumph of co-operative ideas among the peasants in Denmark is to be found not so much in the social and political spheres, but in the spiritual influence which emanate from the Danish folk high-schools." One writer of the history of Danish Co-operation says :—

> "These schools awakened in young men and women a yearning for knowledge and a desire to work ; the character of the pupils was strengthened, and they left the schools with a much enlarged outlook on life. To satisfy its yearning for knowledge, a current of youth flowed from the folk high-schools to the agriculture schools, and when it afterwards passed out into life, it did so with a strong feeling of fellowship, and a desire to work for common progress. Youth thus gained some of the qualifications necessary to the success of a co-operative movement."

The first Danish folk high-school was erected by patriotic men in the year 1844 and there are now 60 schools in Denmark and this idea of folk high-schools spread not only to Europe but also to America. There are 32 schools in Norway, 52 in Sweden and 6 in America. The schools are entirely free in their curriculum, while the teachers, living as they do in a circle of friendly intimacy, have little difficulty in agreeing upon. 2 to 4 pupils generally share a room, bringing their own bed-clothes. They eat at a common table and the food is plain but plentiful. All the students participate in the whole of the instruction given, which with intervening periods for rest and recreation, occupies the whole day. Writing, arithmetic drawing etc., are done under the supervision of a teacher. Gymnastic training is given daily. The women get a great deal of needle work. There are open-air games, folk-dancing and ball games every day if the weather permits. As a rule, 3 lectures daily, covering history, literature, geography, sociology, natural science etc., are given in the school. This study in common, which sometimes includes discussions of the lecture-subjects, constitutes the principal work of the school-day. Before and after each lecture, the pupils sing together songs which have, as far as possible, a bearing upon the lecture. It is not the intention of these folk high-schools to make all young people in Denmark either school teachers or book-wormes, but to help them to find happiness in their daily work, and give them a spiritual understanding of active human life. They intend these pupils to return to the farm, craft or trade from which they come, and they do this work with an undaunted spirit and a brighter intelligence as a result of their attendance at schools. In short, 'the folk high-schools are school for life in the very best sense.' Folk high-school, if it is to be so in our country must be home-like and then only it will fulfil its purpose. It should initiate the young into a participation in the life of their people and country, and in the affairs of humanity at large; at the same time, it should not deprive them of the cordiality which they bring with them from the homes of their childhood. It should teach the young that earthly life should not degenerate into an egotistic struggle for existence, but must 'be a community-life for all men, so that the country in which they live and, furthermore, the whole world becomes the common home in which all people co-operate. What an excellent idea, if only our Universities would copy the example of the people in Denmark, and start some schools in this Presidency.

The young men trained thus in the folk high-schools would be available for rural work. They need be paid at the rate of, say, Rs. 25—30 per mensem and this would be gladly contributed by the villagers, as it would not bear heavily on each. But it requires also more qualified men to exercise some supervision over the work of the workers. For this purpose it would be necessary to have a College started for training Intermediates and Graduates. The Committee on Co-operation has recommended that such a college should be started and if only Government approve of this proposal, quite a number of under-graduates and graduates can be trained in the college and made available for the work of supervision. For 100 villages or for 10 rural guides, I would suggest there should be a Superintendent and, therefore, basing on this calculation, we would require 500 trained graduates to supervise the work. This would absorb 500 graduates and detract them from entering Law Colleges aimlessly. For working this scheme, there should be a Committee at the Headquarters of each District with the Collector as President. You will probably be wondering whether the necessary finance will be forthcoming for it. I have no doubt in my mind about it. Provided the work is organised on proper lines, the workers are properly selected and the members of the committee are honest and sincere men, the necessary finance will be forthcoming and the villagers will liberally and gladly contribute for their own welfare. For good work, there will be no dearth of funds.

## CHAPTER II.

Now I come to Rural Reconstruction, the Second phase the problem of under-employment. I am firmly convinced that the only hope for Rural India lies in rural reconstruction, for thereby you throw light into darkness and hope into hearts. India is a land of villages. According to the last census, 86.4 per cent. of the people live in villages. 61 per cent. of the people





depend for their livelihood on agriculture. The nation, therefore, lives in villages. India cannot advance economically if the nation does not advance and the nation cannot advance unless the villages advance and villages cannot advance without rural reconstruction. But the success of rural reconstruction work depends on self help. I have known instances where rural reconstruction was started with the flush of enthusiasm, but when the enthusiasm waned, the rural reconstruction work disappeared. It is necessary that you should harness the local people for this work, if it is to be a success. We must make the villager understand that life is really worth living, if only he wills. You must draw him out from his despondency. You should attempt to effect a change in the psychology of the peasant and in his social and personal habits without which it is impossible to improve his conditions of life. Rural reconstruction work should be like a suction pump than a force pump. By interesting him in this work, you must draw out the best in him, not to force your ideas on him or force yourself upon him. The demand for his welfare should come from him. Then only it will last and be permanent.

Before I deal with the various aspects of rural reconstruction, I shall examine first which is the agency best suited for it. I have no doubt in my mind that a co-operative society is the best agency for it. A co-operative society is a body of men in a village wedded together for the sake of their economic advancement. They elect men in whom they have confidence to function as the panchayat. This is only a revival of the old village panchayat, which disappeared with the dawn of urbanity. As a co-operative society, it has only come to live again. Says Dr. Spencer Hatch—"Rural India must adopt the co-operative method to bring about rural reconstruction and it must adopt it to a far more complete and comprehensive degree than is the tendency so far. The rural people must practise co-operation not only for their economic regeneration but also their moral, spiritual, social and physical uplift. All this simply cannot be accomplished through individualism."

Now coming to the items of rural reconstruction, I would put adult education as the first plank in the rural reconstruction programme. Many people have been asking me whether education is really necessary for the success of co-operation. I have been telling them education is really necessary for co-operation. Does a man require education to teach him that he should repay what he has borrowed? they ask me. I have been telling them that education is necessary, for, co-operation is not merely for borrowing and lending but it aims at other activities of life. It embraces all forms of activity—social, economical and moral. By education, I mean not higher education but primary education. For the success of co-operative societies, elementary education is necessary and for this purpose, I advocate adult education. A co-operative society is a self-governing institution attending to the needs, economic and other of its members. A member has rights and also responsibilities to discharge. This requires a certain amount of education. But in our country, according to the last census, only 10 per cent. of the people are literate. That accounts to a certain extent to the failure of co-operative societies, and that is why co-operative societies, dominated as they are by one or two persons, failed or succumbed to the influence of party or factional intrigues. If the members are able to hold their own with the aid of their education, co-operative societies will not fail so easily. In Japan, which I recently visited, 99 per cent. of the children are in school. Education there is not free, but it is compulsory. It is made practically free with the aid of the small amount of school fees levied from the pupils. It seems to me, therefore, that rural reconstruction work will be a success, with the back-ground of adult education.

The other items of equal reconstruction work relate to the problem of under-employment. The large numbers of people sitting about idle is ever an impressive sight in India. India, you know, is an agricultural country and agriculture does not occupy the ryot more than about 6 months in the year. During the rest of the year, they waste their time in all sorts of idle pursuits. It has been officially reported to Parliament "the cultivator in many Provinces of India is obliged by climatic reasons to remain idle for more than 1/3 of the total working days of the year." One other reason for waste of time is that a worker has on an average only about 2 acres to cultivate and this accounts partly for the poverty of the people, for this amount of land cannot employ a man comparatively for more than a small number of days in the year. It is necessary, therefore, to keep him employed in the development of cottage industries which would enable the ryots to live in the villages under essentially rural conditions and augment their meagre income from agriculture. Otherwise, they would be obliged to leave their villages and go to towns to waste their money which they would probably borrowed. Says the author in his book on "The Indian Outlook"—"Unlike Britain, agriculture had to continue to be the livelihood of the great majority of India's population, only an agriculture which, robbed of its subsidiary industries, could never again offer more than a bare subsistence."

Before I speak of cottage industries, I should emphasise that in our anxiety to develop cottage industries we should not neglect agriculture. Rural reconstruction work should aim not merely at improving the village but also at augmenting the income of the villager not only from cottage industries but also from agriculture. For this purpose, improved methods of agriculture should be taught to the ryot, so that two blades of corn may grow where formerly only one grew.

Now what are the cottage industries? I could give a lecture on each of the cottage industries, for there is enough material, but I have neither the





time nor the opportunity for it. I would, therefore, skip over some of the important cottage industries. For the development of these cottage industries, folk-high-schools will be useful, as I have already said, for, there they learn how to work the cottage and small scale industries. Among the various cottage industries, I would put hand-weaving industry in the first place, for it ranks in importance next only to agriculture. Hand-spinning and hand-weaving is so very easy to the Indian ryot. It does not cost him much. The man-power is there and the engines are there. You have only to switch on these engines to the man-power. Men, women and children would thus be efficient transformers of energy into mechanical power. As for Charka, Mahatma Gandhi has said: "It is the backbone as much of the hand weaver as of the agriculturist, as it alone can provide a stable and permanent basis for the handloom industry which at present is supporting 1/3 of the clothing requirements of India." But the hand-loom industry, which all the great promise of helpfulness to rural people, holds out that promise only when it is kept in its proper setting in the family home. Only then, it is an ornament to the house, a reliever of distress and augmentor of income.

In this connection, it will not be out of place if I mention to you the activities of the Madras Hand-loom Weavers' Provincial Co-operative Society. This society was started in the year 1935 with the aid of Government of India grant An amount of Rs. 68,000 is placed at the disposal of the society every year up to a period of five years and since extended to seven years. There are 2½ lakhs of handlooms in this presidency but this society with its limited resources has been able to handle so far only 5,200 looms. The weaver's problem is not so much of production but of marketing; unable to sell his goods at a favourable price, the weaver is disposing them off at whatever price he gets, with the result that his condition is generally miserable. The Provincial Society is trying to help the weavers in marketing by opening sales Emporiums at different parts of the Presidency. The society also gives the necessary finance to enable the weaver to purchase raw materials necessary at favourable rates. At Madras, one sales Emporium in the China Bazaar and one in Triplicane have been opened. I would request you to purchase your requestments, particularly during the Deepavali season, from these emporiums.

Next in importance in rural reconstruction, I would put down rural sanitation. The village should be neat and drinking water clean. Pure water is healthy, but when it is polluted, it becomes a carrier of disease. Germs and parasites live and muttiply in water; dysentry, fever, cholera and intestinal parasites are only spread by the water we drink. Rural reconstruction work, should therefore, include in its programme the improvement of the health of the villager and the cleanliness of the villages. Manure and rubbish pits are needed for every village. I have noticed, in the course of my tours, that many of the villages presented a dirty appearance. With a view to develop the body, games should be introduced and health education should be given.

Next in importance, I would put down the improvement of Livestock. Cattle forms the wealth of the ryot. Anything that would enable him to improve his cattle would certainly improve his income. Owing to the start given by His Excellency the Viceroy a stimulus has been given to the development of livestock. Many co-operative societies and unions have been investing a portion of their common good funds in the purchase of breeding bulls. But this is not enough in the rural reconstruction programme, the development of livestock should be included as one of the important items for work.

Next, I would put down the improvement of village communications. If the village is opened up and traffic improved, the villagers can have facilities for transporting their produce to distant market centres so that they may be able to dispose of their produce to their advantage. Nor is this all. The rural reconstruction centre should try and settle disputes through the pachayats of local societies. A good crop of paddy or groundnut means a good crop of suits also. When the villagers have good harvests, they are encouraged to go to advocates and spend money on litigation. Hence, not merely the ryots but also the advocates would rejoice in good crops. A large part of the meagre income of the ryots is spent away in civil litigation. With a view to cut down this expenditure, it is necessary that rural reconstruction work should include in its programme the settlement of disputes through arbitration. In a word, rural reconstruction work should aim (i) at augmenting the villager's income from all possible sources; (ii) at husbanding his income in local co-operative societies; and (iii) at improving the mind of the villager and also of his body.

You will wonder whether all these items of work can be undertaken in a village. I should certainly think it can be done, if good workers are found and the villagers respond. I shall give you an idea of the rural reconstruction work done in a village in Madura district which I recently toured in. An adult school has been opened and 26 adults have been regularly attending the school. It was a pleasure for me to see some of the old people reading the Tamil primer fluently. There is a library and it contains 160 Tamil books including mostly story books. 30 books have been purchased locally by the people and the rest of them have been purchased by the Central bank from out of the funds set apart for rural reconstruction work. The interesting feature that I noticed in the village is the drainage scheme. Here you see self help really working. Each house-owner has to bear himself the cost of the construction of the drainage in front of his house. 1,200 feet of drainage channel has been constructed at a cost of Rs. 400, all out of the funds of the people. What was once an insanitary village with water clogging here and there, with mosquitoes huming about has now become a neat





and tidy village no mosquitoes. Ordinary machines and first-aid accessories have been purchased from out of the common good fund of the society. Common ailments are attended to by the local teacher who has passed the first-aid test. A piece of garden land, 60 cents in extent, has been obtained on lease from a ryot for Rs. 20 a year to serve as a demonstration plot. On this plot, the Agricultural Department are conducting their demonstration of improved methods of farming manuring and cultivation.

With a view to initate students in normal study, I would suggest that week-end parties should be organised by the Colleges for excursion into the villages. I understand that this is being done in the Madura College. I should like other colleges also to do it.

You will think that this is a superhuman task which cannot be done. As I have said above, this can be done. If only rural reconstruction work is done satisfactorily in the villages, you will have the pleasant spectacle of peasants beaming with smiles and the countryside also smiling. Then only will you have a peasantry, happy and contended. Then only will you have a happy and contended India. A happy and contended peasantry will be a bold peasantry. Well hath the poet said :

" Princess and Lords may flourish or may fade,
A breath can make them as a breath has made,
But a bold peasantry is a country's pride,
When once destroyed can never by supplied."

I have done, If to-day by my lecture I have inspired you for rural work, stirred you on for nobler work, spurred you on for social work for India and set the fibres of Universities ringing, my task is done.

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# Working of the Co-operative Societies.

## Dharmamba Co-operative Stores Ltd., Dharmavaram.

*Brief working.*

The Dharmamba Co-operative Stores Ltd., No. D 686 was registered on 29-2-40 and started on its work on 9-4-1940 by S. A. Venkataraman Esq., I.C.S., Registrar of Co-operative Societies, Madras.

There were 39 members at the end of the year and Rs. 570 were paid up under share capital.

The deposits outstanding at the end of the year amounts to Rs. 910.

The total purchases and sales during the period were Rs. 5,203-9-7 and Rs. 3,423-4-3 respectively.

The goods with which we deal are Rice, gramdal, Toordal, Copra, Sugar, Ghee, Ragi, Jawari, wheat, Soji, Salt, Tamarind, Coffee seeds and powder, Chillies and Paddy.

The Society was able to earn a net profit of Rs. 21 in so short a period of 2 months and 21 days. The per cent. of gain is fixed as 3 per cent. approximately.

## The Co-operative Building Society, Ltd., Vizianagram.

The Vizianagaram Co-operative Building Society was registered as M. 190 in 1925. The Society has granted 64 loans for Building Houses of which 29 loans have been completely discharged. 35 loans are still outstanding.

The Society borrowed Rs. 53,560 from the Government and repaid Rs. 47,494 leaving a balance of Rs. 6,066 only.

The Society accepted deposits from members amounting to Rs. 56,065 and repaid Rs. 50,065. For the last 11 years the society has been able to do same useful work.

**During the year 1939–40.**

The Society granted 4 loans.

| | | Rs. |
|---|---|---|
| The Share capital of the Society is | ... | 22,815 |
| Deposits from Members (outstanding) | ... | 6,000 |
| Outstanding Government loans | ... | 6,066 |
| Reserve Fund | ... | 6,217 |
| Net difference between assets and liabilities | | 1,089 |
| The amount in deposit in the Co-operative Central Bank (Reserve Fund) | ... | 5,932 |
| Amount lent to Members | ... | 36,426 |





From the above figures it is clear that the Society has been able to grant loans, though there is no financing Bank. If there is a financing Bank similar to the Co-operative Land Mortgage Bank, the Society can certainly do more useful work in years to come.

## The Tirupati East Co-operative House Building Society Ltd., No. 283 Tirupati.

The above Society was started in July 1927, orginally with Government Loan which was completely refunded in 1932 when it was resolved not to borrow any amount from the Government.

The Society has been ever since working on Fixed Deposits received for varying periods from 10 to 20 years at 4½ per cent. per annum with option to refund any deposit with one month's notice.

The Society has on 30-6-40 on rolls 48 members, with a share capital of Rs. 5,340 and with a Reserve Fund of Rs. 1,090. Eight buildings were completed during the year 39-40. There are 26 loans outstanding covering an amount of Rs. 17,163. The Society has earned a profit of Rs. 473-8 for the year 1939-40.

# Correspondence.

To

The Editor.

Madras Journal of Co-operation.

Luz Church Mylapore, Madras.

*Net Profits and Bad Debt Reserves.*

Net profits of Co-operative societies are declared by the Registrar under Rule No. VII of the Rules framed under the Madras Co-operative societies, Act VI of 1932, and Rule No. XII provides for distribution of the net profits. Recently the Registrar has directed the deduction of a certain amount towards Bad debt Reserve and declared the balance only as net profits. The by-laws of the Central Bank concerned specifically provide for the general body setting apart a portion of the net profits towards the Bad Debt Reserve. We are of opinion that the setting apart of a portion of the gross profits towards Bad Debt Reserve by the Registrar and declaring the balance as net profits is not warranted by the by-laws of the Central Bank concerned or by the rules prescribed in the co-operative manual. The Registrar certainly entitled to advise any co-operative institution to set apart an adequate portion of its net profits towards bad debt reserve to ensure the sound working of the society. But such deduction should come from the net profits after they are declared under Rule VII by the Registrar.

We find the following at page 214 under para 14 sub-para 8 of the Madras Co-operative Manual vol. I.

"The auditors should make a very careful estimate of Bad and doubtful assets with reference to all available information on the subject. The estimate should be adequate and not unduly excessive. Officers should invariably consult the Central Banks before recommending a reserve for Bad and Doubtful Debts."

Under the circumstances it is strange how the Registrar has taken upon himself the duty of deducting the Bad Debt Reserve himself."

*A Co-operator.*



# Reviews.

*(i) The Calcutta Corporation Co-operative Credit Society. Ltd., Calcutta.*

Though this society is 24 years old this is the first year in which we are favoured with a copy of the report of the society. This society is quite worthy of the corporations of the second city in the British Empire. It has over 4,000 members with paid up share capital of over Rs. 4 lakhs and its Fixed Deposits amount to over Rs. 21 lakhs. It disbursed during the year under review loans exceeding Rs. 18 lakhs and over Rs. 17 lakhs were repaid and its annual working expenses exceeded a lakh of rupees and its net profits exceeded Rs. 50,000. With all these transactions on such huge scales it is surprising that its Reserve Fund is just over a lakh. During the 24 years of its existence it has disbursed more than Rs. 1,35,00,000 as loans and collected more than Rs. 1,10,00,000 from its members.

We are not posted with information about its past history. But we see from the report that this is the first year a new board of management constituted under revised by-laws was functioning. There is one particular feature of the working in this institution which deserves to be noted. There is a fund called Personal Guarantee Fund to which over 3,500 members are contributing and which has over Rs. 2½ lakhs money to its credit. Out of every Rs. 100 of loan granted to a member, Rs. 5 is deducted and credited to the personal account of the member in this fund and so long as a member continues to be in the society he cannot claim refund of the amount. This Personal Guarantee Fund bears interest at the same rate as the Fixed Deposit. It may be adjusted against his debts due to the society voluntarily or by compulsion at the time of his cessation of membership, and the society has the first charge on the amount. This interesting feature which is a sort of compulsory saving may be tried in urban banks and in employee's societies in our province. The management deserves to be congratulated on its efficient working of a society of such dimension.

S.K.Y.

*(ii) The Madras and Southern Mahratta Railway Employees' Co-operative Urban Bank, Ltd.*

This Urban Bank is a mammoth society intended for the benefit of the employees of the Madras and Southern Mahratta Railway and therefore having its jurisdiction over portions of this as well as the neighbouring province of Bombay.

The huge dimention of the transactions will be clear from the following facts. During the year under review (39-40) they had 22,275 members witb a share capital of over Rs. 13 lakhs. They had a benefit fund to which 21,312 members subscribed and the amount funded exceeded Rs. 24 lakhs. They issued over 14,000 loans to the tune of more than 52½ lakhs and collected Rs. 47 lakhs leaving a balance of over Rs. 60 lakhs outstanding. In the year under review they earned interest of nearly Rs. 2½ lakhs and a net profit of over Rs. 67,000. Their working expenses for the year exceeds Rs. 77,000, and the Reserve Fund including this year's contribution exceeds Rs. 3,86,000.

Even such a bank felt the effect of the war and many depositors were scared away. The Bank had therefore to raise the interest upon deposits. The authorities of the Bank deserve to be congratulated on another year of its successful working.

S. K. Y.

(*iii*) *The Surat District Co-operative Bank, Ltd., Surat.*

It is usual for such reports in our province to have three statements added—Assets and Liabilities, Profit and Loss and Receipts and Expenditure; where as in this we find only the first two statements and the report deals with the number of members and shares and the appropriation of profits and does not give us any idea as to the transactions effected during the year. It is true from the Assets and Liabilities statement, we can get some idea as to the loans outstanding to the Bank by primaries and due by the Bank to the depositors; but that is as on 30th June 1940. It can give us no idea of the transactions during the year which is a real test of the usefulness of the Bank. It is hoped that in future reports this useful item of information will be given. On the whole Bank seems to have done well as the net profits very nearly come to Rs. 60,000.

One interesting feature of the appropriation of profit is payment of bonus to borrowers of loans according to certain rules. This corresponds to rebate on purchases in co-operative stores and is very good practice which we commend to banks in our province as well.

S. K. Y.

(*iv*) *The Co-operative Central Bank Ltd., Vellore (N. Arcot Dt.)*

This is the 23rd report of the Bank. This Bank is one of the big Central Banks in our Province having a subscribed share capital of over Rs. 2½ lakhs and a Reserve Fund amounting almost to that sum. During the year under review loans to societies and individuals amounted to Rs. 4,09,000 and amounts realised by the Bank amounted to Rs. 4,19,000. The loans given to the Loan and Sale Societies in previous years were considerably reduced as the old policy of advancing loans on pledge of produce was given up and the sounder policy of marketing their produce was adopted this year. As against demand of over Rs. 11 lakhs under principal and Rs. over Rs. 93,000 under interest there was a collection of only Rs. 3½ lakhs under principal and Rs. 84,000 under interest. The uncollected balance out of Demand comes to 67 per cent. under principal and 9 per cent. under interest which according to the report is an improvement upon 71 per cent. under principal and 10 per cent. under interest last year.





The Bank operated freely upon the overdrafts sanctioned by the Provincial Bank and the Imperial Bank and these overdrafts were covered by the Government loan bonds and the Central Land Mortgage Bank debentures in the possession of the Bank. The Bank earned a net profit of Rs. 13,000 and delcared a dividend of 5 per cent. on the Individual shares and 3 per cent. on Societies' shares. The Bank did one year's good work though there is a great scope for further improvement.

S. K. Y.

(*v*) *The Co-operative Central Bank Ltd., Conjeevaram, (Chingleput Dt.)*

This Bank had, at the end of the year, 180 individual members and 671 share holding societies which together had subscribed share capital to the extent of Rs. 3,62,000.

During the year under review loans to the extent of Rs. 2½ lakhs were distributed to societies and a cash credit accommodation to the extent to Rs. 64,000 was also given. Most of the loans were short term loans. The uncollected portion of loans under principal proportionate to the demand is 76 per cent. Though there is a reduction from 84.5 per cent. of the previous year still it is alarmingly high. The uncollected portion of interest proportionate to the demand is 10 per cent. compared with 32 per cent. last year. The Bank earned a net profit of Rs. 22,000 which has been distributed according to the by-laws. One interesting point to be noted is, dividend is distributed to share holders at different rates. The individual shareholders get at 5 per cent. and non-defaulting societies at 3 per cent. those societies which have paid interest in full and defaulted in principal get 1½ per cent. and presumably those who have defaulted both in principal and interest get nothing.

It is hoped that this discriminating distribution will stir up payment and make every society earn interest on its share capital by prompt payment of dues.

S. K. Y.

(*vi*) *The Kurnool District Co-operative Central Bank, Limited, Kurnool.*

With 159 individuals and 247 societies as members the Bank had a paid-up share capital of about Rs. 1,10,000. We are glad to learn that the investing public had confidence in the Bank and though the rate of interest on deposits was reduced the deposits showed some increase.

The Bank disbursed loans to the extent of Rs. 1,73,000 which is Rs. 20,000 more than what was disbursed last year and this is due to the desire on the part of the management to make co-operative societies play a useful part in the supply of rural credit. The collections are not quite satisfactory. The uncollected portion to demand works out 73 per cent. under principal and 30 per cent. under interest. Every loan in C and D class societies was examined and ill-secured loans have been made secure by taking additional securities. Side by side with the policy of consolidation and rectification carried on by the Bank there has been some cautious expansion as well. The Bank has accepted the Registrar's decision of setting apart half the net profit for Bad Debt Reserve. Under the auspices of the Bank the first Rayalaseema Co-operative Conference was held at Kurnool.

S. K. Y.

*(vii) Four Silver Jubilee Souvenirs.*

We have received the Silver Jubilee Souvenirs of the Otapidaram Co-operative Society, Manaparai Co-operative Society, and the Erode Urban Bank, Limited.

The Otapidaram Society was started in 1914 and has a very good record of work done. It was held up as a model in the administration reports of many years as the over-dues under principal and interest were nil for many years. Even now they are insignificant. The celebration was presided over by Sri Medai Dhalavoi Kumaraswami Mudaliar, M. L. C., President of the Tinnevelly District Co-operative Central Bank.

The Manaparai Co-operative Credit Society was started as early as 1909, Though its Silver Jublee Celebration was done only recently. Rao Sahib L. N. Paramasivam Pillai presided over the function, and Mr. J. R. Bett, I.C.S. Collector, laid the foundation stone of the new building of the society. Sri O. N. Ramaswami Iyer, M. A., unveiled the portraits of the former presidents and Sir B. S. Baindoor, B. Com., Deputy Registrar of Trichinopoly unveiled the portrait of the secretary of the Society Sri R. Annaswami Iyengar. The Silver Jubilee Souvenir gives a brief account of the history of the society and gives statistics regarding its growth at different stages. The Labour Society started under its auspices worked for some years and was then wound up. The Common Good Fund of the Society amounting to over Rs. 3,200 has been spent for very useful purposes in the locality, the details of which are given in the report.

The Silver Jubilee Souvenir of the Erode Urban Bank is nicely printed and illustrated. Started in the year 1911 its has had a successful career all these years. It is one of the big Urban Banks in the province having nearly 2,000 members. The Management deserves to be congratulated on the "continuously growing and ever increasing prosperity and sustained alround usefulness of the institution."

The Tholasampatti Co-operative Union was registered in 1915. It has a very good record of useful work done. It held a number of conferences at Omalur and its President Mr. K. Sundararaja Iyengar was elected to the Executive Committee of the Central Bank where the Committee was first formed and later on was appointed as the President of the District Federation when it was organised.

The Union co-operated with the District Bank in their Controlled Credit Scheme and organised a branch of the Salem Sale Society, at





Taramangalam. It has a library of 500 useful volumes which are being circulated among the villagers in the neighbourhood. The Unions also has tried schemes of thrift, medical Relief and has been co-operating to the fullest extent with the authorities of the Central Bank in all schemes of rural reconstruction after prohibition was introduced in Salem.

*(viii) Co-operative Presses in the Province.*

We have received the reports for the last co-operative year of three Co-operative Printing Presses in the Province, The Central Co-operative Printing Works, Ltd., Madras, The Co-operative Printing Works, Ltd., Coimbatore and the Tanjore Co-operative Printing and Publishing Society, Limited.

The Central Co-operative Printing Works easily takes the first place in point of work done and in several other matters as well. The management after being superseded was again restored and this is the first year of working under an elected directorate. The society was able to earn a net profit of over Rs. 4,000 out of which having reserved ¼ for the Reserve Fund and declared a dividend on share capital at 3⅛ per cent. the management have been able to declare a month's pay as bonus to the establishment and have set apart over Rs. 500 for the Building Fund and Rs. 700 and odd for Plant Installation Fund. But the one respect in which the institution is unique is in the payment of rebate upon the work contributed by its customers. It declared a rebate of Rs. 0–1–9 in the rupee on the work done by the members.

* * *

The Coimbatore Co-operative Printing Works with its share capital of Rs. 8,000 was able to turn out work to the tune of over Rs. 17,000 and realised a gross profit of Rs. 1,700 and odd. This has been distributed among the following items:

Reserve Fund, Dividend at 5 per cent. Bonus to staff (one month's salary), Bad Debts Reserve, Building Fund and Dividend Equalisation Fund.

The society, has not been able to declare any bonus to their customers.

* * *

The Tanjore Co-operative Printing and Publishing Society with its modest share capital of Rs. 4,000 and its income of about that sum was able to have a net profit of Rs. 800 and odd which has been distributed amongst the following items:

Reserve Fund, Honorarium, Dividend at 6¼ per cent. Common Good Fund and Building Fund.

All these three institutions deserve much more active patronage of co-operative institutions in the province than they seem to have been receiving in recent times. If the Co-operative Institutions get all the printing done wherever possible by these co-operative presses they will have enough work to keep them going and also to make improvements in course of time.

The tendency we have often noticed in the co-operative institutions is to care for cheapness and not for quality and to give their business to non-co-operative institutions because of their cheapness. All these show that we co-operators have not fully understood the significance of co-operative ideals. We still remain individualistic and competitive in outlook. This defect has to go and co-operators must feel as members of one family and work together for mutual benefit.

S.K.Y.

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**Correction**:—Sri V. Jaggaraju who represented the Amalapuram Land Mortgage Bank attended the General Body of the P. C. U. which was held in September 1940.

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# P. C. U. Examination Results.

The following is the list of candidates who passed in the Co-operative Training Examination held in September 1940, by the Madras Provincial Co-operative Union.

## Coimbatore and Rajahmundry Co-operative Training Institutes.

### First Class.

| Regd. No. | Name. | Regd. No. | Name. |
|---|---|---|---|
| 1046 | Sampathkumaran, D.N. | 1091 | Suryanarayanamurty, V. |
| 1047 | Rangan, A. | 1096 | Sree Ramamurti, A. |
| 1051 | Venkatachalam. S.R. | 1101 | Somasundaram, T. |
| 1054 | Natarajan, P. | 1103 | Narasimhamurthy, V. |
| 1065 | Sethumadhava Rao, A. | 1107 | Venkateswarlu, M. |
| 1072 | Phalgunan. V.K. | 1109 | Sankara Rao, V. |
| 1077 | Velunny, T.A. | 1113 | Satyam, M. |
| 1080 | Monis, J.S. | 1119 | Seshaiah, P. |
| 1081 | Venkataramana Bhat, K. | 1120 | Satyanarayana, H. |
| 1084 | Karanth, N.S. | 1121 | Krishna Rao, G.V. |
| 1085 | Lakshmana Kamath, C. | 1125 | Raja Rao, K. |
| 1088 | Sitaram Kote. | 1126 | Venkateswara Rao, V. Ch. |

### Second Class.

| | | | |
|---|---|---|---|
| 1041 | Ramalingam, S.M. | 1076 | Balakrishna Nair, K. |
| 1042 | Parvathappa, M. | 1078 | Rama Variyar, A. |
| 1045 | Venkatapathy, S. | 1079 | Kunhimahin, C.K. |
| 1048 | Palaniswami, C.A. | 1089 | Seshappa Rai, S, |
| 1052 | Chenniappan, U.K. | 1090 | Venkata Ramana Murty, G. |
| 1055 | Rajamanikkam Pillai, A. | 1093 | Reddi Pantulu, N.V. |
| 1057 | Ramachandran, A.D. | 1094 | Narayana Rao, P. |
| 1058 | Sivasubramanian, T. | 1095 | Appa Rao, K. |
| 1059 | Ramiah, A. | 1098 | Yeruku Naidu, S. |
| 1060 | Muhamed Aladdin, K. | 1099 | Surapa Raju, S.V. |
| 1061 | Sivasankaram Pillai, K.P. | 1100 | Lakshmanamurty, D. |
| 1062 | Natesan, S.M. | 1102 | Bhaskara Rao, C. |
| 1064 | Murugesam Pillai, V.S. | 1104 | Janakiramiah, K. |
| 1066 | Seshadri, P.K. | 1105 | Ramaprasada Rao, K. |
| 1067 | Ramaswami Pillai, A. | 1108 | Lakshminarayana, P. |
| 1068 | Kandaswami, M. | 1111 | Ramakrishna Rao, R. |
| 1069 | Subbukrishnan, S. | 1114 | Kotilingam, P. |
| 1070 | Sachidananda Menon, V.K. | 1115 | Suryanarayana, V. |
| 1071 | Kuttikrishna Menon, M. | 1116 | Venkateswara Rao, P. |
| 1073 | Hamid, M.C. | 1118 | Venkateswara Rao, S. |
| 1074 | Narayana Pisharoti, M.P. | 1122 | Venkateswarlu, R. |
| 1075 | Moideen, A. | 1123 | Janaki Ramaraya Chowdari. |

| Regd. No. | Name. | Regd. No. | Name. |
|---|---|---|---|
| 1124 | Subramanyam, Ch. V. | 1137 | Ramiah, W. |
| 1127 | Sree Ramulu Naidu, K. | 1139 | Krishnaswamy, T.A. |
| 1128 | Sambandamoorthy, K. | 1141 | Tirugnanam, S. |
| 1129 | Bharmppa, D. | 1143 | Jaganatham, T.M. |
| 1131 | Anki Reddi, K. | 1146 | Arumugam, V. |
| 1132 | Bahadur, E. | 1148 | Sethumadhava Rao, K.V. |
| 1133 | Shanmugam, K. | 1150 | Bhimalingachary, M. |
| 1134 | Rajamanickyam, S. | 1151 | Vaidyanatha Sastry, P. |
| 1135 | Munirathnam, A.M. | 1152 | Gopala Rao, R. |
| 1136 | Lakshmana Reddy, R. | 1153 | Chenga Reddy, B. |

*Those who Completed by Passing Part I.*

Reg. No. 1155 Ramaswami, M. S.

*Those who Completed by Passing Part II.*

| | | | |
|---|---|---|---|
| 1160 | Chinnaswamy, G. | 1172 | Nageswara Rao, J. |
| 1161 | Nallaswamy, S. | 1173 | Ramalinga Sastry, M. |
| 1163 | Thulasi, M. | 1174 | Narasimha Rao, K. |
| 1164 | Nanjan, J. | 1175 | Narasimhamurty, T. |
| 1165 | Mani, C. B. | 1176 | Suryanarayanamurty, N. |
| 1167 | Gopalaiah, N. | 1177 | Nanjundappa, D. |
| 1170 | Krishnamurti, K.B. | 1178 | Prahlada Achar, H. |
| 1171 | Shaik Farid Sahib. | 1179 | Venkata Rao, A. |

*Passed in Part I only.*

1049 Shunmugam, R. | 1050 Ganesan, S.

1130 Malla Reddy, E.

*Passed in Part II only.*

1043 Meenakshisundaram, N. | 1083 Sukirthi Rai, B.

1097 Venkata Rao, B.



## News and Notes

The All-India Charka Sangha decided to hold examinations in spinning and weaving.

* * *

Rural reconstruction centre was opened by Mr. T. Prakasam, M. L. A. in Kodurupadu a village near Amalapuram in the East Godavary Dt.

* * *

S. A. Venkataraman Esq. I.C.S. Registrar of C. S. Madras inaugurated the co-operative Butter and Ghee Society at Gannavaram in the Kistna Dt.

* * *

At the suggestion of the Commissioner of the City Council, the Govt. are contemplating to start home industries for beggers in the City of Madras.

* * *

The Bhimavaram Taluk Co-operative Conference was held Mr. B. Venkataratnam, President of the Ramachandrapuram C. C. Bank presided. The Registrar of Co-operative Societies opened the conference.

* * *

Mr. Muthukrishna Nayudu special development officer visited Basanikonda a village near Madanapalli which has been selected for intense rural reconstruction work.

* * *

Mr. S.A. Venkatraman, I.C.S. Registrar of Co-operative Societies met the members of the city council Rajahmundry and urged them to help the local Co-operative Milk Supply Union.

* * *

A mortarium of agriculture debts till the conditions of the ryots improve was urged in a memorandum presented by the peasants and the agricultural labour, Madanapalli to the Government of Madras.

* * *

The annual conference of the Hyderabad Women's Association Gulburga Centre was held at Secunderabad, Mrs. Hussen presiding. The chief message of the conference to the public was that of general awakening of women in rural areas.

* * *

The Government of Madras have passed orders approving as a tentative programme the list of works relating to the improvement of village communications in Malabar under a five year plan as revised by the Collector of Madras.

* * *

A meeting of the heads of the Transfered Depts. (Cochin) was held at the residence of Dr. E. S. R. Menon Director of Public Health and Panchayats on 17-10-40. They discussed at length how the funds alloted for rural reconstruction purpose should be expended to derive the maximum benefit.

* * *

The 5th annual meeting of the Kuttanad Agricultural Association held at Kavalam with Dr. K. P. Panicker president in the chair. A committee was constituted to prepare a scheme of village uplift and industrialisation which would benefit the Kuttinad area.

At a meeting of the Coimbatore District Medical Association the starting of a Co-operative Medical Society for them was discussed with Mr. T.A. Ramalingam Chettiar in the Chair. It was decided to start a society for the benefit of the medical practitioners in the District.

* * *

The enforcement of Land Alienation Act and Money lender's regulations having led to the curtailment of the credit facilities for small farmers H.E.H. the Nizam's Government says a prees note, have decided to establish rural banks in the head quarter towns on Co-operative basis.

* * *

The Portriat of Late Mr. V. Venkatasubbaiah, former Secretary of the Madras Provincial Co-operative Union, was unvielled By Rao Bahadur M. Giriappa Joint Registrar of C. S. in the Central Co-operative Printing works, Madras.

* * *

A refresher course for supervisors, Managers and Divisional supervisors of the co-operative Central Bank, Vellore was held on 12, 13 October 1940. Rao Bahadur V. A. Arunachala Iyer presided. The Dy. Registrar of Co-operative societies and development Officer Vellore were among those present.

* * *

Adopting the suggestion of Mr. V. Sundaramurthy, the Association of Industries Bombay has dicided to covene a Congress of Industrialists in India to formulate a scheme for the expansion of the existing Industries and the opening of New Industries in consonance of with the opportunities afforded by the war.

* * *

Under the auspices of the West Godavary District Co-operative Central Bank, a co-operative conference was held in Ellore on 10th November 40. Mr. M. Gangaraju welcomed the delegates. The Hon'ble Mr. V. Ramadas Pantulu opened the conference and Dr. P. Gurumurthi delivered the presidential address.

* * *

The following view was Expressed by the South India Chamber of Commerce about the Madras Pawnbrokers Bill.

"Pawnbrokers serve a very useful purpose in society to dispense credit to the poorest sections of the population particularly at a time when a great deal of recent legislation has taken place resulting in restrictions of credit and legislation should not aim at discouraging the business of pawnbrokers and impose further restrictions which may hamper the credit structure of the country."

* * *

A meeting of the Erode Co-operative Committee of Supervision was held Rev. H. A. Paplley President in the chair. The Committee resolved to form a Rural Department Co-operative Union for the scheduled classes sccieties in the Erode Taluk to develop non-credit activities.

The Committee also proposed a ten year plan for the economic development of the scheduled classes as recommended by the Committee on Co-operation and resolved to send the draft to the Deputy Registrar of Co-operative societies, for approval.



# Bulletins Received.

*(From The University of Missouri-College of Agriculture-Agricultural Experimental Station, Columbia, Missouri.)*

1. B. 408. The Effect of Temperature Upon Score Value and Physical Structure of Butter.
2. B. 409. Landlord-Tenant Relationships in Renting Missouri Farms.
3. B. 410. Supplemental Irrigation in Missouri.
4. B. 411. Coccidiosis in Chickens and Other Birds.
5. B. 412. Pregnancy Disease of Sheep.
6. B. 413. Research in Agriculture (Work of the Agricultural Experiment Station During the year ending June 30, 1937.
7. B. 414. The Use of Vegetable Protein Concentrates for Raising Turkeys.
8. B. 415. Amount and Cost of Credit Extended by Co-operative Exchanges.
9. B. 416. New Practices to regulate the Fruit Crop.
10. B. 417. Registration, Labeling and Inspection of Commercial Fetilizers ; 1939.
11. B. 418. The Walnut Caterpillar.

## Research Bulletins.

1. R. B. 302. Alpha Hydrate and Beta Anhydride Lactose Crystals in Sandy Ice Cream.
2. R. B. 303. The Effect of Composition and Serving Temperature Upon Consumer Acceptance and Dispensing Qualities of Ice Cream.
3. R. B. 304. Studies on the Origin and Transmission of Fowl Paralysis (Neurolymphomatosis) by Blood Inoculation.
4. R. B. 305. Rural Social Areas in Missouri.
5. R. B. 306. The Rural Population Resources of Missouri.
6. R. B. 308. Relationship of Productivity of Farm Units and Their Ability to Pay Rent.
7. R. B. 309. The Effect of Root Temperature Upon The Absorption of Water by the Cucumber.
8. R. B. 310. The Mammogenic Hormones of the Anterior Pituitary.
9. R. B. 311. Studies on Fusarium Wilt of the Tomato.
10. R. B. 312. Missouri Farm Prices Since 1910.
11. R. B. 313. Results of Some Young Apple Tree Pruning Experiments.

12. R. B. 314. Comparative Accuracy and Efficiency in Determination of Carbohydrates in Plant Material.
13. R. B. 315. Growth and Development With Special Reference to Domestic Animals.
14. R. B. 316. Substitute Spray Materials II.
15. R. B. 317. The Yield and Composition of the Milk of Dairy Cows and Goats as Influenced by Thyroxine.
16. R. B. 318. The Economic Status of 436 Families of Missouri Clerical Workers and Wage Earners.

### Circulars.

1. Circular 206. Good Varieties of Cotton for Missouri.
2. Do 207. Limberneck (Botulism) In Fowls.
3. Do 208. Growing Gooseberries and Currants.
4. Do 209. Legumes, Grasses, and Cereal Crops for Silage.

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We acknowledge with thanks receipt of the Reports for 1939-40 of the following institutions :—

1. The Tirupati Co-operative Town Bank, Ltd.
2. The Ramachandrapuram Co-operative Land Mortgage Bank, Ltd.
3. The Kavandapady Weavers' Co-operative Society, Ltd.
4. The Tiruvannamalai Co-operative Society, Ltd.
5. The Salem Co-operative Union, Ltd.
6. The Peelamedu Co-operative Land Mortgage Bank, Ltd.
7. The Rasipuram Co-operative Union, Ltd.
8. The Konasema Co-operative Central Bank, Ltd., Amalapuram.



## Circulars.

R. C. No. 7446/40-G.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
*Madras, Dated 23-9-1940.*

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

### CIRCULAR.

*Sub* :—Correspondence—Petitions from societies—Procedure.

The Registrar observes that very often societies address him direct on matters concerning them without first approaching the local officers. This results not only in unnecessary work but also in delay in the dispatch of business, for, as the Deputy Registrars are aware, the Registrar does not generally pass final orders on these petitions before obtaining their remarks on them. Evidently, societies are ignorant of the fact that Deputy Registrars are themselves generally competent to dispose of their petitions, and that on all important matters they obtain the orders of the Registrar before they do so, and that even if the societies should first address the Registrar, he would pass orders only after consulting them. Deputy Registrars and Assistant Registrars should impress these facts on societies and tell them that on all matters, they should first address the local District Officers and that only in cases where they are not satisfied with the orders of these officers, they should address the Registrar. They should be definitely told that if they do not do so, there would be much delay in the disposal of their petitions.

(By Order)
G. CHANDRASANKARAN,
***Manager.***
24-9-40.

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D. 6196/40. *Madras, Dated 18th October 1940.*

*Sub* : Co-operative Societies—Income tax and super tax—Levy of.

The Government of India have decided to extend to Co-operative Banks, the concession of exemption from income tax in respect of the income accruing to them from interest on deposits in the Apex bank of other co-operative banks, made by them. An extract of their letter Finance Department (Central Revenues) D. Dis. No. 59 (5)-I. T/40 dated 17-7-40 is enclosed. The Government of India have also included in the Indian Finance Act 1940, a provision for the levy of super tax on co-operative institutions at a flat rate instead of at a graduated scale. These concessions are brought to the notice of the Co-operative Central Banks in the Province.

*Extract of letter from the Government of India, Finance Department (Central Revenues) D. Dis. No. 59 (5)-I- T/40 dated 17th July 1940.*

*Sub*: Co-operative societies—Income tax and super tax payable by.

In reply to your letter No. M. B. 1190, dated the 23rd May 1940, I am directed to say that as the result of a review recently conducted by the Government of India with regard to the Assessment of Co-operative Societies it has been decided that the concession of exemption from income tax of income accruing to co-operative banks from interest on deposits in the apex bank or other co-operative banks should also be granted in addition to the concession regarding super tax.

No. R.C. 2501/40-C

OFFICE OF THE DEPUTY REGISTRAR OF CO-OPERATIVE SOCIETIES, MADRAS,
*Dated 29th October 1940.*

Copy of Registrar's Circular D. 6196/40 dated 18-10-40 communicated to all Urban Banks, Employees Societies, Madras District Co-operative Central Bank, and all auditors for information.

(By Order)
S. VENKATA RAO,
*Head Clerk.*
1-11-40.





## List of Societies Registered in October 1940.

| S. No. | Name of the Society. | District. |
|---|---|---|
| 1 | The Pallalakuppam Co-op. Jaggery Society ... | Arcot North |
| 2 | „ Melkandrampalli Co-operative Jaggery Society. | „ |
| 3 | „ Tirevanaimugam Valasai Co-operative Society. | „ |
| 4 | „ Gudiatam—Municipal Menial's Co-operative Thrift Society ... ... | „ |
| 5 | „ Guntakal Co-operative Sale Society ... | Anantapur |
| 6 | „ Bellary Co-operative Egg—production and Sale Society ... ... | Bellary |
| 7 | „ Bellery Co-operative Milk Supply Society ... | „ |
| 8 | „ Sembium Panchayat Board Menial Employees' Co-operative Society ... ... | Chingleput |
| 9 | „ Poonnamalli Board High School Students Co-operative Stores ... ... | „ |
| 10 | „ Radha Krishna Mills Co-operative Stores ... | Coimbatore |
| 11 | „ Dharapuram Visvabrahmins Co-operative Better Living Society ... ... | „ |
| 12 | „ Arugampalayam Co-operative Credit Society ... | „ |
| 13 | „ Dasanur Co-operative Credit Society ... | „ |
| 14 | „ Brahmapuri Field Labourers Co-operative Credit Society ... ... | Godavary East |
| 15 | Sree Krishna Co-operative Credit Society Appanaramunilanka ... ... | „ |
| 16 | The Chitrada Co-operative Credit Society ... | „ |
| 17 | „ Dachireddypalem Co-operative Credit Society ... | „ |
| 18 | Sree Ramalingeswara Co-operative Credit Society ... | Godavary West |
| 19 | The Mavanji Co-operative Credit Society ... | Kanara South |
| 20 | „ Vyasapuram Co-operative Credit Society ... | Madras |
| 21 | „ Thammampatti Co-operative Credit Society ... | Salem |
| 22 | „ Ariyampalayam Co-operative Credit Society ... | „ |
| 23 | „ Uthumalai Oddpatti Land Colonisation Co-operative Society ... ... | „ |
| 24 | „ Thirumanur Co-operative Society ... | „ |

## List of Societies Cancelled in September 1940.

| Serial No. | Name of Society. | District. | Date of Cancellation of Registration. |
|---|---|---|---|
| 1 | Tirukoilur Sivam C. S. | South Arcot Dt. | 1-9-40 |
| 2 | Vaidyapakkam F. L. C. S. | " | 1-9-40 |
| 3 | Peddachepalle Christian C. S. | Cuddappah | 1-9-40 |
| 4 | Nellikuppam F. L. C. S. | South Arcot Dt. | 2-9-40 |
| 5 | Asanallipalayam C. S. | Coimbatore | 2-9-40 |
| 6 | Kornapattu Chattram Govindanagar C. S. | South Arcot Dt. | 7-9-40 |
| 7 | Siddavaram Christian C. S. | Cuddappah | 7-9-40 |
| 8 | Tuni Co-op. Building Society Ltd. | East Godavari | 8-9-40 |
| 9 | Vallur C. S. | West Godavari | 8-9-40 |
| 10 | Rnjam Co-op. Building Society, Ltd. | Vizagapatam Dt. | 9-9-40 |
| 11 | Racherila Adi Andhru C. S. | West Godavari | 9-9-40 |
| 12 | Nidadavole Local Board Employees C. S. | " | 9-9-40 |
| 13 | Katakoteswaram D. C. C. S. | " | 9-9-40 |
| 14 | Vanavasi Koravars C. S. | Salem | 11-9-40 |
| 15 | Veppampoondi Panchamas C. S. | " | 12-9-40 |
| 16 | Odiyathur C. S. | " | 14-9-40 |
| 17 | Srinivasa Begaipalli C. S. | " | 14-9-40 |
| 18 | Naduveerapattucheri C.S. | Chingleput | 16-9-40 |
| 19 | Chidambaram Fishmen C. S. | South Arcot Dt. | 16-9-40 |
| 20 | Devaragopavaram F. L. C. S. | West Godavari | 16-9-40 |
| 21 | Sugalimitta Co-op. Thrift Society | Chittoor | 17-9-40 |
| 22 | Periaoddapalayam Co-op. Credit Society | Coimbatore | 21-9-40 |
| 23 | Guidivada C. S. | East Godavari | 21-9-40 |
| 24 | Sembodai C. S. | Tanjore | 21-9-40 |
| 25 | Pullivedu Christian C. S. | Cuddappah | 25-9-40 |
| 26 | Woriyur Sowrashtra Handloom Weavers' C. S. | Trichinopoly | 29-9-40 |

# Report of the Committee on Co-operation in Madras, 1939-40.

## Detailed Summary of Recommendations.

### Chapter III.—Rural Indebtedness

NUMBER

1 Effective legislation should be enacted (by amending section 14 of the Madras Debt Conciliation Act) for compulsory conciliation of debts, and facilities must be provided for scaling down debts on some principles definitely laid down by legislation.

2 Whenever an application is made by a debtor or a creditor, all the creditors of the debtor should, on receipt of a notice, disclose the debts due to them within a prescribed time and all the claims not so presented should be deemed to have been extinguished.

3 Suitable provision may be made to place scaled-down debts on a new footing with instalments for repayments.

4 Debt conciliation proceedings should not be confined to cases where creditors can be satisfied from loans from land mortgage banks.

5 A simple rural insolvency law on the lines recommended by the Royal Commission on Agriculture, the Indian Central Banking Enquiry Committee and other Committees should be enacted and insolvency tribunals should function in villages and promptly administer the law on the spot. If a separate enactment is not considered necessary, suitable provision relating to rural insolvency may be incorporated in the Debt Conciliation Act.

6 Protection must be given to the debtor not only to ensure to him a fair treatment in the determination and recovery of debts but also to prohibit his eviction without full compensation for improvements made by him if he is a tenant and to exempt his homestead and a minimum agricultural holding from attachment.

7 Legislation restricting alienation of agricultural land (apart from the land assigned to scheduled classes) is not favoured.

8 Existing mortgages of agricultural land in which the mortgagee has enjoyed the fruits of the land for not less than 25 years should be deemed to be extinguished.

NUMBER

9 No usufructuary mortgage of agricultural land should be permitted unless provision is made for automatic redemption within a fixed period of years, of which 20 should be the maximum.

10 Legislation should be undertaken for compulsory licensing of money lenders. It should provide for proper maintenance of accounts by them, periodical inspection and audit of their accounts, fixation of a maximum rate of interest, imposition of an obligation on money lenders to furnish periodical statements of accounts to debtors, prohibition of compound interest and the signing of the contract by borrowers, the contract being in the language of the district to which the borrowers belong.

11 The rate of interest prescribed under the Madras Debtors' Protection Act for other debts are high and require to be lowered.

12 Statutory restriction of credit by way of fixation of total future liability of agriculturists with a view to sterilization of credit is not supported.

**Chapter IV.—Land Mortgage Banks.**

13 A five-year plan of expansion of land mortgage banks so as to provide for at least 200 banks covering the whole Province is recommended.

14 Special arrangements should be made to enable land mortgage banks to help the ryots with long-term mortgage credit in dry areas by offering the Central Land Mortgage Bank temporary accommodation either from the general revenues of the Province or from the Famine Relief Fund. The Madras Famine Relief Fund Act XVI of 1936 may be amended, if necessary.

15 Provision should be made for the economic improvement of the ryots in dry tracts through adequate irrigation facilities including the sinking of wells, dry farming and organization of small scale and large scale industries.

16 Legislation on the lines of the 'Torrens system' may be undertaken and, if necessary, incorporated in the Madras Land Mortgage Bank Act (X of 1934).

17 Primary land mortgage banks should continue to function as independent organizations with affiliation, as at present, to the Central Land Mortgage Bank instead of being made its branches.

18 The elimination of non-borrowing individual members from the Central Land Mortgage Bank is not favoured.



NUMBER

19 Lending of long-term loans for discharge of prior debts should be done by land mortgage banks direct and not through village credit societies.

20 The Central Land Mortgage Bank should finance on a more intensive scale permanent productive improvements to lands.

21 The technical advice and help of the Agriculture, Industries, Revenue and Engineering Departments should be made available to the Central Land Mortgage Bank and Primary Land Mortgage Banks for issuing such loans.

22 Grant of loans by Government under the Agricultural Improvement Loans Act for land improvement in areas served by Land Mortgage Banks should be discouraged.

23 Loans for land improvement should be charged a lower rate of interest than loans for other purposes.

24 Grant of loans for the purchase of lands by mortgage banks in special cases should be decided on their merits.

25 Loans smaller than Rs. 500 should be encouraged.

26 Loans for periods above seven years may also be given by land mortgage banks for genuine long-term productive purposes, the Central Land Mortgage Bank undertaking to float debentures for 10, 15 or 20 years, as the case may be.

27 Loans for the discharge of prior debts for more than twenty years are not supported.

28 The Central Land Mortgage Bank should float debentures for a slightly longer period than the period of loans in order to provide for extensions being given in deserving cases. (In the case of twenty-year loans, debentures for twenty-five years may be floated.)

29 The present system of making the debentures irredeemable for a definite period of not less than ten years certain and with option to the bank to redeem them thereafter is sound and should continue.

30 The margin between the borrowing rate of the Central Land Mortgage Bank and the rate at which money is made available to the ultimate borrower should be 2 per cent.

31 The proposal of the Reserve Bank of India that a borrower in a land mortgage bank might serve a period of probation in a primary credit society is considered impractical and is not supported.

32 No restriction should be placed on the simultaneous operation both by the Government and land mortgage banks

NUMBER

for the supply of long-term money to the agriculturists for paying off their prior debts.

33 In all cases of loans to agriculturists by Government the margin between their borrowing and lending rates should not exceed 2 per cent,

34 Land mortgage credit should be linked up with schemes of insurance.

35 Ordinarily, a borrower should not be required to buy more than one share compulsorily for each loan if the bank can raise otherwise the required owned capital.

36 The operations of land mortgage banks should be co-ordinated with schemes for debt conciliation.

37 Conciliation boards should give notice to the principal long-term agency concerned before they go on with their further proceedings.

38 Either the president or some other office-bearer of the land mortgage bank should be appointed a member of the conciliation board when it operates in a particular area.

39 The special staff of Land Mortgage Bank Deputy Registrars should be discontinued with a view to avoid delay and secure greater efficiency and co-ordination among the co-operative agencies.

40 For this purpose the District Deputy Registrars should be relieved of a portion of their present work and the number of District Deputy Registrars should be increased if necessary.

41 The co-operative Sub-Registrars in charge of land mortgage banks should be empowered to send all applications for loans not exceeding Rs. 5,000 direct to the Central Land Mortgage Bank.

42 The strength of the Co-operative Sub Registrars should be increased in areas where there are large number of loan applications.

43 The President of the Central Land Mortgage Bank may be empowered to sanction all loan applications not exceeding Rs. 2,000, such sanction being intimated to the next Executive Committee.

44 There should be some machinery to compel creditors and others who have a claim on the properties sought to be mortgaged to appear before the primary bank and to receive payment.



NUMBER

45 The assignment of mortgage bonds by primary banks to the Central Land Mortgage Bank may be dispensed with by suitable legislation.

46 Legal provisions should be made to declare that unless full particulars of claim are furnished, no interest can be claimed by the creditor after the lapse of one week from the date of receipt of notice given by banks or by debtors.

47 Legislative provision should be made providing that any encumbrance for which documentary evidence of discharge is not available shall be deemed to have been discharged on the non-receipt of a reply within a specified time to a registered notice given by the Bank and that acknowledgments of such notice by parties shall be valid vouchers for satisfaction of encumbrances.

48 Provision should be made for the furnishing of information by landholders in zamindari areas.

49 Detailed enquiries as regards valuation of lands, etc., should not be dispensed with by land mortgage banks even in regard to the grant of small loans.

50 The concession as regards registration fees and encumbrance certificates should be continued.

51 The continuance of the guarantee by Government of the principal of and interest on debentures of the Central Land Mortgage Bank is recommended.

52 It is necessary that the Central Land Mortgage Bank should so arrange to do its business that in the long run it may be independent of Government guarantee.

53 The utilization by the bank of its sinking fund for bringing up its debentures and purchasing subsequent issues of debentures which it may float for ensuring their popularity in the money market is recommended.

54 The Bank and the Trustee should be in close touch with the money market through a firm of brokers for estimating the lowest rate of interest on debentures which will be acceptable to the investing public.

55 In abnormal times, Government should come to the assistance of the Central Land Mortgage Bank and put it in possession of funds either directly or by floating a loan for the purpose.

56 The Reserve Bank of India should give its unstinted support to the Central Land Mortgage Bank either by itself purchasing some of its debentures or by making advances on any such debentures. It is suggested that the Provincial

NUMBER

Government may take up the matter with the Reserve Bank of India.

57 Section 9 of the Madras Land Mortgage Banks Act should be amended so as to provide that the claim of the mortgage bank to the crop should be postponed to the extent of priority of the primary credit society; in other words, it should constitute a second charge.

58 Section 32 of the Madras Land Mortgage Banks Act should be amended so as to make it clear that debts incurred for improvements of lands for the creation of economic holdings should also be made binding on the minors of a joint Hindu family.

59 Legislative provision should be made so as to make all alienations of land to take effect only from the date of registration, at least in the case of mortgages in favour of land mortgage banks.

60 Provision should be made for all cases of attachments of, or charges on, immovable properties created by orders or decrees of courts to be communicated to the Registration department. If there be any difficulty in the registration of attachments, civil courts may be required to maintain a register of such attachments for the information of land mortgage banks.

61 The Government should continue the present staff of Co-operative Sub-Registrars at their own cost as heretofore.

62 Primary land mortgage banks must have their own supervisors as at present.

63 The audit of primary land mortgage banks should be done by qualified auditors of the rank employed for the audit of central and big urban banks.

### Chapter V—Agricultural Credit Societies.

64 A comprehensive plan of reconstruction of bad, moribund or indifferent societies should be taken in hand as early as possible. The methods of treatment of different categories of societies are suggested.

65 A voluntary pool of the reserve funds of primary societies in the area of a central bank and of the central bank concerned, with the Registrar as the Trustee is recommended for a temporary period for the write off of bad debts in societies which can, through such a measure, be rehabilitated.

66 Societies beyond the scope of rehabilitation should be liquidated.



NUMBER

67 The problem of disposal of lands should be tackled at once by a scheme of "rent-purchase" on the Burma model or other suitable methods with the help of long-term money to be provided by the Government or the Central Land Mortgage Bank.

68 Except those whose loans have proved definitely bad, other deserving defaulters should be given fresh finance.

69 A comprehensive five, seven or ten-year plan of expansion so as to bring every village in the Province within the orbit of village co-operatives should be drawn up and executed.

70 Small village societies should be re-organized on a wider basis by grouping them together into one society.

71 Propaganda in the principles and objects of co-operation should be undertaken preliminary to the formation of societies in villages.

72 Additional staff should, if necessary, be employed by Government for planned expansion of the movement on sound lines.

73 Alongside of expansion and reorganization, an intensive campaign for increased membership of societies should be launched with a view to replace money-lender's credit by co-operative credit within as short a time as possible.

74 Compulsory membership of eligible villagers in co-operative societies is not favoured.

75 The functions of agricultural co-operatives should be enlarged so as to include all the economic needs of members.

76 Promotion of subsidiary industries through village co-operatives or through separate co-operative organizations with suitable safeguards should be attempted and pushed through.

77 Village co-operatives should introduce improved methods of agriculture and seed and intensive methods of cultivation in order to ensure uniformity of crops and ultimately, to facilitate consolidation of holdings.

78 Individual maximum credit limits for unproductive but unavoidable expenditure should be fixed by the village co-operatives.

79 The grant of loans in kind and recoveries in kind by the village co-operatives should be encouraged in suitable places to prevent mis-application of money and to train members of societies in co-operative marketing.

NUMBER

80 The liability of rural credit societies should normally be limited but if in the opinion of the Registrar, having regard to local opinion and other circumstances, unlimited liability is more suitable for any societies, liability may be unlimited.

81 No limitation on the term of office of office-bearers and panchayatdars of village co-operatives need be imposed.

82 The newly organized village co-operatives should have paid clerical staff with necessary training.

83 The system of group clerks is not recommended.

84 Honorarium and clerical remuneration to office-bearers for maintenance of accounts of societies or for specific services rendered may be permitted on a definite scale.

85 Future lending by societies to members should be carefully regulated and the members should be effectively prevented from being driven to money lenders, and with this view a policy of full finance is recommended.

86 It should be open to central banks to relax the individual maximum credit limit of members of affiliated societies.

87 The Madras Provincial Co-operative Bank, central banks and primary credit societies must confine their operations to short-term and medium-term loans from the money raised through deposits of suitable duration.

88 Loans for the redemption of prior debts and for long periods are outside the scope of the provincial, or central banks and primary societies.

89 Short-term or working credit should be the first charge on the harvest and repaid out of the sale-proceeds of the next harvest.

90 The medium-term credit should be repaid out of the margin of the member's income, ordinarily from three to five years and in exceptional cases, seven years.

91 Loans for domestic expenditure or consumption purposes, while they cannot be eschewed altogether, require stricter scrutiny than has been the case in the past.

92 Loans against produce should be developed through village societies which should provide facilities for storing the produce in the interval between harvest and sale.

93 It is desirable that Government should extend financial assistance to village credit societies for the construction of indigenous godowns.



NUMBER

94 Loans against standing crops should be given only by agricultural credit societies, and not by sale societies.

95 Primary societies should be given the first charge on the produce of members' holdings raised with the help of loans advanced or other requirements supplied for seasonal productive operations subject to the overriding claims of the State in respect of land revenue, up to the extent of the loan advanced.

96 Village co-operatives may be permitted to give loans to their members on the pledge of jewels.

97 Members of agricultural credit societies should be provided with capital for their agricultural operations or other needs *with as much promptitude as possible.*

98 Sustained efforts should be made in the immediate future for the popularization of the *forecast system.*

99 Cash credits may be granted by central banks to select village credit societies to enable them to draw money and disburse it to their members as and when required.

100 A lower rate of interest on cash credit loans is commended.

101 The present practice of the Executive Committee of the Madras Provincial Co-operative Bank obtaining from the Registrar full information regarding central banks (which apply for loans) before sanctioning them requires modification.

102 Village co-operative should control unproductive borrowing by their members and create a village public opinion against social extravagance.

103 The scheme of controlled credit may be given a fair trial in suitable localities with necessary modifications.

104 Rates of interest on new loans should be as low as possible but there should be sufficient margin between borrowing and lending rates so as to ensure the financing stability of societies.

105 The by-laws of village co-operative societies should be strictly enforced in the matter of recovery of overdues.

106 In the event of failure by village societies to take action, central banks should be empowered to take coercive steps against defaulters with a view to recover overdue debts.

107 The village co-operatives must adopt a technique of recovery suited to the actual economic and crop condition of the area in which they operate.

NUMBER

108 Extension should be allowed in all deserving cases, particularly when there is a general crop failure and the member is economically disabled from repaying the loan.

109 Section 53 of the Madras Co-operative Societies Act should be invoked in all cases of breach of provision regarding the first charge on produce.

110 A careful loan policy by central banks and constituent societies is called for, to avoid overdues.

111 Village co-operatives should aim at financial self-sufficiency by tapping local deposits and promoting savings among members.

112 All agencies--village credit societies supervising unions, central and land mortgage banks should aim at the segregation of overdue debts and their transfer to land mortgage banks.

113 The educational and moral tone of the management of societies should be improved.

114 In order to regulate the normal credits of members and facilitate the system of forecast loans, or cash credit or controlled credit, it is necessary to have the property statements prepared even in the case of societies adopting limited liabilty, with suitable modifications.

**Chapter VI.—Societies for scheduled classes and aboriginal and hill tribes.**

115 In view of the special circumstances of the scheduled classes, there is a necessity to have separate co operative societies for the benefit of the scheduled classes; option may, however, be given to them to join the existing societies for other communities, wherever they so desire.

116 Members of scheduled classes, where they are already members of ordinary village co-operatives may be permitted to join scheduled class societies also for purposes other than borrowing.

117 The organisation and supervision of the scheduled class societies should be entrusted to co-operative inspectors working under the Labour Commissioner through the District Labour Officers.

118 Government must undertake the financing of societies for the scheduled classes in the special circumstances of their present existence.

119 Government should undertake a ten-year plan of economic re-organization of scheduled classes and should offer facilities of agricultural colonization by the formation of co-operative societies for the purpose.



NUMBER

120 Subsidiary occupations and suitable cottage industries should be introduced for the members for profitably employing their spare time.

121 Loans in cash should be eliminated as far as possible, and their requirements, domestic and otherwise, should be supplied by the societies in kind.

122 Pawn shops should, wherever possible, be established for the benefit of the scheduled classes.

123 Propaganda and education among scheduled classes by proper men from their own community should be undertaken.

124 Compulsory labour among scheduled classes, wherever prevalent, should be abolished.

125 Suitable measures for debt relief should be enacted for the benefit of farm labourers and landless workers.

126 Government should formulate a comprehensive policy and concert measures for the educational, social and economic improvement of the aboriginal and hill tribes based on the results of a detailed survey of their existing conditions.

127 The appointment of a special officer for an enquiry into the conditions of these classes is recommended.

128 Co-operative societies of a special type to meet the needs of these classes should be organized and financed by Government, and run under Government control and supervision.

129 Measures should be formulated for relief of existing indebtedness amongst the hill tribes by scaling down and conciliation.

130 Sowcars and merchants should be prevented from coercing the hill men into parting with their produce in settlement of their debts.

**Chapter VII.—Urban Co-operative Credit Societies and Employees' Societies.**

131 "Urban Banks" as such should be separately dealt with in departmental statistics and reports.

132 There should be only one bank for each urban area except in big cities like Madras.

133 Where the area is large, sub-societies may be constituted with due reference to local conditions.

134 Where sub-societies are not or cannot be formed, the election of directors should be arranged on the basis of the ward system or through an electoral Committee.

NUMBER

135 The term of office of the directors may be three years. The retiring directors should ordinarily be eligible for re-election; but it should be open to any urban bank or society to bar re-election for a specified period.

136 A system of retirement of directors by rotation is recommended.

137 A set of rules to regulate elections may be framed by the Registrar for the guidance of banks and societies.

138 Normally no special qualification is necessary for a director, but in special cases a minimum qualification by way of share-holding or deposits may be prescribed.

139 The suggestion that no director of an urban bank should be interested directly or indirectly in any contract made with the bank or any sale or purchase made by it privately or in any auction or in any contract or transaction is commended.

140 Wherever the banks are operating on a large scale and local condition requires it, paid secretaries may be appointed.

141 Urban Banks shall continue to give loans on the security of persons, mortgage of immovable properties, deposits of gold and silver and insurance policies. In the case of loans on gold and agricultural produce, the area may extend up to five miles provided there is no society there doing such business.

142 Extension of loan business against gold and silver is recommended.

143 Loans against agricultural produce should be permitted only in the absence of sale societies in the area.

144 Urban banks should be entrusted with the duties of organizing and cautiously financing artisan classes and craftsmen in order to save them from exploitation by middlemen and money-lenders and to promote their economic interests and standard of living.

145 Urban banks should provide greater banking facilities to their customers such as extension of current accounts and cheque transactions, etc, but discounting of bills should not be undertaken.

146 Urban banks should extend cash credit facilities to their members on proper security.

147 A continuous and intensive 'drive' by urban banks should be undertaken for the greater encouragement of the habit of thrift through the provision of extended facilities such



BER

18 Immediate steps should be taken to reduce the arrears in urban banks and societies and to prevent accumulation in the future

19 No change in the present standard of fluid resources to be maintained by urban societies is recommended.

50 The rates of interest allowed by urban banks should not exceed one half per cent over and above the rates on their borrowings paid by central banks working in the area.

51 Other suggestions for improved working of urban banks are made.

52 The direct affiliation of urban banks (with a working capital exceeding Rs. 5 laks) to the Madras Provincial Co-operative Bank is opposed.

OVERNMENT SERVANTS' AND OTHER EMPLOYEES' SOCIETIES.

53 In places where there is a Government servants' co-operative society or an employees' society, Government servants and employees of district boards and municipalities may join such societies only; they should not be entitled to become members of any other *credit* society.

54 It should be impressed that employees' societies are primarily intended to promote thrift and savings and that they are providers of emergency credit only.

55 Compulsory savings should be enforced by distributing home safes and hundis to the members of these societies.

56 Government should institute a scheme of compulsory life insurance and make subscriptions to the provident fund compulsory.

57 Where Government servants have insured their lives in other companies, provision should be made for deduction of the premia from their pay.

58 In the case of non-Government servants such as employees of local bodies. etc., provision should be made for compulsory insurance.

59 Employees' societies should encourage subsidiary occupations and cottage industries among members of employees' families. Government must render help in this direction by subsidies and lending officers.

60 A second loan should not ordinarily be issued to a member of a Government servants' or employees' societies before he has repaid a certain portion of the first or before the expiry of a specified time from the date of the last loan.

NUMBER

161 A higher rate of interest may be charged on the sum borrowed in excess of the members' own contributions to the thrift fund.

162 The individual maximum credit should be limited to four times the salary of the member provided it will be open to the society to grant loans beyond the limit against jewels or other valuable securities.

163 The Government should take power to permit pay disbursing officers to deduct from the salary of their servants instalments of loans or other contributions due from them towards Government servants' societies and other employees' societies.

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

165 Some protection should be given in respect of debts due to co-operative societies, and Civil Procedure Code or the rules under the Madras Co-operative Societies Act may be amended so as to provide for the attachment of salaries of Rs. 50 and above.

166 Employees' societies may attempt a system of joint purchase and sale of members' more common domestic requirements by collecting indents from them.

167 Heads of Departments must be instructed to take interest in the working and welfare of Government servants' co-operative societies and if the members so desire, they may be made also the presidents of the societies concerned.

168 Government should make it obligatory on the part of employers of industrial labour to start and run co-operative societies for their workers.

169 The workers should be paid their wages weekly instead of monthly.

170 Provision should be made in the rules for the constitution in big employees' societies of smaller bodies of representatives or delegates in place of the present general body of members, in order to ensure a fuller consideration of the subjects and of proper representation of all sections of opinion.

**Chapter VIII—Co operative Central Financing Organizations.**

171 Co-operative Central banks should continue to be independent financing banks for their respective areas and affiliated to



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the Madras Provincial Co-operative Bank as at present and should not be converted into branches of the Provincial Bank.

172 Central banks should not be split up into small units, popularly known as taluk banking unions.

173 Central banks should be constituted on the basis of one bank for one revenue district without prejudice to any scheme of amalgamation, where local co-operative opinion favours such amalgamation.

174 In order to make central banks pure type banking unions composed of affiliated societies alone, individual shareholders should be eliminated from central banks.

175 Central banks should co-opt three individuals to their boards of management and provide for such co-optation in their by-laws.

176 Representation of depositors on the boards of management of central banks is not recommended.

177 Central banks are advised to encourage deposits for one to three years, and to place themselves in possession of adequate funds for supplying medium-term capital.

178 The present restriction imposed by Government regarding investment of deposits by local bodies in central banks should be withdrawn.

179 Central banks should ordinarily rely on their own funds for the return of deposits on due dates; in exceptional cases, the Provincial Bank may also lend to the central banks for this purpose.

180 The money advanced by central banks to marketing societies should not be taken into account in arriving at their maximum credit limit fixed at ten times their owned capital.

181 The present proportion of allocation of net profits of central banks towards reserve funds should be continued.

182 No change is called for in the present mode of investment of reserve funds of central banks.

183 Bad debts (which have been definitely ascertained) should be written off every year and necessary adjustments made to reduce bad debt reserve and reserve fund once in three years with the approval of the Registrar.

184 The method of estimating Bad Debts by actual enquiries with reference to securities, repaying power, etc. is satisfactory and should be done with greater care.

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185 Overdues both of principal and interest should be separately set out in the balance sheets of central banks as also loans for which extensions have been given.

186 The present standard and form of fluid resources are satisfactory and no change is called for.

187 The cash credits given by the Madras Provincial Co operative Bank to central banks against co operative paper should also be included for purposes of fluid resource for their *outside* liabilities also.

188 The operations of central banks should be limited to short-term and medium-term loans. The medium-term loans should not run normally beyond five years, in exceptional cases five to seven years and in no case beyond seven years.

189 Central banks should lend only to affiliated societies, and not to individuals.

190 Government should give subsidies and loans to central banks for the construction of godowns for the provision of storage accommodation and for promoting agricultural marketing.

191 Central banks may be permitted to develop a safe custody department and to take a re-pledge of the gold on which societies have lent sums to their members

192 Central banks should interest themselves in all co-operative activities and should finance societies intended for cottage industrialists and artisans.

193 Central banks may be empowered to proceed against individual members of societies if the panchayats neglect to recover the dues from them.

194 Central banks may continue or undertake commercial transactions and banking business of all kinds (excepting discounting of bills.)

195 There should be a closer contact with and mutual arrangements between commercial banks and co-operative banks for collection of bills, etc.

196 The existing concession of free transmission of funds for bona fide co-operative transactions should be continued by Government.

197 The present practice of adjustment of share capital of societies in central banks towards loans due by them may continue.

198 The payment of preferential dividend and issue of preferential shares by central banks may be done away with.



NUMBER

199 Co optation of five individuals to the Board of Management of the Provincial Bank is recommended.

200 The formation of two apex banks, one for the Andhra districts and another for the Tamil districts working under the Registrar of the Province and with headquarters in the City of Madras with the option for Malabar and South Kanara to determine their own affiliation is recommended.

### Chapter IX—Co-operative Marketing Societies.

201 The need for regulating or reducing the freight rates should be periodically and forcefully impressed upon the railway authorities.

202 The maintenance of canal in an efficient condition is recommended.

203 The Madras Commercial Crops Markets Act (Act XX of 1933) should be extended to other suitable areas with a view to control and regulate market conditions and standardization of market practices.

204 Market Committees should fix agreed standards and draw up standard contract forms.

205 There should be standardization of grades in the several commodities.

206 Extensive propaganda should be undertaken by societies and market committees through leaflets and talks to educate the grower or the trade to deal in produce of good quality and in the fixing of limits of refraction or moisture and standardization of the produce.

207 Better dissemination of market intelligence should be ensured to the producers and their organizations by all possible means such as rural broadcasting and posters.

208 The existing loan and sale societies should be renamed "marketing societies" and they should concentrate their activities rather on marketing and sale than on granting loans against produce. Marketing societies, may, however make advances against commercial produce having concentrated markets and brought to them for sale.

209 Marketing societies may be formed at the headquarters of each taluk with branches in firkas, and they should deal directly with wholesale merchants and consuming markets for the sale of members' produce.

210 The system of "controlled credit" should be extended on a large scale and loans given for the supply of improved seed, implements, manure, etc., by village credit societies.

NUMBER

211 The help given by Government by way of Marketing Inspectors should be extended to a larger number of societies to be formed in future.

212 The new marketing societies to be formed should give subsidies, in the initial,stages, towards meeting the cost of management and methods of processing, etc.

213 The Provincial Government should continue to give marketing societies subsidies of 25 per cent even if the Government of India grant be discontinued for the construction of godowns.

214 Marketing societies should be encouraged to issue to growers warehouse receipts on the pledge of produce stocked in their godowns and these certificates should be made negotiable under the guarantee of Government or of Central Banks.

215 Loans to the ultimate borrower-producer should not be advanced at a rate 1½ per cent more than the rate at which the Madras Provincial Bank lends to Central Banks.

216 There should be no maximum credit limit for loans advanced against paddy to individual ryots and for other crops. Rs. 5,000 should ordinarily be the maximum, discretion being given to the Registrar to enhance to limit in special cases.

217 Marketing societies should deal only with producers, and persons other than producers. should be strictly prohibited from the operations of these societies.

218 Marketing societies should be formed and encouraged for the benefit of agriculturists in the zamindari areas.

219 *Special crop marketing societies* for single crops, comprising all convenient areas of production, should be started at suitable market centres to provide facilities for the growers to market their produce.

220 Methods of work of special crop marketing societies are indicated and should be observed.

221 Marketing societies should adopt proper safeguards and business principles of the kind described.

222 For the promotion of agricultural marketing a special marketing department should be created. If such a department cannot for any reason be created immediately, all the marketing officers now working under the Agricultural department should be transferred to the Co-operative department so as to ensure co-ordination between marketing organization and marketing credit.



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**Chapter X.—Handloom Industry and Weavers' Societies.**

223 Measures should be formulated (by legislation if necessary) for the adjustment of the spheres of production of the powerloom and the handloom or to restrict the production of mill cloth by fixing quota or otherwise.

224 Adequate cess should be levied on the sale of mill cloth, Indian and foreign, at a rate sufficient to counteract the effect of competition.

225 Licence—fee on mill-cloth dealers should be increased.

226 Differential freight rates for transport by railway of mill and hand-made products should be introduced, so as to give the handloom product an advantage.

227 The subsidy now granted under the Government of India scheme should be extended for another five years.

228 The present annual subsidy is inadequate and should be increased, the Provincial and Central Governments bearing the increase in equal proportion. Part of the subsidy may be in the form of free services of officers.

229 The supervision and inspection of weavers' societies should be done for the next five years at least at the expense of Government through the Co-operative department.

230 Primary production societies should be reorganized on a sounder basis.

231 The organisation of big societies must be differentiated from that of smaller ones which produce popular cloth largely used by the rural population.

232 The production of artificial silk cloth on handlooms should be discouraged.

233 The Central Emporium and the local sale depots of the Provincial Handloom Weavers' Co-operative Society should function as central display houses and information bureaus to both producers and consumers.

234 By a co-ordination of the efforts of the Industries, Co-operative and Marketing staffs, the products of the handloom industry should be encouraged by display, advertisement, etc.

235 Import of foreign yarn into the country should be controlled.

236 The production of Khadi with the aid of the All-India Spinners' Association through the agency of primary production societies should be promoted.

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237 The primary production societies should be affiliated to the Provincial Handloom Weavers' Co-operative Society and the central bank of the district and should obtain their finance only from one of these two sources.

238 The Provincial Handloom Weavers' Society should finance those societies whose requirements do not exceed Rs. 1,000 at any time. The societies whose requirements exceed Rs. 1,000 should be financed by the central bank.

239 Loans to the primary production societies may be granted upto five times the owned capital including their share capital and their reserve fund. In addition to these, loans may also be given against a floating charge up to 50 per cent of the value of goods taken into stock.

240 The functions of the Provincial Handloom Weavers' Co-operative Society are defined.

241 Government must be the main financing agency for the Provincial Weavers' Society by taking shares in the society and by granting loans to it.

242 The Madras Provincial Co-operative Bank can be an additional agency for supply of credit only on the pledge of goods on certain conditions.

### Chapter XI.—Cottage Industries.

243 There are possibilities of development of specific cottage industries, on a co-operative basis, which should receive attention.

244 A Provincial Industrial Society should be established to organize and administer the production societies for industries other than handloom weaving.

245 A scheme of financing similar to that recommended for the primary weavers' societies and for the Madras Provincial Handloom Weavers' Society is recommended.

246 If necessary, two provincial societies may be formed; one for the North and the other for the south and the west.

### Chapter XII.—Women's Societies.

247 Societies for upper and middle class women should act as centres of culture, propaganda and education and take to small home industries such as preparation of jams, preserves, pickles, etc.

248 Poorer and lower middle class women should be encouraged to undertake small home or cottage industries such as hand-spinning, basket-making, mat-weaving, bee-keeping, etc.



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249 An attempt should be made to start societies or organize separate societies in some of the existing co-operative organizations to advance small loans to these women, to recover the advance in driblets day by day and to promote thrift among them.

250 Paid staff should be appointed to give an impetus for the formation of women's societies and to promote home industries in such societies.

### Chapter XIII.—Co-operation and Rural Reconstruction.

251 The Bombay scheme of rural development is not considered suitable for Madras conditions and its adoption is not for the present favoured.

252 There is need for a greater degree of co-ordination between expert departments particularly those development departments which are immediately concerned with the welfare of the agriculturists.

253 The appointment of a Development Commissioner for co-ordination of work of " nation-building " departments is not recommended.

254 There should be a Provincial Standing Committee and district standing committees for co-ordination of work of development departments.

255 A Provincial Standing Committee consisting of the Heads of Development departments and a certain number of non-officials having as its Chairman the Development Minister and as its Secretary an Under Secretary to Government should be constituted to secure co-ordination between the development departments and to make them related parts of a comprehensive whole.

256 There should be a redistribution of portfolios among the Ministers so that the Chairman of the Provincial Standing Committee may be in charge of all the development departments which are intimately concerned with rural welfare.

257 District standing committees consisting of officers of various departments with the Collector as its ex-officio Chairman should be constituted with the same purpose in view.

258 The work of rural betterment should be carried on with the help of properly trained rural guides.

259 Rural reconstruction should be brought about by a co-ordination of the activities of the village co-operative societies and the village panchayat. At present co-operative

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societies should be entrusted with the main burden of this work.

260 Separate better living societies are not necessary. Existing societies should be reorganized in such a way that a single organization serves all the economic needs of the villager and promotes village welfare.

261 Steps should be taken to increase food crops by all possible means in order to make the Province self-sufficient in respect of her food supplies.

262 The output of food crops should be increased through the adoption of a well-planned scheme of distribution of improved seed through co-operative societies and rural reconstruction centres.

263 Agricultural over-population from which the Province now suffers should be remedied by a rationalization of agriculture and agricultural colonization.

264 Detailed investigations should be made of localities in each district where large tracts of land are available for assignment for purposes of agricultural colonization.

265 Colonization schemes should be undertaken by Government as reclamation for the creation of new agricultural wealth on the lines and conditions recommended.

266 A gradual increase in the number of consolidation societies should be encouraged.

267 Arbitration co-operative societies may be started as an experimental measure in select districts.

268 The formation of cattle insurance societies is not recommended in view of the difficulties involved.

269 The efforts of the department should be directed towards the formation of cattle-breeding societies.

270 Crop insurance on co-operative lines is not possible and is not therefore recommended.

### Chapter XIV.—Thrift and Savings.

271 Credit societies should tend to transform themselves into savings and banking agencies.

272 Village credit societies should provide for linking up savings with some definite objective or purpose.

273 A sustained thrift campaign should be launched by the introduction of hundi box system among members of agricultural credit societies and petty loans may be granted, if need arises, against these savings to prevent withdrawals of the savings.



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274 Wherever possible, the hundi boxes may be substituted by savings or thrift certificates, which may be made negotiable.

275 Village credit societies should induce members to contribute savings in kind out of each harvest.

276 Celebration of 'Thrift day' and vigorous 'Thrift drive' through lantern lectures, bhajana parties, etc.. are recommended.

277 The transfer of the control of postal savings bank organisation of the Central Government in this Province to the Madras Government is not recommended.

278 Co-operative urban banks also should institute the system of savings certificates, hundi boxes, etc., to suit their requirements.

279 There should be compulsory insurance for Government servants and compulsory provident fund for employees of firms.

280 Thrift and use of money to be included in the curricula of studies in schools and colleges.

281 Central banks and urban banks may open small branches in schools to create banking habit in the school children.

### Chapter XV.—Supervision, Education and Training.

282 The question of retention or abolition of local supervising unions should be left to the decision of the central banks concerned.

283 Suggestions for the improved working of unions (wherever retained) are made.

284 The question of the constitution of one or more committees in central banks for the purpose of supervision should be left to them for decision.

285 Central banks may nominate one or two individuals to the governing body with the consent of the unions.

286 Appointment of Supervisors as Secretaries of Unions is not recommended.

287 The mode of levy of supervision fund should be left to the discretion of individual central banks.

288 Four linguistic unions should be formed and entrusted with the functions of the present Provincial Union.

289 The Provincial Co-operative Union should have a federal constitution and be composed of the four linguistic unions and be styled as the Provincial Co-operative Federation.

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290 The Provincial Co-operative Federation should make provision for co-opting individuals and giving them the rights and privileges of members.

291 The starting of a Co-operative College for aspirants for employment in the Co-operative Department and for higher posts in big urban and central banks, etc., is recommended. The College should be a Government college.

292 The courses of study and syllabus should be settled by the academic authorities of the University.

293 The Government should have the help of an advisory council in the administration of the college.

294 Two co-operative institutes, one for the Northern and the other for the Southern districts should be established and entrusted to non-official management.

295 Government should introduce a book on co-operation and rural uplift for non detailed study in high schools run by them or with their grants.

296 The University should introduce suitable text-books on co-operation for the college courses for non-detailed study.

297 There should be a greater co-ordination of effort between non-official co-operative agencies and the co-operative department in the matter of co-operative propaganda and education.

**Chapter XVI.—Statutory Functions of the Registrar.**

298 The statutory responsibility of the Registrar in the matter of audit of co-operative societies should be maintained.

299 The entire audit staff of the department should be constituted into a distinct branch and differentiated right through from the administrative branch.

300 The audit staff should be placed directly in charge of Circle Audit Officers of the status of Co-operative Sub-Registrars.

301 A qualified auditor of the status of a Deputy Registrar to be styled as the Chief Audit Officer should be attached to the Registrar.

302 A high quality of departmental audit should be secured and the audit should be done by inspectors adequately trained in audit.

303 The present system of employing full-time Government auditors should be continued.

304 Audit of urban and central banks by registered accountants and auditors selected from a panel is not recommended.



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305 The audit of provincial. Co-operative institutions may be entrusted to registered accountants and auditors appointed by the Registrar.

306 The extra expenditure involved in the separation of audit from administration should be met from the provincial revenues.

307 The present exemption from audit fees in respect of certain classes of societies should be continued.

308 The present scale of audit fees of Rs. 5-8-0 and Rs. 3-8-0 a day should be reduced to Rs. 3-12-0 and Rs. 3 per day respectively.

309 Sale (marketing) and handloom weavers' societies should be exempted from the levy of audit fees for the first three years and also for a subsequent period of three years, if necessary.

310 The maximum audit fee levied should not exceed one-fourth of the net profits of societies as declared by the Registrar.

311 The Registrar should be empowered to give rebate to any society up to a prescribed limit in cases of hardship.

ARBITRATION.

312 The existing arrangements for the disposal of arbitration references are satisfactory and no change is called for.

313 No change is called for in the existing scale of fees levied on arbitration references.

EXECUTION.

314 Power should be given to the Co-operative department to give purchasers the delivery of possession of properties sold in execution of decrees or awards.

315 Investing the Secretaries of central banks with sale powers is not recommended.

SUPERSESSION.

316 The provision in the Co-operative Societies Act for the supersession of committees of societies is of practical utility and should be retained.

317 The committee of a registered society should not be superseded without the previous concurrence of the financing bank.

318 It should be obligatory on the Registrar to convene a meeting of the general body of a society before actually dissolving the committee, except in special cases.

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319 The powers vested in the general body of a society should not be affected by the supersession of the committee.

320 An appeal should be specifically provided for against every order of supersession to the Local Government.

321 Removal of one or more members of the committee of a society is not recommended.

LIQUIDATION.

322 Measures taken by the Registrar for accelerating liquidation work are endorsed.

323 The appointment of non official liquidators may be tried in urban centres or for a convenient group of societies.

324 The Secretary of a central bank should be made the liquidator when the registration of a society indebted to the central bank is cancelled.

325 To prevent alienation of properties by members, no member of a society ordered to be liquidated should be free to alienate his property to the prejudice of the claim of the society during the pendency of the appeal to the Government and within fifteen days thereafter.

326 Properties of members should be made liable for immediate attachment by a specific application by the liquidator in that behalf.

327 Systematic steps should be taken for the early recovery of assets of liquidated societies and contribution orders, wherever necessary, should be passed without any undue delay.

328 No contribution order or execution proceedings for debts due to a liquidated society should be deemed valid six years after the society had been finally ordered to be liquidated.

329 Central banks should be permitted to recover a sum not exceeding $7\frac{1}{2}$ per cent of the collections in liquidated societies for expenditure incurred by them in connection with liquidation proceedings.

330 The present scale of fees for liquidation work is adequate and no change is called for.

331 The lands bought in by liquidators should be disposed of by granting, if necessary, favourable terms to original owners or their next-of-kin.



332 Following the practice in some British Indian Provinces, the Madras Co-operative Societies Act should be suitably amended to provide for the winding up of the affairs of a society before its registration is cancelled.

**Chapter XVII.—Government and Non-official Staff.**

333 Territorial redistribution of Inspectors is not recommended in view of the proposals for separation of audit from administration.

334 Assistant Registrars' charges should be raised in to Deputy Registrars' charges.

335 The Province should be split up into four or five divisions and each division should be placed in charge of a Divisional Registrar, starting with the immediate appointment of two Divisional Registrars on a regional basis.

336 Rules regarding service conditions of non-official employees should be embodied in the rules framed under the Act.

337 General features of service conditions of non-official employees are indicated.

338 Provincialization of the services of employees of urban banks and central banks is not recommended.

**Chapter XVIII.—Legislation.**

339 Certain amendments to the Madras Co-operative Societies Act are suggested.

**Chapter XIX.—Conclusion.**

340 Publication of the Report of the Committee in the main languages of the Province is recommended.



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