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Editorial Notes.

Consumers' Movement and Poorer Classes.

The co-operative movement on the credit side has been organised for the purpose of giving relief to the poor ryot and therefore many a poor man who has not capital to offer as security for the loan he requires except his character has been brought within the ambit of the movement, thanks to the unlimited liability basis on which societies were organised in the beginning. Other credit institutions brought into existence later like the land mortgage banks have not been able to do much for the poor men, but the credit movement as a whole can justly be called the poor man's movement. Not so, however, certain other aspects of the movement, Co-operative House Building Societies for example and the Consumer's Movement, so far as the existing stores are concerned. It may look rather strange that of all aspects of the movement, the consumer's movement should be somewhat exclusive and not come down to the poorest of the poor, because, as is well known, in England the cradle of consumers' co-operation, it is the poor that started the movement and it has grown from the lowest stratum of society. In India, however, this particular form of co-operative activity was first taken up by the middle classes and the intelligentzia, with the result that the store movement has remained somewhat exclusive and has not reached the masses.

In urban areas, where alone the store movement has been tried in this country, membership is confined to the middle classes and to the upper classes. To take Madras for example in this city of over six lakhs of people, the T.U.C.S. the most outstanding example of the store movement in India has got a membership of a little over 6,000 and even out of this 6,000 the society's published records show barely 50 per cent are actual purchasers. So that taking actual facts into consideration, there are only 3,000 effective members of the co-operative store in a city of 6 lakhs of inhabitants. The thousands of poor people who live in *cheris* and slums of the city and thousands of people who work in railway workshops, mills and factories, and thousands more of shop assistant, low paid clerks and menial servants of commercial firms, public offices and the Corporation of Madras, all these remain practically outside the field of the Consumers' movement. On the other hand, we have as members of the T.U.C.S. many people whose economic condition is such that the small dividend upon purchases from the co-operative stores is nothing to them. Judges of the High Court, prominent advocates whose income is to be calculated in thousands per month, highly paid officers and many others are to be found in the rolls of the society.

In recent times the Co-operative Department has been making some attempts to induce the existing co-operative stores to extend the benefits of their organisation to the poor classes by suggesting that B class members might be admitted with a smaller share capital and with no power to vote at the general body meeting, but having the right only to make purchases at the stores and get the benefit of such purchases, namely, proper weight, measurement, good quality of articles etc. and ultimately rebate upon purchases.

We feel that there will be some difficulty in starting this B class membership. Firstly it is undemocratic and therefore unco-operative. It is not proper to have in our societies Patricians and

Plebions—two class of members, one having certain privileges and the other deprived of some of these privileges. Secondly, and this is more important, the poorer classes would be satisfied with comparatively inferior variety of goods, provided it is cheap and if the same store were to cater to the upper classes who demand a first class variety for which they are willing to pay higher price and also to the poorer classes who want cheaper though inferior stuff there will be some administrative difficulties. Sometimes superior stuff may be replaced by the inferior stuff and passed on as superior.

This difficulty can be got over by organising special stores for the poor classes and such attempts have been made by the Harvey Mills at Madura and at Papanasam in Tinnevelly and by certain mills in the district of Coimbatore. The M. & S. M. Railway also was running a store for the benefit of its employees though unfortunately it has gone now into liquidation. Employees of labour like the Tramway Company, Electric Supply Corporation, the Corporation of Madras, etc. can start co-operative stores for the exclusive benefit of the employees as the Government House in the city has got a store of that kind. It is hoped that the T. U. C. S. will place its services at the disposal of any institution or person who makes an attempt to extend the benefits of the consumers' movement to the poorer people also. Having established its reputation and done so much for the upper middle class it is bound to come forward to do its duty to the masses.

The poor classes of the country are not confined only to the slums and cheris of cities and big towns; they are to be found spread over the thousands of villages in the Province; and a way has to be devised to bring the benefits of consumers' co-operation within the easy reach of these millions. A beginning in this direction has been made in the Madura district about which an account is published elsewhere in this number.* All co-operators will watch with great interest the success of the experiment and if it succeeds as we all

* See page 140 of this number.

hope it would, similar developments can be expected in other districts as well. Any way it is the bounden duty of co-operators, officials and non-officials, to see that the real benefits of the movement do not remain confined exclusively to the upper section of our population, but reach down to the masses of the country who more than upper classes stand in need of those benefits.

Co-operative Tours.

In the olden days when people could travel from one place to another only with great difficulty and at an enormous cost travels were less frequent. Pilgrimage to important centres of worship was undertaken by people after a good deal of preliminary preparation and one such pilgrimage to Benares or Haridwar was looked upon as life's achievement. Matrimonial alliances also were confined to people in the immediate neighbourhood owing to the difficulty of travel.

Things have changed for the better considerably and even younger generation of the present day very often go to distant places to prosecute their studies. Older people do travel far more frequently now than their ancestors did a generation or two back and the railway authorities are giving special facilities on certain occasions for cheap and extensive travel.

Facilities offered by the railway have induced the educational authorities to organise excursion parties for school children under the guidance and management of teachers and such parties are becoming more and more numerous and popular. That they are of high educational value is accepted by all and parents are willing to gladly shoulder the financial responsibility for such tours because of their educative value.

Conducted pilgrimage parties are becoming more common; and indigenous agencies are springing up, feebly imitating the famous Thomas Cook and Sons in the matter of giving expert guidance in organising tours and rendering personal service in their actual conduct.

All these make us wonder why we co-operators should not organise co-op. tours. In each district there is some form of peculiar co-operative activity which deserves to be more widely known than is the case at present. The controlled credit working in Salem, the welfare activities for the mill hands at Coimbatore and Madura, the new experiments in the store movement that is being carried on in the district of Madura, the Milk Supply Union at Madras with its pasteurising plant are only a few instances of co-operative activity which co-operators of the province as a whole would do well to familiarise themselves with.

The Central Banks that have become the legatees of the defunct federations have to take up this aspect of educational propaganda must devise a machinery which would function as an efficient tourist agency so far as their own district is concerned. The agency to be devised should be well posted with information on all co-operative matters in the district and should be ready with plans for a three day's tour or a week's tour in the district by a co-operative pilgrim party visiting the District from outside. The important urban banks and flourishing primaries must co-operate with the District Bank in offering facilities for co-operative pilgrimage to stay in their localities. In this respect, the District Bank of Salem has set an example by constructing a fine rest-house for co-operators and if co-operative buildings available in the districts be pressed into the service of co-operative pilgrims and if, as mentioned above, there be an expert guiding agency, co-operators would be induced to tour more extensively than they have been doing. Such tours offering facilities for exchange of views among workers are bound to be very effective educationally.

We commend this proposition to the co-operators of the province. We were led to think on the subject by accounts of co-operative pilgrimage published in some English magazines. Tours undertaken by co-operators who make a critical study of what they see in the places they visit and compare and contrast them with institutions already known to them would naturally induce the co-operators to write critical accounts of what they see and such accounts by well informed co-operators will certainly have educational value. We hope to publish such accounts of personal impressions of institutions visited by prominent co-operators from other parts of the presidency.

Pawn-brokers' Bill.

"Money lending," says the Linlithgow Commission Report, "is one of the oldest professions in India and the necessity for regulating it in the interests of the welfare of the people has led to the promulgation of edicts and laws from the age of Manu to the present day." The various Banking Enquiry Committees that went into this economic problem, the Townsand Committee and the Vijayaraghavachariar Committee have all recommended bringing money lending under some form of state control. The pawnbroker is an integral part of the economic machinery of the country and his existence willy-nilly has to be tolerated. It is therefore quite in the fitness of things that the Governor of Madras, who according to the proclamation has got all the powers of the suspended legislative chambers, has promulgated a bill for regulating activities of Pawnbrokers.

Our readers will find published elsewhere in the form of a separate supplement to this number, the text of the bill and also the views of three prominent co-operators on the topic. Those who have been following the criticisms that have appeared in the press would have noticed that there has been practical unanimity about the need of the bill. Vested interests have naturally raised opposition and that cannot be helped.

Objection is however taken to some of the provisions of the bill, especially the clause 4 which vests power of issuing licenses in the police authorities both in the city of Madras and the mofussil. Enlightened and disinterested criticism seems to be unanimous against this provision of the bill and it is hoped that the authorities will take this fact into consideration and modify the bill suitably investing the power to issue licenses in the Commercial Tax-Officer or some such officers whose power over the public is not so great as in the case of police officers.

Again the criticism has been raised that the rate of interest fixed namely, 6½ per cent is too low. Viewing the problem from the various points, the Hon'ble Mr. V. Ramadas Pantulu suggests that instead of keeping the rate inelastically fixed it may be modified as to allow 6½ per cent or 3 per cent over the Bank rate for the time being, whichever is higher.

There is something concrete in Mr. Ramadas Pantulu's suggestions that there should be a Central Co-operative Pawnbroking shop in the city with branches in important localities of the city. It follows as a corollary from the general proposition that co-operative financing must gradually absorb all other forms of financing, and the co-operative ideal of service and sacrifice must eventually rule the world and not the modern idea of competition and capitalistic exploitation. The idea is worth giving a trial. We welcome further expression of views on this bill by co-operators of the Province.

The Report on the Committee on Co-operation.

This report was published at the end of last month and our readers would be expecting views of prominent co-operators to be published on the report in the journal for this month. With regard to getting the opinion of the prominent co-operators we labour under some disability because of the fact that the Committee was so constituted that most of the prominent co-operators who would have been approached for the expressions of their views were members of the Committee itself and have expressed their views either in the joint report or in their minutes of dissent; yet we have invited some other co-operators not members of the Committee to give their views on the report. The replies of some of them have also been received though some of them came too late to go in this issue.

We have, therefore, decided to make the October number a "Committee Report" number and publish all the views on the report received from prominent co-operators in that number.

Co-operators' Day.

Our readers are aware of the fact that according to the decision of the All-India Co-operative Institutes' Association, the first Saturday in November is observed as All-India Co-operators' Day. This time the first Saturday happens to fall on the 2nd of November. At a time when most of the shining lights of European Co-operation have been either practically blown out or burning dimly, it is very necessary that we co-operators in India should show our sympathy with those countries and re-confirm our faith in Co-operation.

The text of the resolution recommended to be adopted at all meetings lays emphasis on both these points, namely, our sympathy with the European Co-operators who are now under the heels of Germany and our faith in Co-operation as the only remedy for all our economic evils. It is hoped that co-operators of our province will celebrate the day with the solemnity demanded by the peculiar circumstances of this year and send us reports which we hope to publish at least in a summary form in the pages of our journal.

The General Body Meeting of the P. C. U.

The General Body of the Provincial Co-operative Union met on Saturday the 21st September 1940 and adopted the Annual Report and the Audit Order and the financial statements all of which are included in this number.

When the next item on the agenda, namely, the consideration of the Draft Constitution of the Provincial Co-operative Union was taken up for consideration, there was, however, a difference of opinion. As would be seen from the proceedings published elsewhere, a motion to postpone the consideration of the proposed amendment of the constitution was discussed at full length and when votes were taken the proposition for adjournment was carried by a majority of 43 against 27. The Provincial Co-operative Union therefore will carry on its work according to the existing constitution. Fresh election to the General Body and the Board and the election of the office bearers and the Executive Committee will take place before the end of the calender year.

Price Policies of Consumers' Stores

By Dr. P. S. Lokanathan, M.A., D.Sc. (Econ.) London.

Few, if any, among the academic students of co-operation would imagine that there are or can be any serious problems connected with the pricing of goods sold by retail co-operative societies; for, does not the fundamental principle of Rochdale of "sale at market prices" afford them ample guidance? There is no question but that the Rochdale principle still remains the only safe and sound rule in general, and co-operative stores follow broadly the policy of selling their goods at market prices. But in its practical application this Rochdale principle is seen to be not entirely free from difficulties for various reasons.

In the first place, what are market prices? The market for a number of groceries and other articles of necessity dealt with by consumer societies in India is not an organised market which deals with standardised commodities divided into a few well-known grades. There are any number of varieties differing according to the regions from which they are obtained and according to quality, flavour, etc., and each of these infinite varieties has its own selling price. In such a state of wholesale market, the notion of market price loses its definiteness and ceases to have that degree of practical utility which at first blush the principle promises to furnish.

Lest co-operators in India should think this problem to be peculiar only to us, it is necessary to state that even British societies are also faced with similar difficulties. Writing about the difficulties of British societies in fixing their prices on the basis of "market prices," the Carr-Saunders' Committee on Consumers' Co-operation in Great Britain says "The market is not a perfect guide; with a series of unstandardised commodities and a number of different types of retailers, there is often a considerable range of price which may be called 'competitive'". Thus everywhere there is a great degree of indefiniteness in market prices, and hence no simple formula exists by which co-operative societies may regulate their prices.

A second difficulty arises from the fact that in some cases co-operative stores are themselves either producing the goods which they sell or so far control the market that the latter has to follow rather than lead the co-operative societies. This has not become a major question in India, for there are few societies which have organised production departments on the lines of British co-operatives.

They have been content so far with a little processing of some articles here and there, and in no case can it be said that the stores are in a position to dominate the market. But so far as the T.U.C.S. is concerned the possibility of its being able to some extent to lead the market in respect of a few articles in Madras cannot be altogether ignored. In regard to rice, for example, the price at which the T.U.C.S. sells its special variety of Nellore rice, now practically standardised, does influence the market in its price-fixation. But the influence is mutual. As often as the market follows the T.U.C.S., the latter too follows the market, although there is always a difference of about 4 to 8 annas a bag in favour of the T.U.C.S. rice on account of its admittedly superior quality.

Where a co-operative society is producing its own goods and has the ability to produce to the full requirements of its own members, its own prices become, or at least can become, the ruling prices in the market for all such goods; and so the price policy that it should adopt becomes a matter of great importance. It should, of course, cover its full cost and sell at a reasonable margin. But what the margin should be becomes a matter of discretion in the hands of the co-operative societies. The principle of "sale at market prices" cannot by itself afford any definite guidance, and the societies must fix prices after taking all relevant factors into account. As a matter of fact in Great Britain the co-operative societies have been powerful instruments in regulating and limiting the prices of a wide range of commodities, because they are able to compel the market to follow their lead.

Such a course is not practicable in India even for a society as strong as the T.U.C.S., for even in respect of the one article, i.e., rice, where it may perhaps seek to give a lead, its power to do so is limited by the fact that there is no inexhaustible supply of that particular variety of paddy which is being bought and processed by the Society. Suppose it adopts a pricing policy based on cost plus a small margin of say 8 to 10 per cent.; it will be possible to sell the rice so cheaply that it can draw all demand to itself. This may seem to be a consummation devoutly to be wished for, but the difficulty would be that the stock of that particular variety being not unlimited, fresh stocks of only lower quality would become available, and the reputation which the Society has, with infinite patience and skill, built up would undergo serious damage. Further, the possibility of merchants and others buying from the Society with a view to resale to the public cannot also be ignored. For these reasons the Society is not

merely compelled to be guided to some extent by the market price of so-called similar article, but has to maintain a safe margin so as partly to compensate itself for the additional cost of interest and insurance on the heavy stock it keeps and for the superior quality it guarantees.

Apart, however, from the problem of the pricing of particular goods, the general price policy of a co-operative society is of great moment to its members; for whether a co-operative society should plump for low prices that would just cover its expenses or for fairly high prices which would enable it, after meeting the expenses, to pay a handsome dividend to members and also to provide them with various other common benefits in the form of reading rooms, library facilities, opportunities for recreation, etc. is so important a question that it should be discussed at some length. In Great Britain there is no uniformity in practice. Some societies are anxious to sell goods at as low prices as possible. Others regard dividends as so important a form of "savings" to their members that their price policy is greatly influenced by a desire to maintain high dividends. In a few other cases a moderately high dividend policy seems to be the governing consideration. It must be stated at once that any price policy which does not allow for a small "divi" not merely fails to offer inducement to members to buy from the stores, but exposes it to the risk of serious loss; for a society working at excessively low margins is in danger of not meeting its full expenses in some years, with consequences fatal to its solvency. Hence prudence requires that co-operative societies must aim at not merely recovering their full expenses from the sale of their goods but at declaring a low dividend at least. The choice is really between moderate dividends and high dividends. Although many British societies have been greatly influenced by the motive of a high dividend, there is no doubt that so far as India is concerned a moderate dividend policy is the safest guide. This, despite the fact, that the public to whom Indian stores cater belong to the middle class who can afford to pay fairly good prices unlike the clientele of the British co-operative movement who belong to the working class. As long as the members of a society all belong to the same economic grade and no marked inequality exists between member and member, it is perhaps not highly important whether a society charges fairly high prices and grants a good rebate to members or low prices with little rebate or dividend. But where members differ in their economic position the matter assumes quite a different aspect. The poorer section of the members may not be able or willing to buy high grade goods or pay for them high prices, and it is no answer to them to say that they would ultimately get back a portion in the shape of high dividends. They would be more interested in a low price policy by which they can buy the goods cheaply forgoing the dividend rather than in a high price policy which would prevent them from buying the goods at all.

This possible conflict of interest between the poorer and comparatively well-to-do sections in a co-operative society is really at the bottom of several of the complaints one often hears of the high price policy of the T.U.C.S. In so far as the so-called high prices are the result of inefficiency of the purchasing department, they deserve to be condemned. Not one word can be said in favour of the high prices which are due not to the fact that the goods themselves are of superior quality but only to the incompetence of the management who may be anxious to cover up their inefficiency by declaring a good ," dividend " by exploiting the members. But so far as the T. U. C. S. is concerned, such a charge cannot hold water. For in respect of a large number of articles it sells, it buys from such big wholesale dealers of established reputation that its costs are the lowest possible. As instances may be cited sugar, coffee, cocaunt oil, mundiri, etc. No other retailer can or does buy them at lower rates. The margin over these costs is so low that none can complain against the society. As regards other articles, the Society is obviously selling somewhat special grades in each. Its dholl, grams and pulses, its chillies and tamarind are all superior to the ordinary bazaar variety and therefore the prices are correspondingly higher. Fortunately this question as to whether the T. U. C. S. is charging excessive prices just to maintain dividends has been answered from an unexpected quarter quite by accident.

The Prices Advisory Committee constituted by the Government of Madras had to satisfy itself that in all cases the prices fixed by it in respect of all important articles of necessity were adhered to by all retailers. The T. U. C. S. had also to conform to that rule. But in the case of some articles it was found that the Society's prices were higher than those fixed by the Committee. The matter was therefore fully gone into by the Committee who was quite convinced of the justification and propriety of the prices charged by the Society. In the light of the above, it should be clear that the criticism persistently levelled by either ignorant or interested critics against its price policy is baseless. The truth is that in these days of great economic

difficulties many members would like to be content with even inferior varieties of some goods, provided they can be had at lower prices. The T. U. C. S. would do well to satisfy this section by selling different varieteis of articles to suit the needs of different types of members, although certain administrative difficulties would have to be surmounted in the initial stages.

Members of co-operative stores seem to ignore the fact that while paying no higher prices that those prevailing in the market, they not merely get the " divi " but also share in the great benefits which every consumer society worth its name provides in the form of libraries, reading rooms, lecture halls, and other amenities of intellectual and social life. It is true that Indian societies have not achieved any marked distinction in these directions. But those who have a knowledge of the activities of the Triplicane Stores cannot but be impressed by the fact that it maintains in each of its 29 branches in the city a reading room and one central library. It arranges annually for a Co-operators' Day celebration at the Head Office and for celebrations at each of its branches at which some educative propaganda is being conducted. The celebrations are met out of the common good fund, besides which the Society has a large reserve fund. The members are thus joint owners of a vast business and educative institution. In examining the question as to the fairness of the prices charged by the consumers' societies, these factors are not wholly irrelevant considerations. Any unbiased student of consumers' movement in India will have no hesitation in recording his judgment that on the whole the members of the consumers' societies have derived large benefits arising from correct weight, pure stuff and very fair prices. But besides the above they have the immeasurable advantage of being joint members of an undertaking which is a matchless social and economic institution.

The Madras Case.

By Mr. P. K. Srinivasa Raghava Acharya, B.A.

Kuppu Govinda Chetty *vs.* Uttukkottai Co-operative Society.

(52 Madras Law Weekly 131.)

This decision is noteworthy in as much as it unsettles a pet notion of many of the persons concerned with the administration of the Co-operative Movement. It was thought that a member cannot by merely sending a letter of resignation get out of the society which he got into by having been admitted as a member. The holders of this view contend that only an order of the society removing the applicant from the list of members can have the effect of getting him out of the society. There was also an extreme view that unless and until the share capital of such an applicant was refunded to him he continued to be a member. The decision may be taken to have settled the law.

It is necessary to understand the facts of this case. There was a co-operative society at Uttukottai, Chingleput District. From the number of cases that the society has been party to, it appears that its affairs were not being properly conducted. The remark of the learned Judge Sir V. Ramesam, O.C.J. may very well give one an idea as to how the society was working. The learned judge was pleased to observe that probably the Registrar will see that no such societies hereafter exist.' There was a dispute between the society and the Conjeevaram Central Bank regarding the amount that was due by the society to the Bank. The matter was referred to the Deputy Registrar of Co-operative Societies, Madras, who transferred it for disposal to the Sub Deputy Registrar. Notice of the suit was sent to the President of the Society. On 3-6-1930 the peon was asked to go over to the President the next day. When the peon went to his house on the 4th the President disappeared and on the 6th June the notice was posted to the house of the President. In the meanwhile the President tendered his resignation on 4-6-1930 but it was not accepted by the society in its meeting on 30-6-30. It appears that the President by that letter resigned his Presidentship and membership as well. From a perusal of the judgment it appears that the President sent in his resignation not with any *bona-fide* intention. He seems to have been desirous of giving more trouble to the Central Bank, Conjeevaram. The Sub Deputy Registrar quite unware of the resignation passed an award on 6-7-1930. Thereupon the person who was the President moved the High Court to quash

the award. One of the grounds was that in as much as there was no president functioning on the date of the award the society was not properly represented in the proceedings and hence the proceedings were void. On this point His Lordship Sir V. Ramesam, O.C.J. is pleased to observe as follows :—'The next point argued was that the President resigned his office on the 4th of June and therefore the defendant society was not properly represented on the date of adjudication namely 6th June. The resignation of the president came up for consideration before the society on 30-6-1930 and was not accepted. Therefore there was no valid resignation. Any how the fact of the resignation was not known either to the Registrar or to plaintiff Bank.' The learned judge found that the President had not ceased to function and the society was properly represented. The judgment is reported in 1932 M.W.N. 18.

The society was subsequently liquidated. The liquidator passed orders in 1932 and 1933 determining the contribution payable by Govinda Chettiar. These two orders were attached on various grounds. One of them was that the orders were passed more than two years after he ceased to be a member by sending the letter of resignation on 4-6-1930.

The judgment in 1932 M. W. N. 18 was cited on behalf of the society. It was urged that unless and until the resignation was accepted there was no cessation of membership. Mr. Justice Pandranga Rao is pleased to observe as follows :— 'The latter case (1932 M. W. N. 18) does not contain any discussion of the question but is important in view of the fact that it deals with the very letter of resignation with which we are concerned in this case, though the decision therein was in respect of the resignation of the office of the President of the society and the latter of resignation being in respect of both his office as President as well as his membership. We are not concerned in the present case with the office of President but only with the question of membership and therefore the decision in Kuppu Govinda Chetty Vs. Secretary, Co-operative Central Bank, Conjeevaram' (1932 M. W. N. 18) is not very helpful. Later on his Lordship observed 'the reasoning which would apply to resignation of public office of this kind (that referred to in 14 Q. B. D. 908) cannot be applied to resignation of the membership of a society with which we have to deal in the present case. We are therefore inclined to the view that the membership of the plaintiff ceased immediately his letter of resignation reached the society, that is to say, early in

June 1930. There was thus an immediate cessation of his membership, and there being no provision for withdrawal of any resignation in the Act or in the by-laws, he could become a member again only by complying with the provisions relating to membership. The mere fact that he refused to receive the copy of the resolution sent to him in July 1930 and that he attended a meeting of the society some six or seven months later has no legal effect so far as this question is concerned in the sense that these subsequent circumstances could not possibly restore him to his membership or make him member after he had ceased to be one.

With great respect it has to be stated that there is no difference to be found in the Act, rules or by-laws between the procedure to be adopted by a person in resigning his office as President and that to be followed in resigning his membership of a society and it is difficult to appreciate the difference between the cases in 1932 M. W. N. 18 and in 52 Law 131.

Be that as it may it has to be found out as to what difficulties may raise by the ruling under consideration. The principle enunciated in this ruling may lead to very dangerous results. It is a well known fact that originally there was a mania for starting societies and departmental officers vied with each other in starting them without bestowing any thought as to whether there was any necessity for them at all. The so called influential men in rural areas were caught hold of and appointed as Panchayatdars. The influence of such persons was proportionate to their indebtedness and need for money. The Panchayatdars set an example to the members by borrowing more than they could hope to repay. When they found that their borrowing power was at an end they resorted to taking loans in the names of others. When the society was discovered to be heading towards ruin the influential members and those that had any earthly possession to boast of, cleverly resigned their membership and arranged to run the society for 2 more years. I cannot but refer in this connection to the ideal societies at Perumpakkam and Poyyappakkam in the South Arcot District. Persons who have been utterly innocent of all that took place and of the very principle that was to make them liable for the misdeeds of the Panchayatdars were left to suffer for the faults of others. I think some more glaring instances can be found in the South Arcot District but I expressly refrain from referring to it.

Such were cases even when people thought that unless the resignation of a member was accepted he continued to be a member.

Now that the High Court has made it plain that by sending in a letter of resignation a member ceases to be such, it may become very difficult for the financing Banks to realise what they have advanced to societies relying entirely on the unlimited liability of the members for the debts of such societies.

The necessity therefore arises for the head of the Department to determine as to what should be done to overcome such difficulties. Section 65 (P) enables the Government to frame rules to provide for the withdrawal of members. No rule has been framed by the Government. No doubt rule II (g) leaves it to the society to frame by-laws prescribing the 'circumstances under which withdrawal from membership shall be permitted,' but it does not appear that any such by-law has been framed by any society. I would therefore suggest that the Government may be moved to frame a rule providing that in case of societies with unlimited liability resignations by members cannot have the effect of removing them from membership unless the General Assembly accepts such resignations subject to the ratification by the Deputy Registrar. I think such cases should be placed on a par with the action of a society in writing off a debt which is found irrecoverable.

Co-operative Developments in the District of Madura.

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

I.

NOTE.—*In the following article I have dealt with the new co-operative activities of Madura District in a general way. In my next article I shall give an account of the various stores I visited with facts and figures about them.*

The co-operative movement in this country had its origin in the desire on the part of the Government to lighten the load of indebtedness of the average Indian ryot. The sponsors of the movement thought that if cheap credit be made available to the ryot all his troubles would be at an end and hence the late Sir Frederick Nicholson's recommendation of starting credit societies in villages after the Raiffeisen model was accepted.

During the last 35 years since the first Co-operative Societies Act of 1904 was passed, the movement has developed along varied lines and during these years actual workers in the field of co-operation came to realise how limited was the original conception of the problem and its over-simple solution. Later enquiries like those undertaken by the Royal Agricultural Commission and by the All-India and Provincial Banking Enquiry Committees revealed the fact that the original founders had taken too simple a view of the problem. Subsequently to the passing of the Act and in the course of its gradual working it was realised that the ghost of indebtedness could not be so easily be exorcised. It came to be realised, that the sanitary conditions of the village and the villager's diet had repercussions on his ability to work and therefore were important factors in considering his economic problems. It was also felt that the various researches that were being carried on by the Imperial and Provincial Agricultural Agencies did not percolate to the masses and that the average ryot was carrying on his agricultural operations in the good old way and had not been benefitted at all by the recent discoveries of the research section of the Agricultural Department. He had very little extra income as he had few subsidiary occupations. It was further discovered that the average ryot was exploited economically both as a producer and as a consumer as he was not well-organised and had to sell his produce at a cheap rate and buy his requirements at the rate offered by the village shop-keeper who was very often the

village money-lender as well. Moreover social workers realised that drink and litigation made havoc with what little money the villager was able to save and religious and social functions too impoverished him considerably. It was therefore thought that if the average villagers' condition is to be improved at all the problem is to be tackled in a variety of ways and that no improvement however effective along one particular line would solve the ryot's economic problem.

It was the realisation of the complexity of the problem and of the need for improvement along various fronts that gave an impetus to what is known as Rural Uplift or Reconstruction movement. The experiment first started by Brayne at Gurgaon near Delhi, was one of the earliest attempts to effect an all round improvement in the life of the ryot and it was followed by similar experiments conducted by Viswabharati in Bengal, Y.M.C.A. in different parts of India and in our Province by our own Provincial Co-operative Union at Alamuru and other centres with the help of the grant given by the Madras Provincial Co-operative Bank.

Unfortunately many of these experiments were sporadic. There was very little of continuity of work with the effect that inspite of results being satisfactory wherever good work was done, the net output was not quite up to the mark. There was no agency which could take up the responsibility of financing any scheme of rural reconstruction and supervise it efficiently and continuously for a sufficiently long time. Centralisation on this important matter is out of the question. District Banks having jurisdiction over a revenue district and coming into intimate contact with rural societies would be thought of as admirable agencies to carry on this work, but unfortunately most of the District Banks acted as merely as financing agencies and concentrated their attention on the collection of dues from the primary societies rather than on enabling the villager-member of the primary societies to become economically better.

II

It is therefore with great interest that we have been following the attempts of the Madura-Ramnad Central Co-operative Bank towards Rural Uplift. The resolution passed by the authorities of the Bank setting apart the common-good fund of the Bank amounting to about Rs. 11,000 as the nucleus of a fund to be devoted exclusively for rural reconstruction marks the beginning of a new epoch. The authorities of the Bank thought out a scheme of rural development and wanted to make use of this nucleus more for investment purposes which would be ultimately returned than for giving subsidies and grants. That is, the whole scheme was organised from more or less a business point of view. They have selected 26 centres at which one or other forms of improvements noted below are attempted to be effected. The main items of village improvement are grouped under the following headings, and in each of these centres some one or more forms of these parts of the improvent scheme are put into operation as local circumstances justify. The main activities are :

1. Agricultural Improvements.
2. Demonstration.
3. Live stock.
4. Improvement of Irrigation.
5. Marketing.
6. Financing Agriculture.
7. Public Health.
8. Education.
9. Cottage Industries.

III

But side by side with this attempt of general improvement there are two other lines of activity that have been started intended ultimately to bring about the economical improvement of the ryot. One is to make loan and sale societies take up the important function of marketing agricultural produce. It is well-known that hitherto most of these sale societies had confined their attention to give credit accommodation only to the agriculturist on the pledge of his produce and had not been functioning effectively as marketing agencies. It was so. because most of them were isolated units having only small quantities of different kinds of produce to deal with and hence unable to get into touch with bigger agencies handling the marketing of agricultural produce. A Central Marketing Society for the district therefore has been organised to which these various sale societies would be attached and the scheme envisages the ultimate linking of every producer through his village society and loan and sale societies to this central marketing agency. When that is done the advantage to be derived from the wholesale handling of the produce of the district by a central agency will filter down through its affiliated units, the loan and sale societies to the villager, the ultimate producing unit.

IV

The producer, however, is at the same time a consumer as well. He was hitherto dependent for the supply of articles needed by him on the village merchant who, as is well-known, was a money-lender and a middle-man exploiting the needs of the villager to the fullest

extent possible. He gave facile credit to the needy villager and compelled him to sell his produce to himself and buy his requirements also from himself. All these transactions, moneylending, purchasing of produce and supply of requirements to the villager resulted in substantial increment of the middleman's income, and to that extent acted detrimentally to the interest of the villager. Hence an attempt has been made as an experimental measure in the district of Madura to start a number of village stores and stores in taluk centres which are of a semi urban character.

When an average co-operator thinks of a store he would think it only in terms of his knowledge of the stores now in existence of which the famous Triplicane Stores is the most outstanding example. He will look upon it as a grocery concern and such a store with such a limited scope has not much chance of success in villages; because the average villager produces most of the staple articles of food for himself. There are, however, 101 other things that he requires both as householder and as one carrying on the industry of agriculture. If a village store could supply all his requirements—improved seed, chemical manure, agricultural implements, clothing for his family and many other sundry articles that he requires custom which each individual villager may bring to such a store will certainly be not very small. The officials and non-officials of the Madura district deserve to be congratulated upon their having started the Store Movement with this end in view, namely, the supply of all the possible requirements of a villager, and hence the village stores which I visited recently were all functioning quite satisfactorily having adequate business to maintain a decently paid staff.

Some of these stores in important rural and semi urban areas have been functioning so well that villagers who come to them from distant places have applied to the authorities to have similar stores started in their own villages; and wherever circumstances justify the main village or urban stores have started small branches in the neighbourhood.

One main difficulty which a theoretical student of the co-operative movement would anticipate in running a village store would be the non-availability of ready cash in the hands of the villager to enable him to continue as a loyal member of the stores. It is taken for granted that all stores will deal with their members on cash basis only and not venture upon the dangerous experiment of giving credit This difficulty has been obviated by the Central Bank coming to the rescue. The Central Bank advances loans to individual members through its constituent primary sosieties. But the money advanced is not all in the form of ready cash which the borrower can spend away immediately; part of it no doubt is in cash, but part in the form of rupee cheques which he can present at any of the co-operative stores in exchange for the goods he requires We are glad to note that the cheque system has been working smoothly. Villagers have realised that these cheques can be exchanged for useful goods at any time in the nearest co-operative stores and therefore have taken to the cheques more loyally than even to the Government currency.

V

These village and urban stores, if they stood alone, could be crushed in no time by their powerful rivals, the well established merchants of the locality. The need therefore was felt for a co-operative wholesale society for the district which would gather and supply all the articles needed by the individual stores and such a wholesale has been brought into existence I visited the wholesale society and studied minutely its complicated working Indents come from various constituent stores, and they are attended to by the different departments concerned. These pick up the articles as per indent and send them to the despatching section where invoices are prepared and the articles are despatched by handcarts or bullock bandies or lorries as the case may be. Articles are generally despatched without much dealy and as the village stores deal with every possible requirements of a villager the wholesale has to stock a bewildering variety of articles. They started with 250 articles and now they are handling more than a thousand varieties. Agricultural implements, cement for house construction, note-books and books for school children, vessels for housewives, clothing for both men and women, food stuff, wooden pestles and stone mortars, these are only a few of the many items handled by the co-operative wholesale society. The offices of the Society are located in a spacious house situated in the busy commercial part of the city of Madura and it is a pleasure to see the big building humming with activity.

The onerous task of supplying the various requirements of co-operators of the district has necessarily compelled the authorities of the C.W.S. to put themselves in touch with the wholesale supplying agencies of the various articles and the two sections, one purchasing the requirements of member-stores from wholesale agencies and the

other sending out articles to constituent stores as per their indents —both are working efficiently and harmoniously.

I was glad to note that there is no tendency to spend extravagantly on the staff of the stores with the ultimate object of securing large business and recouping possible losses. In every store the expenditure was expected not to exceed the average sales of a day or roughly half-an-anna in the rupee of the total sales of the month, which in the light of my experience regarding the establishment cost of the T.U.C.S. may be considered to be quite a safe limit.

There are about 50 stores recently started and the idea is to push on the organisation of another 25 or 30 and then watch for six months or one year to see how these 70 or 80 stores are working. The ultimate object is to cover the whole district with a net work of stores. This is to be achieved according to a well-regulated plan extending over 5 or 7 years; every spurt of expansion will be followed by a period of consolidation.

Arrangements have been made for the inspection of these stores and periodical checking of their accounts, but these arrangements are tentative and have not been perfected. It is hoped the Government and the Co-operative Central Bank will help the store movement with men and money so that efficient supervision and continuous and effective checking of accounts might be done.

Not that there are no defects. In the course of my tour in the district I found some constituent stores complaining that there was inordinate delay in the supply of articles in accordance with their indents. One store brought to my notice the fact that articles have been received but not invoices so that it was not in a position to sell the articles as they did not know the price of each of the items. In a third place I heard a complaint that the prices of the wholesale stores were high and that if the constituent store be left to itself it could have bought better commodities at a cheaper rate. These defects I consider are incidental to the fact that the C.W.S. is yet very young and has not yet well established itself. When it grows older and picks up some more experience and establishes its business routine, these will vanish of their own accord.

I was glad to note that the authorities are contemplating a plan of having some distributing centres in the district so that articles may be stocked in these centres and supplied to near branches without duplicating transport. When the C.W.S. with its distributing centres and its constituent member stores is organically and harmoniously linked with the co-operative marketing society of the district the task of buying and selling the requirements of the store could be rendered much easier and the whole machinery would, it is hoped, work efficiently and harmoniously.

VI

As the business of the C. W. S. increases the need is felt for another central organisation to deal with its increasing requirements. Now that electricity is available in a cheap form in the district of Madura, some agriculturists have started the experiment of having water pumps driven by electric power in their estates instead of lifting water in the time honoured way with the help of a pair of bulls which method, as is well known, puts a heavy strain upon the animals. If electric pumping become more popular there is need for an agency to supply pumps, to attend to their repairs and to the supply of spare parts. The various stores and marketing societies require registers, forms etc. and the need therefore is felt for a co-operative printing agency. The supply of furniture to the various societies is a third department of co-operative activity which is likely to have assured business throughout the year as societies increase in numbers. It has therefore been resolved] to start a central industrial society for the district. The central co-operative store, the central marketing society, the central industrial society all economically linked with the Central Bank which is the financing agency for all these things is an arrangement which is likely to come into effect in the near future and when all these agencies work in a harmonious and interconnected manner, not with the idea of exploiting the villager, but with the object of helping him to effect his economic improvement, actuated by motives of service and sacrifice and with the high co-operative ideal of 'Each for All and All for Each', the difficult task of rural reconstruction envisaged by social workers would soon become an accomplished fact.

The co-operators of Madura, officials and non-officials, deserve to be congratulated on their having chalked out an ambitious programme for themselves. Co-operators in other districts will watch with interest the experiment carried on in the land of the Fish-eyed Damsel. We wish them success.

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News and Notes.

Addressing the Y. M. I. A. of Madras Dr. P. J. Thomas Professor of Economics, Madras University suggested that a Union of Nations with co-operative out look should be formed. He said that the member states should co-operate for their economic Progress. The causes of rivalry among them should be eliminated. The old policy of some countries being industrialised and others remaining agricultural should be abondoned. Every country could have some industries after a certain level of development.

* * *

Rao Bahadur M. Giriappa Joint Registrar of Co-operative Societies inspected the City Co-operative Milk Supply Union Tanjore. He also visited Tanjore Municipal Menial Employees Co-operative Society. Dr. K. V. Bhat Health Officer explained how the Society besides catering for credit needs of the members who were mostly Scavangers and menials, the Society was supplying them with provisions and clothing.

* * *

"Government have readily responded to the call of Unions and have come forward with bold and expensive measures to relieve unemployment among coir factory workers and it is up to us to extend our whole hearted Co-operation to Government" declared Mr. P. N. Krishna Pillai President of the workers union addressing a huge gathering at Mohamma under the auspices of Mohamma coir workers' union.

* * *

The establishment of a University institute of Industrial research under the auspices of Mysore University, is engaging the attention of the Mysore Government.

* * *

The Rural reconstruction work initiated by the Mysore Government is carried on vigorously in Shimoga District as is shown in the Report for the half-year ended 30–6–1940.

* * *

Addressing the cultural association of Central Co-operative Institute Dr. P. J. Thomas of Madras, varsity said that rural indebtedness will be solved only by a prophylatic treatment. He also said that Improvident borrowing, speculative lending and vegaries of trade cycles were the most potent causes of Debt. He suggested that the remedy for it is was co-operation but a carefully regulated loan policy, a system of controlled credit. He further said that loans to be given for Productive purposes and primary societies must be organised on multi purpose Basis.

* * *

Sri Vikrama Deo Varma the Maharajah of Jeypore opened District Commercial museum in the presence of large gathering of officials and non-officials at Rajahmundry.

* * *

Mr. Rama Rao Naidu Deputy Registrar at a meeting of the constituents and others interested in the Town Co-operative Bank Cuddapah expressed his regret while other Co-operative Banks are Celebrating their Silver Jubilee the Bank is drifting to supersession.

Addressing a conference of supervisors of Co-operative Central Bank Tanjore Mr. O. A. Narayanaswamy Iyer said they should avoid falling into the rut of mechanical routine but should constantly meet and discuss plans to improve rural conditions.

* * *

Mr. P. V. Krishna Ayyar Deputy Registrar of C. S. Coimbatore and Mr. K. K. Subbanna, President Co-operative Loan and Sale Society Gobichettiapalem toured nearly 25 villages to develop marketing of Turmeric and explained the benefits of loan and sale societies to the ryots of those villages.

* * *

Addressing the Chingleput Teachers' Association Mr. Abdul Hajeez Deputy Registrar of Co-operative societies said that co-operation was broad based on true principles of democracy and its success depended on the capacity of individual citizens to trust and help others.

* * *

A press communique of Government of Madras appeared in the Fort St. George Gazettee amending to the Madras Land Improvement and Agriculturists' Loans (General) Rules to omit the provision relating to of Rs. 500 loan for the building of houses by Agriculturists in Rural areas and the Revenue Divisional Officer being the sanctioning authority for loans of Rs. 500 to Rs. 1,000 for the purpose.

* * *

A meeting of the Coimbatore District Urban Bank was held on 8—9—40 Mr. T. A. Ramalingam Chettiar presiding.

Mr. S. A. Venkataraman I.C.S. Registrar of C.S. addressing the meeting exhorted co-operative Credit Societies to be careful in issuing loans. He appreciated the services of Mr. Ramalingam Chettiar and other co-operators towards successful working of co-operation in the District.

* * *

The Madras Government have published a Bill to amend the Madras State Aid to Industries Act with a view to granting aid expeditiously to small cottage industries.

The Bill will be considered further on October 11th and objections and suggestions may be communicated to Government before that date.

* * *

The Madras Government published the draft of an amendment to the Rules under the Madras Co-op. Societies Act where by "any surplus funds" of liquidated Societies remaining after certain payments have been made "may be appllied by the General body of a Society to make contributions to the Governor's War Fund. The draft will be further considered on October 11th.

* * *

It is proposed to start a co-op. Milk Supply in Tirupattur. In this connection Mr. P. Muthukumaraswami Pillai Co-op. Inspector had talks with Milk Vendors in the towns and subarbs and leading citizens. They wanted to convene a meeting for the purpose.

In the Salem Dist. Periodical Conference it is proposed to start a co-op. Egg Producing and Sale Society in Krishnagiri.

* * *

In connection with the inauguration of the 'Friends Union' whose main objects are the Opening of a Spinning Centre and classes for spread of literacy among the Poor, and encouraging cottage Industries, a public meeting was held at Masulipatam under the presidency of Dr. B. Pattabhi Sitaramayya.

Mr. K. Venkata Satyanarayana explained in detail the aims of the Union.

* * *

Mr. N. D. Krishna Rao I.C.S., Collector, Tinnevelly presided over the Periodical Conference that was held in his bungalow, when after a discussion, it was resolved that the heads of the Departments in the District should popularise the co-op. Stores movement.

* * *

The inauguration of the Nicholson co-op. Stores, Ltd., designed to perpetuate the memory of late Sir Frederick Nicholson who had rendered valuable service in the field of co-operation, took place at the Cash Bazaar, Coonoor.

* * *

Mr. S. A. Venkataraman I.C.S. Registrar of co-op. Societies declared open the new building of the Coimbatore Co-op. Milk Supply Union on the Sambandam Road in R. S. Puram, in the early hours of 6—9—40. The Registrar in his address told that the Coimbatore and Madura Districts topped the list in the field of co-operation. Mr. T. A. Ramalingam Chettiar Mr. Ratnasabhapati Mudaliar and Mr. Pallianappa Mudaliar were congratulated for their valuable services to the Union.

* * *

At an ordinary meeting of the Madras University Academic Council on 6—9—40 regulations relating to the Diploma course in co-operation were adopted. Admission to the above course is restricted to graduates with history and Economics and such others who after having passed intermediate put up 2 years co-op. service either official or non-official. The course extends for one academic year for full time.

* * *

Under the auspices of the South Arcot Co-op. Central Bank Cuddalore on the whole 31 classes were conducted in the Chidambaram and Villupuram Taluks. Nearly 515 members of Societies in the area and 917 other people attended the classes. Magic Lantern slides on thrift and co-operation were made use of. Various officials who were interested in the movement have taken active Part.

Press Note.

INFORMATION, BEREAU
HYDERABAD—DECCAN.

No. P. E. 1,99. *3rd Sept. '40—(28th Mehir 49 F.)*

His Exalted Highness the Nizam has been pleased to give assent to the Hyderabad Land Mortgage Bill passed by the Legislative Council.

This legislation has been enacted for the purpose of establishing a Land Mortgage Bank for the Dominions with a capital of Rs. 20 lakhs divided into 80,000 shares of Rs. 25 each. The institution is primarily designed to advance at a low rate of interest long-term loans on mortgage of land to those agriculturists who become share-holders of the bank and who want to effect a conciliation of their debts. To this extent it would also contribute directly towards an effective functioning of the Debt Conciliation Boards, which have hitherto been handicapped in their work by lack of fecilities for paying the conciliated debts in cash. The Bank will also help its agriculturist members with loans for improved cultivation through the use of good quality seeds and modern agricultural implements, besides financing current agricultural operations in the case of those members who have been previously granted loans and the mortgage on whose land still exists.

The Bank will, in the first instance, function from Hyderabad City, but the Act provides for the opening of its branches in other parts of the Dominions to facilitate its business. The affairs of the Bank will be managed by a Registrar to be appointed by Government. He will be assisted by a Board of Directors consisting of 7 members, including the Registrar.

The Bank will also be empowered to issue, with the previous sanction of the Trustee (Registrar or such other person as Government may appoint for the purpose of securing fulfilment of the obligations in respect of debentures), debentures from time to time to a total extent of Rs. 50 lakhs in 5 years, on the security of its assets and the immovable property mortgaged with it. Government will guarantee the whole debenture issue and the interest thereon.

AZIZ AHMED,
For Director.

List of Societies Registered in July and August 1940.

Serial No.	Name of the Society.	District.
1	The Srikakulam Cattle Breeding Co-operative Society Ltd.	Krishna
2	„ Krishna Agricultural Improvements Co-operative Society, Ltd.	„
3	„ Coonoor Nicholson Co-operative Stores, Ltd. ...	Nilgiris
4	„ Ramakrishnapuram Co-operative Thrift and Better Living Society, Ltd.	Coimbatore
5	„ Saroja Mills Co-operative Stores Ltd. ...	„
6	„ Kodavasal Board High School Teachers and Students Co-operative Stores, Ltd. ...	Tanjore
7	„ Nannilam Board High School Students' Co-operative Stores, Ltd. ...	„
8	„ L. M. C. High School Teachers' and Pupils Co-operative Stores, Ltd.	„
9	„ Kondagunta Co-operative Credit Society ...	Nellore
10	„ Greamspet Co-operative Milk Supply Society, Ltd.	Chittoor
11	„ Gangadharanellore Co-operative Stores, Ltd. ...	„
12	„ Madanapalle Hand Spinners' and Weavers' Co-operative Society, Ltd.	„
13	„ Kulathur Weavers' Co-operative Society, Ltd. ...	„
14	„ Tirupati Co-operative Labour Contract Society, Ltd.	„
15	„ Pannapattu Co-operative Stores, Ltd. ...	Madura
16	„ Kondayampatti Co-operative Stores ...	„
17	„ Alanganallur Co-operative Stores ...	„
18	„ Kallikudi Balakrishna Co-operative Stores ...	„
19	„ N. Vadugapatty Co-operative Stores Ltd. ...	„
20	„ Sindupatty Co-operative Stores Ltd. ...	„
21	„ Palamedu Co-operative Stores Ltd. ...	„
22	„ Madura-Ramnad Co-operative Central Marketing Society Ltd.	„
23	„ Melur Centre Elementary Schools Students' Co-operative Stores Ltd.	„
24	„ Natham Centre Elementary Schools Students' Co-operative Stores Ltd.	„
25	„ Periakulam Cardamom Co-operative Sale Society	„

S. No.		Name of the Society.	District.
26	The	Cumbum Cardamom Co-operative Sale Society Ltd.	Madura
27	,,	Uthampalayam Cardamom Co-operative Sale Society Ltd.	,,
28	,,	T. Kunnathur Co-operative Stores Ltd. ...	,,
29	,,	Kumaram Co-operative Stores Ltd. ...	,,
30	,,	Nilakottai Co-operative Urban Bank Ltd. ...	,,
31	,,	Naikarapatty Co-operative Stores Ltd. ...	,,
32	,,	Uthampalayam Co-operative Society ...	,,
33	,,	Periyakalayambatore Co-operative Society ...	,,
34	,,	Konur Co-operative Society	,,
35	,,	Uthamapalayam Centre Elementary Schools Students' Co-operative Stores Ltd. ...	,,
36	,,	Paramakudy Students' Co-operative Stores ...	Ramnad
37	,,	Rajah's High School Co-operative Book Depot, Sivaganga	,,
38	,,	Kalayarkoil Co-operative Stores Ltd. ...	,,
39	,,	Thiruppuvanam Co-operative Stores Ltd. ...	,,
40	,,	Salem Municipal Employees' C. C. S ...	Salem
41	,,	Shevapet Weavers Co-opt, Sale Society ...	,,
42	,,	Vannanthangal Co-opt. Credit Society ...	North Arcot
43	,,	Neikuppai Co-operative Milk Society ...	,,
44	,,	Inam Kariyanthal Co-opt. Credit Society ...	,,
45	,,	Ponnur Weavers Sale Society	,,
46	,,	Government Islamiah High School Students Stores	Trichinopoly
47	,,	Ponnagaram Co-opt. Credit Society, Sirumathur	,,
48	,,	Anavardhanallur Co-opt. Stores ...	Tinnevelly
49	,,	Mangalagiri Co-opt. Credit Society ...	,,
50	,,	Papasahibpeta Society	Cuddapah
51	,,	Kaveri Delta Plantain Growers Co-opt. Sale Society, Vangal	,,
52	,,	Neikuppai-Athani Co-opt. Credit Society ...	Trichinopoly
53	,,	Zamin Budur Co-opt. Credit Society ...	Chengleput
54	,,	Mallela Chittaranjan	,,
55	,,	Ganganagudem, C. C. S.	W. Godavary

List of Societies Cancelled in July 1940.

Serial No.	Name of Society.	District.	Date of Cancellation of Registration.
1	Velakkapuram C. S. ...	Chingleput ...	2-7-40
2	Karipatti Nadar, C. S. ...	Salem ...	2-7-40
3	Kannanthagudi Melyur F. D. C. S.,	Tanjore ...	2-7-40
4	Lakshmi Narasupeta Sugarcane Growers (C. S.) ...	Vizagapatam ...	2-7-40
5	Veerapandi Nadar, C. S. ...	Salem ...	5-7-40
6	Venkatanahaili ...	Salem ...	8-7-40
7	Chikkathoranabettam ...	Salem ...	8-7-40
8	Sanapa C. S. ...	Anantapur ...	9-7-40
9	Maniyat C. S. ...	South Kanara ...	10-7-40
10	Managahalli ...	Coimbatore ...	10-7-40
11	Vallavary Co-opt. Credit Society ...	Tanjore ...	10-7-40
12	Chittamalli Melpatti, F. D. C. S. ...	Tanjore ...	10-7-40
13	Panamarathupatti Nadar C. S. ...	Salem ...	12-7-40
14	Pennalur Lord Pentland C. S. ...	Chingleput ...	12-7-40
15	Valavanur Co-opt. Crop. Loan and Sale Society Ltd. ...	South Arcot ...	15-7-40
16	Thanamcheri Co-opt. Building Society Ltd. ...	South Arcot ...	15-7-40
17	Velnutala C. S. ...	Kistna ...	16-7-40
18	Kokotam Xian C. S. ...	Cuddapah ...	16-7-40
19	Ikkadahalli Co-op. Credit Society ...	Coimbatore ...	17-7-40
20	Nidijeevi C. S. ...	Cuddapah ...	17-7-40
21	P. Anantapuram Xian C. S. ...	Cuddapah ...	18-7-40
22	Etur Xian C. S. ...	Cuddapah ...	19-7-40
23	Grandhisiri Xian C. S. ...	Guntur ...	22-7-40
24	Atlapadu Panchama C. S. ...	West Gadavari ...	27-7-40
25	Gangavalli ,, ...	Salem ...	28-7-40
26	Kurambadi Scheduled Classes' C. S.	North Arcot ...	28-7-40
27	Kakavedu Co-op. Credit Society ...	Chittoor ...	29-7-40
28	Machavaram Xian C. S. ...	Guntur ...	30-7-40
29	Neelamangalam A. D. C. S. ...	South Arcot ...	30-7-40
30	Kurasathi House Site C. S. ...	North Arcot ...	31-7-40
31	Vadathorasalur Adi-Dravida C. S. ...	South Arcot ...	31-7-40

Circular.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, Dated 7th September 1940.

Rc. 6260/0-C

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

CIRCULAR.

Sub: Societies for purposes other than credit—Subsidies in the initial stages of their working.

Co-operative societies other than those for credit have been receiving help from Government or from other public bodies in various ways, in the forms of loans, subsidies or grants or by way of the services of departmental or other officers for attending to their day-to-day work. The justification for such special treatment is that these societies in their initial stages have to be carefully managed or that they require some financial help to enable them to work up their business or to meet the possible losses that they may incur till they develop sufficient transactions. Larger sale societies have been given the assistance of marketing Inspectors or a contributory basis and the smaller onces subsidies in cash for meeting their establishment charges. They are also given subsidies by the Madras Provincial Co-operative Bank through the local Central Banks. To help them to construct godowns, Government give them a grant of 25 per cent. of the cost of the godowns and a loan for the remaining amount. To attend to the day-to-day work in Milk Supply Societies, Central Banks lend them the services of their supervisors or the department places its Inspectors at their disposal. In some cases, the Municipalities also give subsidies to these societies for meeting their initial capital expenditure. Cottage industries societies receive assistance in the form of grants under the State Aid to Industries Act. In areas where the controlled credit scheme has been introduced special staff of Inspectors or supervisors have been placed in charge of the work. These are only a few instances of outside help given to non-credit societies.

2. While the Registrar recognises that there is need for such assistance to non-credit societies in the initial stages of their working, he feels that certain important points regarding this help are often lost sight of. It should be realised that these societies cannot, for ever, be receiving outside help. There should be a stage at which it should be possible for them to develop sufficient business and be in a position to dispense with outside assistance and work with their own resources, and more than a reasonable time cannot be allowed for reaching this stage. No useful

purpose will be served by giving help to an institution which cannot survive when once that help is withdrawn, and it will be a waste of public money and energy to prop up such an institution. Co-operative institutions are essentially business organizations; if they cannot be run on business lines, they can have no claim for existence, much less for special treatment. When the special concessions are withdrawn, these societies should be in a position to work on a self-supporting basis, enjoying of course the usual privileges given to co-operative societies under the Co-operative Societies Act.

3. Deputy Registrars should bear the above points in mind not only when organizing societies for purposes other than credit but also when recommeuding the requests of societies for any help. The idea of the Registrar in emphasising these obvious facts is not that he wants to discourage the formation of societies or to withdraw the help given to them but that only such societies as have a chance to grow into strong and healthy institutions and to be of real benefit to the class of people to whom they are intended, should be fostered.

(By order)
G. CHANDRASEKARAN,
Manager.
11—9—40.

All-India Co-operators' Day.

DEAR CO-OPERATORS,

The Co-operative Day will be celebrated this year on Saturday *the 2nd November 1940.* The following Resolution, proposed by the International Co-operative Alliance, London, may please be adopted at all meetings on the Co-operative Day. A short account of the proceedings may please be sent to the Associated Press, the Local Papers, the Co-operative Magazines and the All-India Co-operative Institutes' Association, Lahore.

16-9-40
Lahore

Yours Co-operatively,
M. BASHIR AHMED KHAN,
Honorary Secretary,
A. I. I. Association.

RESOLUTION.

THIS ASSEMBLY OF CO-OPERATORS, COMPRISED IN THE WORLD-WIDE MEMBERSHIP OF THE INTERNATIONAL CO-OPERATIVE ALLIANCE—

EXPRESSES ITS PROFOUND SYMPATHY with all those Co-operators who have been deprived of their freedom and right to carry on their co-operative activities, and whose countries to-day are suffering under the domination of the forces of aggression which occupy their territories;

DECLARES ITS CONVICTION THAT THE Co-operative System provides the best basis for a World Settlement calculated to ensure Freedom, Security Social Justice, and Universal Peace; and CALLS UPON ALL CO-OPERATORS AND CO-OPERATIVE ORGANISATIONS to exert their force and influence to secure the restoration of full human rights, and 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 Madras Provincial Co-operative Union.

Proceedings of the Meeting of the General Body held on 21-9-1940 at 12 noon in the premises of the Provincial Co-operative Union (M. P. C. Bank Buildings, Luz, Mylapore.)

PRESENT: LIST APPENDED.

1. Consideration of the Annual Report and the Audit Review for 1939—40.

Since the report was sent to all members in advance it was taken as read. Mr. G. Simhachalam Pantulu of Guntur moved that the report be adopted. It was duly seconded by Mr. Lakshmana Rao of Repaile.

It was carried unanimously.

2. Consideration of the Draft Constitution as adopted by the Executive Committee of the Union.

Rao Bahadur M. Giriappa, the Joint Registrar of Co-operative Societies said at the outset that the Department will take action on the recommendations of the General Body Meeting only after the Government have indicated their views on the recommendations of the Committee.

The President in his opening speech pointed out that in accordance with the resolutions passed at the conferences of Language Federations the Executive Committee of the Union appointed a sub-committee to draft new constitution for the Provincial Co-operative Union; that draft was considered at a later meeting of the Executive Committee and adopted with certain modifications and that it was that accepted draft that is now placed before the General Body.

Mr. P. Ranganatha Rao of Karur moved that the consideration of the subject be postponed since the matter has not been carefully considered by the various constituent associations of the P. C. U.

Mr. B. N. Sastry of Amalapuram seconded the proposition and in doing so he said, that the existing constitution was working satisfactorily and he felt no need for a change at present.

The subject was then thrown open for discussion and Mr. S. Venkata Rao of Kurnool supported the proposition for the postponement of the consideration. He said that so far as the Andhra Sahakara Sammelanam is concerned it had not done much propaganda in the Ceded Districts.

Mr. V. Ramamurty Pantulu of Razole opposed the proposition and Dr. P. Gurumurti, Mr. T. A. Ramalingam Chettiar and Mr. N. Satyanarayana also opposed the proposition for postponing of the consideration.

Dr. P. Gurumurti gave some facts and figures about the work done by the Andhra Sahakara Sammelanam in the Ceded districts area and said both the Language Federations have passed at their conferences resolutions approving of modifications of the constitution of the P. C. U. and converting it into a federation of federations.

Mr. T. A. Ramalingam Chettiar in his speech laid emphasis on the fact that the attitude of the Government had nothing to do with our coming to a conclusion on the matter. So far as the Malayalam and Kanarese area of the Province are concerned he said that District Banks of Malabar and South Kanara will serve as Language federations and there was no need for duplicating institutions. He assured the meeting that the P. C. U. as envisaged by the new constitution will have its legitimate function, so long as the whole province remained under one Government and one Registrar.

Mr. N. Satyanarayana said that when Language Federations are strengthened much useful work in Education and Propaganda through vernacular journals and literature could be done.

Mr. G. Simhachalam Pantulu of Guntur opposed the proposition.

Mr. K. S. Chengalvaraya Iyer of Krishnagiri (Salem) asked a question as to how the language federations will be strengthened if changes contemplated in the draft by-laws be effected.

Mr. T. A. Ramalingam Chettiar replied to the question.

Messrs. L. Gangadhara Sastri of Hindupur and A. Narayana Bhat of Harpanahali spoke in favour of the proposition. Mr. K. L. Narasimha Rao of Madras also spoke in favour of adjournment.

Dr. K. Chokkalingam Pillai of Tinnevelly opposed the proposition.

At this stage the President said the subject had been fully discussed and all possible points of view have been expressed. If the proposition is carried, items 2 and 3 will have to be dropped. If the proposition is lost items 2 and 3 will be proceeded with. He then put the proposition to the vote and declared the proposition was carried by 43 against 27.

The President then said that as the consideration of the new constitution has been postponed by the General Body, the P.C.U. will continue to work according to the existing constitution and that the election of the representatives of the member societies and of the Board will be conducted as per the by-laws and subsidiary by-laws and the election of office-bearers will be conducted at a meeting of the General Body to be convened during the ensuing Christmas Holidays.

With a vote of thanks to the chair the meeting came to an end.

(Sd.) S. K. YEGNANARAYANA IYER,
Acting Secretary.

(Sd.) V. RAMADAS,
President and Chairman of the Meeting.

List of Delegates who attended the General Body Meeting held on Saturday the 21st September 1940.

1. Vizagpatam District.

	Name of Delegates.		Institution Represented.
1	Sri G. Venkata Rao	...	Chicacole Central Bank.
2	„ S. Suryanarayana Deo	...	Salur Co-operative Union, Ltd.
3	„ A. Sitaramiah	...	Bobbili Co-op. Union, Ltd.
4	„ V. Satyanarayana Patnaick.		Chipurapalli Co-op. Union, Ltd.

2. East Godavari District.

5	Sri P. Suryaprakasa Rao	...	Rajahmundry Co-op. Central Bank.
6	„ B. N. Sastry	...	Sree Konaseema Co-op. Central Bank, Ltd., Amalapuram.
7	„ P. Sundarasiva Rao	...	Innespeta Co-op. Urban Bank, Ltd.
8	„ N. Satyanarayana	...	Alamuru Co-op. Land Mortgage Bank, Ltd.
9	„ V. Ramamurty Pantulu	...	Razole Co-op. Land Mortgage Bank, Ltd.
10	„ M. V. Narayana	...	Ramachandrapuram Co-op. Land Mortgage Bank, Ltd.
11	„ U. Ramamurthy	...	Alamuru Co-op. Union, Ltd.
12	„ B. V. Krishna Rao	...	Ramachandrapuram Co-op. Union, Ltd.
13	„ G. Satyanarayana	...	Kotipalli Local Co-op. Union, Ltd.
14	„ M. Sitaramiah	...	Tapeswaram Local Co-op. Union, Ltd.
15	Kala Venkata Rao	...	Hon. Member.
16	Dr. P. Gurumurti	...	Andhra Sahakara Sammelanam.

3. West Godavari District.

17	Sri Butchi Narayanamurthy Pantulu	...	Bhimavaram Co-op. Urban Bank, Ltd.
18	„ M. L. Narasimharaju	...	Bhimavaram Co-op. Land Mortgage Bank, Ltd.
19	„ B. L. N. Narasimham	...	Kovur Co-op. Urban Bank, Ltd.
20	„ Prayaga Venkataratnam	...	Bhimavaram Co-op. Union, Ltd.

4. Krishna District.

21	Sri T. Sivaprasada Rao	...	Gudivada Co-op. Union, Ltd.
22	„ V. Basavayya Choudry	...	Addada Co-op. Union, Ltd.
23	„ Ch. V. Ramanjaneyulu	...	Nuzvid Co-op. Union, Ltd.

5. Guntur District.

24	Sri G. Simhachalam Pantulu	...	Narasaraopet Co-op. Union, Ltd.

6. Nellore District.

	Name of Delegates.	Institution Represented.
25	Sri M. S. Narasimha Rao ...	Nellore District Central Bank, Ltd.
26	„ M. Subba Rao ...	Virur Co-op. Union, Ltd.
27	„ D. V. Raghava Reddy ...	Muthukur Co-op. Union, Ltd.
28	„ K. Subbaramiah ...	Kavali Co-op. Union, Ltd.

7. Cuddapah District.

29	Sri T. A. Venkatakrishnayya...	Cuddapah Dt. Central Bank, Ltd.
30	„ R. Venkataramayya ...	Cuddapah Loan and Sale Society, Ltd.

8. Kurnool District.

31	Sri S. Venkata Rao ...	Kurnool House Building Society, Ltd.
32	„ D. Narapu Reddy ...	Markapur Co-op. Union, Ltd.
33	„ P. B. Therumala Naidu ...	Peapully Co-op. Union, Ltd.

9. Anantapur District.

34	Sri L. Gangadhara Sastri ...	Hindupur Co-op. Union and Anantapur Central Bank, Ltd.

10. Bellary.

35	Sri R. Bandey Gowd ...	Hospet Co-op. Central Bank, Ltd.
36	„ A. Narayana Bhat ...	Harpanahalli Co-op. Credit Society, Ltd.
37	„ K. Rama Rao ...	Bellary Loan & Sale Society, Ltd.

11. Madras.

38	The Hon. Mr. V. Ramadas Pantulu. ...	Honorary Member (President P.C.U.)
39	Sri V. Venkatachalam ...	South India Co-op. Insurance Society, Ltd.
40	„ S. K. Yegnanarayana Iyer...	Hon. Member.
41	Rao Sahib M. J. Venkata-krishna Pillai ...	Central Co-op. Printing Works, Ltd.
42	Sri K. L. Narasimha Rao ...	Hon. Member.
43	Prof K. C. Ramakrishnan ...	„
44	Sri G. Sriram Babu Naidu ...	Madras City Co-op. Building Society, Ltd.
45	„ C. K. Vedantadesika Acharya ...	Madras Civil Account Office Staff Co-op. Bank, Ltd.
46	„ N. Visvanatha Iyer ...	Kandipllaichavadi-cum Nungambakam Co-op. Building Society, Ltd.
47	„ V. Viyyanna Pantulu ...	Hon. Member.

12. Chingleput District.

	Name of Delegates.	Institution Represented.
48	Sri A. Srinivasachariar ...	Madurantakam Co-op. L.M.B. Ltd.
49	Rao Bahadur C. Sambasiva Chettiar ...	Conjeevaram L.M. Bank, Ltd.
50	Sri M. Krishnaswami Iyengar ...	Madurantakam Co-op. Union, Ltd
51	„ A. K. Srinivasachariar ...	Manimangalam Co-op. Union, Ltd.
52	„ S. Ramachandra Rao ...	Ponneri Co-op. Union, Ltd.

13. North Arcot District.

53	Rai Bahadur V. Murugesa Mudaliar ...	Vellore Co-op. Central Bank, Ltd.
54	Sri G. Swami Naidu ...	Tirupattur Co-op. Town Bank, Ltd.
55	„ M. Varadaraja Reddiar ...	Chengam Co-op. Union, Ltd.

14. South Arcot District.

56	Sri P. S. Venkatesa Iyer ...	Villipuram Co-op. Urban Bank, Ltd.

15. Tanjore District.

57	Sri D. Mahalingam Pillai ...	Tanjore Co-op. Central Bank, Ltd.,
58	„ T. S. Gopala Mudaliar ...	Tirutturaipundi Co-op. Urban Bank, Ltd.
59	„ K. Chockalingam Chettiar...	Shiyali Co-op. Union, Ltd.
60	„ T. B. Ratnachalam Iyer ...	Mannargudi Co-op. Union, Ltd.
61	„ M. Krishnamurti Iyer ...	Mayavaram Co-op. Union, Ltd.
62	„ Rao Bahadur N. R. Samiappa Mudaliar. ...	Tirutturaipundi Co-op. Union Ltd
63	„ O. A. Narayanaswami Iyer.	Hood Co-op. Institute, Tanjore.

16. Trichinopoly District.

64	Sri P. Ranganatha Rao ...	Karur Co-op. Town Bank, Ltd.
65	„ P. Velayuda Gounder ...	Chinnadharapuram Co-op. Union, Ltd.
66	Rao Sahib L. N. Parmasivam Pillai ...	Lalgudy Co-op. Union, Ltd.

17. Madura District.

67	Sri P. Allapichai ...	Madura-Ramnad Central Co-op. Bank, Ltd.
68	„ V. Chinnikrish Naidu ...	Madura Urban Co-op. Bank, Ltd.
69	„ A. Krishna Iyer ...	Madura City Co-op. Stores, Ltd.
70	„ V. Krishna Rao ...	Tirupparangundram Co-op. Union, Ltd.
71	„ R. Veluchamy Pillai ...	Ottakadi Co-op. Union, Ltd.

18. Ramnad District.

	Name of Delegates.	Institution Represented.
72	Sri P. S. Kumaraswami Raja.	Srivilliputtur Co-op. Bank Union, Ltd.
73	„ G. Alagiriswami Naidu ...	Srivilliputtur Co-op. Banking Union, Ltd.
74	„ D. Srinivasa Iyengar ...	Paramakudi Co-op. Urban Bank, Ltd.
75	„ P. N. Sundararaman ...	Manamadura Co-op. Urban Bank, Ltd.

19. Tinnevelly District.

76	Sri R. Chockalingam Pillai ...	Tinnevelly District Co-op. Central Bank, Ltd.
77	„ S. P. Thirumalappa Mudaliar ...	Srivaikuntam Co-op. Urban Bank,

Salem District.

78	Rao Saheb T. M. Chinniah Pillai ...	Salem District Urban Bank, Ltd.
79	Sri V. T. Ramaswami Iyer ...	Tiruchengodu Co-op. Urban Bank, Ltd.
80	„ T. V. Kothandarama Iyer ...	Namakkal Pulbic Servants C.S. Ltd.
81	„ K. S. Chengalvaraya Iyer...	Krishnagiri Co-op. Union, Ltd.
82	„ K. Kuppanna Gounder ...	Rasipuram Co-op. Union, Ltd.
83	„ P. K. Subramania Chettiar ...	Tholasampatti Co-op. Union, Ltd.

Comibatore & Nilgiris.

84	Sri T. A. Ramalingam Chettiar ...	Coimbatore District Urban Bank, Ltd.
85	„ D. K. Yusuf Mohideen Ansari ...	Dharapuram Co-op. Urban Bank, Ltd.
86	Rao Saheb K. Raghavendra Rao ...	Coimbatore City Co-op. Bank, Ltd.
87	Sri M. Padmanabha Nayakar...	Nilgiris Public Servants C. S.
88	„ S. L. Krishnan ...	Salur Co-op. Land Mortgage Bank, Ltd.
89	Rao Saheb K. Chinnarangaya Gounder ...	Kambiliampatti Co-op. Union, Ltd.
90	Sri A. V. Krishnamurty ...	Bhavani Co-op. Union, Ltd.
91	„ P. S. Kolandaswami Gounder ...	Erode Co-op. Union, Ltd.
92	„ R. M. Kumaraswami Gounder ...	Sulur Co-op. Union, Ltd.
93	„ K. G. Sivaswamy ...	Tamil Nadu Co-op. Federation.

REPORT ON THE WORKING

OF

The Madras Provincial Co-operative Union.

(From 1st July 1939 to 30th June 1940.)

I. **Period of Report.**—The present report covers the period from 1st of July 1939 to the 30th June 1940 and the audit review for the year also is appended. The previous report for the year ended 30th June 1939 was presented to the General Body at its meeting held on 28th October 1939.

II. **Change in the Personnel.**—Mr. V. Venkatasubbaiya one of the Secretaries passed away in January 1940 and Mr. S. K. Yegnanarayana Iyer has continued to act in the vacancy.

III. **Membership.**—The number of members as on 30-6-1939 was 402. By removing a number of unions that were suspended the number of members as on date i.e. 30-6-1940 is reduced to 372. The membership of other classes of societies remained practically the same. The number of different classes is given below :—

	Name of Institutions.		As on 30—6—39.	As on 30—6—40.
1.	Provincial Institutions	...	5	5
2.	Central Banks	...	31	31
3.	Language Federations	...	2	2
4.	Audit Unions	...	1	1
5.	Urban Banks	...	87	84
6.	Land Mortgage Banks	...	18	20
7.	Non-credit Societies	...	33	33
8.	Local Supervising Unions	...	200	171
9.	Training Institutes	...	5	5
10.	Honorary Members	...	20	20
			402	372

IV. MEETINGS.

(1) **General Body** :—A meeting of the General Body took place on the 28th October 1939. It was attended by 121 delegates. The Administration Report and the Registrar's Audit Review for the year 1938-39 were adopted.

(2) **Board of Management** :—During the period under review the Board met once *i.e.*, on the 28th October 1939.

(3) **Executive Committee**:—The Executive Committee met 7 times in the year under report and urgent matters were decided by circulation on 4 occasions.

V. ACTIVITIES.

The main activities of the Union have been, as usual, the conducting of the Madras Journal of Co-operation in English, running of a co-operative library and reading room, subsidising co-operative journals in the various languages of the Province, propaganda tours by officers of the Unions, running of Peripatetic Training Classes at Rajahmundry and Coimbatore under its auspices and the general supervision of Panchayatdars' Training Classes, sale of publications and of magic lantern and slides and the celebration of the International Co-operators' Day. The formation of a Study Circle among the Employees' of the various Co-operative Institutions in the City of Madras is a new line of activity taken up this year.

1. **The Madras Journal Co-operation**:—The Journal continued to be published every month as in previous years. Its publication resulted in a profit of Rs. 506-10-10. The Co-operative Department which was subscribing for 263 copies reduced it from January 1940 to 80 copies. We trust that in the year to come the Department will raise the number of copies to the old figure.

Sri S. K. Yegnanarayana Iyer was requested to edit the Madras Journal of Co-operation in the month of December 1939 and subsequently after the death of Sri V. Venkatasubbaiya in January 1940 he was appointed by the Executive Committee at its meeting dated 22—1—1940 as the Editor of the Journal. The Journal continued to be popular as before.

2. **Subsidy to Vernacular Journals**:—A subsidy of Rs. 1,000 each was given to the Tamil Nadu Co-operative Federation, Coimbatore which conducts the fortnightly journal "Kootturavu" and to the Andhra Sahakara Sammelanam which conducts the monthly journal "Sahakara Patrika" and a sum of Rs. 125 each was also given for "Kannada Sahakari" and "Parasparasahayi" published by the South Kanara Central Co-operative Bank and the Malabar District Co-operative Bank respectively. These journals were conducted satisfactorily and appeared regularly.

3. **Library and Reading Room**:—With the shifting of the Provincial Co-operative Union Office from the premises of the Servants of India Society, Royapettah, in the month of March 1940 the Reading Room was closed, but the Library has been kept open to the public. The reading room attached to the library continued to be popular and as many as 13,000 made use of the reading room before March 1940. During the year under review no grant was received from the Government for the Library. Books to the value of Rs. 144-9-8 were added to the Library from 1st of July 1939 to 30th of June 1940.

4. **Propaganda**:—Office bearers of the Union did propaganda in the various districts. For details. *vide* appendix A.

CO-OPERATIVE EDUCATION & TRAINING.

5. **Training Classes for Supervisors**:—At the meeting of the Executive Committee dated 23rd September 1939 it was resolved to start two Institutes one at Coimbatore and the other at Rajahmundry. The Tanjore centre wanted to have an additional institute at Tanjore and the Executive Committee resolved to request the Registrar to permit the opening of this Institute at Tanjore and the same was to be conducted from the funds of the Hood Co-operative Institute together with a grant of Rs. 1,000 to be made from the funds of the Union. The Registrar, however, was not in favour of opening the 3rd institute at Tanjore because the Institutes now functioning at Coimbatore and Rajahmundry would be going in turn to other places.

49 candidates were trained at the Ramadas Co-operative Institute, Rajahmundry and 50 candidates at the Coimbatore Co-operative Institute. The period for the training was from January to June 1940 and the examination for them will be held in the month of September 1940.

The Union at its meeting dated the 22nd January 1940 decided to allot a sum of Rs. 250 each, to the two Training Institutes towards the purchase of books for the use of the students which after the close of the Institutes will go to the next centre. A sum of Rs. 353-4-6 was spent on the purchase of books for the Coimbatore and Rajahmundry Institutes. After the close of the Institutes it was found there was a surplus in the Rajahmundry Institute. The Institute took the books and paid us back their cost. But Coimbatore Institute could not do so and the books sent to them have been returned to us.

6. **Training Classes for Panchayatdars and Members**:—The Union at its meeting held on the 3rd March 1940 considered the letter received from the Registrar regarding the utilisation of the surplus of grant for co-operative education and the considered opinion of the Union was sent to the Registrar.

The training classes for 1938-39 came to a close on the 28th February 1940. On the whole 742 classes were held in the Presidency and 9,484 Panchayatdars and 35,818 Members and others attended the classes. A sum of Rs. 27,248-11-6 was spent on them. The Government gave a grant of Rs. 20,436-9-0 to which Rs. 6,812-2-6 was added by the Provincial Co-operative Union and District Banks.

For inspection of classes by Provincial Co-operative Union office-bearers *vide* Appendix B.

The Union submitted the budget for the 4th year for the Training Classes for 1940 (January to December). The training classes began in April 1940 and many Central Banks are conducting training classes. A sum of Rs. 10,000 has been received from the Government. A few of the Central Banks that had commenced the classes have been given the first instalment of grant.

The Union printed the syllabuses in English, Tamil and Telugu, for the use of members and propagandists. 12,000 and 11,000 copies of the syllabus were printed in Tamil and Telugu respectively and they were sent at the rate of 1000 per district. The District Banks of Malabar and South Kanara were requested to get 1000 copies of the syllabus printed in Malayalam and Canarese respectively.

The co-operative posters which were printed in the last co-operative year to illustrate the ideals and spirit of co operation were supplied in sets to each district committee. This year two more coloured posters were printed and supplied to the districts. They were hung in the training classes and explained by the propagandists. The following charts were prepared and sent to the districts for purpose of demonstration at the training classes:

1. Societies in the Madras Presidency.
2. Provincial and Central Banks.
3. Agricultural Credit.
4. Loan and Sale Societies.
5. Non-agricultural credit.
6. Demand, Collection and Balance.

Although the Union was not able to spend the entire grant stipulated by the Government, from the reports received it is found that the training classes all these three years have done much good.

7. **Supplemental Scheme of Government for Training.** In response to the communication from the Registrar asking us to suggest a scheme of co-operative education, on which the unspent balance of the Government of India grant for co-operative education may be usefully spent, the Provincial Co-operative Union sent up a scheme. The Government have now passed orders on the report of the Registrar thereon. Under the scheme, as approved by the Government, 40 selected candidates from among the secretaries and directors of important societies will be trained in Co-operation, Rural Economics, Accountancy, Book-keeping, Elementary Banking, etc. for a period of three months in the Central Co-operative Institute, Madras. These persons when they return to their respective villages after the training will hold classes for members of their societies for a period of six months and thus help in the improvement of their

working. Each trained candidate is expected to teach 40 persons at a time for six months, and two batches of members will be trained in a year.

Secondly, 24 senior inspectors of the department, one for each district except Madras, are to be employed for training office-bearers and members of primary societies Each inspector will visit societies in the district, assemble the panchayatdars and other literate members of societies and teach them how to keep accounts and to attend to other scriptory work.

Thirdly, two supervisors or other employees recommended by central banks will be given training in non-credit work so as to provide central banks with adequate and well-equipped staff for supervising the work of non-credit societies in the district. These supervisors will be trained in the Central Co-operative Institute for a period of two months, which will be followed by three months' practical course, by visiting districts where non credit activities are well-developed and studying their working.

In addition to this scheme of training, the Government also propose to employ an expert with practical experience for developing dairy industry on co-operative lines.

8. **Publications.**—The Literary Assistant appointed to assist the Secretary wrote a book called "Rural Sanitation and Health" in Telegu and the same was priced at Re. 1 per copy. The book has been well praised by many and it is hoped that there will be good sale of this publication. The book is of immense value to rural guides. The sales of *Sadhyama* and Economic Depression in Krishna were not quite encouraging.

The sale of copies of the Madras Co-operative Societies Act during the year under review was not as good as in the previous year and out of 1000 copies printed only 226 copies were sold. The slackness in the sale may be due to the public belief that in the event of the publication of the Co-operative Enquiry Committee's Report the Act might be changed.

9. **Sale of Magic Lantern and Slides.** - This year we had fairly good sales of lanterns and slides. As many as 62 lanterns were sold compared with 95 sold last year; but the demand for our lanterns is on the increase. The sale of slides on "Prohibition and Co-operation in Salem" was not as encouraging as we expected. On the whole, during the year under report we made a net profit of Rs. 795-13-8 by the sale of the lantern and slides. We trust that in the current year we shall be able to sell a good number of them.

10. **Study Circle.**—In March 1940 representatives of various Co-operative Institutions in the City of Madras were invited to a preliminary meeting to consider the desirability of starting a study circle among their employees. It was then resolved that a study

circle be formed and membership be thrown open to all co-operative employees in the city of Madras not lower than the rank of clerks. On Sunday the 21st April 1940 the inaugural meeting the Study Circle was held with the Hon'ble Mr. V. Ramadas Pantulu as President. Sri S. A. Venkataraman, M.A., I.C.S., Registrar of Co-operative Societies, Madras, inaugurated the Study Circle.

11. **The International Co-operators' Day.**—It was celebrated by the Union on the 4th November 1939. The meeting was presided over by Dr. B. Pattabhisitharamiah. Resolutions reaffirming the faith of co-operators in the movement as suggested by the International Co-operative Alliance, were moved by the Hon'ble Mr. V. Ramadas Pantulu, President of the Union and passed unanimously. Speeches were made on the occasion by Sir T. Vijayaraghavachariar, Chairman of the Co-operative Enquiry Committee, Rao Bahadur M. Giriappa, Joint Registrar of Co-operative Societies and Prof. L. N. Govindarajan.

VI.—SPECIAL FEATURES.

1. **Silver Jubilee.**—The year 1939 was the Silver Jubilee year of the P.C.U. and the Silver Jubilee itself was celebrated on 28-10-39 the day previous to the 23rd Madras Provinciel Co-operative Conference. Sri V. V. Giri, the Minister in charge of Co-operation, hoisted the Co-operative Flag. Sri T. Prakasam, Ex-Minister for Revenue presided over the function and Sri S. V. Ramamurti, M.A., I.C.S., Member, Board of Revenue, gave the Jubilee Address. Many prominent co-operators—official and non-official, including the Chairman and Members of the Madras Committee on Co-operation, and delegates from other provinces to the Joint Session of the Standing Committees of the Indian Provincial Co-operative Banks' Association and the All-India Co-operative Institutes' Association, were present on the occasion. and greetings were received from all over the world. The P.C.U. published a special Silver Jubilee Souvenir giving the history of the P.C.U. and its various activities. *The Review of International Co-operation*, in felicitating the Union on the celebration of its Silver Jubilee wrote a very appreciative article in its issue for March 1940 on the good work done by the Union.

2. **Co-operative Conference.**—The 23rd Madras Provincial Co-operative Conference was held on 29th October 1939 under the presidentship of Rao Bahadur S. V. Narasimha Rao of Kurnool. As usual the Hon. Mr. V. Ramadas Pantulu, President of the Union, welcomed the delegates. Sir T. Vijayaraghavachariar, the Chairman of the Committee on Co-operation opened the Conference. The resolutions passed were communicated to the Co-operative Enquiry Committee which was then sitting as well as to the Department and we are glad to state the Registrar's reply on the action taken by him on the resolutions has already been received and they have

been published in the August 1940 issue of the Madras Journal of Co-operation.

3. **Our Casualties.**—The P.C.U. suffered an irreparable loss in the passing away of Sri V. Venkatasubbaiya. He was connected with the P.C.U. from the very beginning. Though he was not one of the original signatories for the registering of the Union, he was admitted as a member at the very first meeting and since then he was actively connected with the Union, as one of its Secretaries except for a brief period when he was at Poona on other duty. He was also the Editor of the Journal 1935 onwards upto the time of his death. He was keenly interested in the Rural Reconstruction work of the P.C.U. and mainly responsible for introducing the very popular and cheap magic lantern and slides now sold by the Union.

4. **Constitutional Changes.**—In recent times there have been agitations for a thorough overhauling of the constitution of the Provincial Co-operative Union, and the Tamil Nadu Co-operative Conference which met in January 1940 at Madura passed the following resolution :—

> "The Madras Provincial Co-operative Union should be a Federation of Federations. It is enough if the Provincial Co-operative Union were to conduct the English Journal, to mobilise public opinion in matters pertaining to the Province and to convene the provincial conference whenever necessary. All other activities should be carried on by the Language Federations. It is requested that necessary modifications be made in the constitution of the Provincial Union and of the Language Federations."

The Andhra Provincial Co-operative Conference which met at Vizianagaram, passed the following resolutions :

> "Co-operative training classes, training institutions and propaganda should be conducted through Language Federations."

> "This Conference requests the Presidents, Vice-Presidents and Secretaries of the Madras Provincial Co-operative Union and of the Language Federations of the Andhra and Tamil Nadu to form themselves into a Committee for bringing about a better co-ordination of their activities and for suggesting the amendment of their by-laws if necessary, and requests the Hon. Mr. V. Ramadas Pantulu to be the convener of the Committee."

The Executive Committee, therefore, at its meeting dated 17th June 1940 appointed a committee consisting of Sri T. A. Ramalingam Chettiar, Dr. P. Gurumurti and Sri V. Viyyanna Pantulu (Convener) to draft the constitution on the lines suggested by the Language Federations. This draft together with the observations thereon by the President of the Union was considered at a meeting of the Executive Committee of this Union held on 29th July 1940 and the revised constitution a copy of which is attached to this report, was adopted.

VII. **Miscellaneous.**—The following grants were made during the year under report:

1. Rs. 150 was given as non-recurring grant to the Madras District Co-operative Central Bank for doing propaganda.
2. Rs. 10 for publication of Tamil leaflets to Sri T. M. Umapati Iyer of Chittoor.
3. Rs. 75. To Srimati G. Visalakshi Ammal towards expenditure of the spinning classes.
4. Rs. 20. Towards purchase of cotton in connection with spinning industry in the Women's Societies in the City.
5. Rs. 100. Towards conducting Agency Tracts Co-operative Conference in East Godavari District.
6. Rs. 20. Towards the purchase of bee-hives for starting the industry to Scheduled Class Societies in the City.
7. Rs. 25. Gratuity to Thangavelu (Sweeper-man)
8. £3 to The President,, International Women's Guild for carrying on their work.

VIII. **Funds.**—The audit review of the Department on the working of the Union for the year 1939-40 will be placed before the General Body presently. The total receipts during the year under review amounted to Rs. 56,712-11-11 and expenditure Rs. 61,154-2-1.

IX. **Thanks.**—We tender our grateful thanks to the Madras Provincial Co-operative Bank for the generous grant of Rs. 5,000 for Training Classes for Panchayatdars and Rs. 3,500 for Education and Propaganda. We realise our activities in various directions are largely dependent upon the Bank's contributions.

Our thanks are also due to the Registrar and his Department for the interest they have taken in the Working of the Union.

(Sd.) S. K. YEGNANARAYANA IYER
,, N. SATYANARAYANA,
,, D. MAHALINGAM PILLAI.

Hon. Joint Secretaries.

APPENDIX A.

The Hon. Mr. V. Ramadas Pantulu the President, as usual did propaganda on behalf of the Union during his visits to Central Banks He presided over the following Conferences:

The Bengal Co-operative Conference.

The 10th Andhra Provincial Co-operative Conference.

The East Godavari Agency Tracts Conference.

Sri T. A. Ramalingam Chettiar, Vice-President, presided over the following Conferences:—

The 10th Land Mortgage Banks' Conference.

The Tinnevelly District Co-operative Conference.

Sri N. Satyanarayana did propaganda in East Godavari, and Krishna and Sri S. K. Yegnanarayana Iyer did propaganda in Chittoor, Chingleput, Coimbatore and East Godavari.

Messrs S. K. Yegnanarayana Iyer, V. Viyyanna Pantulu, L. Gangadhara Sastri and N. Satyanarayana attended the 10th Andhra Provincial Co operative Conference held at Nellore, as delegates.

APPENDIX B.

Sri S. K. Yegnanarayana Iyer inspected the following districts where the Training Classes for Panchayatdars and members were held:—

Chingleput, N. Arcot, S. Arcot, Trichy, Madura, Malabar, South Kanara, Cuddapah, Guntur, Krishna, Bellary and Anantapur.

Sri D. Mahalingam Pillai inspected the training classes at South Arcot and Tanjore Districts.

AUDIT REVIEW

BY

Sri M. G. Padmanabha Mudaliar Avl., M.A.,

Deputy Registrar of Co-operative Societies, Madras,

ON THE ACCOUNTS OF THE

Madras Provincial Co-operative Union No. 1130.

For the year ending 30th June 1940.

1. The accounts of the Madras Provincial Co-operative Union for the year 1939-40 as audited by Sri S. Ganesan, Inspector of Co-operative Societies, Madras, are passed. The statements of 1. Receipts and Disbursements; 2. Funds available and obligations to be fulfilled; and 3. Income and expenditure as furnished by him are appended.

2. **Membership.**—The number of members as on 30-6-1939 was 402. By removing a number of Unions that were suspended the number of members as on 30-6-40 is reduced to 372. The number of different classes is given below:

	Name of Institutions.		As on 30—6—39.	As on 30—6—40.
1.	Provincial Institutions	...	5	5
2.	Central Banks	...	31	31
3.	Language Federations	...	2	2
4.	Audit Unions	...	1	1
5.	Urban Banks	...	87	84
6.	Land Mortgage Banks	...	18	20
7.	Non Credit Societies	...	33	33
8.	Local Supervising Unions	...	200	171
9.	Training Institutes	...	5	5
10.	Honorary Members	...	20	20
			402	372

Funds:—The funds of the Union are composed mainly of:

(i) The contributions from member societies.
(ii) Subscription for the Madras Journal of Co-operation and
(iii) Subsidies.

The Demand, Collection and Balance statements for 1 and 2 are as given below.

		Demand.	Collection.	Balance.
Contributions	...	5,308 0 0	3,449 12 0	1,858 4 0
Subscriptions	...	2,444 7 4	1,312 2 0	132 5 4

No voluntary contributions were received during the year. But the receipts under subsides amounted to Rs. 33,358-11-5 as detailed below.

Purpose.	From whom Received.	Amount.		
1. Panchayat Training Classes ...	Government ...	*23,886	7	11
Do.	M. P. C. B. ...	5,000	0	0
2. General propaganda ...	Do. ...	3,500	0	0
3. Institutes ...	Government ...	972	3	6
		33,358	11	5

3. Panchayatdars Training Classes :—The unspent balance at the beginning of the year was Rs. 16,336-14-8 and the subsidies received during the year amounted to Rs. 28,386-7-11. Out of the total sum Rs. 44,723-6-7, the Union spent Rs. 4,241-3-11 towards travelling allowance, Postage, printing of syllabus and posters, stationery railway freight etc., and advanced Rs. 25,061-10-8 to the District Centres leaving an unspent balance of Rs. 15,420-8-0 at the end of the year.

4. Activities of the Union :

(a) *Madras Journal of Co operation* :—The journal continued to be published every month as in previous years. The cost of publishing the journal during the year amounted to Rs. 3,115-2-10 against which subscription, appropriation from membership contribution, sale of journal copies and advertisement charges amounting to Rs. 3,565-8-4 were realised. Its publication resulted in profit of Rs. 506-10-10.

(b) *Publications*.—The Union printed 1000 copies of Co-operative Societies Act and 493 copies of Rural Sanitation and Health during the year under review. The printing charges for the same were Rs. 674-10-0. Income realised by the sale of publications amounted to Rs. 101-10-6. There was a gross income of Rs. 19-3-0 under this head.

(c) *Magic Lanterns and Slides*.—The Union had a stock worth Rs. 795-11-0 on 30-6 39. During the year lanterns and slides were manfactured at a cost of Rs 3,333-2 0. Against these sales were effected to the extent of Rs 4,208-6 0 leaving Rs. 716 4-8 worth of stock at the end of the year. The transactions resulted in a gross income of Rs. 795-13-8.

* This includes a sum of Rs. 105-0-4 being the surplus grant refunded by the other districts and also Rs. 282-15-11 being the sale proceeds and surplus in the Rural Uplift Schools adjusted to Panchayat Training Class accounts as that was deducted in the Government grant due for the Panchayatdars Training Classes.

(d) *Library and Reading Room*.—Books to the value of Rs. 148-13-8 were added to the library from 1st July 1939 to 30th June 1940. With the shifting of the Provincial Co-operative Union Office from the premises of the Servants of India Society, Royapettah in the month of March 1940, the reading room was closed.

(e) *Subsidy to journals in Indian Languages*.—A sum of Rs. 2150 was disbursed as shown below :

	Name of the Institution.	Purpose.	Amount. Rs.
1.	Tamil Nadu Co operative Federation	Publication Kootturavu ...	1,000
2.	Andhra Sahakara Sammelanam ...	Sahakara Patrika ...	1,000
3.	South Canara Co-opt. Central Bank ...	Kannada Sahakari ...	25
4.	Malabar District Co-opt. Central Bank.	Paraspara Sahayi ...	125

(f) *Propaganda*.—The office bearers of the Union did propaganda in the various districts.

5. **Meetings :** *General Body* : A meeting of the General Body took place on 28-10-39, The administration report and the Audit review for the year 1938-39 were adopted.

Board of Management : During the period under review the Board met once i.e , on 28-10-39.

Executive Committee.—The Executive Committee met 7 times in the year.

6. Special Features :

(*a*) *Conference*.—The 23rd Co-operative Conference was held, on 29-10 39. The actual income realised for the Conference was Rs. 866-8-0. The total expenditure was Rs. 1,445-9-0.

(*b*) *Silver Jubilee*.—The year 1939 was the Silver Jubilee year of the Provincial Union and Silver Jubilee itself was celebrated on 28-10-39.

(*c*) *Study Circle*.—On Sunday the 21st April 1940, the inaugural meeting of the Study Circle was held with the Hon'ble Mr. V. Ramadoss Pantulu as President. S.A. Venkataraman Esq., M.A , I.C.S., Registrar of Co-operative Societies, Madras inaugurated the Study Circle.

7. Miscellaneous :—

(*a*) *Institutes* :—Training classes for Supervisors were conducted at Rajahmundry and Coimbatore. The Union received a sum of Rs. 972-3-6 from the Government for the conduct of the training institutes. The Union expended a sum of Rs. 1,097-0-6 on them.

Grants.—The following grants were made during the year under review.

(*a*) Rs. 150 was given as non-recurring grant to the Madras District Co-operative Central Bank for doing propaganda.

(*b*) Rs. 10 for publication of Tamil leaflets to Sri T. M. Umapathi Iyer of Chittoor.

(*c*) Rs. 75 to Srimathi G. Visalakshi Ammal towards expenditure of the spinning classes.

(*d*) Rs. 20 towards purchase of cotton in connection with spinning industry in the Women Societies in the City.

(*e*) Rs. 100 towards conducting Agency tracts Co-op. Conference in East Godavari District.

(*f*) Rs. 20 towards the purchase of Bee-hives for starting the industry to scheduled class societies in the City.

(*g*) Gratuity of Rs. 25 to Thangavelu (Sweeper-man.)

V. GOVINDAN NAIR,
For Deputy Registrar.
12-9-40

THE MADRAS PROVINCIAL CO-OPERATIVE UNION.

FINAL AUDIT REPORT FOR 1939-40.

Statement of Receipts and Charges.

RECEIPTS.	Rs.	A.	P.	Rs.	A.	P.
Provident Fund for staff ...				298	14	0
Loans Repaid (advance to staff) ...	122	0	0			
Interest ...	4	7	7	126	7	7
Miscellaneous Income—						
(i) Grant from M P.C.B. ...	3,500	0	0			
(ii) Annual Contribution from affiliated societies ...	2,061	12	0			
(iii) Dividend on shares in C. C. P. Works ...	31	4	0			
(iv) Rebate from C. C. P. Works ...	129	11	9			
(v) Interest on investments including Prudential deposit ...	262	12	0			
(vi) Telephone ...	67	2	0			
(vii) Sale of old newspapers ...	2	12	0			
(viii) Stationery ...	14	5	6			
(ix) Miscellaneous ...	17	0	3			
(x) Bank Commission ...	0	12	0	6,087	7	6
Sale Proceeds—						
(i) Publications ...	101	10	6			
(ii) Madras Journal of Co-operation ...	3,565	8	4			
(iii) Magic lantern and Slides ...	3,452	6	0	7,119	8	10
Adjusting Heads—						
(i) Due to Society ...	2,823	10	10			
(ii) Due by Society ...	4,780	10	9	7,604	5	7
Grants for Panchayat Training Classes—						
(i) Madras Provincial Co-op. Bank ...	5,000	0	0			
(ii) Government, Surplus from Districts and sale proceeds from Rural Uplift School ...	23,386	7	11	28,386	7	11
Investments withdrawn—						
(i) Sale of typewriter and partition screen ...	125	0	0			
(ii) Shares in South India Co-op. Insurance Society ...	100	0	0			
(iii) Reserve Fund in Christian Co-op. Central Bank ...	25	13	0			
(iv) Fixed Deposit in M. P. C. Bank.	5,000	0	0	5,250	13	0
Conference ...				866	8	0
Institutes ...				972	3	6
				56,712	11	11
Opening Balance—						
M.P.C. Bank Ltd. ...	15,910	15	3			
Petty Cash ...	2	12	9			
Stamps ...	3	5	9	15,917	1	9
Grand Total ...				72,629	13	8

CHARGES.

	Rs.	A.	P.	Rs.	A.	P.
Loans (Advance to Staff) ...				156	0	0
Stock Bought—						
(i) Publications ...				674	10	0
(ii) Madras Journal of Co-operation				3,419	4	5
(iii) Magic Lantern and Slides				3,293	2	0
Subsidy to Vernacular Journals				2,150	0	0
Training Institutes ...				1,097	0	6
Other grants ...				551	9	6
Conference ...				1,445	9	0
City Propaganda ...				150	0	0
Establishment and Contingencies:						
Establishment charges ...	3,059	0	7			
Postage ...	185	2	6			
Stationery ...	241	1	9			
M. O. Commission ...	0	4	0			
All India Institutes' Association	100	0	0			
Lighting ...	60	15	6			
Telegrams ...	9	2	0			
Bank Charges ...	2	4	0			
Rent ...	845	0	0			
Reading Room ..	152	9	6			
Contingencies ...	54	14	10			
Telephone ...	236	9	2			
Travelling allowance* ...	2,216	4	0			
Miscellaneous ...	696	7	10			
Contribution to P. F. ...	149	7	0			
Conference ...	10	0	0			
Interest on Investments ...	75	6	0			
Pay due to Propagandist ...	50	0	0			
Silver Jublee ...	945	15	7	9,090	8	3
Annual Contribution Written Off				192	0	0
Adjusting Heads:						
Due to Society ...				6,111	12	10
Due by Society ...				2,609	13	4
Grants for Panchayatdars Training Classes				29,302	14	7
Investments—						
Furniture ...				402	2	0
Library ...				148	13	8
Prudential Deposit M.P.C.B.				298	14	0
Slides for Propaganda ...				60	0	0
Total ...				61,154	2	1
Closing Balance—						
Account No. 1 with M.P.C. Bank				637	15	8
Account No. 2 ,,				10,800	2	5
Petty Cash ...				33	4	9
Stamp account No. 1 ...				3	6	9
Stamp account No. 2 ...				0	14	0
Grand Total ...				72,629	13	8

* T. A. for Propaganda ...	Rs.	402	4	0
,, for Board Meeting ...	,,	270	12	0
,, Executive Committee Meeting...	,,	1,392	6	0
,, Other Meeting ...	,,	150	14	0

Assets and Liabilities as on 30-6-1940.

ASSETS.

	Rs.	A.	P.	Rs.	A.	P.
Cash —						
i. Stamps ...	4	4	9			
ii. Petty Cash ...	33	4	9			
iii. Current A/c No. 1 in M.P.C.B	637	15	8			
iv. ,, No. II ,, ...	10,800	2	5			
v. Prudential Deposit ...	862	2	0	12,337	13	7
Other Investments—						
i. Reserve Fund in Christian Co-operative Central Bank (liquidated) ...	318	15	11			
ii. Shares in C.C.P. Works ...	1,000	0	0			
iii. Sahres in Sadananda Printing Works ...	25	0	0			
iv. ,, T.U.C.S. ...	24	0	10	1,368	0	9
Loans due by Members—						
i. Loans due by staff ...				69	0	0
Interest on Investments—						
i. On deposits ...	29	13	0			
ii. On Loans ...	0	5	9	30	2	9
Annual contribution recoverable ...				1,858	4	0
Other items—						
i. Value of furniture and books less depreciation ...	2,424	0	9			
ii. Value of immovable properties *viz* Reading room superstructure and partition screen ...	197	4	0			
iii. Value of Cycles, Duplicator etc. ...	562	4	3			
iv. Value of propaganda materials ...	140	10	0			
v. Value of Gramaphone ...	12	14	6	3,337	1	6
Value of stock on hand—						
i. Publications ...	832	7	5			
ii. Magic Lantern and Slides ...	716	4	8	1,548	12	1
Adjusting heads (due to society) ...				5,366	1	3
Non-refundable employees' P. F. of previous years ...				2	5	0
Trading Account—						
i Magic Lantern and Slides ...	1,248	0	0			
ii. Madras Journal of Co-operation ...	132	5	4			
iii. Publications ...	30	8	0	1,410	13	4
Bulletin arrears				0	9	0
Total ...				27,328	15	3

LIABILITIES.

	Rs. A. P.	Rs. A. P.
Provident fund for staff ...		968 4 11
Central Agricultural Committee ...		1,453 11 0
Subsidy for Panchayatdars Training classes (Unspent Balance) ...		15,420 8 0
Share Capital—		
i. Apex Bank ...	15 0 0	
ii. Share Capital and Dividend amounts ...	93 15 0	
iii. Establishment and contingent charges due ...	16 3 8	
		125 2 8
Adjusting head (due by Society) ...		3,989 0 3
Trading Account—		
i. Publications ...	0 13 0	
ii. Magic Lantern and Slides ...	231 0 0	
iii. Madras Journal of Co-operation ...	16 5 11	
		248 2 11
		22,204 13 9
Net difference		5,124 1 6
Total		27,328 15 3

Income and Expenditure Account.

For the ending 30th June 1940.

INCOME.

	Rs. A. P.	Rs. A. P.
Interest earned ...	4 7 7	
,, due ...	0 5 9	
	4 13 4	
Less Interest accrued at the end of the previous year ...	0 2 11	4 10 5
Gross profits as per Trading Account:		
i. Magic lantern ...	795 13 8	
ii. Madras Journal of Co-operation	506 10 10	
iii. Publications ...	19 3 0	1,321 11 6
Institutes ...		972 3 6
Miscellaneous		
(i) Grant from M.P.C.B. ...	3,500 0 0	
(ii) Annual contribution from affiliated societies.	2,061 12 0	
(iii) Dividend on shares ...	31 4 0	
(iv) Rebate from C. C. P. Works ...	129 11 9	
(v) Interest on Investments including on Prudential Deposit ...	262 12 0	
(vi) Telephone ...	67 2 0	
(vii) Sale of newspapers ...	2 12 0	
(viii) Stationery sold ...	14 5 6	
(ix) Miscellaneous ...	17 0 3	
(x) Bank commission ...	0 12 0	
	6,087 7 6	
Amount pending recovery ...	1,888 1 0	
	7,975 8 6	
Less pending realisation at the end of previous year ...	2,080 12 0	5,894 12 6
		8,193 5 11
Deficit ...		5,829 14 6
Total ...		14,023 4 5

EXPENDITURE.

	RS. A. P.	RS. A. P.
Establishment and contingent charges paid and due ...		8,747 15 9
Annual contribution written off ...		192 0 0
Miscellaneous subsidies :—		
Subsidy to vernacular journals ...	2,150 0 0	
Institutes ...	1,097 0 6	
Other grants ...	551 9 6	
City propaganda ...	150 0 0	
		3,948 10 0
Depreciation :—		
Furniture and books etc. ...	269 5 5	
Building ...	65 12 0	
Cycles, duplicator etc. ...	187 6 9	
Gramaphone ...	12 14 6	
Propaganda materials ...	20 3 0	
		555 9 8
Deficit in conference account ...		579 1 0
Total ...		14,023 4 5

Publications.

INCOME.

	Rs. A. P.	Rs. A. P.
1 Sale of Act copies, Rural Sanitation and Health and copies of Drama at full and concession rates including free issues	...	101 10 6
2 *Add* cost of copies pending realisation at the end of the year :—		
1. Act	16 0 0	
2. Drama 'Sadyama' ...	14 8 0	30 8 0
Total ...		132 2 6
3 *Deduct* the amount pending at the beginning of the year	...	1 8 0
	...	130 10 6
4 *Add* stock at the end of the year :—		
(*a*) Maclagan Committee Report ...	18 8 0	
(*b*) Training Class Lectures ...	46 12 0	
(*c*) Leaflets	36 7 0	
	101 11 0	
(*d*) Economic Depression in Rural Kistna 204 copies at Rs. 0-5-2 each	65 14 0	
(*e*) 'Co-operative Societies Act' 774 copies at Rs. 0-5-0 each ...	241 14 0	
(*f*) 'Sadhyama' Tamil Drama 593 copies at Rs. 0-2-6 each ...	92 10 6	
(*g*) 'Rural Sanitation & Health' 463 copies at Rs. 0-11-5 each ...	330 5 11	832 7 5
Total ...	...	963 1 11

EXPENDITURE.

1 Stock on 1-7-'39	...	269 4 11
2 Printing charges during the year ...	...	674 10 0
		943 14 11
3 *Add* liability pending at the end of the year...	...	0 13 0
	...	944 11 11
4 *Less* liability pending at the beginning of the year	...	0 13 0
	...	943 14 11
5 Gross income	...	19 3 0
Total ...	...	963 1 11

Magic Lantern & Slides.

INCOME.

	Magic Lanterns. Rs. A. P.	Slides. Rs. A. P.	Total. Rs. A. P.
1 Cash Sales	2,468 10 0	983 12 0	3,452 6 0
2 *Add* Amount pending realisation at the end of the year ...	615 0 0	633 0 0	1,248 0 0
Total ...	3,083 10 0	1,616 12 0	4,700 6 0
3 *Deduct* amount pending realisation at the beginning of the year ...	492 0 0	...	492 0 0
	2,591 10 0	1,616 12 0	4,208 6 0
4 *Add* stock at the end of the year—			
(i) Magic Lanterns (3) at Rs. 32-2-2 ...	96 6 6	...	...
(ii) Slides :			
Set No. I (coloured) 1 set.		41 4 0	...
Set No. II (Coloured 1 set.		50 0 0	...
Set No. III (Coloured 1 set.		77 8 0	...
Set No. IV (Coloured) 1 set.		50 0 0	...
Ramayana (Coloured) 1 set.		45 0 0	...
(iii) Lenses :			
Big 55 at Rs. 6-0-6	331 11 6		
Small 5 at ,, 2-1-4	10 6 8		
Stands 2 at Rs. 7	14 0 0		
Total ...	3,044 2 8	1,880 8 0	4,924 10 8

EXPENDITURE

1 Stock as on 1-7-1939 ...	795 11 0	...	795 11 0
2 Manufactured during the year—			
Magic Lantern ...	1,949 14 6	...	...
Slides	1,343 3 6	...	
	3,293 2 0		
3 Add liability at the end of the year :			
Royalty ...	210 0 0	...	
Carpenter Munuswamy	21 0 0		
	3,524 2 0		
Deduct Liability at the beginning of the year.	191 0 0		3,333 2 0
			4,128 13 0
	Gross Income ...		795 13 8
	Total ...		4,924 10 8

XXIII Madras Provincial Co-operative Conference.

INCOME.

	Rs. A. P.
1. Delegation fees	496 0 0
2. Boarding and Lodging	85 8 0
3. Donations	285 0 0
Total ...	866 8 0
Deficit ...	579 1 0
Grand Total ...	1,445 9 0

EXPENDITURE.

	Rs. A. P.
1. Boarding and Lodgings	488 8 0
2. Stationery	79 2 0
3. Contingencies	35 0 0
4. Establishment	59 6 0
5. Lighting charges	64 8 0
6. Paper for printing	66 12 0
7. Pandal hire and Furniture	244 8 0
8. Postage	45 0 0
9. Rent	81 12 0
10. Miscellaneous	281 1 0
Total ...	1,445 9 0

The Madras Journal of Co-operation Account 1939-40.

INCOME AND EXPENDITURE ACCOUNT.

INCOME.

	Rs.	A.	P.	Rs.	A.	P.
Subscriptions ...	2,124	8	4			
Appropriation from Annual contribution ...	1,408	0	0			
Sale of journal copies ...	4	8	0			
Advertisement charges ...	28	8	0			
				3,565	8	4
Add amount pending realisation at the end of the year—subscription ...	132	5	4			
Less amount pending realisation at the beginning of the year	76	0	0			
				56	5	4
Total ...				3,621	13	8

EXPENDITURE.

	Rs.	A.	P.	Rs.	A.	P.
1. Stock as on 1-7-1939 ...	nil.					
2. Publications during the year ...	3,411	12	5			
Advertisement charges written off ...	7	8	0			
Add Liability at the end of the year...	16	5	11			
Total ...	3,435	10	4			
Less—Liability at the beginning of the year ...	320	7	6			
Total ...				3,115	2	10
Gross income ...				3,115	2	10
				506	10	10
Total ...				3,621	13	8

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The Pawn-brokers' Bill, 1940.

CONTENTS.

The Pawn-Brokers' Bill.

BY THE HON'BLE V. RAMADAS PANTULU,

President, Madras Provincial Co-operative Union.

THE SCOPE AND AIM OF THE BILL.

The Madras Pawn-Brokers' Bill, 1940 is intended to regulate money-lending of a particular species, generally known as pawn-broking. A pawn-broker is a person who carries on business of taking goods and chattels in pawn for a loan. The definition of a pawn-broker in this bill is made to include a person who keeps a shop for the purchase or sale of goods or chattels and pays or advances thereon money under an agreement, express or implied, that the goods or chattels may afterwards be repurchased. The effect of this extended meaning of the word is to bring within the scope of the bill transactions which are ostensibly sales of goods or chattels but which are intended to enable the vendor to redeem them on repayment. The bill is largely based on the English Pawn-Brokers' Act, 1872 (35 and 36. Vict. Ch. 93) and the Madras Debtors' Protection Act (VII of 1935). It must be pointed out that both the English Act and the Madras Act are very limited in their scope unlike the present bill. I believe the English Pawn-broking Act is restricted to loans up to £10; and the Madras Debtors' Protection Act is restricted to loans not exceeding Rs. 500. But the present bill places no such limitations. I think it is on the whole desirable to restrict the scope of this bill to transactions within certain specified limits. As for the lower limit, I do not think that loans for Rs. 5 and less should be brought within the scope of the bill. They are petty transactions which will considerably be hampered to the detriment of the borrower himself, if all the provisions of the bill are to be applied to them. As for the higher limit, I shall be content if transactions up to Rs. 2,000 are brought within the scope of the bill. In regard to loans of higher value the line between *bona-fide* advances for business on the pledge of goods and an ordinary pawn-broking transaction is thin, and it will be often difficult to determine precisely. In any case much of the evil that is sought to be remedied by the bill will be cured if transactions up to Rs. 2,000 are brought within the purview of the bill. Loans of higher denomination may be left to be regulated by an Act to control money-lending in general.

The main aim of this piece of legislation is to require pawn-brokers to take out licenses and to subject them to a due measure of control. The need to regulate and control business of pawn-brokers arises from two considerations: one is the necessity to deal with the practice of some pawn-brokers receiving stolen property and reluctance on their part to reveal the sources from which a suspected property is received by them; the other is the necessity to protect needy borrowers, especially among the poorer classes, from being exploited by pawn-brokers by illegal and unfair methods.

This Bill like the Madras Debtors' Protection Act exempts from its operation advances made by the Government or any local authority, by a company or a co-operative society, by any person *bona-fide* carrying on business, not having for its primary object the lending of money, by a landlord to his tenant, by a lessor to his lessee and by one partner in cultivation or by a co-sharer to another for the purpose of carrying on agriculture. These exemptions are justifiable on principle. But I feel some doubt about the wisdom or expediency of exempting from the operation of this bill what may be called 'private companies.' Under Section 5 of the Indian Companies Act, any two or more persons may form an incorporated private company on payment of a prescribed fee. A pawn broker may easily defeat the beneficent provisions of the bill by himself and his wife or son registering themselves as a private company. This question, to my mind, requires further examination.

Objections to the Bill Answered.

The Bill has been before the public for some time past. It is published for the purpose of eliciting public opinion by the Governor of Madras, who has now assumed to himself all powers of the Provincial Legislature by a proclamation under Section 93 of the Government of India Act. One of the objections raised by a section of the public to this measure relates to this exercise of the power by the Governor. But curiously enough none of the political parties in the country which is opposed to the suspension of the constitution raises any objection on this ground, and even prominent congressmen have been supporting the principles of the bill. It is indeed said that the draft of the Bill was prepared by the Congress Ministry when it was in power. The objection proceeds evidently from vested interests who are opposed to this legislation on its merits. They would have opposed the bill with the same vigour and persistence even if a duly constituted provincial legislature were handling it. These vested interests also allege that there has not been a clear demand from the public for a measure of this sort and the need for it has not been established. This plea is clearly unsustainable. Those

who investigated into the question of rural and urban indebtedness and Committees and Commissions who had to examine the question of money-lending in this country adverted to the evils of pawn-broking also; and the various Provincial Banking Enquiry Committees which were set up a decade ago by the Government of India also dealt with this question. There is ample material in published records to prove that money-lending, including pawn-broking, should be regulated and controlled by the State.

Another objection that was taken to this measure is that it is a very partial measure and does not constitute a satisfactory way of dealing with the problem of regulating and controlling money-lending, of which pawn-broking is only a species. There is considerable force in this criticism. The Madras Committee on Co-operation, whose report has recently been published, has devoted considerable thought and space to the question of regulating money-lending, including pawn-broking, and it is to be hoped that the Provincial Government will in due course undertake comprehensive legislation to deal adequately with the whole problem of money-lending.

In the meantime, however, it will be unwise and ill-advised to oppose the present measure on the ground of its being a fragmentary piece of legislation, when it is generally admitted, except of course by vested interests, that the small borrower who resorts to pawn-brokers requires protection and that too promptly. Viewed from this standpoint, the measure is not a day too soon. The Madras Debtors' Protection Act (VII of 1935), which dealt with small-scale money-lending, that is to say, loans for less than Rs. 500, itself contained provisions prescribing additional accounts to be maintained by pawn-brokers, that is to say, in addition to those required to be maintained by small money-lenders, who advanced loans otherwise than on pawn. But that measure is clearly inadequate to deal with pawn-broking. So, it seems to me that there is nothing to be objected to in the principles of this bill.

Provisions of the Bill.

I shall now deal with some of the main provisions of the Bill.

(1) *Licenses.*

The provisions relating to licenses naturally come uppermost to one's mind in dealing with this bill. When the Act is notified for application in a particular area, licenses must be obtained within three months after the Act is brought into force. A license to be taken out by a pawn-broker is not for the entire business of pawn-broking done by him but it must be a license in respect of each shop or place of business of a pawn-broker even though they are located in the same town or village. Clause 4 of the bill vests the power of issuing licenses in the Commissioner of Police in regard to the city of Madras and in the District Superintendents of Police in the mofussil. These officers may delegate their powers to gazetted officers subordinate to or authorized by them. There is almost a universal protest against the vesting of this power in the police. Whatever may have been the reasons which induced the Government to vest the power in the Police, I think that in view of the strong and widespread protest against the provision, it should be changed. As to the most suitable agency to be prescribed for issuing licenses many suggestions may be made. It is a matter of detail which the Government may examine in the light of the suggestions received. The revenue, the registration and the co-operative departments are among the agencies suggested by some. Various trades and professions now require license for their pursuit. Some of the trades which come within the scope of the Commercial Tax Acts also require license. There are Commercial Tax Officers and Assistant Commercial Tax Officers in every district now and some suggest that they may be entrusted with the power of issuing licenses for pawnbrokers also. The main point of the criticism however is that the power should be taken away from the Police. To me it appears that this demand is reasonable. In England the granting of a license to carry on the business of pawn-broking is given to the Commissioners of Inland Revenue on the strength of a certificate of a Magistrate or Justice of Petty Sessions.

The bill specifies two grounds on which licenses may be refused, and lays down that licenses shall not be refused except on those grounds. These are (*a*) the applicant has failed to produce satisfactory evidence of good character and (*b*) the shop or place at which a pawn-broker intends to carry on business or the adjacent house or shop or place occupied or owned by him is frequented by thieves or persons of bad character. While no exception can be taken to ground No. (*b*), it appears to me that ground No. (*a*) *viz.* inability to produce satisfactory evidence of good character is far too vague and is liable to abuse in the hands of inexperienced or incompetent licensing officers. More clear indications should be given of what is deemed to be good character in the case of a pawn-broker. If his character came into question either in a Civil or Criminal Court and his claims or defences were found to be false or if he is convicted for receiving stolen property or for misappropriation or criminal breach of trust, they would definitely be grounds for refusing license. There

may be other tests of unfitness to do business of pawn-broking. In any case some more definite guidance should be given to the licensing officer in order to enable him to judge whether the person applying for license is or is not a man of good character, in the sense of being a person fit to carry on the business of pawn-broking. The reasons given in the bill for the cancellation of licenses once given are on the whole satisfactory except perhaps in the matter of some details, with which it is unnecessary to deal in a general survey of this nature.

The consequences of transacting business without taking a license or after a license is cancelled are clearly set forth in the bill and do not call for any special comment. In this connection it is necessary to keep in mind the distinction between declaring a transaction of pawn-broking void for contravention of certain provisions of the bill and of the pawn-broker making himself liable to certain penalties and punishment for the violation of certain other provisions of the bill. Clause 19 of the bill, therefore, rightly provides that when a pawn-broker committed an offence, not being an offence against the provisions of the bill relating to licenses, any contract of pawn or other contract made by him relating to his business of pawn-broking shall nevertheless not be void by reason only of that offence. This provision emphasises the necessity to enforce strictly the provisions relating to licenses.

One grave omission in regard to the provisions about license is the absence of a remedy against refusal or cancellation of licenses. An appeal to some prescribed authority should be provided and the remedy must be of a cheap and summary character, not involving any lengthy trial or expenditure. There is provision for appeal in the English Pawn Brokers' Act, though that right is severely restricted by demand for security from the appellant and so on.

(2) *Interest and charges.*

The next important provision of the bill is that relating to the price which a pawn-broker may ask for a loan advanced by him. The opposition of the vested interests and the main controversy over the bill centre round this provision. Clause 6 of the bill lays down that 6¼ per cent. simple per annum shall be the maximum and no pawn-broker should charge interest exceeding that rate. In addition to the interest, the pawn-broker may demand and take from the pawner such charges and in such cases as may be prescribed—'prescribed' means prescribed by rules made by the Government under clause 20 of the Bill. It is said that 6¼ per cent. is too low to make pawn-broking business worth pursuing. It is also said that it may discourage loaning on pledge and have an effect not desired by the bill, *viz.* of shutting out credit to the class of people to whom loans against their goods or chattels is a convenient mode of raising credit. In this connection it is well to remember that in addition to the interest, the pawn-broker is also entitled to certain charges. If a fixed rate of $6\frac{1}{4}$ per cent. is considered to be inelastic and in certain circumstances, especially when the money-market is tight and the Bank Rate goes up, it may not be possible to find money at that rate, then an alternative higher maximum may also be prescribed. I would suggest that the clause may be so amended as to allow $6\frac{1}{4}$ per cent. or 3 per cent. over the Bank Rate for the time being, whichever is higher. If the Bank Rate goes up to 5 per cent., a pawn-broker may charge 8 per cent. under such a provision. The interests concerned, that is, the representatives of pawn-brokers claim that the rate of interest should be as high as 12 per cent., and some prominent members of the commercial community, though they do not do any money-lending or pawn-broking business, support this claim. In this connection it must be remembered that the Madras Debtors' Protection Act prescribes 9 per cent, simple per annum as the maximum interest leviable on a secured loan. A loan against pledge advanced by a pawn-broker is a fully secured loan. So a claim for 12 per cent. interest goes against the main provision of the Madras Debtors' Protection Act itself. In the Madras Agriculturists' Relief Act also the maximum interest chargeable after the Act is fixed at $6\frac{1}{4}$ per cent. The Co-operative Societies lend at 5 per cent. on pledge of produce, and some co-operative urban banks lend at even less than $6\frac{1}{4}$ per cent. on pledge of gold and silver. It is a safe and self-liquidating form of loan. Moreover, in practice the charges, when spread over the entire currency of the loan against pledge, will come up to something between 2 and 3 per cent. and if a provision is made that such charges should not exceed $2\frac{3}{4}$ per cent. spread over the whole period of the loan, it brings up the liability of the debtor to 9 per cent. together with interest. It must be remembered that a heavy rate of interest will soon swallow up the margin between the value of the pledge and the amount borrowed against it, and in many cases it may not be worth the while for a pawner to redeem it with an exorbitant rate of interest. In the present economic condition of a majority of the borrowers of this class and the very slender margin they have in their earnings to cover interest charges, I think fair-play and humanity require that the rate of interest should be kept as low as possible, consistently with providing reasonable return to the pawn-broker in his business. I therefore suggest that the

clause relating to interest may be modified as suggested by me giving the higher alternative of 3 per cent. over the Bank Rate for the time being.

(3) *Redemption of Pledge.*

The provisions of the Bill relating to the return of the pledge to the pawner on repayment of the loan and other contingencies contemplated are fairly satisfactory. There is, however, one clause to which I take exception. In the case of a pledge being destroyed or damaged by fire, the pawn-broker is rightly placed under liability to pay the value of the pledge, after deducting the amount of principal and interest due to him. But the clause prescribes a rule in regard to the valuation of such an article. Clause 11 (1) says that such value is to be the amount of principal and interest and 25 per cent. on the amount of principal. This is too arbitrary and has no justification. It is not uncommon for people to pledge articles of substantial value to borrow small sums. Some people consider that going in for a surety or getting a friend to agree to a second signature to bankers or money-lenders is not respectable and sometimes not easy. So they prefer to pledge their own articles and raise a loan without loss of dignity or self-respect involved in approaching another to help them to get a loan. Supposing a pawner pledges an article worth Rs. 500 and borrows Rs. 100, which with interest accumulates to Rs. 120. Under this section, if this article is destroyed by fire, the pawner will only get Rs. 145 that is, the principal of Rs. 100, plus interest of Rs. 20 plus Rs. 25 being 25 per cent. of the principal. This is clearly indefensible. I therefore suggest that the clause should be so modified as to make it obligatory on the pawn-broker to pay the full value of the pledge after deducting the amount due to him on the loan where such value is proved or ascertained. The rule as to valuation embodied in the clause must be restricted to cases in which the actual value of the pledge cannot be proved or ascertained. If it is provided in the rules or in the bill that the value of the article should be entered at the very inception of the transaction in the account, receipt or pawn-ticket and allied documents, this difficulty will disappear, and it is such value that should be paid less the loan outstanding.

In this connection, the question of the amount for which the pledge should be insured arises. The pawn-broker would no doubt be protected if it is insured to the extent of the loan and interest and charges. Sub-section (2) of clause 11 which lays down that the pawn-broker shall be entitled to insure to the extent of the value as prescribed in sub-section (1) of the same clause is right so far as it goes. But the provision hardly safeguards the interests of the pawner, where the value of the article is substantially higher than the amount of the loan advanced. Therefore, I think that the Bill should provide for the article being insured for the full value of the pledge, whenever the pawner so desires and agrees to pay the insurance charges on the full value.

There is yet another provision in this connection in which there is an evident lacuna. Clause 9 of the Bill provides for the redemption of the pledge by owners or pawners who are not in possession of pawn-ticket and which might have been lost, mislaid, destroyed or stolen or fraudulently obtained possession of by another. This provision is right so far as it goes in making a declaration before a magistrate or judge by the applicant to serve the purpose of a pawn-ticket. But this is confined to cases of loans not exceeding Rs. 250. What about cases of loans exceeding Rs. 250 in which the pawn-tickets are lost, mislaid, destroyed or stolen? There ought to be a provision, perhaps of a little more stringent character, in regard to loans of higher values too.

There are some details relating to the interval allowed for production of declaration under clause 9 and the like which require reconsideration. If time is given to an owner or pawner who says that the pawn-ticket is lost to produce a declaration, such time must be adequate, and in the interval the pawn-broker must also be absolved from the obligation to return a pledge to one who produces the pawn-ticket. At least such a return must be made with notice to one that claims to have lost the ticket.

(4) *Accounts and Documents.*

The next group of clauses which requires mention relates to the nature of the accounts and other documents to be maintained, the mode of their maintenance and provision for their inspection. The most important provision in this group of clauses is the one relating to the language in which the books, accounts and documents mentioned in clause 10 of the bill are to be maintained. They are now maintained by some of the pawn-brokers in a script which is not intelligible either to the pawner or public authorities, and it has become difficult to detect frauds on account of this practice. These provisions do not call for any special comment. They are modelled on the provisions of similar Act, elsewhere. There is only one question to which reference need be made viz., the agency prescribed for periodical inspection of the books, accounts and documents and pledges in the possession of the pawn-broker. Clause 10 (2) lays

down that they shall be open to inspection at any time by any police officer not below the rank of a head constable. It is not desirable to vest this power in police officers, particularly of the rank of head constables. Another and more suitable agency should be prescribed for inspection. There should be also provision for inspection of the pledge at the expense of the pawner when he desires to sell it by private sale and a *bona-fide* intending purchaser desires to have inspection of the pledge before concluding the transaction. In such cases, a fee may be prescribed for allowing inspection.

(5) *Offences against the Bill.*

There is yet another group of clauses which deserves mention. These relate to the offences under the bill and the punishments prescribed. These are also adapted from similar provisions of Acts in *pari materia*. They are neither unduly drastic nor unduly lenient. The most important concern of the authorities who are entrusted with the duty of keeping an eye on the transactions of pawn-brokers is to see that a pawn-broker does not actually advance an amount less than that shown in the pawn ticket or in his accounts or registers, and does not take or receive interest or any other charge at a rate higher than that shown in the pawn ticket or in his accounts or registers. The authorities invested with this power by the State cannot be too careful in ensuring protection to the pawners.

(6) *Rule Making Power.*

The rule-making powers of the Government under clause 20 of the Bill should be exercised in accordance with well-established principles of legislation by the executive authority. There must be due publicity of the rules for public criticism before they are finally adopted, and when the Legislature is functioning, they should be placed on the table of both Chambers of the Legislature with liberty to the houses to bring them under review and also to make modifications.

Co-operative Effort to Replace Pawn-brokers.

Before I conclude I would like to express the view that all such legislation must aim at eventually replacing all money-lending business of individuals by institutions, that is to say, by co-operative institutions or banks registered as public companies. In other words, constructive and ameliorative action must be pursued side by side with legislation to regulate and control money-lending. The indigenous banker must be in course of time absorbed into the banking system of the country and his business of banking must be regulated by the banking legislation of the country. When this aim is attained, all money-lending outside co-operative or commercial banking should be totally prohibited.

There is something which co-operators, for instance of the city of Madras, can do by way of constructive action to ameliorate the condition of the people who resort to pawn-brokers. A central co-operative pawn-broking shop with branches in important localities in the city may be started. The valuing, assaying and safe-custody of the articles pledged will be done by the central shop and the attraction of business, that is, the connecting of intending borrowers with the society may be done by the local branches. I hope the Madras Provincial Co-operative Union will formulate a scheme in this behalf and submit it to the Registrar of Co-operative Societies for his consideration and necessary action.

It is well to remember that the operations of co-operative societies had a much larger share in bringing down the rates of interest than any legislation to prohibit usury. While the Usurious Loans Act and the provisions of the Indian Contract Act declaring high rates of interest as penal remained a dead letter in practice or successfully evaded, the operations of primary co-operative credit societies and of land mortgage banks had a decided effect upon bringing down the general level of interest in the country. Definite findings were given to this effect by the Royal Commission on Agriculture and by the Provincial and Indian Central Banking Enquiry Committees. In assessing the benefits of the Co-operative Movement, people often forget the services the movement has rendered to the numerous classes of people who are not actually within the fold of the movement as members of societies. While legislation to regulate rates of interest is a mere preventive effort, constructive effort at providing credit on reasonable terms is the one means whereby tangible relief is brought to those who are victims of usury. So, I plead for effort to replace pawn-brokers in practice by the formation and efficient conduct of co-operative societies to advance loans against pledge not only of agricultural produce but also of goods and chattels wherever there are chances of successful working of such societies and the necessary human material is forthcoming.

Pawn-brokers' Bill.

BY R. SURYANARAYANA RAO,

Servants of India Society.

The Committee on Co-operation has dealt with the question of rural indebtedness at some length and expressed the opinion that the existing provisions for the control of money-lending are inadequate and has suggested that legislation should provide for :—

(*a*) Compulsory licensing of money-lenders ;

(*b*) Proper maintenance of accounts by money-lenders and periodical inspection and audit of their accounts ;

(*c*) Fixation of a maximum rate of interest ;

(*d*) Imposition of an obligation on money-lenders to furnish periodical statements of accounts to debtors ;

(*e*) Prohibition of compound interest ;

(*f*) The signing of the contract by borrowers, the contract being in the language of the district to which the borrowers belong.

In the opinion of the Committee, legislation based on the principles enunciated above would safeguard the interests of the honest lender in the recovery of his debts and also reduce the burden of interest and other charges borne by the honest borrower. The recommendations of the Committee in this regard must now be under the consideration of the Government. Meanwhile the Government have felt the necessity of controlling a certain section of money-lenders known as pawn-brokers who ply their trade even in distant rural areas. Their activities in urban areas, especially in cities and towns, where a large labour population exists, seem to be somewhat alarming as the enquiry into the family budgets of industrial workers will reveal. The conditions in urban areas are peculiar for want of mutual knowledge and mutual trust between the borrower and the lender. Unless Co-operative Societies are started to meet the needs of the industrial workers, undertaking even pawn-broking, pawn-brokers will continue to play an important part in providing credit. As the pawn-brokers perform an essential function' and have to be tolerated as a necessary evil, it is but proper that legislation to minimise, if not wholly eradicate, such pernicious influence as they now exercise should be undertaken. The Government deserve the support of the public in this undertaking. Such opposition to the proposed measure, as is evident from the published reports in the Press, is mostly from interested quarters who wish to be let alone to carry on their trade unhampered by restrictions, however wholesome they may be.

There are certain provisions in the published Bill which require modification to secure its acceptance from all quarters. The licensing authority need not be the Police, as pawn-broking is not one of those occupations which are dangerous or inimical to the interests of society. Ordinary licensing authorities entrusted with licensing power in regard to similar Acts recently enacted may be entrusted with this work. The complaint of likely harassment would disappear by removing the power of licensing from the Police. The imposition of an obligation on money-lenders to furnish periodical statements of accounts to debtors without request for the same in writing and provision for the periodical inspection and audit of the accounts of the pawn-brokers by some agency of the Government such as the Co-operative Department would greatly regularise the business of pawn-broking. These suggestions are in accordance with those made by the Committee on Co-operation mentioned above. Then again the question of rate of interest appears to have caused misgivings in many quarters. The Government Bill fixes 6¼ per cent. simple interest as the maximum. A higher maximum rate has been suggested on the ground of the peculiar character of the pawn-broking trade. It is not known what the peculiar character of the trade is to warrant higher rate of interest. On the other hand the pawn-broking trade is more remunerative and the risks involved are comparatively less. It is well known that the loans advanced are generally far less than the value of goods pawned and the interest due is deducted from the amount of loan before it is disbursed. The provisions of the Bill dealing with the latter point cannot be easily enforced as the pawn-broker on some ostensible ground or other can always refuse the loan. The needs of the unfortunate pawner will certainly be taken advantage of so long as human nature is what it is. When the rate of interest charged by Banks and other corporate bodies are lower and that too on securities often much less valuable and the amounts of loans bear greater proportion to the value of the securities offered, it is not understood why the pawn-brokers should be allowed a higher rate of interest when the value of securities is comparatively high and the amounts of loans bear a smaller proportion to the value of goods pawned. It is but fair that the same rate of interest should prevail both in rural and urban areas and the Government may take the power to revise the rate under the proposed Bill as they have done in the case of debts in the Agriculturists' Debt Relief Act.

On the point whether the advances made by a company or a Co-operative Society should be exempt from the provisions of the Bill, there ought to be no difference of opinion. All institutions which carry on the business of taking goods or chattels in pawn for loans advanced by them should be brought under the Bill. If any of these institutions are already observing some of the provisions of the Bill, only such provisions which are now inoperative will become operative. There is no reason why companies and Co-operative Credit Societies engaged in pawn-broking should not submit themselves to the provisions of the Bill.

There are other matters of detail in which the clauses of the Bill especially those dealing with penalties for violating the provisions of the Bill need modification in the interests of both the pawn-brokers and the debtors. It is hoped they will receive the attention of the Government before the Bill is passed into law.

The Pawn-brokers' Bill.*

1. Suggestions for improving the bill are given below. It is requested that the bill be republished embodying the modifications made by the Government in the light of these and other suggestions for public criticism.

1. Scope of transactions.
2. Interest and charges.
3. Refusal and cancellation of licenses.
4. Maintenance of accounts and delivery of returns.
5. Redemption of pledges.
6. Sale of unredeemed articles.
7. Summary and cheap remedies.
8. Miscellaneous.

2. Scope of transactions.

1. The bill has excluded the loans of companies. Private companies should in no case be excluded. If, in the Acts governing other companies there are definite provisions similar to those in the present Act such as maintenance of accounts and submission of returns and balance sheets, then the companies might be excluded from the operation of such provisions in the present Act. The other provisions should equally apply to the companies which do the business of pawn-broking.

3. Interest and charges.

1. The rate of 6¼ per cent is not a low rate particularly when charges have to be additionally paid. A margin of 3 per cent. over the bank rate is ample enough to cover profits and risks in the pawn-broking business. The rate of interest may be therefore fixed at 6¼ per cent. or 3 per cent. over the bank rate whichever is higher. Subject to this principle, the Local Government might have power to notify the rate from time to time.

2. Charges should be specified in the Bill itself and not under rules. They should cover valuation charges and charges of insurance. The maximum sum of the charges should be a certain percentage of the loan. The percentage might be higher for small loans and smaller for big loans. When the amount of charges are spread over

*Memorandum on Pawn-brokers' bill submitted by the Committee appointed with Mr. V. Ramadas Pantulu as President and Mr. K. G. Sivaswamy as Secretary by the Conference of Social Service Organisations, Trade Unions, and the Andhra District Committee held under the Presidency of Dr. B. Pattabhisitaramayya on 7th September 1940 at People's Park, Madras.

the period of the loan, they should in any case not exceed 2¾ per cent. per annum. The principle underlying the proposal is that charges and rates of interest should not exceed the existing rate of 9 per cent. provided for in the Debtors' Protection Act for secured debts.

4. Refusal and cancellation of licenses.

1. In a country where every person with a few rupees is a money-lender, and where consequently the possibility of errors in compelling the taking of licenses is great, appeal is necessary in the first instance in the interest of persons who are declared as pawn-brokers while actually they may not be. Such appeals should be by way of cheap and summary proceedings.

2. Licenses should be freely given except on specified grounds. The first ground of 'evidence of good character' for granting a license is vague and hence susceptible of abuse.

3. Grounds for refusing a license should be specific. The provisions in the Bombay Moneylenders' Bill may be consulted in this respect (*vide* Appendix A).

4. As regards the grounds for cancelling a license, the provisions of the bill are ineffective. If a pawn-broker does not give a receipt or a statement of account on requisition by a debtor even when the court directs him to do so, then the Court may order his license as a pawn-broker to be cancelled. (16) (3). This will hardly happen in practice in daily life.

5. The second ground for cancelling a license is that a pawn-broker should commit twice, the offence of advancing a smaller amount or receiving higher interest than that specified in accounts. This too can hardly be detected unless a debtor is willing to expose his creditor after having helped him in the commission of the offence owing to the severity of his needs.

6. According to the bill if an offence is committed against any provision of the Act relating to licenses, contracts may be held to be void (cl. 19). But even this provision is vague. The clause should state that licenses would be cancelled in the case of such offences

7. The offences specified in the Bill and those under the Penal Code relating to money-lending transactions and accounts should be listed. Licenses should be cancelled on conviction for such offences.

8. Findings of Civil Courts in a number of cases which may be specified, to which the pawn-broker was a party, that his claim or defence was false, might be one of the grounds for cancelling a license.

9. Further as a pawn-broker may do business for a period and leave the area and as in consequence many might lose the pledged articles, he should have some stakes in the country such as, ownership of some immoveable property valued at a certain percentage (20 per cent) of the turnover of the business.

10 The present bill makes the Court the cancelling authority. In recent Bills and Acts, the Court endorses on the license the nature and number of offences committed. The Collector fixes the period of cancellation subject to a maximum period. (*Vide* Appendix B.)

11. The Bengal Money-lenders' Bill has a provision empowering the Local Government to remove the disqualification for holding a license on specific grounds such as the nature of the offence and the time that has elapsed after the cancellation of the license. Such a provision is equally necessary in the present bill.

12. The authority for licensing should not be a police officer. It might be a special department or Registration or the Revenue department. The appointment of commercial tax officers as the licensing authority is a desirable suggestion.

13. There should be public notice before the grant of license.

14. There should be provision for appeals against orders refusing, suspending, or cancelling licenses.

15. The effect of cancellation should be made specific. Firstly a cancelled pawn-broker will be doing unlawful business and consequently the provisions of cl. 16 (1) and (2) will apply. This should be made clear.

16. Secondly transactions done by a licensed pawn-broker after the date of cancellation of his license should be held to be void except that the pledger will be entitled to get back the article on condition to be prescribed.

5. Maintenance of accounts and delivery of returns.

1. In addition to the records to be maintained according to cl. 10. (1), the Bombay Bill provides for a cash book and a ledger. This may be introduced in the bill.

2. Secondly the principal and interest should be shown separately. (C. P. and Punjab Money-lenders' Acts Sec. 3. 2.)

3. Thirdly the noting of discharges on the bond should be made obligatory. The Bombay Money-lenders' Bill enjoins on the money-lender that "upon repayment of the loan in full, the money-lender shall mark indelibly every paper signed by the debtor with words indicating payment or cancellation and discharge any mortgage, restore any pledge etc."

4. Fourthly there should be no charge for sending statement of accounts to the debtor. (Punjab, U.P., and C.P. Acts). This will unnecessarily increase the price of the loan. The furnishing of *annual* statements to debtors is part of the normal work of any bank. The money-lender should be prepared to do it free. On other occasions a fee may be levied if accounts are asked for. It is better to rely on

the money-lender to issue by *ordinary post* the *annual* statement of a debtor's position in a prescribed form, and to provide merely for the maintenance of a despatch book showing the parties to whom statements have been forwarded. This will save registration charges.

5. Some of the Money-lenders' Acts provide that a copy of the loan document should be supplied to the debtor. If all the particulars mentioned in cl. 10 (1) are noted and supplied free to a debtor at the time of advancing the loan, this will take the place of copies of loan documents.

6. The receipt should state the amount of interest collected, so that inspecting authorities might check the collection of any excess interest over the prescribed rates.

7. Penalties for non-compliance regarding maintenance of accounts etc. have taken two forms. The one is that, when a court finds during the course of a suit, accounts have not been properly maintained, it may disallow costs. When it again finds that receipts or statement of accounts on requisition have not been given, it may disallow interest from the date on which the default occurred. These provisions which have been included in the bill have proved ineffective because many of the transactons may not be followed by a suit and private parties and debtors may not institute proceedings against creditors in this respect (*vide* Appendix C.)

8. The other form of penalty is provided for in recent Acts. This takes the form of a fine or imprisonment (*vide* Sec. 35. 2 of U. P. Agriculturists' Relief Act, Sec. 20 of Bihar Money-lenders' Act, and cl. 19 of Orissa Money-lender's bill). The Bill requires revision; the general clause of penalties (Sec. 16. 1) should be applied for non-compliance regarding maintenance of accounts etc.

9. But even though the offences are specified, they could never be discovered unless there was provision for periodical inspection. If insistence on audit is considered too extreme a step at the present moment, there should be provision at least for inspection. The licensing staff or the revenue staff should have powers of inspecting the accounts and not police head-constable as provided in clause 10 (2) (*vide* Appendix D.)

6. Redemption of pledges

1. The evil of the forging of pawn-tickets should be minimised as far as possible. The provisions included as a result of experience in the 1935 Amendment Ordinance of Ceylon might as well be incorporated in the present bill. The counterfoil should be countersigned by the pawner or the person authorised by him.

2. With a view to discover frauds, the pawn-broker should be obliged to retain the redeemed pawn tickets for twelve months from the date of redemption.

3. The back of the foil delivered to the pawner should contain the rules regarding profits and charges allowed.

4. The next difficulty arises in the inspection of the pledge with a view to its sale to a third party. The pawnee ordinarily demands payment before showing the pledge. The pawner could not repay the loan unless he sold his pledge to a third party who wants to see the jewel and buy it. There should be provision in the bill for inspection of the pledge for such bonafide purposes.

5. The pledger should also have the right to inspect the article and satisfy himself regarding damage or depreciation. Stated hours may be prescribed and a fee may be charged for inspection.

6. The bill should have detailed provisions regarding redemption of pledges. The English Act declares small pledges as the property of the pawnee if not redeemed within one year. A provision may be added that the surplus realised in auctions should be returned to the pawner.

7. The maximum period during which a pawner should not be compelled to redeem should be prescribed.

8. There should be provision for days of grace.

9. The article should be redeemable until it has been sold to a third party in public auction.

10. There should be provision for a prompt delivery of the redeemed article on repayment of the loan. And if the pawn-broker evades receipt of the amount, the pawner should have the right to deposit it in Court.

11. Transfer of pledges and sub-pledges are made between the small sowcar and the big sowcar. Sometimes the small sowcar is made to restore the pledged article as he has sub-pledged it along with other articles for a lump sum to a big sowcar. Prohibition of these pledges will bar the free flow of money. It would be sufficient if there was provision in the law that the rights and remedies available to the pawner against the pawnee were also available against the transferee after due notice is given by Pawner.

7. Sale of unredeemed articles.

1. The bill has made provision to prevent the purchase of the pawned article except at a public auction. It further states in Cl. 14.7. that a pawn-broker shall be punished if he sells or otherwise disposes of any pledge pawned with him except at such time and in such manner as is authorised by this Act." But rules of public auction have not been defined. Nor the bill has authorised the time and manner of disposal of pledges.

Abuses in auction should be prevented and a fair price assured for the article. The following provisions may be suitably introduced under rules in this respect:

(*a*) Only auctioneers or public servants recognised or approved by Government should conduct the auction.

(*b*) Articles must be exhibited at the auction place at least for three days.

(*c*) Rules should state the effective method of advertisement.

(*d*) Abuses regarding sales should be specified as offences as in the English Act and there should be provision for some fine as punishment for such offences.

2. The offences as to sales noted in the English Act may also be introduced in the present Act.

3. It is not sufficient if provision is made merely for handing over the surplus on demand. The surplus realised should be paid forthwith to the debtor. If the address of the latter is unknown, then the amount should be deposited with a prescribed authority or Bank, approved for the purpose. If within three years no party claims the amount, it should lapse to the State.

8. Summary and cheap remedies.

In order to safeguard the pawner's interests, the Bill should provide for cheap and summary proceedings to be instituted in the court as an application on a twelve-anna stamp paper. What a debtor would like to know are not complicated matters of law, he wants only protection from being either owing to his ignorance or the superior capacities of his creditor. He wants to know the state of his accounts, to get a proper receipt for his payments, to inspect his pledge, to redeem it before the due date from the pawnee or his transferee, to be compensated in case of fire or depreciation of pledge, to be protected against abuses in public auctions, and to get back any surplus realised in such sales. He should have the right to apply to the court in respect of all these matters and to get remedies.

9. Miscellaneous.

1. It is rather surprising that, in a bill intended to regulate pawn-broking, Local Government should take power to withdraw it from any area after some period as if the necessity for maintaining accounts or safeguarding the interests of the debtor in respect of the pawned article will disappear after sometime in such areas. The words "and may cancel or modify any such notification" may be therefore omitted.

2. The liability of a pawn-broker in case of loss of pledge by fine, as fixed in clause 11, requires modification. The pawner should be entitled to get the full proved value of the pledge after deducting the amount of principal and interest and charges due to the pawn-brokers. The valuation mentioned in the clause, *viz.*, the amount of principal, and interest and 25 per cent of the amount of principal

should be fixed only as the minimum value to be paid, when there is no other satisfactory evidence of the real value of the pledge.

Clause 12 should make it clear that the pawner may apply to the court instead of instituting a suit by the method of application for compensation for depreciation of pledge.

3. Clause 15 (2) should make it clear that where a pawner detains a pledger and seizes an article as suspicious which prove to be unfounded, some fine should be imposed on the pawner on the lines of Section 47 of the English Act.

4. It should be made clear in clause 18 which empowers the police to arrest without warrant that the words 'in his view' mean only in his personal presence.

5. As soon as an area is notified as coming under the provisions of the bill, clause 23. says that the provision of the Act would apply to loans advanced as a pledge after the expiry of three months from the date of application of the notification. Does this clause mean that the provisions of the Act will not apply to transactions relating to loans advanced before this date? While it is perfectly justifiable that no money-lender should be charged for any irregularities committed before the commencement of the Act, there can be no reason for excluding from the jurisdiction of the court such acts of a money-lender as will constitute offences under the Act under certain sections and committed after the commencement of the Act, simply because the loans were issued before its commencement.

6. Clause 20 (3) should be amended giving at least six weeks' time for sending objections and suggestions to rules.

APPENDICES

A

Provisions in the Bombay Money-lenders' Bill; refusal of licenses.

Licenses are to be freely given except on the following grounds :-

(*a*) The competent court must have disqualified the applicant from holding a license.

(*b*) The application for license does not comply with the provisions of the Act and its rules.

(*c*) The applicant should have wilfully defaulted in complying with the requirements of the Act.

(*d*) He should have knowingly defaulted in or connived at any fraud or dishonesty in the conduct of his business.

(*e*) He should have been guilty of the following offences under the Indian Penal Code.

Theft of property (ch. 17), fraudulent cancellation, destruction etc., of will, authority to adopt or valuable security (Sec. 477), punishment for forgery (Sec. 465), and falsification of accounts (Sec. 477A.)

B

The cancelling authority.

According to the Punjab Money Lenders' Act of 1938 discretion is left to the Collector regarding the period for which a license may be cancelled. But the nature and number of offences for which the court should have convicted the money-lender for cancelling his license are specified.

Under the Bihar Act the court should find a registered money-lender guilty of fraud or of having contravened the provisions of the Act or unfit to carry on the business of money-lending during a suit. If it is of such an opinion, then it is bound to make a report to the Collector who may cancel the certificate for a period not exceeding five years (Sec. 19.)

C

Disallowance of costs and interest in suits—How far helpful in compelling maintenance of accounts, delivery of receipts, etc ?

Sections relating to maintenance of accounts have proved a dead letter in the U.P. So also the provisions in the Deccan Agriculturists' Relief Act. The Civil Justice Report of the Central Provinces for 1937 says that there were only a few cases of this class that came before the courts.

The following are extracts from the civil justice reports of the Punjab for 1935 and 1936. "Village money-lenders generally disregard Sec. 3, which enjoins on them to maintain accounts. Consequently there is an increase in the number of contested cases." "As an average money-lender does not keep accounts and as he knows that he will not be allowed interests and costs, he tries to settle disputes outside court and this is one of the many causes of decrease in the institution of suits for debt."

The Punjab Civil Justice report for 1937 says that some district judges report that in order to escape the penalties provided by the Act for failure to comply with its provisions, there is a general tendency to have pronotes or bahi entries executed for twice or thrice the amount actually advanced."

D

PERIODICAL INSPECTION.

The following extract from the Servant of India July 28, 1938 on the Bombay Money-lenders' Bill by Mr. D. R. Gadgil (P. 360) shows the value of inspection of accounts.

Even in the United States with the varied philanthropic help and social service activities available, it has been found necessary to set up in each State a supervisor of Loan Agencies. It is instructive that some of these supervisors have felt it desirable to let the borrowers know of the legal aid and protection available to them by getting printed on the receipt which every borrower has to get from the lender, the following. 'For information or complaint consult the Supervisor of Loan Agencies'. We are aware that the possibilities of inefficiency or corruption may be urged against the proposal of setting up an official supervisory agency. But in these matters there is no half-way house. Paternal legislation of this kind necessarily means enforcement through administrative machinery. In these matters experience has also often proved that no legislation is better than legislation in an inadequate or lop-sided manner."

The statutory report of the Reserve Bank of India for 1937 says :—"We suggest further that apart from penalties which might be prescribed in such legislation for violation of its provisions a procedure should also be devised for the inspection of the accounts of money-lenders. This will impose a salutory check which will be more effective in eliminating mal-practices than any other sanctions."

The Pawn-broker's Bill, 1940.

A Bill to regulate and control the business of Pawn-brokers in the Province of Madras.

WHEREAS it is expedient to make provisions for the regulation and control of the business of pawnbrokers in the Province of Madras;

AND WHEREAS the Governor of Madras has, by a Proclamation under section 93 of the Government of India Act, 1935, assumed to himself all powers vested by or under the said Act in the Provincial Legislature;

26 Geo. 5, Ch. 2.

NOW, THEREFORE, in exercise of the powers so assumed to himself, the Governor is pleased to enact as follows:—

Short title, extent and commencement.

1. (1) This Act may be called the Madras Pawn-brokers Act, 1940.

(2) It extends to the whole of the Province of Madras.

(3) This section shall come into force at once, and the Provincial Government may, from time to time, by notification in the *Fort St. George Gazette*, apply the remaining provisions of this Act to the whole or any portion of the Province of Madras from such date as may be specified in the notification, and may cancel or modify any such notification.

Definitions.

2. In this Act, unless there is anything repugnant in the subject or context—

(1) "City of Madras" includes all places within the local limits of the ordinary original jurisdiction of the High Court of Judicature at Madras;

(2) "Commissioner of Police" means the Commissioner of Police for the City of Madras appointed under section 5 of the Madras City Police Act, 1888, or any person appointed by the Provincial Government to perform the duties of the Commissioner of Police under this Act; Madras Act III of 1888.

(3) "company" means a company—

(*a*) registered under any of the enactments relating to companies for the time being in force in the United Kingdom or in any of the British Dominions, or in any of the Colonies or Dependencies of the United Kingdom, or in British India, or in any State in India; or

(b) incorporated by an Act of Parliament or by Royal Charter or Letters Patent or by any Act of the Indian Legislature;

(4) "co-operative society" means a society registered or deemed to be registered under the Madras Co-operative Societies Act, 1932; Madras Act VI of 1932.

(5) "interest" does not include any sum lawfully charged in accordance with the provisions of this Act by a pawnbroker for or on account of charges, but save as aforesaid, includes any amount, by whatsoever name called, in excess of the principal, paid or payable to a pawnbroker in consideration of or otherwise in respect of a loan;

(6) "loan" means an advance of money or in kind at interest, and includes any transaction which the Court finds in substance to amount to such an advance, but does not include—

(i) a deposit of money or other property in a Government Post Office Savings Bank or in a company or with a co-operative society;

(ii) an advance made by a company or a co-operative society;

(iii) an advance made by Government or by any person authorized by Government to make advances in their behalf, or by any local authority;

(iv) an advance made by any person *bona fide* carrying on any business, not having for its primary object the lending of money, if such loan is advanced in the regular course of such business; and

(v) an advance made by a landlord to his tenant, by a lessor to his lessee, or by one partner in cultivation or co-sharer to another for the purpose of carrying on agriculture;

(7) "pawnbroker" means a person who carries on the business of taking goods and chattels in pawn for a loan.

Explanation.—Every person who keeps a shop for the purchase or sale of goods or chattels and who purchases goods or chattels and pays or advances thereon any sum of money, with or under an agreement or understanding expressed or implied that the goods or chattels may be afterwards repurchased on any terms is a pawnbroker within the meaning of this clause;

(8) "pawner" means a person delivering an article for pawn to a pawnbroker;

(9) "pledge" means an article pawned with a pawnbroker;

(10) "prescribed" means prescribed by rules made under this Act;

(11) "principal" in relation to a loan means the amount actually lent to the pawner;

(12) "Superintendent of Police" means a District Superintendent of Police, appointed under the Madras District Police Act, 1859, or any person appointed by the Provincial Government to perform the duties of the Superintendent of Police for the purposes of this Act; and XXIV of 1859.

(13) "year" means the financial year.

Pawnbroker to obtain licence annually.

3. (1) No person shall, after the expiry of three months from the date on which the provisions of this Act (other than section 1) come into force in any area, carry on or continue to carry on business as a pawnbroker at any place in such area, unless he has obtained a pawnbroker's licence under this Act.

Explanation.—Where a pawnbroker has more than one shop or place of business, whether in the same town or village or in different towns and villages, he shall obtain a separate pawnbrokers' licence in respect of each such shop or place of business.

(2) Every pawnbrokers's licence granted under this Act shall expire on the last day of the year for which it was granted, but may be renewed from year to year.

Grant and refusal of licences.

4. (1) Every application for a pawnbroker's licence shall be in writing and shall be made—

(a) if the shop or place of business for which the licence is applied for is situated in the City of Madras, to the Commissioner of Police or to any of the Gazetted officers subordinate to, and authorized by, the Commissioner; and

(b) if such shop or place of business is situated at any place outside the City of Madras, to the Superintendent of Police of the district in which the shop or place of business is situated or to any of the Gazetted officers subordinate to, and authorized by, the Superintendent.

(2) The licence shall not be refused except on one or both of the following grounds, namely:—

(a) that the applicant has failed to produce satisfactory evidence of good character; and (*b*) that the shop or place at which he intends to carry on the business of a pawnbroker or any adjacent house or shop or place, owned or occupied by him, is frequented by thievs or or persons of bad character.

(3) Every licence shall be granted in such form and subject to such conditions as may be prescribed and on payment of such fee not exceeding twenty-five rupees as the Provincial Government may, from time to time, by notification in the *Fort St. George Gazette*, determine.

Pawn-brokers to exhibit their names over shops, etc.

5. Every pawn-broker shall—

(*a*) always keep exhibited in large characters over the outer door of his shop or place of business his name with the word Pawn-broker, in the chief language of the locality: and

(*b*) always keep placed in a conspicuous part of his shop or place of business so as to be legible to all persons resorting there to the information required to be printed on pawn-tickets by rules made under this Act, in the chief language of the locality.

Interest and charges allowed to pawn-brokers.

6. (1) No pawnbroker shall charge interest in respect of a loan on a pledge at a rate exceeding six and a quarter per cent. per annum simple interest, that is to say, at a rate exceeding one pie per rupee per mensem simple interest, or one anna per rupee per annum simple interest.

(2) A pawnbroker may demand and take from the pawner such charges and in such cases as may be prescribed.

(3) A pawnbroker shall not demand or take from the pawner any profit, interest, charge or sum whatsoever, other than the interest due to him and the charges, if any, referred to in sub-section (2).

Pawn-ticket to be given to pawner.

7. Every pawnbroker shall on taking a pledge in pawn give to the pawner a pawn-ticket in the prescribed form, and shall not take a pledge in pawn unless the pawner takes the pawn-ticket.

Person producing pawn-ticket presumed to be entitled to redeem the pledge.

8. (1) The holder for the time being of a pawn-ticket shall be presumed to be the person entitled to redeem the pledge, and subject to the provisions of this Act, every pawnbroker shall, on payment of the principal and interest, deliver the pledge to the person producing the pawn-ticket, and he is hereby indemnified for so doing.

(2) Except as otherwise expressly provided in this Act, a pawnbroker shall not be bound to deliver back a pledge unless the pawn-ticket for it is delivered to him.

Protection of owners and of pawners not having pawn-tickets

9. (1) The following provisions shall have effect in respect of loans not exceeding two hundred and fifty rupees in each case, for the protection of owners of articles pawned, and of pawners not having their pawn-tickets to produce:—

(*a*) Any person claiming to be the owner of a pledge but not holding the pawn-ticket, or any person claiming to be entitled to hold a pawn-ticket, but alleging that the same has been lost, mislaid, destroyed, or stolen, or fraudulently obtained from him, may apply to the pawnbroker for a printed form of declaration (which shall be in the prescribed form), which the pawnbroker shall deliver to him.

(*b*) If the applicant delivers back to the pawn-broker the declaration duly made before any Magistrate or Judge by the applicant and by a person identifying him, the applicant shall have, as between himself and the pawn-broker, all the same rights and remedies as if he had produced the pawn-ticket:

Provided that such a declaration shall not be effectual for that purpose unless it is duly made and delivered back to the pawnbroker not later than on the third day after the day on which the form was delivered to the applicant by the pawnbroker.

(*c*) The pawnbroker is hereby indemnified for not delivering the pledge to any person until the expiration of the period aforesaid.

(*d*) The pawnbroker is hereby further indemnified for delivering the pledge or otherwise acting in conformity with the declaration, unless he has had notice within the meaning of the Transfer of Property Act, 1882, that the declaration was fraudulent or was false in any material particular. IV of 1882.

(2) Any person making a declaration under sub-section (1), either as an applicant or as identifying an applicant, knowing the same to be false in any material particular, shall be punished with imprisonment for a term which may extend to one hundred rupees or with both.

Pawn-brokers to keep books, give receipts, etc.

10. (1) Every pawnbroker shall—

(*a*) regularly record and maintain or cause to be recorded and maintained in a pledge book in the prescribed form, an account showing for each pawner separately—

(i) the date of the loan, the amount of the principal of the loan, and the rate of interest charged on the loan per cent. per annum or per rupee per mensem or per rupee per annum.

(ii) the amount of every payment received by the pawnbroker in respect of the loan, and the date of such payment;

(iii) a full and detailed description of the article or of each of the articles taken in pawn;

(iv) the time agreed upon for the redemption of the pawn; and

(v) the name and address of the pawner, and where the pawner is not the owner of the article or of any of the articles pawned, the name and address of the owner thereof;

(*b*) keep and use in his business the following documents and books (which shall be in the prescribed form) and enter therein from time to time, as occasion requires, in a fair and legible manner such particulars and in accordance with such directions as may be prescribed :—

(i) Pawn ticket;

(ii) Sale book of pledges;

(iii) Declaration where pledge is claimed by owner;

(iv) Declaration of pawn ticket lost; and

(v) Receipt on redemption of pledge;

(*c*) give to the pawner or his agent a receipt for every sum paid by him, duly signed and, if necessary, stamped at the time of such payment; and

(*d*) on requisition in writing made by the pawner furnish to the pawner or, if he so requires, to any person mentioned by him in that behalf in his requisition, a statement of account signed by himself or his agent, showing the particulars referred to in clause (*a*) and also the amount which remains outstanding on account of the principal and of interest, and charge such sum as the Provincial Government may prescribe as fee therefor.

(2) All records or entries made in the books, accounts and documents referred to in sub-section (1) shall be either in English or in such language of the locality as may be prescribed; and all such books, accounts and documents and all pledges taken by the pawnbroker shall be open to inspection at any time by any Police Officer not below the rank of Head Constable.

(3) Notwithstanding anything contained in the Indian Evidence Act, 1872, a copy of the account referred to in clause (*a*) of sub-section (1), certified I of 1872.

in such manner as may be prescribed, shall be admissible in evidence in the same manner and to the same extent as the original account.

(4) A pawner to whom a statement of account has been furnished under clause (*d*) of sub-section (1) and who fails to object to the correctness of the account shall not, by such failure alone, be deemed to have admitted the correctness of such account.

(5) In the pawn-ticket furnished to the pawner, in the receipt given under clause (*c*) of sub-section (1) and in the statement of account furnished under clause (d) of that sub-section, the figures shall be entered only in Arabic numerals.

Liability of pawnbroker in case of fire.

11. (1) Where a pledge is destroyed or damaged by or in consequence of fire, the pawnbroker shall nevertheless be liable, on application made within the period during which the pledge would have been redeemable, to pay the value of the pledge, after deducting the amount of the principal and interest, such value to be the amount of the principal and interest and twenty-five per cent on the amount of the principal.

(2) A pawnbroker shall be entitled to insure to the extent of the value so estimated.

Compensation for depreciation of pledge.

12 If a person entitled and offering to redeem a pledge shows to the satisfaction of a Civil Court having jurisdiction to entertain a suit for such redemption that the pledge has become or has been rendered of less value than it was at the time of pawning thereof by or through the default, neglect or wilful misbehaviour of the pawnbroker, the Court may, if it thinks fit, award reasonable compensation to the owner of the pledge in respect of the damage, and the amount awarded shall be deducted from the amount payable to the pawnbroker, or shall be paid by the pawnbroker (as the case requires) in such manner as the Court directs.

Pawnbroker advancing smaller amount or receiving higher interest than that specified in accounts to be punishable.

13. (1) Any pawnbroker who actually advances an amount less than that shown in the pawn-ticket or in his accounts or registers or who takes or receives interest or any other charge at a rate higher than that shown in the pawn-ticket or in his accounts or registers shall be punished with fine which may extend to five hundred rupees.

(2) If a pawnbroker is convicted of an offence under sub-section (1) after having been previously convicted of such an offence, the Court convicting him may order his licence as a pawnbroker to be cancelled.

Certain other acts of pawnbrokers to be punishable.

14. A pawnbroker who—

(1) takes an article in pawn from any person appearing to be under the age of fourteen years, or to be intoxicated; or

(2) purchases or takes in pawn or exchange a pawn-ticket issued by another pawnbroker; or

(3) employs any person under the age of sixteen years to take pledges in pawn; or

(4) under any pretence purchases, except at a public auction, any pledge while in pawn with him; or

(5) suffers any pledge while in pawn with him to be redeemed with a view to his purchasing it; or

(6) makes any contract or agreement with any person pawning or offering to pawn any article, or with the owner thereof, for the purchase, sale or disposition thereof within the time of redemption; or

(7) sells or otherwise disposes of any pledge pawned with him except at such time and in such manner as is authorised by this Act;

shall be punished with imprisonment for a term which may extend to six months or with fine which may extend to one hundred rupees or with both.

Certain acts of pawners to be punishable.

15. (1) Any person who—

(*a*) offers to a pawnbroker an article by way of pawn, being unable or refusing to give a satisfactory account of the means by which he became possessed of the article; or

(*b*) wilfully gives false information to a pawnbroker as to whether an article offered by him in pawn to the pawnbroker is his own property or not, or as to his name and address or as to the name and address of the owner or the article; or

(*c*) not being entitled to redeem, and not having any colour of title by law to redeem, a pledge, attempts or endeavours to redeem the same;

shall be punished with imprisonment for a term which may extend to six months or with fine which may extend to one hundred rupees or with both.

(2) In every case falling under sub-section (1), and also in any case where, on an article being offered in pawn, for sale, or otherwise, to a pawnbroker he reasonably suspects that it has been stolen or otherwise illegally or clandestinely obtained, the pawnbroker shall, in the absence of reasonable excuse, inquire into the name and address of the person concerned, and seize and detain such person and the article, if any, and forthwith communicate to the nearest police station the facts of the case and shall deliver the person and the article, if any, seized to the police.

(3) A list of properties believed to have been stolen may be delivered by the police to any pawnbroker licensed under this Act and thereupon it shall be the duty of such pawnbroker—

(*a*) if any article answering the description of any of the properties set forth in any such list is offered to him in pawn, for sale, or otherwise to proceed in accordance with the provisions of sub-section (2); and

(*b*) if any such article is already in his possession forthwith to communicate to the nearest police station the facts of the case (including full particulars as to the name and address of the person concerned in the delivery of the article to the pawnbroker) and also, if so required by the police, to deliver the article to them.

General penalty to contravention of act etc.

16. (1) Whoever contravenes any of the provisions of this Act or of any rule or of any terms or conditions of a licence made or granted thereunder shall, if no other penalty is elsewhere provided in this Act for such contravention, be punished with fine which may extend to fifty rupees and, if such person has been previously convicted whether under this section or any other provision contained in this Act, with fine which may extend to one hundred rupees.

(2) Any person who after having been convicted of the offence of carrying on, or continuing to carry on, the business of pawnbroker in contravention of the provisions of sec. 3, continues to commit the same offence in the same year, shall in addition to the fine to which he is liable under sub-section (1), be punished with a further fine which may extend to ten rupees for each day after the previous date of conviction during which he continues so to offend.

(3) Any Court convicting a pawnbroker of a contravention of the provisions of clause (*c*) or clause (*d*) of subsection (1) of section 10, may direct him to furnish a receipt or statement of account in accordance with the provisions of that clause, and if the pawnbroker fails to comply with the direction, the Court may order his licence as a pawnbroker to be cancelled.

Jurisdiction to try offences.

17. No Presidency Magistrate not being a salaried Presidency Magistrate and no other Court inferior to that of a Magistrate of the second class shall try any offence against this Act.

Arrest without warrant.

18. Any Police officer may arrest without a warrant any person committing in his view an offence against this Act.

Contracts not to be void on account of offences but interests and costs not to be allowed in certain cases

19. Where a pawnbroker is guilty of an offence against this Act (not being an offence against any provision of this Act relating to licences), any contract of pawn or other contract made by him, in relation to his business of pawnbroker, shall nevertheless not be void by reason only of that offence, nor shall he by reason only of that offence, lose his lien on or right to the pledge or to the loan and the interest and other charges if any, payable in respect thereof:

Provided that if a pawnbroker fails to deliver to the pawner a pawn-ticket as required by section 7 or fails to give to the pawner or his agent a receipt as required by clause (*c*) of sub-section (1) of section 10 or to furnish on a requisition made under clause (*d*) of that sub-section, a statement of account as required therein within one month after such requisition has been made, the pawnbroker shall not be entitled to any interest for the period of his default:

Provided further that if in any suit or proceeding relating to a loan, the Court finds that a pawnbroker has not maintained accounts as required by clause (*a*) or clause (*b*) of sub-section (1) of section 10, he shall not be allowed his costs.

Power to make rules.

20. (1) The Provincial Government may, after previous publication, make rules to carry out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for—

(*a*) all matters expressly required or allowed by this Act to be prescribed;

(*b*) the form of, and the particulars to be contained in, an application for a pawnbroker's licence under this Act; and

(*c*) the form in which books, accounts and documents specified in this Act shall be recorded, maintained, kept or used.

(3) All rules made under this section saall be published in the *Fort St. George Gazette* and on such publication shall have effect as if enacted in this Act.

Amendment of Madras Act VII of 1935.

21. (1) In clause (2) of section 2 of the Madras Debtors' Protection Act, 1934, the words and figures "and includes a life assurance company to which the Indian Life Assurance Companies Act, 1912, applies" shall be omitted.

Madras Act VII of 1935.

VI of 1912.

(2) In any area to which the provisions of this Act have been applied by a notification under sub-section (3) of section 1, the provisions of the Madras Debtors' Protection Act, 1934, shall, after the expiry of three months from the date of such application and so long as such notification remains in force, have effect subject to the following modifications, namely:—

Madras Act VII of 1935.

(i) in section 2, in clause (5), the words "including a pawnbroker" shall be omitted;

(ii) in the same section, clauses (8) and (9) shall be omitted, and clauses (10) and (11) shall be renumbered as clauses (8) and (9) respectively;

(iii) section 4 shall be omitted;

(iv) in section 5, after the word and figure "section 3" the word "and" shall be inserted, and the words, brackets and figures "and in the copy of the entries to be delivered under sub-section (2) of section 4" shall be omitted;

(v) in sub-section (1) of section 6, the words, brackets and figures "or by sub-section (1) of section 4" shall be omitted;

(vi) in sub section (2) of the same section, the words, brackets and figures "or if a pawnbroker fails to deliver to the pawner, a copy of the entries as required by sub section (2) of section 4" shall be omitted;

(vii) in sub-section (2) of section 8, the word "and" shall be inserted at the end of clause (*a*) and omitted from the end of clause (*b*);

(viii) in the same sub-section, clause (*c*) shall be omitted; and

(ix) after section 8, the following section shall be added, namely:—

Saving.

"9. Nothing contained in this Act shall be deemed to apply to pawnbrokers, that is to say, to persons who carry on the business of taking goods and chattels in pawn for a loan."

Amendment of Madras Act III of 1888.

22. (1) If the provisions of this Act have been applied to the City of Madras by a notification under sub-section (3) of section 1, section 28 of the Madras City Police Act, 1888, shall, after the expiry of three months from the date of such application and so long as such notification is in force, have effect as if the word "pawnbroker" occurring in four places therein and the words "in pawn" were omitted.

Madras Act III of 1888.

(2) Nothing contained in this Act shall be deemed to exempt pawnbrokers from the operation of section 66 of the Madras City Police Act, 1888.

Madras Act III of 1888.

Savings.

23. Nothing contained in this Act shall apply to any loan advanced on a pledge in any area to which the provisions of this Act have been applied by a notification under sub-section (3) of section 1 before the expiry of three months from the date of such application, and notwithstanding anything contained in section 21 of this Act, the provisions of the Madras Debtors' Protection Act, 1934, as they stood before such application, shall continue to apply to any such loan.

Madras Act VII of 1935.

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to regulate and control the business of pawnbrokers in this Presidency. Many pawnbrokers, especially in urban areas, are suspected of receiving stolen property, and there is a marked reluctance on their part to reveal the sources from which property is received by them. The account books of some pawnbrokers are now written in a script not current in this Presidency, and this adds considerably to the difficulty of preventing them from making an illegitimate use of their position. The Government consider that the time has now arrived for legislation requiring pawnbrokers to take out licences and subjecting tneir operations to a due measure of control on the lines of the English Pawnbrokers Act, 1872 (35 and 36 Vict. Ch. 93).

2. The provisions of the Bill will extend only to such portions of the Presidency as may be notified by the Government from time to time. The Government will also have power to withdraw the provisions from any area to which they have been extended, if necessity for such withdrawal is felt subsequently.

3. No person can carry on business as a pawnbroker after a period of three months from the date on which the Bill is brought into force in any area, unless he obtains a licence from the Commissioner of Police in the City of Madras and from the District Superintendent of Police in the mufassal. The Commissioner or the District Superintendent may delegate the power of issuing licences to any Gazetted officer subordinate to him. Licences will not be issued if the applicants fail to produce satisfactory evidence of good character or if the shops or other places in which they intend to carry on business are frequented by thieves or persons of bad character: A separate licence is necessary in respect of each shop or place of business of a pawnbroker. The licence will be an annual one but may be renewed from year to year, It will be in such form and subject to such conditions as may be prescribed by the Government. A fee not exceeding Rs. 25 per annum is to be charged for the licence.

4. Advances made by the Government or any local authority, by a company or a co-operative society, by any person *bona fide* carrying on business not having for its primary object the lending of money, by a landlord to his tenant, by a lessor to his lessee, and by one partner in cultivation or co-sharer to another for the purpose of carrying on agriculture have been excluded from the scepe of the Bill on the analogy of section 2(7) of the Madras Debtor's Protection Act, 1934 (Madras Act VII of 1935.)

5. The interest which may be charged by pawnbrokers is limited to 6¼ per cent per annum simple interest. Pawnbrokers will also be entitled to recover charges in such cases and at such rates as may be prescribed by the Government. Pawnbrokers are required to keep all their books, accounts and documents either in English or in such language of the locality as may be prescribed.

6. In other respects, the Bill follows mainly the provisions of the English Pawnbrokers Act.

7. Suitable amendments have been made in the Madras Debtors' Protection Act 1934, and the Madras City Police Act, 1888. These amendments will be in force in the areas to which the provisions of the Bill have been extended by notification, and so long as such notification is in force.

8. The notes on clauses explain in detail the object of the more important clauses of the Bill.

NOTES ON CLAUSES.

Clause 2 (1).—This incorporates the definition of "City of Madras" contained in section 5 of the Madras City Police Act, 1888 (Madras Act III of 1888).

Clause 2 (3).—This is based on the definition of "company" found in section 2 (2) of the Madras Debtors' Protection Act, 1934 (Madras Act VII of 1935). The last paragraph of that definition which refers to "a life assurance company to which the Indian Life Assurance Companies Act, 1912, applies" has however been omitted in view of the Insurance Act, 1938 (India Act IV of 1938), which has been recently enacted.

Clause 2(5).—This is based on the definition of "interest" in section 2 (6) of the Madras Debtors' Protection Act.

Clause 2 (7).—The definition of " pawnbroker" follows section 2 (8) of the Madras Debtor's Protection Act. The Explanation is modelled on section 6 of the English Pawnbrokers Act (35 and 36 Vict. Ch. 93.)

Clause 2 (8).—This follows the definition of " pawner " contained in section 2 (9) of the Madras Debtors' Protection Act.

Clause 3.—The Explanation to sub clause (1) makes it clear that a separate pawnbroker's licence should be obtained in respect of each shop or place of business of the pawnbroker.

Clause 4.—Sub-clause (2) is based on section 43 of the English Act.

Clause 5.—This is based on section 13 of the English Act.

Clause 6.—Sub-clause (1) limits the interest to be charged to 6¼ per cent per annum simple interest. Sub clauses (2) and (3) are based on section 15 of the English Act and prohibit the receipt of any profit except (*a*) interest and (*b*) prescribed charges.

Clause 7.—This provides for a pawn-ticket being given in all cases and is based on section 14 of the English Act.

Clause 8.—This provides that the person producing the pawn ticket shall ordinarily be deemed to be entitled to redeem the pledge. It is based on sections 25 and 26 of the English Act.

Clause 9.—This makes provision for the case of owners of the property pledged and of pawners who have lost or mislaid their pawn-tickets and is based on section 29 of the English Act. The clause is limited to loans not exceeding Rs. 250 in each case.

Clause 10 (1).—This provides for keeping of accounts and other books by pawnbrokers and their furnishing receipts and statements of accounts. The sub-clause is based on section 12 of the English Act and the 3rd Schedule thereto and also on sections 3 (1) and 4 (1) of the Madras Debtors' Protection Act, 1934.

Clause 10 (2). This provides for the pawnbroker keeping his books, accounts and documents either in English or in such language of the locality as may be prescribed and for the inspection of the books, accounts and documents and the pledges taken by the pawnbroker by any Police officer not below the rank of head constable.

Clause 10 (3), (*4*) and (*5*). These are based on sections 3 (2), (3) and 5 respectively of the Madras Debtors' Protection Act.

Clause 11.—This provides for the liability of the pawnbroker in case the pledge is destroyed by fire and is based on sec. 27 of the English Act.

Clause 12. This provides for compensation to the pawner in case the pledge becomes depreciated on account of the default or neglect of the pawnbroker and is based on section 28 of the English Act.

Clause 13.—This penalizes a pawnbroker who advances a smaller amount than that shown in the pawn-ticket or in his accounts or registers or who takes or receives interest or other charges at a rate higher than that shown therein. A repetition of the offence

may entail the cancellation of the pawnbroker's licence. The provisions of this clause are in part based on section 38 of the English Act.

Clause 14.—This penalizes certain acts of the pawnbroker and is based for the most part on section 32 of the English Act.

Clause 15.—*Sub-clause* (1) makes certain acts of pawners punishable and is based on section 34 of the English Act.

Sub-clause (2) provides for the seizure by a pawnbroker of any article offered to him in pawn, for sale or otherwise, if the pawnbroker believes it to be stolen or otherwise illegally or clandestinely obtained, and also for the detention of the person offering such article. A report is to be made at the nearest police station where the person and the article seized are to be delivered to the Police.

Sub-clause (*3*) provides for the delivery of a list of stolen properties to pawnbrokers by the Police and for the pawnbroker seizing any such article, if offered to him, and detaining the person offering it, making a report to the Police, etc., as provided in sub-clause (2). This is based on section 28 of the Madras City Police Act, 1888. In addition, provision is also made for the procedure to be followed if the stolen article is already in the possession of the pawnbroker.

Clause 16.—*Sub-clause* (1) provides a penalty for contraventions of the Bill for which no penalty is provided elsewhere in the Bill.

Sub-clause (2) provides for the imposition of an additional daily fine where a pawnbroker's business is carried on in contravention of the provisions of clause 3 of the Bill.

Sub-clause (*3*) provides for a Court which convicts a pawnbroker for failure to furnish a receipt or statement of account directing the pawnbroker to furnish such receipt or statement. If the account is not furnished, the pawnbroker's licence may be cancelled by the Court.

Clause 17 provides that only salaried Presidency Magistrates and Courts not inferior to the Court of a Magistrate of the second class shall try offences against the Bill.

Clause 18 empowers police officers to arrest without warrant persons committing in their view offences againt the Bill.

Clause 19.—This provides that the fact that a pawn-broker is guilty of an offence against the Act will not render the contract of pawn void, unless the offence is one against the provisions of the Bill relating to licences.

The two provisos are based on sections 6 (2 and 6 (1 respectively of the Madras Debtors' Protection Act, 1934, and provide that the pawnbroker shall not be entitled to interest or to costs in the cases referred to therein.

Clause 20.—This gives power to the Government to make rules.

Clause 21 *and* 22.—These make consequential amendments in the Madras Debtors' Protection Act, 1934, and the Madras City Police Act, 1888, respectively.

Clauses 23.—This makes it clear that loans advanced on pledges before the Bill comes into operation will be governed not by the Bill but by the pre-existing law.

(By order of His Excellency the Governor)

P. APPU NAIR,
Secretary to Government, Legal Department.