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Editorial Notes.

Remittance Facilities for Co-operative Banks.

We publish elsewhere in this issue the memorandum sent to us by the Madras Provincial Co-operative Bank setting out the history of the remittance facilities enjoyed by the co-operative banks all over India hitherto and the proposals embodied in the booklet of the Reserve Bank of India on remittance facilities in India and Burma. We also publish the memorandum on the subject submitted by the Bombay Co-operative Banks' Association to the Reserve Bank of India and an extract from the September 1940 issue of the *Bombay Co-operative Quarterly*. The Reserve Bank wholly withdraws the concession of free transfer of funds even for bona fide co-operative transactions through treasuries and sub-treasuries of Government hitherto enjoyed by co-operative societies. In regard to remittances for inland exchange or banking business other than bona fide co-operative purposes, co-operative banks were quoted terms on the same scale as those prescribed for the general public. In the scale of rates now published by the Reserve Bank, the rates for remittances by co-operative banks are the same as those prescribed for scheduled banks and approved indigenous bankers. The minimum charge fixed for transfer of funds for co-operative banks is Rs. 0-4-0 while for scheduled banks it is Re. 1 for sums up to Rs. 5,000 and Rs. 3-2-0 over that that figure. But there is one important respect in which co-operative banks have been differentiated from the scheduled banks. It is in regard to transfers of funds free of charge or at special concession rates from the accounts of the scheduled banks with the offices, branches or agencies of the Reserve Bank from one account to another account of the same bank. Co-operative banks, where they have branches, can avail themselves of these facilities if they are extended to them. These are important concessions, and there is no reason why in respect of such facilities co-operative banks should be classed with indigenous bankers and not with scheduled banks. The memorandum of the Madras Provincial Co-operative Bank sets out in detail the provisions of the new scheme of the Reserve Bank and shows how the co-operative banks suffer under the new scheme.

It is surprising that the Reserve Bank should have brought into force its revised scheme from 1st October 1940 without even consulting the Provincial and Central Co-operative Banks in India, which are seriously affected by the change. The Agricultural Credit Department of the Reserve Bank has so far shown no inclination to come into contact with either the co-operative institutions or co-operators in several provinces for evolving any constructive scheme of agricultural credit. The Department has been content with issuing bulletins criticising the movement and propounding theories which have very little relation to the realities of the situation the peculiar feature of rural credit or the differing conditions of the various provinces in regard to co-operative credit.

In regard to free remittance facilities to co-operative societies, the Maclagan Committee, the Townsend Committee, Madras, the Indian Central Banking Enquiry Committee and the recent Madras Committee on Co-operation were unanimous in recommending the continuance of such facilities in the interest of rural economy as a whole. The co-operative credit societies and their financing banks work with very low margins. The rates of interest charged to the members of co-operative societies do not bear any substantial increase without real detriment to the pursuit of agricultural industry. We therefore hope that the Reserve Bank, the Central Government and the Provincial Governments will reconsider the whole question in the light of the strong representations made to them by co-operative interests. If the Reserve Bank and the Central Government cannot

see their way to continue such facilities, we hope at least the Provincial Government in each province will, according to the circumstances of the province, do the needful to help the co-operative movement by bearing the cost of free remittances for bona-fide co-operative transactions such as transfer of funds required for disbursement and repayment, of loans and receipt and return of deposits. It must be remembered in this connection the co-operative societies do business on a very small scale in rural parts, which makes it impossible for them to have large margins. Again, there is no question of dividend hunting and many societies pay less than the statutory maximum of dividend now allowed, viz., 5 per cent. There is Government control and audit over these societies and the chances of misusing the concession of free remittances for other than co-operative purposes have been practically eliminated now. We urge that the aim and object of the co-operative organisations to reduce the cost of credit to agriculturists should itself form sufficient justification for the continuance of facilities as recommended by the various authoritative committees referred to above.

The memorandum of the Madras Provincial Co-operative Bank puts in an alternative plea for at least extending to co-operative banks the same facilities as those extended to the scheduled banks such as (*a*) transfer free of charge of an amount of Rs. 10,000 or multiple thereof between their accounts at the office or branches of the Reserve Bank, (*b*) transfer free of charge once a week of a sum of Rs. 5,000 or multiple thereof to the principal account which they maintain with the Reserve Bank from any place at which they have an office branch, sub-office or pay office and at which there is an agency of the Reserve Bank, and (*c*) other remittances to the principal account subject to a charge of 1/64 per cent. In this connection it must be stated that the extension of such facilities to the Provincial Bank along with the scheduled banks will not prove effective unless the Provincial Bank and its affiliated central banks and the credit societies affiliated to the central banks are treated as integral parts of the same co-operative credit system which is built up on a federal structure. *The Bombay Co-operative Quarterly*, as will be seen from the extract published, also puts in an alternative plea to the effect that if the decision to withdraw free transfer facilities is final, the distinction between transfer of funds for requirements of co-operative purposes and other purposes will naturally disappear, and the present restrictions on banking business which are imposed on co-operative banks may therefore be removed altogether. In other words, the *The Bombay*

Co-operative Quarterly says that co-operative banks may deem themselves free to conduct banking operations subject only to usual banking safeguards and observance of sound business methods. We, however, doubt whether this is a correct position to take up. The restrictions on banking business to be do done by co-operative banks were imposed not on account of certain facilities enjoyed by them in regard to free remittances but on account of the essential difference between co-operative banking which is mainly concerned with agricultural credit and joint stock banking which deals with other forms of credit such as, credit for trade, commerce and industry. So, we are unable to agree with the view that co-operative banks should be converted into commercial banks, simply because free remittance facilities for transference of funds are now withdrawn.

The Bombay Provincial Co-operative Bank.

The speech of Sri Saria, President of the Bombay Apex Bank, published elsewhere in this number will be read, we are sure, with great interest by co-operators in this Province. It deals with a few local problems and some others of universal applicability. The transfer of the office of the Bank from its old place to Sri V. Thackersay Buildings and the plea put in for the Government of the Province contributing liberally towards the initial expenditure incurred in connection with the experiment they tried of having a Land Mortgage Bank section attached to the Provincial Bank are purely local problems. The observations of the Chairman as to how the Bank stood sucessfully the rush upon it, which drained away 20-30 lakhs in a short period, those regarding the Bank's position on account of its having quite a large amount of its resources in the from of Government securities subject to fluctuation in value and his defence of the Directors' recommendations to declare only a low dividend may also be considered to be of local importance only.

But quite a different note is struck when the President after describing the complications of the world situation due to war appealed to the authorities to " rise above and find a way to meet the the routine, legalistic or orthodox obstacles which stand in the way of broadening the base of the financial structure of our country." As he truly added " Ours is primarily a farmers' bank, our prosperity is linked with their prosperity and it is our privilege and our duty to put forward their causes as our cause."

Equally welcome are his remarks on the multi-purpose societies and on marketing societies both of which type are popular with the

co-operators in our Province, some of whom being great enthusiasts with regard to the former.

> "A village co-operative society which seeks to atteued to the manifold needs of the rural population presents a much more difficult proposition than the ordinary credit society with which we are, so far, familar."

> " The exercise of strict financial control, the maintenance of systematic accounts, the observance of caution in trading and proper attention to the quality and grade of the product, these are some of the essentials of success in marketing."

These wise words of caution are from one who cannot be accused of " any lack of appreciation of the need for the extension and development of our activities." The address was, as might be expected, very thoughtful and suggestive.

Invitation of Views on the Committee's Report.

We have published in this number the views on the Report of the Committee on Co-operation by three veterans in the field, Rao Bahadur A. Vedachala Iyer, Rao Bahadur S. V. Narasimha Rao and Professor K. C. Ramakrishnan.

We intend publishing, in the coming numbers of this journal, the views of other prominent co-operators. Some of them we have specially approached with a request to give their views on the report. We take this opportunity to extend an invitation to all co-operators who have, in the light of their own working experience in the field of co-operation, something useful to say about the Report. We should like, in that connection, to make aspecial request to would be contributors. They need not take the whole report and say something about every topic mentioned therein. It would be quite sufficient if they confine themselves to some aspects of the movement with which they are quite familar. The Store movement, for example, the Building Societies, Loan and Sale Societies, Labour Societies, Milk Supply Unions etc. each in its own way, offers ample scope for honorary workers who could, in the midst of their bread-winning activities, spare time only for a particular line of work. If these specialists were to examine the relevant portions of the report in the light of their own experience so far as their own chosen field is concerned, it would be, from the point of view of real workers, more useful than a rambling observation about the report as a whole.

We earnestly hope that this appeal of ours would be widely responded to.

Village Republics.

Elsewhere would be found a suggestive article on " Village Republics" by the Hon'ble Mr. V. Ramadas Pantulu. The talk of autonomous village republics is in the air. It is well known that Sri T. Prakasam, Revenue Minister, when the Congress Ministry was in power, had seriously thought about the plan of bringing into existence autonomous village republics and he is still carrying on agitation in support of that scheme. There is also a rumour that the Government of the day by Advisers to His Excellency are thinking of enacting a new measure of legislation regarding the constitution, powers, functions and control of Village Panchayats.

The revival of autonomous villages would be an important step towards rural reconstruction and as the Royal Commission on Agriculture has said, " wherever agriculture is the predominent industry co-operation is coming to be regarded as a natural basis of economic, social and educational development and India is no exception." We co-operators therefore, are very much interested in this plan of rural uplift and no elaborate justification is necessary for the publication of that article and of our invitation to the public through this note to give free expression to their views on some of the fundamental aspects of the scheme.

Mr. Ramadas Pantulu is quite alive to the changes that have come about in the economic structure of modern society and realises that it is no longer possible for villagers to be self-sufficient or to be satisfied with barter only in these days when trade and commerce have not only become interprovincial but international. Secondly, he is for recognising the main feature of modern democracy, namely, rule by majority and decision being arrived at by vote. We have no reliable information as to how decisions were arrived at in village councils in the olden days of village Panchayats; but the modern principle of democratic administration is too precious to be given up at this stage.

Nor is Mr. Pantulu in favour of making the village panchayat responsible for revenue collection. The present revenue administration of pattadars remitting their dues to the Government has been perfected through a long period and could not be given up for the fancied ideal of village autonomy.

Thus having cleared the ground with regard to some of the main features of modern life that he would like to retain in the

reconstituted village, Mr. Pantulu goes on to suggest the constructive changes that ought to be effected to make the village administration more efficient. Firstly, he suggests, restoration to reconstituted village panchayat of the property that was vested in them and which they give to persons of various professions in return for services to the community rendered by each in his own way. This ideal of common property of the village and its being enjoyed by those who render service to the community is a thing which has slipped out of the village life and this, in the opinion of Mr. Pantulu, deserves to be re-introduced. The second suggestion he makes is, that the Province should be divided into a large number of village panchayats and there should be no intermediary between those autonomous villages and the Provincial Government functioning through its various departments. As it is, we have a number of denominational panchayats like the Forest Panchayat, the Irrigation Panchayat and so on, each being under the guidance of the concerned department. In the scheme adumbrated by Mr. Pantulu, all these will go yielding place to a Central Panchayat dealing with all those aspects of village life.

In dealing with the village Panchayat as a judicial agency, Mr. Pantulu suggests, that a small group of villages within easy distance of each other might all be gathered together and reconstituted into one Panchayat. Perhaps in these days of easy transport and communication, it may be suggested, that instead of each village being constituted into a separate panchayat, the plan of grouping villages into units, might be adopted not only for the administration of the judicial functions, but for all other functions as well.

Having dealt with these various aspects of village administration, Mr. Pantulu goes to the fundamental question of finance and suggests, that two annas in the rupee of land revenue collection should be handed over to the villages. It is well known that at present the village is bled white to keep towns and cities with all their amenities and splendour. The old maxim "Give unto Ceaser the things that are Ceaser's " holds good in the case of the village, and a decent percentage of the revenue collected out of the village should be returned to it to enable it to develop and expand along useful lines.

Lastly, we come to the important topic of Co-operative Society in the village and its relation to the village Panchayat. Mr. Pantulu envisages the parallel development of these two institutions, the ordinary co-operative society which to-day is functioning merely as as a lending concern is expected to expand into a multi-purpose society covering all aspects of the economic life of the villager. The same workers may be taking part both in running the village administration through Panchayat and catering to the needs of the villager on the economic side through the village co-operative society. But these two institutions should be kept separate and not mingled into one as some suggest who advocate the compulsory enrolment of all villagers as members of the co-operative society.

Net Profits and Bad Debt Reserves.

Net profits of co-operative societies are declared by the Registrar under rule No. VII of the Rules framed under the Madras Co-operative Societies Act (VI of 1932), and rule No. XII provides for distribution of the net profits. Recently, it is brought to our notice that in the case of a central bank the Registrar has directed the deduction of a certain amount towards bad debt reserve and declared the balance only as net profits. The bylaws of the central bank concerned specifically provide for the general body setting apart a portion of the net profits towards the bad debt reserve. We are of opinion that the Registrar setting apart a portion of the gross profits towards bad debt reserve and declaring the balauce as net profits is not warranted by the bylaws of the central bank concerned. In such cases, the Registrar is certainly entitled to advise any co-operative intitution to set apart and adequate portion of its net profits towards bad debt reserve to ensure the sound working of the society. But such deduction should come from the net profits after they are declared under rule VII by the Registrar.

We must, however, state that our comment on the procedure adopted by the Registrar in regard to a particular central bank is entirely based upon the bylaws of the Bank and not upon any statutory provision or rule. Whether the provision for bad debts reserve should be made before the net profits are declared or after they are declared is now governed only by the bylaws and not by any uniform rule binding on all the central banks. In this connection we wish to draw attention to the following sub-paragraph 26 at page 100 of the *Madras Co-operative Manual*, Vol. I:—

> "Auditors in the course of audit of societies prepare a list of bad and doubtful debts and a consolidated list is made out of all societies financed by a central bank. A similar list is prepared for all liquidated societies. With reference to these lists, provision is made in the audit certificate of a central bank for the bad and doubtful debts reserve before the net profits are declared. Some central banks carry a portion of the net profits to the bad and doubtful debts reserve according to their bylaws."

We suggest the desirability of a uniform rule being laid down in regard to provision for bad debt reserve. Until such provision is made for observance by central banks, definite instructions have to be given by the Registrar to provide for bad debt reserve in accordance with the bylaws of the institutions concerned.

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Village Republics.

BY THE HON'BLE V. RAMADAS PANTULU.

We have been hearing a great deal about the reconstitution of village panchayats under the new name and style of 'Village Republics' which will be not merely autonomous units of village administration with wide and far-reaching powers but will also be the foundation of a new democratic constitution of the Provincial and Central Governments in the scheme of Purna Swaraj for India.

The idea of enacting a self-contained legislative measure to deal with village panchayats, disentangling them from the meshes of the ponderous and complex Local Boards Code of 1930, seems to be now revived by the present advisers to the Governor. It is now generally conceded that the decade between 1920 and 1930 when the village Panchayat Act XV of 1920 regulated their working and the Registrar General of Panchayats controlled them was the brightest period in the history of village panchayats in South India, and that the inclusion of village panchayats in the scheme of Local Boards under Madras Local Boards Act, as amended in 1930, marked the beginning of the end of village local self-government. So, the proposal to once more deal with the constitution, regulation and control of village panchayats and the enunciation of their powers and functions by a separate act will command universal approval. It was said that when the Congress Ministry was in power a measure of that nature was under their contemplation; but that did not see the light of day before the Ministry resigned. It is not known whether the present attempt of the advisers is directed at giving a final shape to the ideas of the Congress Ministry or to frame a measure on different lines. We hope that when the bill finally emerges from the drafting department, it will be published to elicit public opinion and adequate opportunities will be given to the village panchayats and the general public to subject the bill to careful scrutiny and to express their views thereon. Co-operators who are deeply interested in revitalising village life and rural economy have a right to have their say in the matter. The pages of this journal will, I have no doubt, be open for expression of all shades of opinion on the problem.

Constitution of Panchayats.

The main question that will naturally occupy the attention of the framers of the Bill will be the basis on which the new village panchayats are to be constituted. We hear a great deal about not only the possibility but also the practicability of reviving the system of village government that existed in our villages in former times. But is there a real living tradition on which it can be now built anew? All that we can now say is that at one time there were committees of representative elders which administered village affairs and that such committees exercised some of the powers, which in a modern State are exercised by departments of Government. It seems to be no doubt also true that the village councils or panchayats in some areas in South India were elected on what we now call the system of adult franchise. The Uthiramerur inscriptions and the Velvikudi grants are cited as evidences for the existence of such elective system in the choice of village councils. But it is difficult to find, generally speaking, any actual living tradition of our old village panchayats which can form the basis for the reconstruction of modern village panchayats. The system of village government that might have once existed had undergone radical changes even before the advent of the British rule, and the old panchayats had long ceased to perform the duties once associated with self-governing village councils. It is unnecessary now to trace their further history or to deal with the causes which led to their virtual disappearance. The fact that certain traditions and institutions have their roots deep down in our ancient polity, survived political cataclysms and still continue to exercise some vague and undefinable influence over village life is, in my opinion, of very small importance and can scarcely be said to provide us with the ground work for erecting a sound structure of modern village self-government on. The ancient structure of the village life itself has undergone modifications and the characteristics of self-sufficiency which are attributed to the old village community are certainly no longer features of the present day villages. From such study of the problem as I have made, I am convinced that economic individualism of the villager has been carried to such an extent as not to admit of the possibility of revival of 'economic regionalism,' by which agrarian groups in South India will once again determine rights in property according to communal notions. Nor can village economy be now regulated on the basis of production and distribution by the individual villages or even groups of villages of all the commodities

and goods required by the villagers for their daily life. Even in regard to agricultural products there is localisation in productive effort. The delta villages of the Godavari, the Krishna and the Cauvery which produce paddy should depend upon the upland tracts for their cereals. Inter-provincial and overseas markets regulate in some measure the money value of the products and the purchasing power of the producer. The idea of replacing the villager's money economy in sale and purchase of commodities by barter will have very limited application and is largely uto pian.

In the old day panchayats, barring certain exceptions of a few localities, while there was ample scope for expression of communal conscience there was none for expression of individual conscience. Further, in actually constituting the panchayats there was no *election* but only *selection* by lots or other devices. Again, I have not come across any evidence, in the materials laboriously collected and preserved for us by several scholars and research workers, of the existence of anything like the process of division at village meetings with a view to allowing the majority to decide. But in a modern self-governing organisation I cannot conceive of any better mode of arriving at decisions binding on the people except the vote of the majority. I, therefore, unhesitatingly plead for the adoption of a full-fledged democratic scheme of election on the basis of universal adult franchise, the use of ballot box and decisions of questions by a majority vote. If necessary the election may be held on the system of proportional representation by single transferable vote to protect special interests and minorities. There should be no communal electorates but there may be reservation of seats for such communities which may require a safe-guard. The electorate of the village must be kept in touch with the working of its panchayat by means of an annual gathering to which an administration report is submitted. The new panchayat to be constituted must neither be too small nor too big. The area of a panchayat must be fairly large both with reference to its population and its financial resources. The exact size of the new panchayat is a matter of detail. But the whole province must be covered by such panchayats in a given period under a compulsory scheme and it should not be left to voluntary or opitional effort.

Village Services.

Before I refer to the powers or functions of the reorganised modern village panchayats, I would like to say something about the village services, about which there is perhaps more living tradition than in regard to any other feature of the old village panchayats. After the defeat of the Mahrattas by the British, M. S. Elphinstone was asked by the East India Company to preserve all that was good in the village administration of the defeated power. In that connection he issued a questionnaire and elicited answers. From those unpublished records, Mr. George Franks who contributed an interesting article to the 'Illustrated Weekly of India', dated 12th December 1937, has furnished us with some reliable information about village services. He refers to evidence of the existence of 12 officials and 12 representatives of main trades in the village panchayats in those days. The 12 officials were: (1) The Hindu priest, (2) the Moslem priest, (3) the Temple worshipper, (4) the weaver, (5) the barber, (6) the washerman, (7) the Shoe-maker, (8) the Potter, (9) the Carpenter, (10) the Smith, (11) the Messenger or postman and (12) the Watcher or Policeman. Curiously enough there is no mention of the headman and the accountant. The reason for their non-mention in the list of village servants is not stated. But an investigation into that question is of more than academic interest, for the place to be assigned to the village headman and accountant in the new panchayats is one of considerable importance, besides being one on which there is wide divergence of opinion. Some consider that demand of land revenue and its collection must be entrusted to the village panchayats and that the village headman and the village accountant should function as officers controlled by the village panchayat. Some are wholly opposed to such a scheme. There is yet a third view, viz. that though the demand and collection of land revenue may not be entrusted to village panchayats, the village headman and accountant should be made ex-officio members of the village panchayats and a certain measure of control over them should be vested in the panchayats. In coming to some satisfactory conclusion on this question, an investigation into the reason for the omission of the village headman and the accountant from the list of village servants in the records prepared under Elphinstone's directions becomes important. It appears to me that even before the advent of the British administration, the status of the village headman and the village accountant had undergone a material change. In any case, under the British admistration they were not looked upon as servants of the village panchayats, that is to say, they were treated as servants of the State and not of the village republic. It will be interesting to find out

whether there is any evidence of their having been treated as the servants of the village panchayats during the Mahratta or the Moslem administration. They were not certainly treated as such under the British administration at any time. On a careful consideration of the several aspects of this question, it appears to me that it is both undesirable and inexpedient to entrust the revenue demand and collection to the reconstituted village panchayats. I feel that any attempt to displace the Provincial State revenue department, either in its upper reaches or in the village administration by a local self governing agency will prove highly detrimental to the welfare of the villager as well as the efficiency of the administration of the province as a whole. Land revenue administration has now attained a technique of its own which of course is by no means perfect; but its improvement does not lie in vesting it in village panchayats. It can be made a less expensive and more popular branch of provincial state services by recourse to other modes of reform.

It may be argued perhaps with some amount of justification that individualistic economy of the village emanating from the "legislator's anvil, the judge's rod and the settlement officer's compass" operated to the prejudice of the progress of village self-government. Whether we accept that view or not there is no escape from the position that the process has advanced too far to admit the system of settlement of land revenue with individual pattadars, cash rents and demand and collection of revenue directly by the State through its servants from pattadars severally, which has now been in force for over a century, being given up in favour of some older system. I am of opinion that the reorganisation of the village panchayats should in any case not be made the occasion or the plea for reversing that system. Any idea of reverting to the system of fixing the land revenue demand jointly on the village as a whole and not on the individual pattadar amounts, in my opinion, to reverting to feudalism and madievalism in the revenue system.

With regard to the village servants mentioned above, *other than the village headman and accountant or karnam*, many of them still exist and continue to be treated as hereditary holders of services for the villagers. The most regrettable feature in regard to these services is that while their hereditary character still attaches to the offices, their hereditary emoluments which were once inalienable have either disappeared or are fast disappearing. This to my mind marked the beginning of the change in the social status and prestige of these officers. So long as these occupations and emoluments attached thereto were hereditary and inalienable each succeeding generation inherited the traditions, efficiency and skill associated with these services. It is the permanence of these services and enjoyment of their emoluments as appurtinent to the service that helped to a certain extent to sustain the corporate life and unity of the village organisations through centuries of political vicissitudes. With the disintegration of the village panchayats, many of those services fell into disuse and such of them as were essential for the Government of the day were converted into services of the lowest rung of the subordinate ranks of the State departments. But the policy of the British Government in regard to village services has been to ignore their communal character and to release the service-holders from the obligation of such services to the village by enfranchising the service inams and converting the property into the free hold of the servants and giving pattas to them. This policy, at least in regard to the services other than those of the 'village officers' proper, should be reversed. In a system of autonomous village administration, the community services must be revived and such of the service grants as still subsist and are legally reattachable to the services should be preserved, and where they have been unauthorisedly alienated, they should be recovered and reattached to the services so as to make these service-holders once more holders of mirasi services of the village. The new village panchayats should control them and utilise their services for the benefit of the village community.

What has been said of the village community services applies to communal properties. Among the useful functions which old indigenous panchayats exercised was the administration of communal properties for community benefit. To the extent that function has been obliterated it ought to be revived. The theory of State landlordism destroyed the foundations of the community right in waste lands, pasture lands, service grants, charity inams, customary fees of various kinds and the like, which were once administered for common purposes like the maintaining of village services and public works or for education, irrigation, recreation, poor relief and other forms of economic help. These have practically ceased to exist to-day. The position can be set right by giving a new orientation to the theory and practice of State landlordism and by revesting the power of administering communal properties of the village in the representatives of the people who constitute the new type of self-governing village councils.

Functions of the Village Panchayats.

The Madras Act XV of 1920 contained a fairly exhaustive list of functions which a village panchayat might exercise. But it divided those functions into four heads: (1) functions which it may exercise on its own initiative; (2) functions which it may exercise when authorised by local boards, (3) management of any institution and execution of any work which will be entrusted to it by any body with its consent, and (4) whatever other functions which the Government may devolve on it. But there is no need to rigidly maintain any such classification of powers or to impose any cramping limitations upon the freedom of the panchayats to deal with the village administration as a whole. Speaking for myself, I feel that with the exception of what may be termed services which more appropriately pertain to the sphere of the Provincial Government such as (1) secondary education, (2) communications which are not exclusively the concern of the village, (3) medical relief and sanitation other than village dispenseries, (4) distribution and control of electric power, (5) protected water supply other than village wells and tanks and similar services which are outside the sphere of village administration should be entrusted to the village panchayats. These excepted services of a wider character should be exercised by the respective departments of the Provincial Government. There should be no intermediate agencies between the Provincial Government and the village panchayats which may trench on the powers and functions so made to devolve on the village panchayats. In other words, the distribution of such powers between the District Boards and the village panchayats and the control of District Boards over village panchayats in the exercise of these functions should be done away with.

It is on this question of devolution of functions on the village panchayats that a dead-lock is likely to arise. Many of these functions are now exercised by superior local bodies or officers of the several departments of the Government. The success of the scheme of reorganising village panchayats so as to make them autonomous self-governing units will depend mostly, if not wholly, on the readiness and willingness of the departmental officials and the local boards to agree to a far-reaching scheme of devolution of powers on the village panchayats. Departmentalism, which has been carefully developed to increase the efficiency of the various branches of administration, itself acts as a check on the devolution of powers of local administration on village panchayats. The exercise of powers carries with it not only the implications of authority but also prestige which is so dear to the official. To the extent that panchayats may claim to trench on such powers, there has been and there is bound to be reluctance, if not obstruction, to part with them. More than one member of the Royal Commission on Agriculture seem to have entertained serious doubts whether under the present centralised system of Provincial Governments and the scheme of District Boards, effective devolution of administrative powers on village republics was possible. The success of the proposed measure to reorganise village panchayats as autonomous self-governing bodies will depend upon the ability of the Provincial Government to overcome this real obstacle. Unless the Government takes a very progressive outlook and is determined to vest such powers on the village panchayats, the proposed legislation will not lead to any material change in the existing position.

At present we have separate panchayats for different purposes; forest panchayats and irrigation panchayats are instances in point. Under the new scheme, there should be no denominational panchayats exercising separate functions. All functions relating to village administration and village government should be vested in one village panchayat.

Judicial Functions.

I would now like to refer to the question of vesting judicial powers in the panchayats. We have some evidence of the old village panchayats exercising functions of administering civil and criminal justice, at least in petty cases, satisfactorily. Those powers were continued to be exercised even after the advent of the British administration. A British district official, who reported on their working in the year 1822 expressed the following opinion: "There is no doubt that there has been fairness and intelligence used in the conduct of panchayats, that evidence is weighed and considered, that exhibits are duly examined and compared and decrees in cases are just and impartial." But the reports of that period on the conduct of judicial proceedings by panchayats had nothing complimentary to say about the benefits of employment of vakils. It was said in those reports that far from helping the speedy and inexpensive dispensation of justice, the vakils showed much skill in embarrassing and entangling judicial proceedings. Whether certified legal practitioners may be allowed to represent the parties in the judicial tribunals of reorganised village panchayats and

if so under what conditions and restrictions is a matter which requires careful re-examination in the light of modern conditions.

So, here at least we may be able to build on some living tradition in devising a scheme to utilise the new village panchayat for evolving a less expensive and more suitable system of administration of justice to the villager. Having regard to the present condition of the villages, the existence of factions and the dearth of adequate human material to constitute the benches of the judicial panchayats, I think we have to evolve a well thought out scheme. Personally I feel that something like the following scheme ought to be attempted. There need not be and ordinarily should not be a panchayat court for the area of operations of each village panchayat. A fairly large number of villages within a convenient radius may be grouped for the purpose of a village panchayat court. The panchayat court should consist of men—of course permanent residents of the villages concerned—with adequate equipment to hear and decide cases, and these should be drawn from all the villages comprised in the jurisdiction of the panchayat court and constituted into a panel. When a case comes up for trial, three or five members may be selected by lot from the panel to preside over the tribunal. Members of the panel belonging to the particular village from which a case comes up for hearing might be eliminated from the tribunal if the parties to the dispute so desire. In order to infuse confidence in the tribunal parties may also be given the right to challenge any particular member of the penal whose name is drawn by lot, by reason of his affinities to a faction or some other ground of recognised disqualification, the procedure being more or less analagous to that of challenging jurors to be empanelled in a sessions trial. Larger judicial panchayats when constituted in this manner will eliminate the risks of injustice arising from existence of factions, paucity of sufficient number of suitable men in each village and the like causes. I hope and trust that the proposed legislation will examine this suggestion among others that may be forthcoming.

Panchayat Finance.

Before I conclude, I would like to say something about panchayat finance. The present arrangements are clearly inadequate. There is no doubt that the villager ***will tax*** himself to a certain extent. A former Registrar General of Panchayats testified to the villager's enlightened self-interest in the affairs of his own village in the following words, "Each additional year of experience in the work I am in charge of has only served to fortify the faith that I have in the readiness of our people in the rural areas to incur reasonable sacrifices if it is needed for subserving the common welfare and to furnish fresh evidence that it is not difficult to persuade villagers to tax themselves, provided it is made clear to them (*a*) that the money raised will be spent in the villages, (*b*) that they will be left free to choose the form and rate of taxation subject to reasonable control and (c) that they will not be called upon to pay out of such taxes for services for which the Government or the local boards are bound to find money." Income from such local taxation and from remunerative undertakings of the village like markets, fisheries, unreserved forests and the like will not by itself be enough to make village self-government a success and to enable village panchayats to discharge their new, wide and varied functions I therefore plead for provision being made in the proposed legislation not only for the transfer of the whole of the local cess but also the allocation of not less than two annas in the rupee of the land revenue collection to the village panchayats. The Provincial Government should further undertake to make good any deficit that may still arise in the finances of the village panchayats owing to the inadequacy of the sources indicated above. In Zamindari areas, provision for allocation to the village panchayats of two annas in the rupee of kist collected should be made.

Village Panchayats and Co-operative Societies.

Some vague suggestions were made about the village panchayats in their new role taking over charge of co-operative societies as well. But no details of the scheme are available. It is obvious that the village panchayats could and should take active interest in the satisfactory working of village co-operative societies, and collaborate with them in promoting village industries, improving agriculture and fostering economic orderliness and efficiency in the sphere of production and distribution of rural wealth. But here we must draw a line of demarcation between the two institutions and should not confuse or mix up their distinct roles in our new village polity. A co-operative society is an essentially economic institution, while the village panchayat is primarily an administrative organisation. The former is constituted purely on a voluntary basis and cannot either force its service on or levy the cost of such service from those who are not its members. A statutory village panchayat is so to say a compulsory organisation, a self-governing institution with statutory and compelling jurisdiction over all the residents of the village who should contribute for its up-keep and pay for all the available services whether they avail themselves of such services or not. The two organisations can never be merged; but they can always work side by side in harmony with each other. Just as we attempt to enlarge a village panchayat so as to make it an all-embracing unit of village government, so also we can develop a co-operative society so as to make it an all inclusive unit of economic service. While you transform your village panchayats into what some politicians love to call 'village republics', so also transform your co-operative societies into what some co-operators love to call 'multipurpose societies.' Simultaneous advance of both these institutions along these lines will bring into existence a new form of village polity wherein the villager will have full scope for expressing himself in all spheres of life—social, economic, administrative and political.

Remarks of Rao Bahadur A. Vedachala Iyer on the Co-operative Committee's Report.

RURAL INDEBTEDNESS.

Recommendation Number.

1 to 6. Effective legislation for compulsory conciliation and scaling down of debts on some principles definitely laid down is a matter about which persons other than co-operatives have to decide on such a privilege in favour of reckless borrowers. These relate to the amendments of the Debt Relief Act and the Debt Conciliation Act. Remarks on this subject are not wanted now as it is outside the scope of the co-operative movement.

8 & 9. This cannot be done except by separate legislation.

If the proposed steps are taken by Government, the result will be (1) expropriation of the rights of those who now hold usufructuary mortgages. These now cultivate the lands and do not get even 3 per cent interest for the loans, but if they are to handover the lands after 20 years, then you confiscate their principal for no reason at all. If future usufructuary mortgages can only be created for 20 years with the condition that such mortgages should get extinguished after 20 years, then there will no usufructuary mortgages at all or there would be usufructuary mortgages only for 5 times the amount of such loan or more even. At present usufructuary mortgages are created for Rs. 500 with Rs. 1,000 or 1,500 worth of property but when the mortgage is to be extinguished after 20 years, such mortgages for Rs. 500 can only be had for properties valued at not less than Rs. 3,000. Practically the recommendation contemplates merely 20 years long lease of such lands for the non-returnable advance of the loan now. The proposal will only destroy the best form of credit available in the rural parts with the hope of regaining the property at some future date without being

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burdened with a heavy load of interest, the accumalation of which will swallow the property before 16 years. The economic value of agricultural holding and its profit does not seem to have been appreciated by those who seriously put forward the proposals in question inspite of the dangers involved having been pointed out by me to the Committee.

10. This is outside the scope of the co-operative business. The moneylenders will be taking care of themselves and the legislature will see to it that drastic measures are not taken to kill the indigenous local banking or money lending by small traders, agriculturists and others who are not professional money lenders. These are as essential as any co-operative attempt successfully carried out.

11. This is besides the scope of the co-operators.

Land Mortgage Banks.

13. I would rather go slow—Let not the starting of mortgage banks at a rapid rate proceed from above. Let there be a demand from below.

14. It is for Government to consider this question.

17. Primary land mortgage banks are not now independent organizations which are affiliated. They are doing the work of the Central Land Mortgage Bank under its dictation. Such a step seems to be necessary at present. They will develop into independent organisations with real independence, gra nting loans and obtaining securities leaving the Central Land Mortgage Bank to issue debenture bonds on the strength of mortgages accepted by primary banks. Such a day is far off.

18. Elimination of non-borrowing individual members from the Central Land Mortgage Bank will sound its death-knell. Fortunately it has been saved by opposition of the committee to the proposal. This wave against individual shareholders had its end here at least.

19. Lending through village credit societies of the unlimited type or limited type is inadvisable but land mortgage banks might usefully get applications threshed out by

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village primary societies if they would interest themselves in it as they are better in touch with the agriculturist debtors and creditors and will be able to slide down debts and better scrutinize the applications. Such societies can also be used for collection of instalments.

20. Permanent improvements can be financed by land mortgage banks if they have proper agency to assess the value of proposed improvements and to see that money advanced is actually spent on them. The advice and active assistance of the village societies will be much valued if they will give it with care, efficiency and unselfishness.

22. I would not go the extent proposed for discouraging Government loans under the Land Improvement Loans Act. On the other hand, I would employ the land mortgage banks to investigate and recommend such loans to be paid by Government under the act or even to obtain funds under the act from Government, reserving other resourecs for other purposes.

23. Lower rate of interest and longer period of loan can be secured only from Government and not from land mortgage banks at any time, at least, at present.

24. I will deprecate any credit agency to advance loans for purchase of lands. If you do so, you pledge your own existing property to secure the new and in 9 cases out of 10, it ends in failure. Scrutiny in such cases should be more detailed and by competent men.

25. Loans for smaller sums than Rs. 500 should be given but stricter enquiry should be made and supervision over the defaulter must be more searching.

26. I have no objection to raise in regard to reissuing to debentures for 10, 15 or 20 years to enable land mortgage banks to dispense credit for 7 to 20 years for productive purposes. It is a huge problem by itself as it has to tackle the repaying capacity of the ryots during the usual cycle of depression of agriculturists and agricultural industry. This question can only be tackled by indigenous money-lenders and local banks.

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27. I am sorry the committee has not envisaged the grant of loans for discharge of prior debts for a period of more than 20 years. There are numerous cases of poor people under the labouring classes and scheduled classes in rural areas who cannot be helped by loans repayable in 20 years. It is only by corporate institutions that such a help can be secured or by Government. I have urged that arrangements should be made by Government directly or through land mortgage banks for grant of loans for the removal of prior debts in a period of 30, 35, 40 or 50 years. This is perfectly feasible by Government or by land mortgage banks if it can get the funds from Government either from Government Revenue or famine relief fund. See proposals 14 and 15. The present solution is another method of gaining the object to be secured for *dry areas.*

28. No objection to raise debentures for 25 years to provide for extensions.

32. Both Government and Land Mortgage Banks ought to operate for supply of long-term money for discharge of prior debts.

34. Linking land mortgage credit with scheme of insurance is a huge problem. Nothing is gained in discussing the matter at present.

35. The proposal that a borrower should not be required to buy more than one share compulsorily for each loan if the bank can raise otherwise the required owned capital is accepted. If so, the primary land mortgage banks should for ever be a real branch of the Central Land Mortgage Bank, how can it raise otherwise the required capital? Do you expect a large amount of share capital from non-borrowers in primaries? How do you account for the wave of getting rid of individual share-holders in the banking concerns which seems to be the burden of song of the committee? This is the unkindest recommendation made.

36 & 38. These are extra work demanded of the primary bank office-bearers which they need not or could not undertake at all.

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39. The dispensing of Land Mortgage Bank Deputy Registrars is a suicidal step. Probably this is proposed as it will relieve the Central Land Mortgage Bank of its contribution to the cost of maintenance. He must be available for inspection and advice. If the Central Land Mortgage Bank does not want to maintain a costly staff, it can employ one on much lower pay.

40. The transfer of supervision work of primary land mortgage banks to the District Deputy Registrars is the worst step one can recommend or take. The ordinary Deputy Registrars cannot do it satisfactorily, however able he may be. Let not the land mortgage system be interfered with by the regular Departmental staff. Let the Registrar alone be at its head as trustee just as in the audit department.

41. There is no objection to permit the Sub-Deputy Registrars to send applications for Rs. 5,000 direct to the Central Land Mortgage Bank if the latter is satisfied and if the Government is satisfied as it has guaranteed the debentures.

42. Increase in the strength of Sub-Registrar is a matter to be solved by Government who at present bear the expenditure.

43. Empowering the President to sanction loans for Rs. 2,000 may be permitted but not rejection which should be placed before the Executive Committee.

44. This involves legislation and no objection need be raised.

Agricultural Credit Societies.

64. I would add "that this work should be undertaken by the central banks with power to write off bad debts from share-capital, primary reserve and where necessary bad debt fund in Central Bank" I may note that liquidation in non-revivable societies must be applied and a fresh society started on sound business lines in the village which might undertake liquidation steps under the order of the secretary of the central bank. The central banks alone can be expected to do reconstruction work speedily, satisfactorily and also finance the societies after revival.

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65. The proposal to pool reserve funds in each District for writting off bad debts is neither legal nor equitable. Let the loss be suffered by the primaries responsible and by the Central Bank, the two partners to the transaction. This is stretching the co-operative principle too far.

66. I will add "Start a new society on sound lines in the village itself."

67. Rent system will 'not be applicable to lands purchased by societies. Societies have in many cases not secured possession of them, the lands being in the enjoyment of others.

68. This is a mere suggestion to central bank and primary societies and they ought to give finance on proper security.

69. I will again warn the Department and Central Banks to work from below in reference to demand and not in reference to desire from above.

70. I will advocate small societies for every village. If there is difficulty of management with a staff, the rural co-operators will gladly pay his upkeep out of their personal contribution. I would not group them at all. The proposal is a retrograde step if the Central Banks are to control the finance of the movement in all aspects. We can secure clerks in villages on Rs. 2 per mensem for work connected with loan of Rs. 2,000.

71 & 72. I would devolve this on Language Federations and Central Banks with or without subsidy from Government.

73. Replacing money lenders credit is a hopeless ideal to be aimed at. Let him be assimilated and be made to become members of primaries.

74. Compulsion is a word never to be found in the dictionary of the Co-operative Movement.

75. I would put it "the agricultural industry and other allied rural industries should be tackled by central banks and co-operative rural societies inclusive of finance to the desired and deserved extent. Then the co-operative movement and rural society become really useful. No

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one in the village will be outside whatever may be the liability and need.

80. The view of the Government of India is the best that unlimited liability might be most suitable for rural credit societies. As a *general rule* cases were conceivable in which it might be desirable to allow a limitation of liability to members of particular rural societies and the local Government can under the act relax the rule of unlimited liability. Unlimited liability did not operate hitherto satisfactorily because it was not treated as contributory liability of a definite nature. It is another form of reserve liability instead of share capital paid up, but it has not been fixed for each member definitely and in a form readily available when necessary. Suppose a man wants to raise a loan of Rs. 1,000 he will have to pay as share-capital Rs. 200. He, a rural agriculturist, need not pay it in cash, but can secure reserve liability by mortgaging to the society a property worth Rs. 400 for Rs. 200. As all share capital in any bank is of members bearing unlimited liability for all debts due by the society, similarly the reserve liability of a definite and available form will be available on unlimited tenure. The share capital of Rs. 5 paid by a member with a power to borrow Rs. 25 or 50 prescribed in the by-laws comes practically out of borrowed money. In many cases, it is nominal and loans are allowed by co-operative society really at 100 times the paid-up share capital as it issues credit at 1/8 of the property held as reserve liability in an unlimited liability concern. The real value of unlimited liability has not been appreciated and therefore people begin to hate it. It is the best form for the exhibition of co-operative money-lending without undue loss, ensuring mutual supervision and mutual obligation.

Take the alternative suggested, limited liability based on share capital. Can poor rural people in rural parts afford to put in share capital of Rs. 5 in hard cash for a loan of Rs. 25? Would it not be got from borrowed money out of the society itself? What is the amount of credit the rural people can command if they are to get credit only

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for 5 times the share capital? How can they supply share capital to central bank especially when it becomes a banking union eliminating all individual shareholders? How can central bank get the required share capital on which to raise credit and also to subscribe share capital to the Provincial Co-operative Bank? The bubble of financial jugglery practised hitherto in primary rural society and central bank and Provincial Bank must burst some day and the introduction of limited liability in rural society will hasten the step. Let there be a deep consultation of all competent men to put the financial structure on sound basis. The steps proposed for damaging such a structure hitherto well or ill-built up are (1) limited liability in rural co-operative society and (2) elimination of share capital of individual share-holders. The matter would have been complete if the individual shareholders had been eliminated in Provincial Bank which however the Committee did not want to do. The unlimited liability must be used as a measure of getting adequate share capital either in lump or in well secured, defined reserve liability based on the pledge of immovable property. You should not get more paid up share capital by extending the area of operations of a co-operative society. Has the movement in rural parts foundered because of unlimited liability? Will limited liability resolve the difficulties?

The real factor seems to be (1) multiple purposes societies were considered the panacea of all ills in rural co-operation. (2) Larger area and group for rural co-op. society had to be recommended. (3) Unlimited liability over a wide area will look absurd. Hence limited liability is proposed.

The remedy for the state of affairs is:

(*i*) to have unlimited liability and to take the place of share capital by *reserve liability*;

(*ii*) to have a society for each single village;

(*iii*) to secure as much share capital as possible from individual shareholders in the District Bank.

The elimination of individual shareholders with a large amount of share capital paid up from central bank is the

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best process for killing the district co-op. finance and eventually the finance of the co-operative movement.

174 & 175. See above remarks.

Co-option of individuals may not be efficient or continuous and they may sever their connection at any time.

200. Let there be two Provincial Banks. Let the Ceded Districts chose its affiliation with the Andhra Apex Bank or Tamil Apex Bank having the same freedom as Malabar and South Canara.

Audit.

Proposals regarding the constitution of an audit department separated from the administrative branch under the Registrar with a chief auditor of the rank of Deputy Registrar and circle audit officers and some auditors must be accepted and carried out.

Arbitration and Execution and Sale.

I am not much pleased with the Department taking all the responsibilities of a Civil Court in deciding disputes, executing decrees, conducting sales so as to conform to all the requirements of civil law. If they feel competent to do so, let them do so. It is almost a superfluous help to the movement. The department may undertake liquidation but it may do it through civil court more easily and through the central bank staff.

Government Staff.

It is for Government to choose to spend on Divisional Registrars, on the Joint Registrar and the like, but increasing such expenditure is really not very useful to the non-official side of the movement or the movement itself. Probably it may be of a temporary character till the co-operators are able to stand on their own feet and administer it with experts employed by themselves.

Some Observations on Limited Liability and Individual Shareholders.

Let us visualise the financial effect of the accumulation of share capital as distinguished from current and fixed deposits. The two latter cannot be used for raising credit, even to an equivalent amount as it is a mere liability and not an asset. The sharecapital is the only item which is not withdrawable at the pleasure of the investor and therefore it serves as basis of credit. It may be transferable to another and not withdrawn so as to reduce the security for credit already raised. The share capital held in any banking concern is really on unlimited tenure in a cumulative form, not claimable in part by each investor and not refundable except under certain specified rules observing particular care that the security for credit raised is not impaired. It is not one member's property. So also is the reserve fund accumulated out of the profits and kept separately; it is an asset of the bank. Hence credit is allowed to be raised on the security of the paid up share capital and reserve. The same is not the case with regard to reserve liability undertaken by shareholders in addition to the paid up share capital in central bank or primaries. No credit can be raised on the strength of reserve liability as there is no certainty that it will be met when required or even ultimately collected. Hence financing institutions raise credit on definite amount of paid up share-capital and reserve funds and creditors to such institutions have facilities to appropriate sharecapital and reserve funds available.

2. A lending institution has no right to lend to members beyond what it has in its hands, but it is allowed to raise credit upto 5 times the paidup capital and reserve fund for the reason that the lending adopted will not end in freezing of credit and that in a transaction of a co-operative or other bank under Indian Companies Act, the lending is carried on in a business-like manner and under extreme circumstances, the loss is not likely to exceed the amount of paid up share capital. Hence it is important to note that the lending should be conducted on well ascertained security. Collection should be secured punctually and without any relaxation and worked in such a way so as to reserve a portion of profits for unforeseen loosses.

How does a limited liability bank work with large transactions, decent profit and much accumulation of reserve? It seeks to secure a large amount of share capital as investment from non-borrowers as well as borrowers and rewards the non-borrowers with a good slice of profit. If non-borrowing investing shareholders are not appreciably larger than the borrowing shareholders, the latter could not get accomodation to any large extent, there will be little profit and little reserve. The advocates of limited liability system in rural co-operative societies had better seriously apply themselves to this aspect of

the problem. Will there be any large number of investing non-borrowering shareholders in rural societies who will contribute a larger credit or borrowing power? Will there be any large amount of transaction in the society, profit or reserve? Can poorer people subscribe to one-fifth of the money to be borrowed in ready cash and make it non-refundable until the debt is discharged? Can the rural society issue credit to poorer members, at Rs. 10 for every one rupee of share capital subscribed as at present in the absence of share capital paid up by non-borrowing investing shareholders? Can it be possible to lend money repayable in 2 to 5 years on the security of immovable property by rural co-operative society on payment of share capital to the extent of one-fifth of the sum to be borrowed? Will it not come out of money borrowed from central bank? Can such share capital so collected in primaries be safely allowed to be put into central banks where the share capital is not refundable or withdrawable and where again credit is raised on it to the extent of 10 times the paid up share capital? Is it not true to say that the District Central Banks will never have had such heavy transactions unless non-borrowing individual share holders have put heaps of money in the bank as an investment and for the safeguarding of which some of their representatives are in the directorate or executive committee whether as a majority or minority? Is it not a retrogade or suicidal step to eliminate the shareholders who hold shares as an investment and who alone can give the necessary financial strength to raise credit? One need not be enamoured of the seat in the directorate or executive committee for the individual shareholders. You may possibly get at sometime hereafter (I am sceptical of the present) more efficient men among the co-operators attached to primary institutions who can run the banks with skill, efficiency and with adaptable frame of mind to the departmental officers but can they really contribute the required share capital to raise credit on in the banks? The village rural society disburses credit at 50% of the value of property pledged but places no share capital sufficient to raise credit on either in the primary or the central banks which the primaries want to work as their institution by their representatives. Hitherto, central banks issued credit to rural primaries to the extent of 1/8 of the net assets of the proporty owned by members as unlimited liability operated and as this proportion is expected at least to be secured. The question of raising share capital in rural primaries was regulated hitherto with reference to the procuring of required share capital for the central banks as non-withdrawable and investment shares, eligible for dividend and for ultimate management of the central bank. If once you use this paid up share capital as security for raising credit in rural primaries, which it is found difficult to secure except as part of borrowed money, you are practically debarred from investing such share capital in central bank as non-withdrawable investing share capital to enable central banks to raise credit on. It will appear still more absurd to transfer such share capital in central banks to Provincial Co-operative Bank and raise credit again to the tune of 15 or even 20 times.

Hence it is clear that unlimited liability system should be in operation in rural societies to take the place of subscribed share capital with certainty of seizing at anytime or ultimately. Hence it is proposed by me that contributory liability of a limited character to a limited amount should be secured from members by getting mortgages of productive agricultural landed property unencumbered and valued at double the amount of debt that they wish to contract now or in the future. This mortgage debt must be discharged in a period of 5 years and it will not be withdrawable except when paid-up share capital can be withdrawn.

In central banks individual shareholders must be brought in large numbers and for a large amount of share capital as investors without power to withdraw to serve as basis of security to enable central banks to raise credit in large volume for the extended scope of the co-operative movement envisaged by the Committee. The defective method hitherto adopted in central banks of showing a bulk of money as share capital out of its own money lent must not be continued and early rectification must be secured and correct figures must be portrayed in every institution. This should be attempted in the overhauling process.

Eliminate if you like the individual shareholders in the managing board or the executive committee. Please do not give up their sharecapital and ruin yourself financially and feel unable to extend your transactions and your sphere.

Rural co-operative societies should be prevented from sending borrowed money or share capital or remit interest to central banks except to the extent of interest recovered from members and never should they remit interest dues to central bank out of their share capital collections or out of borrowed money from central bank or out of collections from members on account of principal. Such a method of accounting alone will show the real state of affairs in the primaries or central banks. I have dealt at length with these two points as I

feel that the stability of the co-operative finance will get impaired by the proposals and will get into mess when large extended work is intended to be attempted. Moreover Mr. T.A. Ramalingam Chettiar and Mr. R. Suryanarayana Rao have dealt with these two proposals (elimination of individual shareholders and unlimited liability for rural co-operation). Mr. K. Bhashyam has also dissented in regard to elimination of individual shareholders from central banks. The argument advanced by them may be supplemented by my observations.

Remarks on the minute of dissent by Mr. R. Suryanarayana Rao.

Land mortgage banks in dry areas must be organised by giving long term loans for 30, 40 or 50 years either from Government Funds or Famine Relief Fund.

Separane Apex Bank.—For Telugu districts can be allowed but the Ceded Districts can be given privilege to affiliate themselves to any of the two institutions as they like.

Responsibility of auditors.—So long as they are the staff of Government it does not matter if Government pays for the loss referred to or its employee.

Supervising Unions to be done away with or continued at the discretion of central banks.—Is the recommendation of the Committee. It apparently wanted to satisfy every one and displease no one. If central banks choose to avoid individual shareholders or supervising unions, they will bear all the troubles of finance and management of borrowing societies and will pave their way rapidly for their own destruction. Such additional responsibilities cast on central banks to be borne by the societies and their representatives will be a height of unwisdom perpetrated in the co-operative movement by co-operators under the shadow of the Committee's recommendations.

Marketing Staff.—It does not much concern co-operator's how the Government regulates its work through one department or other is my view. I place very little value leading to lasting benefit from Government unless self-reliance and self-help are predominent in the co-operators.

By Mr. Sri K. Bhashyam.

Multipurpose societies may be experimented upon under suitable auspices, without distributing the existing frame work of rural co-operative societies or District Banks. Indefinite extension will lead to another more serious disaster. Compulsion by statute ought to be replaced by economic compulsion brought about by various forces on the agriculturists and agricultural industry. The elimination of money lenders by any attempt by co-operative movement is not practical politics. Moneylenders, traders, bankers and commercial men serve as useful pillars for agriculture and rural industries. They can only be wiped out automatically if and when co-operative movement can serve as a sound basis and edifice for rural economic arrangements.

By Mr. T. A. Ramalingam Chettiar

Need for all-sided development of co-operation.—The views expressed seem to be the best and I am not sure if the proposals of the Committee have given adequate orientation to secure the object in view.

Need for co-ordination among "development" departments and between them and non-officials.—I accept every word of what is noted by the gentleman.

Need for association of businessmen in the movement.—I agree with the views but the non-officials should arrange for it systematically themselves without leaning on Government to do it for them.

Dangers to be guarded against.—I feel prepared to endorse very word noted by the gentleman.

Multi-purpose societies—Are they the panacea of all evils?—I agree with the view. The matter is plain when grouping of villages and the removal or replacement of limited liability for unlimited liability are objected to as disastrous to rural co-operation.

Agricultural credit societies—Are changes in constitution, liability and objects called for?—I endorse every word of what Mr. T. A. Ramalingam Chettiar states in pages 423 to 428. My remarks elsewhere may be supplemented.

Is voluntary pool of reserve funds of societies based on co-operative principles?—The best way of putting objections to the proposal of the Committee has been done and I could not add further.

I refrain from commenting on (1) needed for separate societies for the scheduled classes, (2) assignment of individual pattas on scheduled class societies as the proposals of the Committee amount to throwing the entire responsibility for finance and management on Government and their departments and central banks get free from the solution of the difficult problem.

By Dewan Bahadur K. Deivasikhamani Mudaliar.

I am at once with the views expressed by the retired Registrar as sound practicable and worthy of being accepted.

General.

From a close study of the report and the minutes of dissenting members, I fear that the majority of committee yielded to the persistent clamour of co-operators of Northern circars to carry their views successfully, as regards multipurpose societies, limited liability, Andhra Provincial Bank, elimination of individual shareholders, abolition of local unions and splitting up the Provincial Co-operative Union.

Let the Tamil Nadu and Ceded Districts take their stand on the recommendations made by Mr. T. A. Ramalingam Chettiar, Mr. R. Suryanarayana Rao and Dewan Bahadur K. Deivasikhamani Mudaliar, and let each work out their own proposals. This seems to be the best solution of the matter and Government will, I hope, give their best consideration to this aspect of the matter.

The summary of report of the Committee on Co-operation reveals the fact that the Committee traversed the whole range of co-operative activities hitherto tackled and to be tackled hereafter, inclusive of rural reconstruction, besides throwing hints on co-operative education in the village and the fitting up of suitable men in rural areas with knowledge of banking and business principles. The responsibility for resuscitating the movement on sound business lines and for expansion of co-operative activities adequate to cover the whole presidency is, however, practically cast by the Committee on the department to a large extent and to a comparatively small extent on the non-official arrangements in force. The proposals of the committee on the favour of the departmental officials is not a pre-requisite for non-official organisations taking up the responsibility themselves and proceeding to plan out their attempt zealously and whole heartedly. The Provincial Co-operative Union, the Tamil Nadu Federation and the Sahakara Sammelanam in Andhra District and the Central Bank of each District can themselves undertake to co-operate and carry out the work of the future, rectifying the defects of the past. It is axiomatic to assume that when such a move is made by the non-official agency in a businesslike manner, the Government Department will themselves cease to interfere in an authoritative or bureaucratic way and will take up the level or attitude of guides, philosophers and friends which they really ought to be. In the circumstances, the start for enthusiastic work must be made by all central banks with the advice and active help of the Federations now in existence. The changes proposed by the Committee need not be severely criticised or arguments advanced pro and con in regard to their proposals as apparently there will be little or no use. Let us experiment them wherever feasible with entire confidence in our own strength and combined effort not dependent upon any ouside agency. Let us solve our problems ourselves and let us have as our objective the welfare of the rural population treating agriculture as the biggest industry in the country requiring skilful and equitable adjustment between labour, capital and co-operation among the different elements. Let us introduce co-partnership plan between labour and capital and let rural organisation be the bedrock on which the structure of our society and social welfare is built. Let the Provincial Union and other Federations take the lead and get delegates from all non-official' institutions, especially the central bank and work out the salvation of the movement. There is not much use in expecting the Government Department to move in the matter as they are undermanned and out of touch with local difficulties. Self-help and self-reliance should be our guide in our attempts at the solution of such problems.

Let us not interfere with the existing co-operative institutions central banks and rural co-operative societies and local unions. Let us work them better, renovate the hopless societies, start new societies on sound lines with our well trained staff. Let Central Banks be responsible for all work, finance, supervision and administration abandoning the idea of any profit and let us promote good and efficient working unions in a methodical way. We will be prepared to absorb whatever assistance Government may give in the shape of men, money or technical advice. This is my advice to all.

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II

By Rao Bahadur S. V. Narasimha Rao, B.A., (Kurnool).

The report of the Vijayaraghavachari Committee on Co-operation is a most valuable and authoritative contribution to the exposition of problems relating to the principles and policies to be observed for an all-round growth and development of the Co-operative movement in our Province. The report has given an interesting account of the origin and progress of the movement in our Province since its inception soon after the enactment of the First Co-operative Societies Act of 1904. The recommendations of the Committee are on the whole most progressive in spirit and character, though there may be some differences of opinion as regards the practicability or utility of a few of them. Even in spite of such differences of opinion on a few of the recommendations, I have no doubt that, if the Government should see fit to accept the recommendations of the Committee as they are in their entirety, the movement in our Province is bound to show marked progress within the next decade and a new life and spirit is bound to be engendered in the minds of the rural co-operative workers.

Along with this new orientation to the co-operative movement, if the Village Panchayats should be reorganised and revitalised with enlarged powers and functions on a statutory basis, there is bound to result a country-wide rural reconstruction which all well-wishers of our country hope to see visualised in the near future. In my view no time should be lost in implementing the recommendations of the Committee through executive action, wherever feasible and practicable, though perhaps it may not be desirable to have legislation effected on a matter touching a great nation-building department of the administration like Co-operation when popular legislative machinery is not functioning. I shall now touch on a few matters dealt with in the report.

I am in entire agreement with the recommendation of the Committee regarding Supervising Unions. Whatever theoretical differences of opinion there might be in regard to the vital necessity of the existence of such unions in a sound and efficient co-operative structure, I am sure most co-operators who have an intimate experience and inside knowledge of the working of these unions throughout the districts will share my view that they are functioning in such an unsatisfactory way as to render them practically effete institutions. To force such institutions on all the districts, irrespective of the fact whether the co-operators in a district are anxious and willing to have them within their area, would be unduly fettering the freedom and the initiative of those responsible for the guidance of the movement in the districts. The recommendation accordingly gives discretion and power to the Central Banks to decide as to whether they would not have Supervising Unions within the area of their operations. It is a healthy recommendation giving power to determine its own method of working to a Central Bank within its sphere of jurisdiction and is in consonance with the fundamental concepts of a truly democratic movement like co-operation.

I am sorry I cannot at all agree with the recommendation of the Committee regarding the elimination of individual share-holders from Central Banks. Basic and fundamental principles apart, we must take note of the realities of the situation and see whether the total elimination of the individual element from the directorates of the Central Banks would conduce to that ordered progress and stability which they have so far been able to maintain, in spite of several adverse circumstances, all these years and would contribute to maintain that high level of confidence which the investing public has had in the integrity and sound administration of these financing institutions. In my view a small individual element on the Board of Management as well as the Executive Committee of the Central Banks is absolutely essential at least for some years to come, to inspire and maintain that continuity of public confidence in the minds of the investors as to their sound and business-like management. It cannot be gainsaid that the present measure of the popularity and the strength of the Central Banks is not a little due to the efficient direction of the representatives of the individual shareholders on their directorates. Deposits come mostly from persons, and institutions at the headquarter stations of these institutions. However good business-men the representatives of Societies may be the absence of the individual element on the directorates of the Central Banks is bound to retard the development of the movement on healthy lines in not a few of our districts owing to loss of the required measure of confidence of the investing public in the solidarity of these institutions. The movement has not as yet been able to produce a large body of enthusiastic co-operative workers throughout the countryside in our districts. The movement has also suffered a considerable set-back throughout the districts owing to the prolonged economic depression which has engulfed its activities all these years. I should think it would tend to promote the

healthy progress of the movement if a small individual element is enabled to function on the directorates of the District Banks for at least another decade.

Divergent views exist throughout the country on the question of limited versus unlimited liability principle in the constitution of simple rural credit societies. The arguments for or against on the question have been before co-operative thinkers for a sufficiently long time. I am sure it would be conceded on all hands that the best men in our villages have not as yet come into the movement in most of the districts. It is time that co-operation should extend its sphere of usefulness so as to embrace the manifold purposes and activities the rural agricultural communities stand in need of for their economic self-sufficiency. The rural credit institutions would not subserve their real purpose until they become miniature multi-purpose societies. Then would arise the need for enlisting the willing and enthusiastic co-operation of all the leading and influential men in our villages. Mere adherence to orthodox principles may not be a good solvent of several of the ills to which our agricultural community is heir to. I therefore welcome the wholesome recommendation of the Committee on this subject.

Two Apex Banks for the Province may well be considered necessary in the altered conditions and circumstances which may be brought about on the coming into force of several of the recommendations embodied in the report of the Committee. I do not think there is much difference of opinion on the question of the constitution of two apex banks for the Province among the Tamil, South Kanara and Malabar districts. Nor would the coastal Andhra districts demur to such a proposition. It is only some of the Rayalaseema districts that would not seem to be in favour of this proposal on the vague apprehension that the coastal Andhra Co-operators would dominate in the administration of the Andhra Apex Bank, if and when constituted. Even granting that the Coastal Andhra Co-operators would obtain a dominant position in the affairs of the Andhra Apex Bank, it is inconceivable how the Rayalaseema districts would suffer through such domination. As things now stand, Rayalaseema Co-operators are not having any predominant voice in the administration of the Provincial Co-operative Bank, which is directed by the representatives of the four languages of our Province. But no impartial observer can well maintain that Rayalaseema districts are not now having their due and proper share of the facilities, financial and otherwise, provided by the Provincial Financing Institution. It is not right to think that Coastal Andhra Co-operators, even if they can assume a commanding voice and position in the administration of the Andhra Apex Bank when constituted, would be so ungenerous and unpatriotic as to deny all legitimate and reasonable facilities needed for the economic betterment of the Rayalaseema districts. After all an Apex Bank must consist of the representatives of the several districts within its regional jurisdiction. And Rayalaseema districts, which are fast progressing educationally and otherwise, can well assert their individuality in the direction and management of the Andhra Apex Bank. It is only a sense of inferiority complex which should impel the Rayalaseema Co-operators to oppose the constitution of a separate apex bank for the Andhra districts. Nobody can object to the constitution of a separate Apex Bank for the Rayalaseema districts, if feasible and practicable, as regional Apex Banks to suit the divergent needs and circumstances of widely different areas are eminently desirable from every point of view. Unfortunately owing to the present state of poverty of the Rayalaseema districts, a separate Apex Bank for the Rayalaseema districts is not a practical proposition for a sufficiently long time to come.

III

By K C. Ramakrishnan.

Students of Co-operation, who have been for sometime looking forward to the report of the Vijayaraghavacharya Committee on Co-operation, will appreciate the report published for more than one reason. It contains a detailed and dispassionate survey of the movement in Madras, particularly since 1928 when the Townsend Committee reported. The defects discovered in the working of several types of societies are laid bare without reserve. Recommendations are made for their rectification and the organisation of new societies, some of them on lines unorthodox and at variance with the views of veteran co-operators and the high authority of the Reserve Bank of India, but not without a close and earnest examination of the pros and cons.

The Report is a somewhat colourless document. It has none of the classic diction and the neat enunciation of first principles which made the Maclagan Committee's report the bible among co-operators. Readers will miss in it the fine glow of enthusiasm of early co-operative literature. But problems are not so simple now, experiments have been made and complications set in and a number of disturbing factors have been disclosed, escape from which is eagerly sought. Discussion is bound to be prosaic as details of administration are dealt with. The report is sometimes so entangled in details that the wood seems to be misssed for the trees. Broad principles and minutia of procedure are treated alike and receive the same emphasis. In this respect, however, the report is superior to the Townsend Committee's report, which, with all its sound lead on some essential questions, was rather routine and scrappy in the treatment of several problems.

The procedure adopted by the Committee had some novel features, not all of which we can appreciate or understand. The Committee did not frame the questionnaire. It had been previously framed by the Government and answers were collected with a view 'to save the time and energy' of the members. Apart from the difficulty and the ambiguity of some questions, there were no specific questions on a number of types of societies, e. g. on consumers' stores and building societes in towns and societies for consolidation of holdings and tenants' and labourers' societies in rural tracts. A note on building secieties appended to the report looks like an after-thought. There is no reference to urban stores, except in the historical survey, though the Department of Co-operation seems to be organising them with a new-born faith in parts of the Presidency. There are a number of problems the existing stores have had to face, on which a lead would have been welcome, but we do not find even a statement of facts.

The Committee is, perhaps, voicing an unfortunate widespread feeling in the country when it says that its task was "to enable it (the movement) to become a powerful instrument of *rural* betterment and of *rural* prosperity" as though co-operation were of no importance to the urban classes and industrial workers who are growing in numbers. This is to ignore the tremendous service that the movement has done to consumers and producers in urban and industrial areas all over the world. In fact these societies render a lot of service to agricultural producers' societies by buying their requirements, both domestic and industrial, from them and supplying in turn not only manufactured goods but also funds for working capital, which they badly need.

Oral evidence was not sought of any except experts in a few lines. The Committee had no doubt a number of veteran co-operators—officials and non-officials—as members. But they could not claim the monopoly of wisdom and experience on all phases of the movement. There are at least some others in the Province who have been working in different types of societies and could have thrown more light on dark corners when examined. Such oral evidence would have also roused greater public interest in the work that the Committee was doing than the publicity given to the speeches of the members of the Committee, whose minds seemed to have been made up on most issues.

A great merit of the three heavy tomes of written evidence published along with the report is that all answers to the questionnaire have been cut up and arranged topicwar in the style of a symposium. But many of these answers could have been summarised and edited, in the interests of economy and for the benefit of readers.

Coming to the subject-matter of the report, it is but natural that in a country where credit dominates the fields of co-operation, the Committee should deal at some length with the extent and causes of rural debt and recent measures of debt relief. The Committee was not satisfied with the results so far achieved by debt legislation

in Madras, which was 'haphazard' and 'empirical' and led to 'malpractices in subtler forms'. Debt conciliation,it is recommended, should be made compulsory. Moneylenders must be licensed and controlled and inspected. Rates of interest prescribed in the Madras Debtors' Protection Act (9 and 15 per cent on secured and unsecured debts) are said to be too high and 'require to be suitably modified.' The recommendation is vague, and if carried out on the lines of the Agriculturists' Relief Act in the teeth of the economic forces of supply and demand is likely to lead to newer forms of evasion. The money lender who feels annoyed is naively invited to walk into the co-operative fold, which offers scope for safer investment of his funds and 'opportunity for service' to fellowmen! The moneylender cannot be coaxed in so easily nor foiled in his attempts to trap the everneedy borrower. There are limits to the relief that any debt legislation can give in a country with such impecunious peasantry. Individual lending can be replaced by institutionally controlled credit, which all of us desire, only gradually and by a more "comprehensive treatment of the agricultural and economic conditions", even as the Committee feels bound to remark when speaking of land mortgage banks for dry tracts. It is a sound old suggestion that the Committee endorses that no usufructuary mortgage of agricultural land should be permitted unless provision is made for automatic redemption within twenty years. But the recommendation that existing mortgages in which the mortgagee has enjoyed the fruits of the land for not less than 25 years should be deemed to be extinguished is bound to be criticised as confiscatory in character and out of tune with the other recommendations of the Committee.

The Committee is quite satisfied with the working of the land mortgage banks in Madras which are indeed looked upon as examplars for the rest of India. A closer network of banks, 200 in all for the Province, is the objective prescribed for a five-year plan. Extension to dry areas is recommended with caution and the Government is exhorted to help from out of the general revenue or from the Famine Relief Fund. Permanent land improvements have so far been little financed by land mortgage banks in Madras, while the finance of such ventures is the *raison d'etre* of land banks in Europe. Repayment of prior debts has had the run for far too long a time. It is doubtful whether all this relief has added much to the wealth of the country. It is time that lending for purposes positively productive takes precedence in future. We are aware of the difficulties in such finance. Well-sinking, for instance, which is the best known form of land-improvement, often turns out to be uneconomic, if not altogether a failure. Competent technical advice is essential but it is yet rare in our Province. But where a strong case has been made out and there is no element of gamble in a proposition, the bank must be ready to help. In fact such cases must be sought out.

The clamour for the extension of the duration of loans by land mortgage banks beyond 20 and up to 40 or 50 years has been, in our view, rightly discountenanced. Though longer term would mean smaller and more convenient instalment payments, it is unsuited to our system of inheritance, which permits excessive subdivision of holdings within a much shorter time. There is, on the other hand, a strong case for shorter periods of long-term loans, *i. e.* from 7 to 20 years, for which we believe annual repayments of loans could be utilised instead of their being invested in less profitable securities. Other recommendations pertain to continuance of State aid for some more time, though ultimately the land mortgage banks are expected to become independent of Government guarantee.

The longest and the most controversial chapter is, of course, on agricultural credit societies. The present unsound position of the majority of societies is frankly analysed and methods are suggseted for their rehabilitation—abolition of penal interest, extension of time, recovery of arrears in kind, 'rent-purchase' on the Burma model of lands by those who have had to surrender them and writing off of bad debts. It is for the last purpose that the creation of a pool of the reserve funds accumulated by primaries in the area of a central bank and by the central bank concerned has been suggested. As there was a lot of opposition to a compulsory pool, the final recommendation is for a temporary voluntary pool. Even this is objected to by many co-operators on the ground that it is stretching the co-operative principle of mutuality too far to ask not only the central bank, which has a bad debt reserve, to come to the rescue of falling societies but also the sound and prudent societies to meet the losses of the bad and imprudent ones. There is a good deal of force in this contention but it is better to wait and see how central banks and better-off societies react to this appeal.

The recommendation that is most radical or revolutionary, according to one's point of view, is that henceforth rural societies shuld normally be on limited liability basis, the Registrar permitting unlimited liability only where there is a specific demand for it. This change has been supported by the majority not only because of the

failure of unlimited liability, but because there is need for expansion of co-operatives which will not only provide credit, but cater to all economic needs of members, each with a jurisdiction over a number of villages. The minoity do not admit that unlimited liability is a complete failure, and they do not want multi-purpose societies over wider areas. If facts are to be faced, unlimited liabliity must be set down to be a failure. There is a growing volume of opinion against it not only in Madras but in other provinces too, as the proceedings of the last Registrars' and some Provincial co-operative conferences reveal. Unlimited liability was saved at the Registrars' Conference only by the casting vote of the President in favour of *status quo*. A review is not the place to discuss this point further. Suffice it to say that all agricultural countries do not have unlimited liability credit societies. Japan has more of guaranteed than unlimited liability.

It is not as though there is no *via media* between absolute unlimited liability and limited liability confined to bare share capital. Limited liability could be made more attractive to the creditor by the acceptance of a guarantee liability, a multiple of value of shares held by a member which in turn should be in proportion to the maximum credit allowed to him. In addition every borrower might be asked to mortgage a piece of land or house of his own as a continuing mortgage on the basis of which he can get cash credit. Mortgage is a customary, concrete and surer security for the creditor than the intangible, ill-understood and easily evaded unlimited liability. It is a pity that the Committee has not emphasised the need for some of guarantee in its recommendations.

As for multi-purpose societies catering to all enconomic needs of members—it is a mercy that non-economic needs like sanitation are not included—it is mere wishful thinking to believe they can succeed in the conditions of our country. While doing every thing to encourage the formation of different types of societies, it is better to concentrate on one or two purposes at the most in one society. Dual purpose rather than multi-purpose has succeeded in other countries. The most common combination is credit and supply of agricultural, and to a smaller extent domestic, requirements of members. Sale and processing are beyond the capacity of village societies; they can at best act as agencies.

The Committee has ruled out every form of compulsion as a contradiction in terms and as impracticable. It may be too much to compel richer classes to join co-operative societies and invest all their funds therein, But surely more stringent provisions than mere expulsion of members from a society are needed for the success of trading societies in particular. 'Iron-clad contracts' with provision for heavily penalising sales of produce by members outside the society are common in the United States. In fact in countries like S, Africa and New Zealand all producers are obliged to join a marketing society if two-thirds of producers vote for it. Laissez faire England has adopted this principle in her Marketing Acts.

Loan and Sale societies are to be renamed marketing societies; they are rightly asked to concentrate on marketing and not rest content with advancing loans on produce. We fear the recommendation that Rs. 5,000 should be the ordinary maximum credit, which may be exceeded in the case of paddy, is likely to favour, even more than in the past, the merchant-cum-producer to the detriment of the producer pure and simple—whatever may be the exhortation to the society to deal only with the latter. A separate department of marketing would be ideal. But if it could not be created, it would be more appropriate for marketing officers to work in the Department of Commerce and Industries than in the Co-operative Department, as their investigation and development work cover a much wider field than co-operation and are more related to commerce.

The chapters on societies for cottage industries and handloom weavers are conspicuously thin. The discussion is too general and does not dwell on the difficulties of co-operatives in particular. The recommendations are a string of requests for all sorts of State-aid, almost all at the expense of factory industries. They are alien to the spirit of self-help which should characterise co-operative endeavours. There is no evidence of any examination of the survival value of industries that have been or might be taken up on co-operative lines.

Urban banks, with all their faults; are doing better business than the rural societies which are ten times as numerous. They have developed the banking habit of the middle class, but they have also stimulated chronic borrowing and frequent defaulting. The goodwill of the head of the department is necessary in every employees' society; but to make him the head of the society will tend to duplicate the heirarchy of the office. Bigger urban societies should certainly have a representative assembly in place of the general body meeting of all members, as the T.U.C.S. has already shown

the way. But the system of election of directors from wards or branches should be changed to one of election from the representative assembly to the Board, if the latter should be responsible to the former.

It is but right that central banks, which are the backbone of the co-operative credit structure in this Province, and with few exceptions are the best of their kind in India, should not be split up into smaller taluka or firka banks, as the Reserve Bank would have them But it is doubtful if the time has come for the withdrawal of individuals' representatives from the Boards of management of central banks.

Space forbids a detailed review of all recommendations, but we cannot conclude without questioning the recommendations on supervision and education. We trust the central banks will not long retain in their hands the work of supervision of primaries but will help the reconstruction of supervising unions. A Government College of Co-operation at the top of the educational pyramid is not conductive to the development of independent teaching and of research, as in fact the study of no social science can ever flourish under Government auspices. The sooner the leaders of the movement realise this, the better will be the chances of building up a sound school of co-operatve thought untramelled by any official control or pressure of political parties.

My visit to the Co-operative Institutions in Madura.

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

There is an old Tamil proverb which equates the man who has not visited Madura with the patient animal that bore the prophet. I have had the privilege of visiting the famous capital of the Pandyans a number of times; but my visit in September last was undertaken specifically to study the new developments of co-operative activities in the District.

First as regards the rural reconstruction activities in the District. The authorities of the District Bank were pleased to set apart all the Common Good Fund of the Bank amounting to over Rs. 11,000 as a nucleus for the rural reconstruction work. As explained in my last article about 20 centres were chosen and attention was concentrated on nine main lines of activities, each centre taking up those activities that are locally most promising and suitable. I visited only one of these centres, *i.e.* Sathangudi to the west of Tirumangalam.

It is a biggish village situated on the road to Usalampatti from Tirumangalam and is inhabited mostly by Tamil Nadars and Maravars with a sprinkling of Telugus and a sustaining stratum of adi-dravidas. Educationally the locality is comparatively progressive as there are schools run by the District Board as well as by the Mission agencies. The lines of activities chosen in the village are public health, co-operation and adult education. Water from houses which is generally let out in the street to find its way according to the configuration of the land is drained away by brick built drains though some of the drains at the time of my visit were silted over with sand carried by rain water. A small library is being maintained and a class for adult illiterates is being run by a local worker who gets a small monthly allowance. A local co-operative society has lent some money to its members. The programme of work is not ambitious, nor is the achievement very striking. I only wish that other centres are more promising.

The one line of work on which I bestowed particular attention was the store-movement. I am glad to be able to bear witness to the great earnestness shown by people themselves in this behalf and

the good start made by many institutions they have a good future before them.

(*i*) *Vadugapatti.*

The first primary store I visited was one located at Vadugapatti a village on the way from Madura to Kodaikanal Road Station. It was started on 11-8-40 just one month before my visit (12-8-40). It has a modest strength of about 35 members and has a subscribed capital of about Rs. 230. Its sales on an average come to about Rs. 700 a month. What struck me most was the variety of articles stored. I have already explained in my previous article that my old conception of a store was given a rude shock when I saw the C.W.S. and noticed the hundreds of articles stocked by it intended for the village stores. Vadugapatti happened to be first village store I visited and great was my joy to see over 200 articles exhibited within the modest building in which the store is housed.

(*ii*) *Vadipatti.*

This is a bigger village situated further up on the road between Madura and Dindigul. Its membership is approaching the 200 mark though its share capital has not yet reached the 500 level (actually Rs. 473.) It has a paid staff and effects sales to the tune of over Rs 2,000 a month. My personal vanity was tickled a bit when the honest rural worker, the manager of the stores, introduced himself to me as an old student of mine at Pachaiyappa's. The good business that was being transacted at the counter at the time of our surprise visit showed that the store was really fulfilling a long felt want. This store was started on 20-5-1940.

(*iii*) *Dindigul.*

This is an important commercial centre and smokers would remember this place as the one where Spencers' famous cheroots are being manufactured. This is the headquarters of a Taluq where R. D. O. (usually a civilian) also has his office. The store started in the town on 22-10-39 has a membership of 132 who have subscribed among themselves a share capital of over Rs. 2.700. Being a town and having to compete with various shops each dealing in its own commodities or groups of them the store is stocking over 300 articles from pin and stationery to cement, nail and hinges. This has got a branch at a near village called Reddipatti. The Zamindar of Kannivadi and his able Dewan Mr. O. N. Ramaswami Aiyar, retired Deputy Registrar, are evincing great interest in the store as well as in the various other aspects of the Co-operative movement and with their co-operation and support many more inter-connected stores are expected to be started in the most promising of the zamin-villages.

This place being an important business centre the C. W. S. is contemplating to open a branch which will function as a distributing centre. Things coming from Madras and intended for consumption in and about the locality need not be taken all the way to the go-downs of the C. W. S. at Madura and transported back to Dindigul; but can be directed to be delivered at Dindigul. Transport charges for about 80 miles (Madura to Dindigul, to and fro) and much time would be saved by this arrangement. I saw the big house in the business centre of the town which the C. W. S. are negotiating for as their office and go-down.

(*iv*) *Betlaguntu.*

This place remembered with affection by all lowers of modern Tamil literature as the birth place of Sri Rajam Aiyar, the author of the famous *Kamalambal* is a good co-operative centre. Sri Krishna Aiyar is an enthusiastic co-operator and he is the vivifying influence of most of the co-operative institutions of this place. The store which was started only on 20-4-40 has enrolled more than 60 members and has collected over Rs. 1,200 as share capital. Its average sales per month come to about Rs. 2,000 and it handles over 200 articles. Being a semi-urban and semi-rural locality it has to cater to the needs of both the classes of our population, rural and urban. One line of activity taken up by this store is the supply of forms and registers required by the co-operative stores in the neighbourhood and the supply of notebooks required for the schools or the locality and surrounding places. The Press is not a co-operative concern; but the charges seem to be cheap and notebooks and forms done locally are cheaper than those supplied by the C. W. S. at Madura. As the place has got a High School, unemployed S. S. L. C.'s are available for service at a rediculously low pay. There was an acting clerk, of course, S.S.L.C. completed, working on Rs. 10 per month.

That the machinery of the C. W. S. was not working perfectly smoothly was indicated by the fact that Sjt. Krishna Aiyar complained about the delay in supply of articles by the Central Stores. It is really a matter of congratulation that items of complaints were not more numerous.

(*v*) *Nilakottai.*

On 21-8-40 a store was started in this place which is the headquarters of a Taluq. Here too there is great scope for the development as a local businessman Sri R. V. Pillai has taken charge of the stores and is throwing himself, with all the enthusiasm of a new recruit, heart and soul into the movement. I met him at Madura as is one of the Directors of the District Co-operative Marketing Society newly started.

This store has to struggle hard to maintain itself against vested interests. The merchants of this place, mostly Nadars, have been traders for generations and it is very difficult to compete with them and more so to wean away the business of the local public from them The store has a modest membership of just over 40 and has collected share capital of about Rs. 400 but it deals in nearly 300 articles including electric bulbs of various sizes and luminosity and does business for about Rs. 120 every day.

One interesting feature I noticed was that the salesmen alone were paid; but the two accountants, both local people, were working honorarily with the ultimate hope of getting fixed up as paid employees in the Institution. These honorary workers do eleven hours' work every day! from 7 a.m. to 1 p.m. in the first session and from 2 p.m. in 7 p.m. in the second session.

This store also has a branch in a near village and hopes to plant a few more as the need for such stores is being felt and their presence appreciated by the rural folk.

I shall deal with two other stores in the moffusal before I come to the stores in the City itself.

(*vi*) *Tirumangalam.*

I visited the stores on the 14th of September 1940. This is also the headquarters of a taluq; but looks more rural than urban. It is an important cotton centre and is the outlet, being a railway station town, for all the produce of the *hinterland.* The local store started on 9-1-40 has about 80 members with a share capital of about Rs. 850. Its average sales amount to about Rs. 60 a day and the number of articles it deals, in is about only half that of, say, Betlagunta or Dindigul. This was the only store that did not impress me by the way in which things were arranged in the store. It must be said to the credit of these new stores that they have learnt the art of packing all their goods neatly in the space available, wall space being utilised to the fullest extent by means of racks and shelves.

(vii) *Virudunagar.*

The establishment of a co-operative store in this big commercial centre which has been a distributing centre of groceries for decades must be admitted to be a very bold step. This is the very citadel of the very powerful and influential Nadar community. The store is located strategically in the busiest part of the town. It was started on 4-10-1939 and has now over 500 members with a share capital of over Rs. 4,000. The daily sales have increased from about Rs. 50 a day to nearly Rs. 200 a day. The number of articles it deals in is bewildering. The store having enlisted the sympathy of some of the prominent local leaders promises to thrive well.

Having dealt with the rural stores, I shall briefly describe the stores in the city of Madura.

(viii) *The City Co-operative Stores, Ltd.*

This is one of the oldest stores in the Province. Along with the T. U. C. S. and the Coimbatore Stores this was started soon after the first Co-operative Act of 1904 was passed, the date of its registration being 3rd April 1906. As in the case of the other two pioneering stores this store also had a credit branch attached to it; in fact all these were registered as urban credit societies with the stores branch smuggled in. In 1923 the credit branch was separated though the agitation for the bifurcation was started two years earlier. Now it has about 300 members and paid up share capital of over Rs. 4,000. Its sales amount to about Rs. 4,000 a month, *i.e.*, just as much as in a second class branch of the T. U. C. S. Being an old institution it has got a Dividend Equalisation Fund (Rs. 549), Common Good Fund (Rs. 265), House Building Fund (Rs 2,917), Reserve Fund (Rs. 10,139), and in the last year for which audited figures are available (1938-39) it worked at a profit of Rs. 2,077 and was able to declare a rebate upon purchase of 5 pies in the rupee.

As one connected with the T. U. C. S. it gave me great pleasure to see that they have a flourishing clothing department. It is no joke to run a clothing department at Madura, a reputed centre for weaving fine fabrics. For many years the stores have been, on an understanding with a fire-wood merchant, supplying this important

household article to its members. It has only one branch at present, two branches formerly opened being forced to close down.

It has got an able directorate, but they are somewhat conservative and do not take to new lines of development with much enthusiasm. It has been keeping its record of purchase and sale at a steady level. I fervently hope that it would throw itself enthusiastically in the new current of fresh non-credit activities in the District and give a lead to the new stores that are springing up in the vartious parts of the District.

(ix) *Thallakalam Stores.*

Thallakulam is an extension of the city on the other side of the river Vaigai. The American College and the newly constructed District Hospital are there; there is a ourishing colony of middle-class people and a store therefore is a necessity of the locality, as it were. The city store opened a branch here some years back but unfortunately it had to be closed down for the very unco-operative reason that most of the people preferred to buy on credit from the local shop keepers to purchase for cash at the stores and the stores, perfectly legitimately, stuck to its fundamental principle of sale for cash only. Just about two years ago another attempt was made and a new store was started on 3-7-38. It has a membership of 13i and paid up capital of over a thousand rupees. It is having a monthly sale of over Rs, 2,500, but about a third of this business is being contributed by two institutions, the rest only being the business from members. Here again what struck me was the variety of articles stocked. The store sells Kuppam quilts, tooth brushes and tooth pastes of many types and varieties, biscuits of many sorts and articles of stationery, over and above the usual stuff of rice and grocery. I was glad to note that this store is affiliated to the C. W. S. and gets its articles mostly from that, which is as it should be.

(x) *The Madura Mills Stores.*

With the kind co-operation of the authorities of the mill, social workers like my old student Sri Varadarajulu Naidu, the labour leader of the City have been able to start and run this very useful institution for the exclusive benefit of the mill-hands. There are about 7000 hands working in the mill and before the starting of this store they were being exploited by local shopkeepers, who supplied them goods of C-3 variety and realised from them value as if they were of A-1 class. Even now only about 3000 and odd of these labourers have been weaned away from the shop-keepers. These have been enlisted as members of the newly started stores (started on 20-2-40) and they have among themselves collected a share capital of over Rs. 15,000. The sales come to over Rs. 18,000 a month which works out on an average about Rs. 6 purchase for a member (or a family) which is not much.

It has at present only 3 main departments, *i.e.*, Rice, Condiments and Oil. Every member is given a certificate about the wages earned and he or she can purchase articles to that extent and the mill authorities deduct the amount due to the stores from the pay due to the members. The store will be starting a clothing department arrangements for which are getting completed at the time of my visit (13-9-40).

This store has a great future before it. It should aim at roping in as members all the employees of the mill and supply all their requirements for them. Nothing short of this should be their ideal.

(xi) *The National Co-operative Stores Ltd.*

This is a recently started institution (started work on 12-10-39) working in the South and South-Eastern parts of the city and it has got 3 branches, besides the section working at the headquarters. An important section of its clients consists of the Municipal Employees who make their purchases (as far as the city is concerned) from this store. Out of the monthly average sales of over Rs. 7000 this section is responsible for about Rs. 2000 worth of purchases.

(xii) *The Madura Model. Co-operative Stores Ltd.*

Another small chain of stores under the above name is working in the City; but it avoids competition with no (xi) noted above as each has its definite area and does not poach into its neighbour's This has got 9 branches and has other interesting sections of activities like, Tailoring, Medical, Laundry and Restaurant branches.

This store with its branches acts as the retail branch of the C.W.S. and to that extent it serves a useful purpose as it enables the C.W.S. to be in live touch with the retail market. The old maxim of "Hasten slowly" is one which the management of this institution will do well to remember and act upon.

I have already sketched in my first article the working of the C. W. S. the nerve centre of the store-movement in the District and

hence I do not deal with it in this article. I appreciate the enthusiasm of the present set of workers, both official and non-official and hope it would remain steady and form the solid basis of the movement. As I said before, I heard a few creaks in the machine and these would soon vanish when the machine is better lubricated and works on stricter business principles. I cannot conclude this note without a note of warning about the inadequate nature of accounting and auditing of the accounts. It may not be possible for many of these young stores to have the elaborate internal checking obtaining in the T. U. C. S., Madras in its "Ledger Section"; but that system is good and well planned and it enables you to know the stock of *any article, in any branch, at any moment.* Such a system may not be possible to be introduced in all individual societies each with its own staff for that purpose; but it must be made possible for convenient groups of societies within easy distance of each other, these societies taking the place of the branches of the T. U. C. S., for the purpose of this audit and check.

P. S.—I happened to visit the stores at Karaikudi, Rameswaram and Ramnad on a later date. Though these are also working under the new scheme sponsored by the Madura Ramnad Co-operative Central Bank, I shall write about these on another occasion.

Rule V (a) 4 of the Madras Co-operative Societies Act and Validity of Receipts.

BY V. N. AYYAR.

I have read with interest, the article of Mr. P. K. Srinivasaraghavachariar on 'Receipts'. published at page 715, of the Madras Journal of Co-operation. The article deals with a question, which concerns all co-operative Institutions. Hence, I feel, that an open discussion of the subject will lead to a correct solution of the problem and I venture to place the following suggestions, for the consideration of all co-operators.

Mr. Srinivasaraghavachariar has, in effect, stated that a debtor or a defendant, who does not insist on a printed receipt being issued to him, out of the receipt book of the society, for monies paid by him to the society, cannot plead the payment in defence. Payment, without such a receipt, is invalid, as it were, and all other evidence, of whatever kind, should be disallowed, for the purpose of proving the payment.

He bases his argument for arriving at this conclusion, on the provisions of the Rule V (*a*) 4, which requires all credit societies to maintain a receipt book. He states that "it is a well known proposition of law, that, unless, the parties insist on the statutory requirements being fulfilled, they cannot fix the society with any liability for the sum that was received by the society." He has quoted 2 Madras decisions reported in 31, M.L.W. 271 and 37 M.L.W. 429 in support of the above statement of law and argues that, as societies are under a statutory obligation to maintain a receipt book, no other receipts were contemplated or would bind the society.

The two decisions quoted by him relate to contracts entered into, by chairmen of municipalities, in contravention of the statutory requirement contained in Sec. 69 of the District Municipalities Act that contracts entered into by or on behalf of a Municipality should be reduced to writing. Sec. 69 clause 2 runs as follows :—

> "Every contract executed or made otherwise than in conformity with the provisions of this and the last preceding section shall not be binding on the municipal council."

The effect of clause 2 is, to limit the power of the persons in authority, to enter into contract on behalf of the municipality and to exclude other than written evidence of such a contract. It was

therefore decided that the contracts entered into by the chairmen, in those two cases, were invalid and not binding on the municipality. The amounts paid thereunder could not also be recovered having been paid in pursuance of an illegal contract.

By an extention of the principal of the above decisions, without reference to the facts of the case, Mr. P. K. Srinivasaraghavachariar has generalised the proposition, that unless parties insist on the statutory requirements being fulfilled, they cannot fix the society with liability. But, in so doing, he has sacrificed familiar legal distinctions, which have to be recognised in the application of law, as laid down by Precedents. I think, that, the decicions, quoted by him, are no authority for the proposition stated by him, with reference to receipts.

In the first place, a distinction has to be drawn between the formation of a contract and its discharge. When a contract is formed, it requires the sanction of law for its enforcement and that sanction is made available, only under conditions, laid down in relevant provisions of law. The case of a discharge is different. Discharge is within the competence of the parties to arrange for themselves; if only discharge can be proved, as a fact, by legal evidence, no other formalities are necessary. A receipt creates no new rights; it is only evidence of a payment. Hence the principles applicable to a receipt are different from those, which apply, to a deed of contract.

Secondly, a co-operative society though registered under the provisions of an enactment, is not the creation of a statute. Though the society is governed by the provisions of the co-operative societies Act, its scope, constitution and management are, still, its own and are not defined by statute. Within the limits fixed by law, it has ample choice to fix its own constitution and management, in its by-laws. The by-laws of the society form the basis of the voluntary agreement of the members, and define and govern the activities of the society. A co-operative society, therefore, stands more on par with a company, than with a municipality, which is created by a statute, and is governed by the statute, even in matters of internal management and procedure.

Thirdly, a receipt is merely a piece of evidence. It is nothing more than a satisfactory proof of the fact of payment. A special provision of law insisting on a particular mode of proof and declaring other evidence inadmissible, will over-ride the ordinary law. In the absence of such a special provision, excluding the operation of the ordinary law of evidence, the fact of payment may be proved by any legal evidence. The decisions in 31 M. L. W. and 37 M. L. W. were based on the provisions of Secton 69 (2) of the District Municipalities Act which lay down such a special rule. The Madras Co-operative Societies Act and the rules framed thereunder do not contain a similar provision, prescribing any particular form of receipt and declaring other evidence to be inadmissible.

It is therefore clear that the decisions quoted by Mr. P. K. Srinivasaraghavachariar are not helpful to determine the question raised by him. The ordinary principles of law apply, in the absence of special provisions, and the question, whether the receipt issued by a co-operative society should be in any form, in order to bind the society, has to be decided only under the ordinary law.

Corporations can act only through authorised office-bearers and agents. The extent and authority of the office-bearers and other persons to act on behalf of the corporation are fixed and determined to a very great extent, even at the time of incorporation. In the case of a statutory corporation such limitations are embodied in the provisions of the statute, and the rules and notifications issued thereunder. In the case of a company the Memorandum and Articles of Association define those powers. The constitution and management as also the authority of the office-bearers to act on behalf of a co-operative society, are governed by the by-laws of the society.

It is a principle of ordinary law of agency that the agent can bind the principal by all acts within the ostensible scope of his authority. Persons dealing with an agent are bound to enquire into the scope of the authority of the agent; but they are not expected to acquaint themselves with administrative rules and instructions, that may be prescribed, for the internal management of an institution, nor pry into secret instructions of the principal. It is enough if they are guided by the primary deed of authorisation, which should contain the conditions, if any, under which the agent can act. It, therefore, follows that, when the by-laws of a society authorise a person, to receive amounts on its behalf, the society is bound to give credit to any amount that may be paid to him, even if no receipt is granted. If it is meant otherwise, the by-laws should embody the form of receipt. that will be held valid, to the exclusion of all others and the conditions, under which, the person authorised can act. In the absence of restrictions, the power is absolute and the society will be liable for amounts paid to the agent.

The Madras Co-operative Societies Act and the rules framed thereunder deal with various *requirements of co-operative institutions*. The rule in question is administrative in character and is intended to enforce proper maintenance of accounts and to enable the Registrar and his staff to audit the accounts of the society. In order to check and defect fraud, receipt books have been prescribed, but if the societies do not adopt them or do not use them regularly, it is for the management of the society and others in power to see that the rule is observed. The rule has no reference to the relations of the society with persons dealing with it and those relations are still governed by the ordinary law and the by-laws of the society. There is no special provision of law, under which the society can take shelter and shirk its responsibility for amounts paid to the authorised office-bearer.

That rule V (*a*) 4 cannot invalidate and exclude other evidence may also be illustrated, by an analogous provision in Sec. 62 of the Madras Estate Land Act. The section lays down an obligation on the part of landholders, to issue receipts for rent received and Sec. 65 prescribes the penalty for failure to do so. But this has been taken to impose only a unilateral obligation on land-holders and the plea of payment of rent unsupported by a receipt, is not rejected by courts. The section has not been held to deprive the ryots of other modes of proving payment. This is so, because, there is no special provision in the Act as is contained in Sec. 69 (2) of the District Municipalities Act, excluding other evidence. In the absence of such exclusion the ordinary rules of evidence apply. The rule in question Rule V (a) 4 is not so worded as to exclude the ordinary law of evidence and in the absence of such a provision the argument, that no other kind of receipt was contemplated, is baseless.

I, therefore, feel constrained, to differ from the views expressed by Mr. P. K. Srinivasaraghavachariar. In my opinion, the provision in Rule V (a) 4 makes no difference as to the liability, of the society for monies received on its behalf by its office-bearers, within the sphere of their authority. The obligation imposed on the society to maintain a receipt book, involves no corresponding obligation on persons dealing with the society, to insist on a printed receipt, out of the society's receipt book, though they may be well advised to do so. If the society is negligent in the choice of its office-bearers and authorises unscrupulous persons to receive monies on its behalf, and fails also to supervise their work, it is but just and natural that, it should pay the penalty. A third person, who is induced to deal with such an officer, who is the choice of the society cannot be made responsible for the illegal and corrupt acts of the society's agent. It is therefore in the interests of co-operative societies. to be careful, in the choice of their officers and servants, rather than fancy that they may successfully plead, that receipts granted by their agents or officers, which are not in a particular form, are invalid and not binding on themselves.

Perundurai Colonisation Scheme.

Proposals for the formation of land colonisation for the scheduled classes were taken up in the year 1922 and after much investigations the seven reserve forests of the 13 revenue villages of the Perundurai Sub-division of the Erode Taluk were disafforested and about 2582 acres of lands were assigned to intending settlers of the Erode, Dharmapuram, Gobichettipalayam and Palladam Taluks on the recommendation of the Erode London Mission. The Revenue Department issued conditional pattas usually assigning 6 acres of land to each family. The conditions of assignment are that the person should be a member of one of the scheduled classes, that he should reside in the settlement, and that he should cultivate the land himself. Attempts were made for colonising the assignees in their respective colonies by assigning house sites and making them to put up houses. But the progress of colonisation was slow at the outset as the difforested blocks afforded no attraction to these scheduled classes to leave their native villages as the acreage assigned to each family did not constitute an economic holding and moreover the quality of lands varies from poor to medium, the greater part being poor quality suitable only for the cultivation of Kambu and Cholam which depends entirely on rain. Further there was not any outside help either by way of money or materials to put up houses in the proposed new colonies.

After a joint visit of the Registrar of Co-operative Societies, Madras and the Labour Commissioner in 1925 to these disafforested blocks the Registrar was pleased to sanction a Special Inspector for co-operatively organising the scheduled class assignees scattered over several hamlets and villages of the aforesaid 4 taluks. The Labour department in each of the settlements sunk a drinking water well and the working of the colonisation scheme was actually started in February 1926 when the Special Inspector was deputed for the same.

The Inspector in charge of the settlement with the aid of the London Mission authorities concentrated his attention first to put up houses for the settlers as a result of which nine settlements were formed namely.

1. Karunapathy.
2. Graynagar.
3. Slaternagar.

4. Samathanapuram.
5. Ellispet.
6. Kanjikoil settlement.
7. Stratheynagar.
8. Satyapuram.
9. Broughnagar.

Of these nine settlements one is for Kuravas, two for Chucklers and the remaining six for Adi Dravidas and Chucklers. To-day there are 421 families in these nine settlements with a total of 2489.45 acres of land assigned to them. Only 65 of these 421 families possessed lands originally. I give below a statement showing the population of all the settlements.

1.	Number of settlements	...	9
2.	Number of houses	...	396
3.	Population		
	Males	...	1,079
	Females	...	903

The large majority of these people were originally poor landless labourers without any regular means of livelihood except that of emigrating as coolies to tea and rubber estates on the hills.

The question of finance for purchase of bulls, agricultural implements, seeds and to make improvements on the lands next looked large for the settlers. Seven co-operative societies were started for all the nine settlements and at first Government only financed these societies on the mortgage of lands conditionally assigned to them. Later the District Urban Bank, Ltd., Coimbatore and the Christian Central Co-operative Bank, Ltd., Madras. financed them. A statement showing the amount borrowed from various financing institutions from the beginning up to now and the amount due by members to the society is given below.

(*a*) *Borrowings*.

	Amount borrowed			Repayments.			Outstanding.		
No. of Socie-ties.	Govern-ment.	Dt. Urban Bank.	Chris-tian Bank.	Govern-ment.	Dt. Urban Bank.	Chris-tian Bank.	Govern-ment.	Dt. Urban Bank.	Chris-tian Bank.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs	Rs.
7	9,626	1,976	695	8,287	901	695	1,339	1,075	...

(*b*) *Loans due to Society by members.*

Loans issued.		Repayments.		Outstanding.		Purpose of Loan.
No. of Loans.	Amount Rs.	No. of Loans.	Amount Rs.	No. of Loans.	Amount Rs.	
376	12,418	218	8,291	158	4,127	Purchase of cattle, agricultural implements, seed, and payment of Government kist.

(*c*) *Number of members with paid up share capital*

(1) Number of members ... 304

(2) Paid up share capital ... Rs. 1,030

(*d*) *Investments.*

(1) Share ... Rs. 202

(2) Reserve Fund ... " 648

(3) Deposits ... " 8

Live Stock.

As a result of the formation of Co-operative Societies in settlements many have come to own live-stock of their own. The societies with the assistance of the agricultural department have introduced in all four stud bulls and two breeding rams. Sheep breeding is being worked in two settlements on co-operative basis. A statement showing the live stock owned by settlers is given below :

(1) Number of settlements ... 9

(2) Cows and bulls ... 543

(3) Sheep ... 345

Education.

There are at present six schools on the settlements five of them being run by the London Mission, Erode and one by the Co-operative Department. There are ten teachers working in all these schools with 275 childrens on the roll (191 boys and 84 girls). The teachers of these schools not only attend to their routine school work but also go a long way in helping the settlers to keep the colony clean.

Irrigation Wells.

To improve the economic conditions of the settlers a sum of Rs. 3,400 was advanced by the Labour Department through the Revenue Department. In all 12 irrigation wells were sunk. With the exception of one the others have proved successful. This enterprise has attracted other settlers and all irrigation wells were sunk

privately of which four were successful. If loans can be advanced for such purposes year after year to deserving settlers it would certainly improve the conditions of the ryots. At present 48.56 acres of lands are under garden cultivation. The lower Bhavani project passes through some of these settlements. When this is accomplished much of the dry lands can be converted into wet lands.

Non-Credit Activities.

It is essential to find some means of supplementing the very small income derived from dry cultivation. The monsoon often fails and the produce they get from the lands are not sufficient to carry them at least for three months in a year. It has become necessary therefore for most of the settlers to leave for the estates on the hills leaving behind somebody to look after the lands. The co-operative societies in the settlements have introduced the following schemes which have not only augmented their income but also broadened their outlook.

(1) Poultry Farming Co-operative Society, Limited.

This society was started at a cost of Rs. 160. At present there are thirty hens, 3 pure breedcocks and 17 chickens. The society acts as a demonstration centre for other settlements for the propagation of improved varieties of poultry. It undertakes to market the eggs of the members. The farm has created an interest in all the settlers to rear more fowls and thus earn more by way of sale of eggs. There are at present 56 members with a paid up share capital of Rs. 33 in the society.

(2) Mat Weaving.

Mat weaving industry is being worked in one settlement at present. Here again the society acts as a demonstration centre and shows to the settlers that they can earn decent wages by resorting to this work. At present only two looms are working.

(3) Sheep Breeding.

Sheep breeding is being worked in two settlements on co-operative basis. The initial cost was Rs. 300. There are at present 52 members under this scheme. The object of this scheme is to enable the members to manure their lands and thus make the lands yield more. Another advantage of this scheme is that the members are able to pay towards societies dues from out of the bonus they get under this scheme.

(4) Co-operative Weaving School.

With the aid of the Deputy Registrar of Co-operative Societies, Coimbatore a sum of Rs. 250 was collected as donation. With the amount so collected a school was opened at Kanjikoil Settlement for the chucklers' children. The object of this scheme is not only to give them instructions in the three R's but also to give them instruction in weaving and spinning. A teacher was appointed on a pay of Rs. 12 per mensem to impart instructions in weaving and spinning. There are at present 11 children in the school. The children earn decent wages. The school has brought about complete change in the social, moral and economic development of the settlers.

(5) Village Panchayat.

There are village panchayats constituted in all the settlements. These panchayats hold periodical meetings and settle local disputes, thus preventing members from going to courts and spend money. They also look after the sanitary conditions of the settlement and formulate other important items of work which go to the improvement of the settlers.

(6) Conference.

Annual Conference is being held for all settlers regularly. Hon'ble Ministers, high officials of the Government and prominent non-officials attend the Conferences and address them. Agricultural demonstrations and health propaganda are being carried out. These Conferences have given an opportunity to develop their mental outlook and a determination to push forward.

I beg to give below some of the benefits derived by the formation of the settlements and defects which require consideration.

Benefits.

1. Many landless labourers of the scheduled classes who were without any regular means of livelihood except that of emigrating as coolies to tea and rubber estates on the hills have gained a new dignity, self-respect and spirit of independence by exchanging a life of mere begging for one of toil on their own lands and so have become earning members of the community.

2. Some of the settlers by their own determination and courage and with the help of Government Loans have improved their holdings and are now able to obtain sufficient produce from their lands for themselves and their families.

3. Ample scope is being given for educating their children with instructions on crafts also which would not have been possible in original homes.

4. The settlers are placed economically, socially and morally in by far better position than other ordinary villagers.

5. All the settlements work as a community centre which affords more co-operation and thereby far better uplift work which is uncommon in other villages.

6. The co-operative societies have been able to carry on a number of non-credit activities with the help of the Deputy Registrar to supplement their income such as mentioned above. Such activities are not found in other ordinary villages.

7. The settlers are better placed with regard to sanitary conditions as this will be evident from the absence of any out-break of serious diseases for the last fourteen years.

Defects.

There are also certain defects which require consideration in the hands of the Government.

1. The settlers are allowed to hypothicate their lands assigned to them conditionally only to a co-operative society solely composed of members of the scheduled class community. But there are instances where the Revenue Department has cancelled the lands without giving any notice to the society which has advanced money on such conditional lands. This has made the society more nervous to advance money to the settlers even at the time of their need. This obvious difficulty can be overcome if all the lands are assigned in the name of the society or if that is not possible to give sufficient notice to the society of the intention of the Revenue Department to cancel the lands for breach of conditions as this would enable the society to act quickly in the realisation of the dues due to it. The method of assigning the lands in the name of the society will be much better than the present scheme as the society will have constant supervision on the settlers and give more scope for starting activities which would supplement their income which is not possible at present.

(2) In deserving cases loans may be given for a period of twenty years for irrigation works as this would increase the income of settlers.

(3) The settlers at present hesitate to make improvements on their lands assigned to them conditionally as they think that the lands given to them are not theirs even if they continue to cultivate the lands for years together.

In conclusion and in the light of the reasons given above I beg to submit that the colonisation scheme in the Perundurai area, has proved a complete success in that, that it has improved the social, economic and moral conditions of the settlers considerably.

The Madras Pawn-brokers' Bill.

BY SRI VADREVU RAMAMURTY PANTULU,

President, The Razole Co-operative Land Mortgage Bank, Razole.

The need for controlling the money lender and regulating his business by some measure of legislative control has been indisputably established as a result of the economic enquiries undertaken in the past in regard to rural indebtedness in the Province. The Townsend Committee, the Vijayaragavachary Committee and the various banking enquiry committees that have been set up by the Government have not only stressed the importance of such legislation but have also indicated the lines on which legislation has to be undertaken. The public has been hoping that a comprehensive measure would be brought forward in order to check the pernicious influence of the entire class of money lenders and to bring their business under some sort of State control. Pawn-brokers in this province, as elsewhere, form an integral part of the rural economic machinary and the present Bill though designed to deal with the problem in a peace-meal fashion deserves to be widely welcomed as an appropriate measure which has come not a day too soon. That this measure was promalgated by the Governor who centralised in himself all legislative authority by keeping duly constituted legislature in a state of suspended animation need not, in the least, deter us in according our whole-hearted support, to this Bill as it is eminently one of a character which any popular Government would have felt bound to undertake.

2. There are, however, certain provisions of the Bill which require a closer examination and the Bill cannot secure universal acceptance unless it is modified in some important particulars. The provision in Clause IV of the Bill which vests the grant or refusal of licenses in the Officers of the Police Department cannot by any means be supported. Some other suitable agency such as The Revenue, The Registration or Co-operative Departments should have been selected for this purpose. The absence of a provision for an appeal against improper order or refusal is indeed grave and the English Pawn-brokers' Act on which the present Bill seems to have been modelled makes provision for appeal against improper refusal. Some such provision is essential in the present Bill. The Grounds on which a license can be refused require to be more clearly defined

so as to provide against arbitrary use of the Power. The rate of interest provided as a maximum in Clause VI of the Bill can by no means be said to be too low as some people seem to imagine especially having regard to the additional charges that the Bill purports to levy on the debtors. In view of the advance being well secured one and the debt being self-liquidating the rate of interest may be regarded as reasonable and it is in confirmity with the rate provided in the Agriculturists' Relief Act and approximates to the rate provided in the Debtors' Protection Act. The objection by the vested interests for the raising of the rate cannot, therefore, be well supported. The value of the article, the subject of the pawn should be compulsorily entered at the very inception in the Pawn-ticket or the receipt and that should be the value that should be returned to the pawner in the case the article is destroyed or damaged by fire. The arbitrary value fixed in Clause XI of the Bill cannot therefore be justified. There is no warrant for confining the operation of the protection offered in Clause IX of the Bill to advances under Rs. 250. A suitable provision for all advances irrespective of the amount should have been made. The interval allowed for producing a declaration under Clause IX is in my opinion too short and should accordingly be enhanced. Clause X (2) requires to be modified so as to vest the power of inspection in an Officer of a rank sufficiently high to avoid unnecessary harassment. A provision for inspection at the instance for the Pawner seems to be essential when he desires to sell the article pawned so as to enable the intending purchaser to be satisfied before concluding the transaction. There dose not seem to be any justification for excluding from the operation of the Bill the transactions of a company or of a co-operative Society. If any of these institutions are confirming at present to all or any of the provisions of the Bill the reason is all the greater for bringing them within the purview of the Bill. At any rate private companies during the business of money lending ought not to be left outside the scope of Bill. The descretion vested in the Government under Clause I (3) to confine the operation of the Bill to any particular area has no justification. If the evil is admitted to exist, it exists through out the Province and the Bill should have been made to operate in the whole Province at the same time.

Subject to these and other modification suggested in the Press, the Bill may at once be passed into Law.

Working of the Co-operative Societies.

The Gobichettipalayam Co-operative Sale Society, Ltd.

Report on the Working of the Gobichettipalayam Co-operative Sale Society, Ltd., No. K544 for the year 1939-40.

This is the 12th year of the Society's working. One hundred and nintyeight members were admitted during the year. Thus there were 508 members (73 societies) on rolls at the end of the year with a paid up share capital of Rs. 5195 as against Rs. 2,387 at the end of the previous year.

Advances on the pledge of produce to the extent of Rs. 60,879 were advanced during the year and a sum of Rs. 41,792 was collected.

The Coimbatore District Urban Bank which is the financing bank for the society was kind enough to allow a *cash credit* of Rs. 30,000. A sum of Rs. 35,151 was withdrawn from cash credit and Rs. 20,101 repaid during the year.

It is gratifying to note that the society has worked at a net profit of Rs. 538-3-0 making good the loss of Rs. 416-2-0 sustained in the previous years.

GENERAL.

Conferences of Turmeric growers were held each year. As per resolutions of the second conference and at the suggestion of the then Deputy Registrar of co-operative societies, Coimbatore Sri A. D. Balasundara Mudaliar a branch of the society was opened at Erode. In the third conference which was held on 23-8-'40 it was urged by the Turmeric growers to advance loans for cultivation expenees. In giving effect to the above demand the society in consultation with the Deputy Registrar of Co-operative Societies Coimbatore has evolved a scheme under which loans for cultivation expenses are being advanced to the Turmeric growers through the village co-operative credit societies. The financing bank has also approved the scheme and to advance Rs. 100 per acre for cultivation of turmerlc. To the areas not served by co-operative societies the society has recently sent an amendment proposal to advance for cultivation expenses and the Registrar in his recent camp at Coimbatore permitted the same.

By the above scheme the society expects more than 10,000 bags of turmeric for marketing in the coming season.

MARKETING OF TURMERIC.

Before starting of the branch at Erode Turmeric was marketed locally and through the co-operative institutions such as Salem City co-operative stores, Tuticorin sale society, Coimbatore stores, Negamam co-operative society etc. At Gobi turmeric was marketed through the merchants and commission agents of Erode who used to go over here at

their pleasure. By marketing at Gobi it was difficult to sell turmeric at pleasure (*i.e.*), when prices are the highest and there was no chance of getting higher price for the stuffs. Hence it was decided to start a branch at Erode.

Erode is the only market for turmeric in Tamil districts. The Erode Branch of our society was started only in February 1940. More than 1,00,000 bags of turmeric (a bag contains 140 lbs) are produced every year in the three taluks of Gobi, Bhavani and Erode. Turmeric of Coimbatore district is the best and well refined of all turmeric produced in India and the rates are little bit higher than the stuffs from other parts.

Nearly 40 members who are real turmeric cultivating ryots have brought their produce to Erode branch for marketing. The Branch amidst great difficulties and anti-propaganda of the merchants took greatest efforts to market the goods at a favourable price with correct weight. Some of the members have arranged to sell their goods in both the places half their produce at the society and the other half with the commission agents and merchants of Erode. This experiment made them to know how they are exploited by the merchants by way of weight and by other means and the advantages which the society offers. All the members who tried the above experiment are well pleased with the society and undertook to market their produce only through the society in future. The society has marketed more than 1,200 bags during this six months for a value of Rs. 16,665.

The society has also made arrangements to preserve the Turmeric of members during the windy season in pits this year.

It is also gratifying to note that a big godown for the Erode Branch was secured on usufructuary mortgage for Rs. 5,150 for a period of four years and the Financing bank has kind enough to sanction us with a loan for the purpose.

R. S. SRIKANTAN,
Secretary.

The Tanjore District Co-operative Manure Society, Ltd., No. 1885, Nidamangalam.

1939-40.

I *Particulars of membership and working capital as on 30-6-40.*

(1) *No. of members*:—	(i) Individuals ..	75
	(ii) Societies ...	37
		112

(2) *Share Capital*:—(Authorised) 500 shares of Rs. 20 each.
(Subscribed) 4 times the paid up share capital.
(Paid up) Rs. 1,280-2-0.

(3) *Reserve Fund* Rs. 1,355-2-0.

		Rs.	A.	P.
II (*a*) *Gross profit earned*:	...	371	8	0
Miscellaneous income such as share dividend, interest on Reserve Fund and on savings deposit account etc.	...	92	8	0
Total	...	464	0	0
Establishment and contingencies	...	140	13	0
Net profit	...	323	3	0

(*b*) The net profit 323 3 0

(*c*) Trading account :—

	Rs. A.		Rs. A.
Stock as on 30-6-39.	317 7	Sales	...5,193 13
Purchases	... 4,696 15	Stock as on 30-6-40.	192 1
Gross profit	... 371 8		
Total	... 5,385 14	Total	...5,385 14

III *Economic benefit arrived*:—

(1) **Selected paddy seeds**:—Under the seed forming conditions the society, in about 9 acres, produced about 300 kalams paddy for distribution. The seeds were well dried on a cement floor and winnowed and preserved in wooden barns. About 150 kalams were distributed. The economic benefit will be 25 per cent. increase in yield lies about Rs. 750 to the members by the use of the selected seeds.

(2) **Ploughs**:—About 23 ploughs have been sold (copper No. 25). I take the economic benefit by the use of these ploughs when compared to the wooden light ploughs would be about Rs. 100 in the least. Two ploughings by improved plough=3 ploughings by wooden plough.

(3) **Green Manure seeds** (*viz.*), **Kolunji, Indigo, Daudcha etc.**:—One Rupee worth of seeds will give about Rs. 5 to 10 worth of leaves for green manuring. The economic benefit to members by the price in outturn of leaves will be about Rs. 1,250. The additional outturn in grain by the use of these leaves will be about Rs. 2,000. (2,000 M.M. 4 M.M. per acre. Rs. 500×4=Rs. 2,000).

(4) **Bone-meal**:—The Society purchased about 17 tons bones worth about Rs. 500, and manufactured about 14 tons bone-meal worth

about Rs. 880. It had on hand at the beginning of the year about 4¼ tons bone-meal. Out of 18¼ tons, bone-meal, it has disposed of about 16¾ tons bone-meal. By the application of bone-meal in green manuring tracts, the increased outturn will be about Rs. 1,000.

So the economic benefit will be about Rs. 5,000 for the year 1939-40.

The average out turn of paddy in India is about 800 to 1000 lbs. In Java and Siam, average out turn of paddy is about 1500 lbs. In Japan it is about 2500 lbs. In Aduthurai Research station, in (Tanjore District) is about 3000 lbs. In Coimbatore Central form it is about 4000 lbs. To reduce indebtedness we must increase the present outturn to one and half times, to two times then only there is salvation.

Nidamangalam Co-operative Loan and Sale Society, Ltd.

I. Particulars of membership and working capital.

			1939-40.
1. No. of members	...	...	109
			Rs.
2. Share Capital	...	...	1,390
3. Reserve Fund		...	202-11-10
4. Amount borrowed from the Central Bank		...	62,927
			Loss.
5. Net profit earned	...	...	149-5-0
6. Rate of interest charged	...	...	5½% from 29-1-39

II. Loaning Operations.

Year.	Amt. outstanding on 30th June preceding.	Advances made during the year.	Collections made during the year.	Amt. outstanding at the end of the year.
1939-40	Rs. 1,00,376	Rs. 64,115	Rs. 11,861	Rs. 52,630

III. Marketing activities undertaken by the societies.

Year.	Nature of commodities handled.	Value thereof.	Commission earned.
1939-40	Paddy.	1248 bags about 2300 Kalams—Rs. 4,645-14-0.	Rs. 4-2-0.
1-7-40 to 15-9-40	„	2789 bags—5406 Kalams and 3 marakals Rs. 11,182-13-1.	Rs. 23-7-4. Besides recouping a loss of about Rs. 170.

Lessons learnt in paddy marketing:—Sale societies should not only put up the market rates daily in the notice board, but also should note down the market rates of the consuming centres, (*i.e.*) the sale societies should send the market rates at the different sources of supply, to the consuming centres. Similarly the consuming centres should note down the market rates at their places of consumption and send the market rates to the producing centres. This will be advantageous both to the producers and the consumers.

(2) Legislation should immediately be taken by the Provincial Government for the standerdisation of weights and measures. Great fraud is practiced by merchants in volumetric measurements.

(3) Internal markets for Tanjore paddy are Pudukottah Erode, Karur, Tiruppur, Madura, Tinnevelly and Ramnad. On Fridays (*i.e.*) on every sandhai day in every week, paddy is marketed to Pudukottah from Tanjore through the road route. About 2000 bags are carted in a week for sandhai. Great fraud is practiced in volumetric measurements in sandhais. We took a bag of 48 Madras measures well cleaned and dried before the marketing assistant. It was measured as 46 M.M. there. When that bag was retailed in the afternoon it was measured as 51 M.M. So, we resolved that a depot should be opened at Pudukottah and a consumers' association should be organised. Since a consumers' association was not started at Pudukottah, we thought it would not be wise to send paddy to Pudukottah.

(4) About 10 lakhs bags of paddy (of 48 M.M. each) or 15 lakhs of Railway maund are exported to Erode every year from Tanjore District. If the Sale Society at Erode is prepared to give its market rates at the consuming centres, (*i.e.*) at Erode, Tiruppur etc., we are also prepared to give the market rates in the producing centres. The department will do well to link us with the Erode Sale society and the Tiruppur Sale society, just as they have linked us with the Madura Co-operative wholesale stores and the Harvey Mills' Employees' Co-operative Stores, Vikramasingapuram.

(5) From Tanjore district, 1 lakh and 77 Railway maunds or about a lakh bags of paddy are imported to Karur every year. Our experience with Karur was not favourable to us.

(6) We learnt some lessons by buying paddy from merchants. Merchants buy at the time of harvest and store them in godowns. To meet orders promptly not only we purchased from members but also from merchants. (இருப்பு மூட்டை). Generally in volumetric measurements, great fraud is practiced. A bag of 48 M.M. will give only 47 in the place of destination owing to shrinkage caused in loading and unloading. Owing to the dexterity of the (hand) expert measure men will measure 48 M.M. as 46, and 46 M.M. as 48. Merchants keep different measures

for buying and selling. When we purchase from merchants, not only they show the right quantity by their measures and by their measureman, but we found that at the place of destination, there was a deficit. That shows we were duped, because the society did not take its own measureman and its own measure.

(7) This is the lesson we learnt in the first four consignments sent from Nidamangalam to Ambasamudram. In the last 3 consignments, (*i.e.*) in the 5th, 6th and 7th consignments, we purchased solely from members for marketing. Every thing in the above 3 consignments was done by direct supervision. We also found that 2 annas was gained for every bag by members. From the marketing officer's report, I found that for every rupee worth of paddy, only 10 annas go to the ryots. In the last 3 consignments, we have made them to realise more.

(8) In our marketing transactions we found it a pleasure to work with the Madura Ramnad wholesale co-operative stores. We have sent to them about 970 bags of paddy in the month of March and April. Not only they were business like but were gentlemanly in the transactions. I wish that their purchase of paddy should be only through the sales societies in the Tanjore district.

(9) Erode and Tiruppur consume the largest quantity of paddy from Nidamangalam Koradacheri and Mannargudi Railway stations.

(10) About a lakh of kalams of paddy 5,000 bags of paddy are pledged to us and we can market about 25,000 bags every year.

A. SETURAMA AIYER,
16-9-1940.

The Villupuram Co-operative Building Society, Ltd., E. 1356.

A Brief Working of the Society.

There had been a great demand for a colony of this kind in this town for a long time. The place is very congested and the house rent is very high. The promoters of the society were looking forward for starting a society of this kind. Originally it was thought of helping the Government and quasi Government servants of the place. With this object in view, the Secretary of the Government Servants' Co-operative Society addressed the Deputy Registrar to form a Society. At an informal meeting held on 7-11-'36 (when the then Deputy Registrar also was present) it was decided to form a committee to enlist members and collect necessary share capital to cover the cost of the land. Having accomplished this, the society was registered on 9-4-37 and work was started from

19-4-37 with 18 members. The present site in the poonthottam village was selected and land was acquired through Government though it took nearly 2 years for completion. The society took possession of the land on 5-6-39. It was divided in to 22 house plots, suitably demarcated, leaving sufficient margin for road and sanitory purposes in the front and in the rear, as per the suggestion of the Town Planning Director and of the Collector of South Arcot. Sites were assigned to 22 members by sale deed. At present the society is 24 strong—22 A class members and 2 B class members, with a share capital of Rs. 5,410 of which 4,400 have been adjusted as share capital loan. Some of the members have already begun the construction of the house upto basement at their own cost and risk according to the plan and estimate, in addition to the wells which have been sunk already, thus investing nearly Rs. 200 besides the cost of the sites.

The Society has as its legal Adviser Sri. S. Chidambara Iyer, M.L.A., who had examined the title deed etc. In this connection it may be added here that the site selected is of the best of the kind in the whole town situated as it is in a high level, with good water and surroundings, from congestion and with good scope for further improvement. Its proximity to the Government Hospital, Mettur Electric Transmission power House, and business centres on the Madras Trichy Trunk Road (on the 99th mile of Madras) increases its value. It is not far away from the Railway station-only 4 or 5 furlongs.

The society has carefully prepared the plan and estimate to meet the purse of middle classes people whose income and repaying capacity are adequate enough. The period of repayment also is limited to 10 years to lesson the encumberence of the members. As many as 12 houses have been completed so far and occupied by members. Only 5 taking grant loans.

The society is looking forward for help and guidance from the department and hopes to cater to the needs and interests of those for whom it is intended.

S. YAGNASWAMI,
Secretary.
26-8-1940.

Report of the Trivandrum Cooperative Distributive Society Ltd. for the year ending 30th June 1939.

This Society had a membership of 905. During the year under review they admitted 53 and there were 27 withdrawals so that at the end of the year there were 931 member having among themselves 1,345 shares worth about Rs. 6,000.

It has got 14 branches in the different parts of the town of Trivandrum and in this respect it resembles the famous Triplicane Urban Co-operative Society. Both seem to have adopted the common policy of starting branches wherever there was a need.

The total sales for the year amounted to over Rs. 2 lakhs. This is though satisfactory was about Rs. 29,000 less than the sales of the previous year and the decrease is attributed to the complete stoppage of credit facilities in the branches.

The Society has got a Reserve Fund of nearly Rs. 9,000 and a Building Fund of over Rs. 3,000. They have recently started Dividend Equalisation Fund which has over Rs. 400 to its credit.

On the whole this Society seems to be doing exceedingly well and fulfil a really felt want among the citizens of Trivandrum.

S. K. Y.

Reviews.

The Annual Report on the working of Co-operative Societies in the United Provinces for the year 1938-39.

"The idea of cautious expansion continued to rule the policy of the department throughout the year. In the field of thrift and credit, liquidation was avoided and new societies were organized on a limited, scale. In the marketing of cane and *ghee*, the experience gained in past years was utilised to the full and societies dealing with them were more freely established. New ground was covered when societies took up other agricultural products like cereals, etc. Bold experiments were made and the results achieved promise well for the future."

The above paragraph from the Registrar's Report gives us the clue regarding the working of the Act during the year under review.

There is a peculiarity in the Departmental organisation of this province, namely, special inspectors each in charge of a particular line of work. There are special inspectors for adult education, women's societies, cottage industries, textile societies and consolidation of holdings, and to this list has been added a special inspector in charge of publicity who seems to have made a good use of three important means of publicity, namely, the press, the platform and the radio.

Another peculiarity of this province that strikes an outsider is the large number of unaudited societies. On 30th June 1939 the number of societies unaudited for one year was 2,699 and those left unaudited for 2 years was 937. This inspite of the U. P. Co-operative Union being liberally subsidised by the Government. During the year under review the Government granted Rs. 75,000 to the Union and the Union gets a contribution from Banks exceeding a lakh of rupees.

A third feature in the working of the Department in U. P. is the inauguration of five year plan by the Congress Ministry when it was in power, according to which 200 supervisors are to be trained every year. Whether all of them will be absorbed in the official or non-official services of the Department or not it is a great thing to have so many well trained hands.

The following chart gives the number of societies and the working capital for the two years, the year under review and the previous year.

—	Number of Societies.		Working Capital.	
	1938	1939	1938	1939
Central Credit ...	72	70	94,87,365	1,02,18,835
Do. Non-Credit ...	77	117	25,91,412	11,10,535
Primaries Agricultural ...	8,439	10,026	1,19,14,461	1,35,07,333
Do. Non-Agricultural...	547	645	62,99,720	72,28,901
Total ...	9,135	10,858	3,02,92,958	3,20,65,604

The increase in Deposits with the Central Banks shows as the Registrar remarks, "that these banks continue to enjoy public confidence." But the most glaring defects of the financial system is the lack of the Provincial Bank to act as balancing centre of the movement.

Some success seems to have been achieved in marketing societies and societies for the popularisation of improved seeds. Milk Supply Union and Students' Stores also seem to have done well. But the most outstanding items of success are the Ghee societies and the Sugarcane societies. The Ghee societies number 392 with a membership exceeding 9,000. They marketed over 4,800 maunds and got a net profit of over Rs. 28,000.

Rural Development is kept in view by all the societies. New wells have been constructed and new roads laid, adult schools are run and medicine chests are being maintained by some societies. Training is given to the members in the first-aid and qualified midwives are also been trained. All these are full of promise and we hope there will be an alround development both on the credit and the non-credit side in the years to come.

S. K. Y.

Administration Report of the Co-operative Department of Travancore for the Malabar Year 1114 (For the year ending 30th June 1939).

During the year under review, according to the Government Order reviewing the report of the Registrar, "The Department continued its policy of rectification and consolidation of societies and of cautious expansion. Societies were registered with care and preference was given to non-credit societies." The Registrar mentions in his report that with the appointment of Special Assistant Registrar for liquidation work, a relentless policy of weeding out bad and hopeless societies was followed by the Department. Moreover the new Act of 1112 came into full operation and rules were framed under the Act and a good number of societies "have adapted themselves to a new regime, so to say, of strict business discipline."

The effect of all these is seen in the number of societies and of members. The number of societies has been steadily decreasing from 1818 in 1106 to 1655 in the year under review and the number of members from over 2,30,000 in 1108 to 1,98,000 in the year under review.

The Registrar, it is pity to observe, is not a full-time officer. The Land Revenue and Income-Tax Commissioner of the State who, in his own Department has heavy work, has been asked to be in charge of this Department as well. It is high time that a full time Registrar be appointed as was the case in former years.

Over and above the usual type of credit societies and stores and other common varieties, the State could boast of 16 different kinds of other societies, such as Humanitarian Society, Co-operative Home at Trivandrum, Society for conducting School and Dispensary, Thrift Society intended mostly for Women, and so on.

The table on page 17 of the Report about Demand, Collection and Balance, reveals a very unsatisfactory state of affairs. The Central Bank's uncollected balance of principal is about 69 per cent. of the Demand, the uncollected balance of agricultural Societies exceeds 79 per cent. of the demand. The case of Interest is worse; the percentage of uncollected balance, to demand being over 70 and 84 per cent. in the case of Central Bank and Agricultural Societies. No wonder therefore that the efficiency test noted on pages 18 and 19 reveals barely 10 per cent. of the total number of societies working satisfactorily.

The defective financing arrangements noted by us several years back of overlapping of activities in the case of urban banks and Taluk Banks still remains unrectified. We are glad to note that the Stores are doing quite well. The Trivandrum Stores stands out pre-eminently as the most important amongst them, it sales exceeding Rs. 2 lakhs last year. The sales of 21 other Distributive Societies in the State barely come to about Rs. 50,000. The School and College Stores seem to be doing quite well, of which the best example is the Maha- Raja's College of Science Co-operative Stores Ltd.

It is hoped that the new regime of strict business discipline mentioned by the Registrar will have its effect on the Travancore Co-operative Institute, as well, which from the report appears to be in a very sad plight. Every Taluk Bank and flourishing Urban Bank should be compelled to pay a portion of its profit towards the upkeep of the Institute, and the Government and Central Bank should contribute liberally towards the same.

The unhealthy nature of the movement or rather its unprogressive nature is due to the fact that the working of the movement has been left in the hands of very needy people and men of light and leading who may not be borrowers have not evidently played their part in the development of the movement. The salubrious climate of the country is a great factor towards longevity and we know that there are hundreds of superior officers in the retired list who are getting decent pensions from the State. If an appeal is made to them and if these persons, retired District Magistrates, District Judges and High Court Judges, come in larger numbers into the movement and lead it, the co-operative movement in the State has a bright future before it.

S. K. Y.

The People's Year Book 1940:—Published by the C. W. S. Ltd., Manchester and the Scottish C. W. S. Ltd., Glasgow.

This annual publication is full of useful information on Co-operative Movement in Britain in particular and on many an important problem connected with social welfare. Articles on 'Education and Democracy' and 'Middle Europe' deserve special mention.

As usual, a brief note on India is evidently written by somebody not in direct touch with the Movement, statements such as to free rural life from the scourge of indebtedness "co-operative credit societies have been formed to which loans are made by special Government banks" and that "Madras Triplicane Urban Co-operative Society is undertaking a house to house delivery of milk" are not correct.

S. K. Y.

Recent Utterances

PRESIDENTIAL ADDRESS

BY SRI SARIA, *President.*

At the annual meeting of the Bombay Provincial Co-operative Bank.

The twelve months that have elapsed since we met last have been one of the most eventful periods in the history of the world. The economic fortunes of India have been very considerably influenced during the last year by the progress of the War. There was a brief interlude during which it appeared that commodity markets would become buoyant, but the upward trend in prices was not maintained for more than a few months. The reaction that set in subsequently brought down prices to low levels, in the case of gul to a level below what prevailed at the outbreak of the War.

The expectations entertained by some businessmen, economic authorities and administrations about the possibility of an appreciable rise in prices enabling agriculturists to improve their financial prospects were unfortunately not realised.

Primarily, the decline in prices has been due to developments in the international situation, the entry of Italy into the War, the capitulation of France, and the loss of outlets or markets in Central Europe for a number of primary commodities produced by the cultivators in India like cotton, oil-seeds, jute, wheat, rice, etc. The decline in the return to the producers was accentuated by measures like the increase in Railway freight, exchange restrictions regulation of exports to neutral countries, and difficulty of securing steamer freight for export of commodities. Some of these measures like regulation of exports have been due to the supreme necessity of the War, and represent the indirect contribution of the Indian grower to the Empire War-effort. Some of these, like the increase in Railway freight, have been premature and ill-advised, as the rising prices of September last were not sustained and did not stand the stress of the marketing period. Owing to the loss of markets, in the words of the "Economist" of July 13, "we may witness the unpleasant and socially dangerous sequence of falling prices and rising stocks".

In a world crisis like the present, the authorities must rise above and find a way to meet the routine, legalistic or orthodox obstacles which may stand in the way of broadening the base of the financial structure of our country. I make no apology for this apparent digression. Ours is primarily a farmers' bank, our prosperity is linked with their prosperity, and it is our privilege and our duty to put forward their case as our case.

Turning to the accounts, I may observe that a comparision of this year's balance sheet with last year's will show that the total resources at the disposal of the Bank were nearly the same at the close of the year as at the beginning. The only increase that has taken place is in respect of deposits from societies, the figures of which would, however, have been much larger had it not been for the withdrawals by some of these institutions that occurred in the closing few weeks of the year. As was the case with joint stock banks and the post office savings banks in some parts of the country, co-operative banks in one part of the province, including our own branches on that side, also had to meet withdrawals due to unjustified panic. To meet the withdrawals and to prepare themselves for future contingencies, the banks in these parts, as also a few ones elsewhere, either drew largely upon the Apex Bank or made arrangements to draw funds at short notice. The demand was sudden and short-lived in September-October and more insistent though gradual in May-June. It speaks volumes for the care and vigilance with which the affairs of these banks are administered that they have been able to emerge through the crisis almost unscathed. That demands aggregating to 25 to 30 lakhs were met on both the occasions by the Apex Bank almost as if it was a normal operation, indicates the strength and solidarity of the mutual business relations that have grown up between our Bank and the affiliated banks in various parts of the province. It also exemplifies the soundness of our own liquid position.

The arrangements for securing for ourselves temporary accommodation were supplemented during the year by the credit limit that we have secured from the Reserve Bank of India. This credit is, however, only against Government securities and we have so far found no occasion to draw upon it. Discussions still continue with the Agricultural Credit Department of the Reserve Bank of India about the lines on which accommodation can be obtained by the discounting of co-operative paper under Section 17 (2) (*b*) of the Reserve Bank of India Act. Certain aspects of the position are, however, under examination by the legal advisers of that Bank. I need hardly stress the necessity of this development, particularly in abnormal times like these through which we are passing.

Another reaction of the War on our finances is referred to in the Directors' Report. With the outbreak of the War, there was a heavy drop in the prices of Government securities. There was a subsequent recovery but again a recession set in after the intensification of hostilities in the middle of May. Prices have improved since the close of the year, but the position is bound to remain uncertain so long as the present abnormal conditions last. The course of action that the Bank should adopt in the circumstances was naturally a matter of much concern to your Board, and, in arriving at the conclusion recorded in their Report, they have had the benefit of the advice of the Registrar of Co-operative Societies.

It will be seen from the Report that the Directors propose that a dividend should be declared at the rate of 3½ per cent. per annum. This rate is half a per cent. lower than the rate allowed in the past two years. Even then the amount to be carried forward is somewhat lower than in the previous year into discount securities with a lower current yield. The reduced dividend is a reflection of smaller profits due mainly to our conversion of premium securities with a high current yield. Also the Directors felt that in the existing abnormal conditions it would be wise to conserve the Bank's resources especially as the scale of profits was showing a declining tendency owing to the necessity of keeping a liquid position and the difficulty of expanding the Bank's business with co-operative societies and co-operative banks. In view of the reduced rate of dividend, your Directors regret they have not been able to recommend the payment of any bonus to the staff.

Total advances of all types were Rs. 98 lakhs at the close of the year. This figure included purely short term advances aggregating to Rs. 28 lakhs against agricultural produce, Government securities, fixed deposits and other tangible securities. This represents an increase of 7 lakhs over the previous year's figure of such short term advances. This you will agree, is a healthy development. Equally welcome is the decline amounting to Rs. 7 lakhs that has taken place in ordinary, long-term and land improvement loans to societies and in outstandings from societies in liquidation. Fresh advances by way of ordinary loans amounted to Rs. 19,12,166 and repayments to Rs. 23,20,227. Considering the unfavourable conditions of crops in several areas and the heavy drop in the price of gul, the figure of repayments cannot be deemed unsatisfactory. Though there was a reduction in the loans due by societies in liquidation the fact that over half the total number of societies in liquidation paid little or nothing during the year is disconcerting. The work of liquidation consists of two parts, the issue of liquidation orders and the execution of these orders in accordance with the special procedure prescribed in that behalf. In almost all the districts covered by the Bank's operations, Special recovery Officers were available in the season for the work of execution, and the absence of recoveries referred to career is from this point of view, particularly disappointing. Your Directors are in correspondence with the Registrar of Co-operative Societies with a view to remedy this situation, as far as possible. Moreover, central financing agencies which are the parties principally concerned in the expeditious disposal of liquidation work have approached Government for their being appointed to take charge of liquidation, and this Bank too, after discussion with the Registrar, has drawn up proposals for its being entrusted with the work of liquidation of societies indebted to it. As orders on the subject were not received from Government before the close of the year, the duties could not, however, be transferred to the Bank during the recovery season. The reduction that has taken place in the outstandings from societies is mainly due to the vigorous policy of compounding debts which was actively pursued in the year, especially in the Deccan canal areas, under the personal direction of the Registrar. The compromises, effected or sanctioned by the Registrar, are based principally on insistence on substantial cash payments, thus securing a quick realisation of a part of the frozen loans of societies in return for partial or, where necessary, entire remission of interest. The release of lands held by societies has been achieved in some instances, and in others recoveries have come in from persons whose debts were looked upon as doubtful if not bad. On the other hand, the substantial remissions in interest that have been granted have reduced the margin for profit available to societies out of which it might have been possible for them to cover the losses by way of bad debts. Taking all these factors into consideration, the Directors had the position in regard to the bad and doubtful debts of the Bank throughly re-examined. After this re-examination, they have found it necessary to strengthen the reserve for doubtful debts. It may be that now that debts have been compounded on a liberal scale in some of the most difficult areas, the position will not be adversely affected later when the Bombay Agricultural Debtor's Relief Act comes into operation. It is scarcely possible, however, to estimate in advance the effect of an enactment which has not been brought into operations. The best course will be the one we have pursued so far, namely, to review the position annually and to strengthen the reserve for doubtful debts from time to time, should such review necessitate action in the interests of financial safety.

There are two items on the assets side on which I think it necessary to offer some remarks. One is the loan granted to the Bombay Provincial Co-operative Institute on the security of the Sir Vithaldas D. Thackersey Memorial Building. In order to increase its value to the co-operative movement and to ourselves, who shifted to this building at the end of October last, and our business has remained altogether unaffected by the change of site. I should like, to take this opportunity of conveying your Directors' thanks to all the customers of the Bank for their kindness to continuing business relations with it in spite of the present premises being situated at some distance from the heart of the banking locality. Discussions have ensued between the Board and the authorities of the Institute about the assignment of the building to the Bank and the payment to it of a sum of Rs. 20,000 from the accumulated funds of the Institute. These arrangements will result in preserving the building as a memorial to the distinguished joint founder of the Bank Sir Vithaldas D. Thackersey, and will allow to the Institute the use of a portion of the premises on a nominal rent. One floor is occupied by the offices of the Co-operative Department, which pays, by a special arrangement, rent

equivalent to the rent for the ground leased by Government to the Institute. It is difficult to discover on what basis the ground-rent was originally fixed, but in the present conditions of the property market it is nearly thrice the market rate in adjoining areas. The payment of the excessive ground-rent, even when set oft against the office rent for the second floor, upsets the basis of the building finance of the Institute and we have made representations to Government for granting a substantial reduction in the ground-rent.

The other items to which I should like to make a reference is the closing of the Land Mortgage Department of the Bank and the final disposal of the balance of the deficits that have accumulated as a result of the operations of that Department. Unless as is deficit is met by Government, "it will have to be met out of the Bank's ordinary income or made good out of its reserve fund", as pointed out in the Directors' Report of the Bank for 1929–30, when land mortgage operations were first undertaken by the Bank. The Bombay Provincial Co-operative Land Mortgage Bank took over some of the loans of the Land Mortgage Department. Of loans amounting to Rs. 199,804-13-8 outstanding at the close of the year, that Bank, has still to take over additional loans amounting to Rs. 1,04,995-10-7. The balance that remains outstanding thereafter, both by way of principal and interest, will be part of the ordinary operations of this Bank. During the course of the next few weeks, the Directors hope to place before the Government a statement of the outstanding loans, the provision for doubtful debts in respect of such loans, the working losses incurred by the Bank on this business and the other claims that may have to be met by reason of the Bank having entered upon this business at the instance of Government. This was indeed pioneering work at that time. Land Mortgage Banking in Madras was generously subsidized by the Government of Madras in the initial stages. Similar assistance was also extended to land mortgage organizations in this province after the experimental pioneering work had been done by this Bank for nearly five years. For this reason and also in view of the discussions which had ensued when the work was entrusted to the Bank, justice demands that Government will recoup the losses in the operations of the Land Mortgage Department of the Bank after they have been finally ascertained and properly assessed.

The energies of the Bank have been so largely absorbed during the year in the consideration of questions relating to the consolidation of our operations that the major part of my address too has been devoted only to these aspects of the task before us. That does not, however, indicate any lack of appreciation on my part of the need for the extension and development of our activities. The Bank has kept itself in touch with the new developments that are contemplated, such as the organization of multi-purpose, better-farming and marketing societies. Our aim is to secure ordered progress in all these directions, and we shall not be disappointed if in the earlier years the pace of progress is somewhat slow. A village co-operative society which seeks to attend to the manifold economic needs of the rural population presents a much more difficult proposition than the ordinary credit society with which we are, so for, familiar. Much will depend on the lines on which the societies conduct their operations during the first few years and the kind of guidance that they receive. The Bank has tried to chalk out the path along which the initial operations may be directed, especially in their financial aspects. Similarly, the Directors have expressed their desire to assist in schemes for the extension of facilities for marketing of the produce of members of agricultural societies. They have already agreed to open a few more sub-branches and branches for this purpose, and to take the work in hand at some existing branches which are not served by separate purchase and sale organizations. It will be unwise, however, to force to pace of development. The exercise of strict financial control, the maintenance of systematic accounts, the observance of caution in trading, and proper attention to quality and grade of the product these are some of the essentials of success in marketing. It is indeed fortunate that we have in our midst an association of banks' the Bombay Co-operative Banks' Association' established last year, which can formulate well-considered programmes of development that will be acceptable to all central financing agencies and which can make available the fruits of the experience of one of these agencies for the benefit of the others. It is also in the fitness of things that the development of marketing stands in the forefront of the programme of the Association which has opened a training class in marketing for the benefit of the staff of its member banks. These steps on the part of the Association are indicative of the way in which I would wish co-operative banks to face their responsibilities in the future —to consolidate present achievements but not to hesitate to go forward. When they go forward, however, it should be only after careful and thorough preparations.

Before concluding, I must refer to an example of co-operation and of sacrifice set by your Managing Director. You will probably remember that he was called upon to serve on the Textile Labour Enquiry Committee. Although able to devote sufficient attention to the affairs of this Bank, he voluntarily gave up half his salary to which he was entitled. Your Directors have placed on record their appreciation of this act of self-sacrifice on the part of Mr. V L. Mehta, and I am sure that you will endorse this.

The Reserve Bank of India.

REMITTANCE FACILITIES IN INDIA AND BURMA.

Memorandum of the Madras Provincial Co-operative Bank, Ltd.

I

The Reserve Bank authorities mentioned in their statutory report (under section 55 (1)) of the Reserve Bank Act dated 26th August, 1937 and circulated to the public in June 1938) that "the facilities for remittance of funds for *bona-fide* co-operative purposes through Remittance Transfer Receipts at par has been continued by the Reserve Bank for the present. The separation of Provincial Revenues has, however, introduced complications as the cost of remittance now ultimately falls on the Central Government through the Reserve Bank and the whole question is being examined by us in the light of the new conditions, and we hope to be able to formulate our views in the near future". They have now followed it up with the present scheme.

The new scheme of remittance facilities introduced by the Reserve Bank from 1st October 1940 affects adversely the co-operative movement only, while it offers better facilities to all other interests.

The contrast in provisions relating to the remittance facilities made available from 1st October 1940 would be revealed by the terms of remittance facilities open to the scheduled banks as under:

Telegraphic Transfers and Mail Transfers.

A scheduled bank is entitled to remit money by mail or Telegraphic transfers between the accounts kept by its offices, branches, sub-offices and pay offices at an office, branch or agency of the Reserve Bank in British India and Burma as follows:

(*a*) An amount of Rs. 10,000 or a multiple thereof between its accounts at the offices and branches of the Reserve Bank free of charge:

(*b*) Once a week an amount of Rs. 5,000 or a multiple thereof to the principal account which it maintains with the Reserve Bank from any place at which it has an office, branch, sub-office or pay office and at which there is an agency of the Reserve Bank, free of charge:

(*c*) Other remittances to its principal account subject to a charge of 1/64 per cent. and also subject to a minimum charge of Re. 1 and (*d*) other remittances between accounts maintained at the Reserve Bank or its agencies :

Up to Rs. 5,000	...	1/16 per cent (Minimum Re. 1.)
Rs. 5,000 and over	...	1/32 „ (Minimum Rs. 3-2.)

Actual telegram charges are charged in addition.

(*e*) Telegraphic Transfers and Drafts.

In favour of third parties.

Up to Rs. 5,000	...	1/16 per cent (Minimum Re. 1.)
Over Rs. 5,000	...	1/32 „ (Minimum Rs. 3-2.)

Actual telegram charges to be charged in addition.

The Co-operative Banks which are bracketed surprisingly with indigenous bankers are allowed only the facilities under (*d*) while the other sections of the public will have to pay twice the rates under (*d*).

Regarding scheduled Banks it has to be stated that there has been no change except for the extension under clause (*e*) and they have been enjoying the facilities from the starting of the Reserve Bank. As a matter of fact, before the inauguration of the Reserve Bank, what are now called the Scheduled Banks did not enjoy these facilities from the Imperial Bank.

Regarding Co-operative Banks, they enjoyed free remittance facilities by means of R. T. Rs. under orders of the Central Government since the starting of the co-operative movement in 1904 under the auspices of the Government. This concession granted by Government was incorporated in the Civil Accounts Code under Article 170 and in article No. 326 Madras Financial and Account Code, so far as the Madras Province was concerned.

The Maclagan Committee which reported in 1915 dealing with free remittance facilities observed that the grant of reasonable facilities to co-operative societies and banks under these heads was justifiable and necessary concession. They even drew the attention of all the provincial administrations to the concessions granted by the Bombay Government permitting the Registrar to refund 75 per cent of the M. O. commission paid by societies and recommended their adoption all over India (*Vide* Para 182).

So far as Madras is concerned, the next report about the working of Co-operative Societies was made by the Townsend Committee in 1928, and it recommended that the Co-operative Societies should in addition to the R. T. R. facilities granted by Government, be granted an exemption from payment of M. O. Commission of monies transmitted by Post Office, by the Madras Government also as was being done in the Punjab and Bombay (*Vide* Para 31 of the Report).

The Committee on Co-operation which was appointed by the Madras Government in 1938 reported in 1940 and they also while discussing the proposal of the Reserve Bank to charge commission on co-operative remittances have unanimously recommended that in view of the general reduction in the lending rates of co-operative organisations and low margins on which they are working, the existing concession of free remittance of funds for *bona-fide* co-operative transactions should be continued by Government and that non-co-operative transactions may be charged at the same rates as those charged to scheduled banks. (*Vide* para 268).

In the statutory report, the Reserve Bank mentions that consequent on the inauguration of the Provincial Autonomy and the separation of provincial revenues, the cost of remittances of co-operative societies fall on the Central Government and that therefore the question was being examined. According to the report of the Madras Committee, the Reserve Bank is stated to object to these concessions on principle mainly for the reason that they date from a time before the institution of the Imperial Bank and the existence of cheap remittance facilities.

The Governments, Central or Provincial, have never till now expressed themselves, at any rate openly, against the continuance of the facilities. No Co-operative Central Bank can afford to pay the commission at the rates now imposed. In Madras which is considered as one of the provinces in which co-operative banking has weathered the storms of depression, Central Banks are having slender margins and make very little working profit. Many pay less than the statutory maximum dividends of 5 per cent. It is therefore the nature of small scale business done in the rural parts that accounts for their inability to do business at high margins and the Governments only in recognition of this aspect, granted the concession. The simple fact that there is no dividend hunting and that co-operative societies, wherever functioning, are under Government control and seek to reduce the cost of money to the agriculturists should be a sufficient justification for the continuance of the facilities as recommended by all the committees which have examined the problem.

The concessions granted by the Government and incorporated in the Civil Account Code did not impose any condition for the eligibility of R. T. Rs. at par. The suspicion that outside business was being carried on through the facilities of free remittance transfer receipts led to Government adding a note to the provison in M.F. A.C.; in 1928, that the issue of R. T. Rs. should be restricted to *bona-fide* co-operative purpose. Since then all co-operative institutions have to affix a certificate to each application for Remittance Transfer Receipts that they are intended for *bona-fide* co-operative purposes.

The Indian Central Banking Enquiry Committee which examined the position of all banks just before the starting of Central Reserve Bank for India recommended that co-operative societies should continue to enjoy the facility of free remittances. Accordingly, the legislature also defined Provincial Co-operative Banks (section 2 (*c*)) and the relationship of Provincial Co-operative Banks with central banking authorities is governed by section 44, just as scheduled banks are governed by section 42. Instead of a special treatment, the Reserve Bank's proposal will handicap the operations of all co-operative societies. To crown it, the co-operative societies, which happen to be the most suitable organisation for distribution of credit to the villages (which no joint-stock bank can attempt to do) are clubbed together with indigenous bankers.

In Bombay, the Provincial Bank operates through its branches in certain places and also through Central Banks where branches are not functioning. Co-operative societies and Central Banks cannot take advantage of the facilities, *a*, *b*, and *c* open to scheduled banks, as they may not be regarded as branches of Provincial Banks. The co-operative structure is federal and the flow of funds from the Provincial Bank to Central Banks and societies should come under the same category as that of the Head Office of a Joint Stock Bank and its branches.

The statistics of last three years regarding the R. T. Rs. applied for by the Provincial and Central Banks are given below :—

Year.	R. T. Rs. and transfers applied for by the Provincial Bank on behalf of Central Banks, etc.	Amount of commission payable @ 1/32 per cent.	R. T. Rs. & Transfers made by Central Banks, etc.	Amount of commission payable at 1/32 per cent.
	Rs.	Rs.	Rs.	Rs.
1937–38...	88,79,410	2,775	69,92,670	2,185
1938–39...	102,96,418	3,218	127,96,373	3,999
1939–40...	126,79,849	3,963	179,39,841	5,607
	318,55,677	9,956	377,28,884	11,791
Average :-	106,18,559	3,319	125,76,295	3,931

The entire commission which for simplicity is worked at 1/32 per cent will have to be borne by a few Central Banks, as they form the distributing medium of the funds mobilised at the apex institution. The Central Banks cannot lend direct between themselves and the surplus of one will have to pass through the apex bank to another and so double commission would have to be paid before the surplus available gets itself distributed. The Reserve Bank authorities seem to have overlooked the peculiarity of the co-operative structure. It is not possible to envisage a date by which primary societies will be able to bear even a low rate of commission, as they have little or no margin for working expenses and operate in very small units, which are essential conditions of their co-operative constitution, and pending the restoration of the free remittance facilities at least for their benefit, the concessions, *a*, *b*, *c*, & *e* open to scheduled banks should be made available to the Provincial Co-operative Bank and Central Banks. Otherwise, there will be a set back in their working. Even such a concession will make them bear commission at 1/32 per cent for drawing funds from the apex bank in the harvest season. The Indian Finance dated 14th September, 1940 refers to the lacuna in the Reserve Bank's proposals in this respect.

The Reserve Bank authorities might argue that the scheduled banks are compelled to maintain free balances with the Reserve Bank of India, based on the time and demand liabilities, and as there is no corresponding obligation on behalf of the Provincial Co-operative Banks to maintain such balances they cannot expect the same concessions.

In the circular of the Reserve Bank of India, dated 14th May 1938 addressed to Co-operative Banks, the Reserve Bank of India, suggested that the Provincial Co-operative Banks who require financial accommodation from Reserve Bank should maintain free balances with the Reserve Bank at certain percentages of the time and demand liabilities. The Madras Provincial Co-operative Bank in reply to the Memorandum represented that it is maintaining voluntarily such balances throughout the year as dictated by its own needs without any statutory obligation in that behalf. Further, the Madras Provincial Bank had also need to take advances from the Reserve Bank during the year 1939 and willingly accepted that it would abide by the conditions imposed regarding maintenance of free balances, by the Central Office, Bombay, on its own responsibility without prejudice to its general application or otherwise to all the Provincial Banks in

India. Viewed in this light, the Reserve Bank should have, at least in consideration of the obligations voluntarily accepted by the Madras Provincial Co-operative Bank though there was no statutory requirement, provided such Provincial Co-operative Banks as comply with the conditions imposed, would be treated in its relations with the Central Banks as a scheduled bank and its branches.

In these circumstances and in view of the Reserve Bank's objection to the continuance of the concession as a matter of principle, the Provincial Bank and Central Banks should urge that they should at least be treated on a par with scheduled banks for remmittance facilities with the modification that the word "Central Banks" should take the place of branches of scheduled banks in making the concessions, *a*, *b*, *c* and *e* applicable to them.

II

Copy of Letter No. A. B/555 of 2nd October 1940 addressed to the officer-in-charge, Agricultural Credit Department, Reserve Bank of India, Bombay, by the Bombay Co operative Banks' Association, re. remittance facilities in India and Burma.

I have the honour to invite your attention to the booklet on remittance facilities in India and Burma which contains the new schedule of rates for remittances, to be brought into operation with effect from 1st October 1940. The Executive Committee of the Banks' Association has observed with much regret that the concession of free transfer of funds through Treasuries and Sub-Treasuries of Government which was enjoyed hitherto by co-operative societies of all types has been withdrawn by the Reserve Bank of India. In the opinion of the Committee the withdrawal of this facility will give a setback to the development of co-operative credit in those parts of the Province of Bombay—and these parts are very extensive—which have not yet been reached by other banking organisations. The Committee does not propose to dilate on the extent to which banking facilities in this Province have been provided and developed by co-operative credit institutions of all types. It is obvious that the continuance and extention of such banking services is dependent very largely on the institutions enjoying the advantages of free or cheap transfer of funds. This was the view held by the Indian Central Banking Inquiry Committee in its Majority Report. I am directed to add that this recommendation of the Banking Committee has been endorsed by the All-India Conferences, Registrars of Co-operative Societies and again very lately by the Madras Co-operative Inquiry Committee. All the authorities who have studied the matter attach the highest value to the concession.

Although free transfers of funds were allowed only for co-operative purposes such as the transfer of funds representing the repayment of loans and receipt of deposits, or amount required for disbursement of loans and repayment of deposits, the grant of this concession reduced the burden of charges payable for remittances even in institutions which conducted other banking business. Moreover, institutions which did not embark upon such banking business had to incur no expenses for remittance of funds. It is the continuance of this concession, therefore, that has enabled large amounts of deposits to be attracted in small towns and trading centres and has also rendered it possible for banking services to be extended to rural areas by the opening of branches of co-operative banks and the organization of small urban co-operative banks. The Executive Committee would, therefore, urge that the withdrawal of the facility of free transfer of funds referred to on page 5 of the booklet will involve all types of societies in an increase of expenditure and will also give a setback to the ordered progress which is being achieved in the field of co-operative banking in this Province.

The Committee would further like to emphasise the difficulties likely to be experienced by co-operative societies in meeting the additional charges that they will now have to pay. Owing to the agricultural depression, co-operative societies in rural and semi-rural areas have been called upon to scale down their claims against their debtors and to grant partial or full remissions of interest. They have also been called upon to reduce their rates of interest on their fresh loan transactions. In the opinion of the Committee, the continuance of the concession, with the assistance of the Government of India, is necessary until societies are able to readjust their finances in view of the situation created by the tremendous fall in prices that has crippled the resources of the rural population.

I have the honour finally to request that this representation made by the Association on behalf of institutions served by co-operative banks, which are members of the Association in the Province of Bombay may kindly be placed before the authorities of the Reserve Bank of India for favour of a re-examination of the orders contained in the new scheme of remittance rates.

(Sd.) VAIKUNTH L. MEHTA,

Hon: Secretary, Bombay Co-operative Banks' Association.

III

Withdrawal of Free Remittance Facility.*

It is to be hoped that there will be vigorous protests all over the country against the decision of the Reserve Bank of India to withdraw the facility

* Extracts from the Bombay Co-operative Quarterly, Sep. 1940.

of free transfer of funds which has been enjoyed by the co-operative banks so far. It is true that this facility was curtailed some ten years back on the ground that when co operative banks conducted banking operations such as the issuing of demand drafts and the collection or discounting of demand bills of exchange, they could not expect to be permitted to finance these operations with the help of funds transferred to or from the district or provincial headquarters free of charge. Government then decided that free transfers of funds would be allowed only when needed for *bona-fide* co-operative purposes. For financing inland exchange operations co-operative banks would get transfer of funds on payment of stipulated charges. To this curtailment of the concession no reasonable exception could be taken. But as the Indian Central Banking Inquiry Committee pointed out the free remittance of funds for co-operative purposes is of utmost importance to the co-operative movement—and one may add to the organisation of agricultural credit in general—and no attempts should be made to curtail this privilege.

* * *

There is another aspect of the Reserve Bank's scheme of remittance facilities which, it may be acknowledged, is not equally unsatisfactory. During the last fifteen to twenty years co-operative banks, both central and urban, in the province of Bombay have interested themselves in the development of modern banking facilities in the smaller towns and trading centres. Joint stock banks in the province are confined to the bigger towns and they have about 150 offices of which the large majority are located in the principal towns and cities. The number of co-operative banks and branches, as noted by Prof. V. G. Kale in the last issue of this journal, is 216 and as he records there are 98 towns in the province which are served exclusively by co-operative banks. No less than 90 of these towns have a population smaller than 20,000 which goes to show the extent of the service that co-operative institutions have to their credit in developing the banking habit in the province. Although in other provinces co-operative banks may not have played the same part in the development of banking in the country side there has been a tendency everywhere to extend the scope of the operations of co-operative banks. In the recently published report of the Madras Co-operative Inquiry Committee there is a definite recommendation that this tendency should be encouraged.

The importance of such extension of the scope of the operations of co-operative banks will be further evident from the fact that in the whole of India there are over three hundred co-operative banks with shares and reserves in excess of one lakh of rupees and these serve some 250 different places. In addition, there are a number of small local institutions which can and often do conduct banking business. Of the 1,695 towns and cities in India only 730 are served by joint stock banks and their offices and branches and over half the number of towns in India are not served by any banking institution except a co-operative bank. It is for this reason that co-operators

have urged that when co-operative banks ask for arrangements for the transfer of funds for banking business, as distinguished from what may be termed co-operative business, they should be entitled to the same privileges as joint stock banks. This demand of theirs was strongly supported by the Indian Central Banking Inquiry Committee.

* * *

If the decision to the withdrawal of the privilege of free transfer of funds for co-operative purposes hitherto enjoyed by co-operative societies is to be treated as irrevocable the need for maintaining any distinction between the requirements of co-operative societies and banks for co-operative purposes and other banking purposes disappears. Insistence on the maintenance of this distinction has hampered the growth of the banking operations of co-operative institutions to a certain extent. With the withdrawal of the privilege of free transfers—to prevent the absence of which this distinction was introduced—the restrictions on banking business which were imposed may well be relaxed if not removed altogether. Co-operative banks may deem themselves free to conduct banking operations subject only to the usual banking safeguards and to the observance of strict business methods. If the provincial Governments cannot agree to or secure through the Government of India the continuance of the system of free transfers of funds for co-operative societies, the least they can do is to permit the extension and development of the banking operations of co-operative institutions by removing the present restrictions which were imposed to prevent any misuse of the privilege of free transfer of funds.

Correspondence.

To

The Editor,

The Madras Journal of Co-operation,

Luz, Mylapore, Madras.

Dear Sir,

SUB :—Starting and conducting of Chit Funds.

I shall be much obliged and thankful if you find some space in your Journal of Co-operation for the publication of this.

'Has any Urban or Town Bank started the Chit Funds in our Presidency? If so I shali be much obliged if any of your readers can send their by-laws and subsidiary by-laws on the same.'

I request you through the columns of your Journal to enlighten me on the techenical and legal aspects in starting Chit Funds.

Thanking you very much for the space given.

I remain Sir,
Yours faithfully.

G. JANAKIRAM,
Manager, Aryapuram Co-operative Urban Bank, Ltd., Rajahmundry.

G. O.'s and Circular.

NOTIFICATION.

The following draft of an amendment to the rules published in Development Department Notification No. 264 dated the 1st August 1933 at pages 1178 to 1185 of part I of the Fort St. George Gazette dated the 1st August 1933, as subsequently amended, which it is proposed to make in exercise of the power conferred by section 65 of the Madras co-operative societies Act, 1932 (Madras Act VI of 1932) is hereby published as receipt by sub-section (3) of the said section, for the information of all persons likely to be affected thereby.

Notice is hereby given that the draft will be taken into consideration on or after the 10th October 1940 and that any objection or suggestion which may be received with respect thereto from any person before the date aforesaid will be considered by the Government of Madras.

DRAFT AMENDMENT.

In sub-rule (3) of rule XIV of the said rules, for the opening paragraph, the following paragraph shall be substituted namely :—

"Any surplus funds remaining after the payments mentioned in sub-rule (2) may be applied by the general body for making contributions to the Madras Governor's War Fund and any surplus funds not so applied shall be utilised in the following manner and subject to the following conditions, namely :—

(By Order of His Excellency the Governor.)

C. P. KARUNARARA MENON,
Secretary to Government.

(True extract.)

GOVERNMENT OF MADRAS, PUBLIC (POLITICAL) DEPARTMENT.

The University proposes to make an endeavour in organising a Museum and I enclose for your information copy of an appeal issued by the Vice-Chancellor. I shall be glad if you will give the circular due publicity among the officers of your Department and render such co-operation and assistance as may be possible. Any assistance you can render will be greatly appreciated.

Should you or any officer of your Department come across any object likely to be of interest, I shall deem it a favour if you will kindly let me know about it, and direct the owners to correspond with me or the Vice-Chancellor of this University.

UNIVERSITY OF MADRAS.

The question of the University organising a University Museum has frequently come up before the University authorities for consideration, but it has not been possible to take up the question earlier on account of various causes, both financial and administrative. It will be admitted that Museums have a great educational value, and that it should be the endeavour of all Educational Institutions and Bodies to organise Museums to aid educational effort. The value of Museums has been recognised by educational Institutions and Universities in the West, and several of them have well-equipped Museums attached to them.

Now that the Senate House has become available, the Syndicate proposes to make a small beginning, subject to satisfactory response, by attempting to organise a collection of subiects of art or historic interest as would from the nucleus of a Museum and Art Gallery. With the limited financial resources of the University, it would not be possible for the University to a large sums for the acquisition of works of art or historic interest. On behalf of the University, I have therefore to appeal to the general public and particularly the alumni of the University to co-operate in this effort at organising a Museum and to send gifts of such objects of art or historic interest as might be in their possession or which they might come across. Such gifts will be gratefully acknowledged, and properly labelled with the name of the donor, and exhibited in the proposed University Museum, I need hardly assure then that the gifts will be carefully preserved and kept open for inspection to the general public during all working days. At the same time, it cannot be too strongly stressed that only objects d'Art and articles of great historical or archæological interest are required and only such can be accepted in the proposed Museum.

Development Department Memorandum No. 22349/IV/40-A dated 19th August 1940.

A copy of letter No. F. 4760, dated 5-8-40 from the Registrar, University of Madras, with a copy of its enclosures is communicated to the Heads of Departments under Development.

Endt. No. 6871 40-C dated 9-9-1940 of the Registrar of Co-operative Societies, Madras.

Copy communicated to all Deputy Registrars and Assistant Registrars (with enclosures.)

News and Notes

We regret that by oversight the names of Messrs. M. A Reddi of Vizagapatam Local Co-operative Union, K. Lakshmana Rao of Repalli Union and E. S. Rama Subbu of Madura District Audit Union were omitted to be included in the list of members that attended the General Body meeting of the P. C. U. held in September 1940 which was published in the September number of this journal.

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Under the presidency of Mr. D. Raghava Rao, Headmaster, Municipal High School, a Co-operative Milk Society was formed in Ongole, Guntur district.

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The Tanjore District periodical conference decided to open rural industries stores at Tanjore, Pattukottai, Tirutturaipundi, Mannargudi Kodavasal, Kuttalam, Negapatam, Tiruvarur and Papanasam.

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The Mysore State Co-operative Conference concluded to-day after passing a number of resolutions pertaining to the movement. Mr. S. Abdul Wajid Revenue Commissioner in Mysore presided.

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The Government have sanctioned the Madras Central Land Mortgage Bank Rs. 4 Lakhs at 3 per cent. interest and repayable in nine months to finance primarly land mortgage banks in the interval between two issues of debentures.

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The Udipi Co operative Society at its meeting agreed to the formation of one Co-operative Town Bank for the Municipal area provided the Udipi Town Bank and Bhagabeltu Societies were amalgamated at the same time.

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At a periodical conference of Malabar the question of developing cottage industries through the co-operative credit societies was taken up and it was decided to specially organise the societies for the purpose. The centres will be jointly selected by Revenue and Co-operative Departments.

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At a meeting of the Madras Co-operators' Association a resolution was adopted welcoming the city councillors' decision to create Improvement Trust and suggesting that the Registrar or Deputy Registrar of Co-operative Societies be co-opted on the Committee of the Trust.

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The Ganjam Fig Marketing Society Seringapatam, was adjudged the best Agricultural Society in the State and was awarded a shield. The Bhadravati Iron and Steel Works Society was selected as the best Stores Society in the State.

A national weekly, "Village republic", is being published from October 7th. It will be published on every Monday. Mr. T. Prakasam is its editor. Rural reconstruction and Constructive programme are the chief ideals of the paper. Similar papers are also published in Telugu and Tamil.

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The Hindupur Farmers' Agricultural Improvement Co-operative Society was inaugurated on 18-9-40 at a meeting held in Hindupur under the presidency of the Deputy Registrar of Co-operative Societies, Cuddapah and Anantapur. Mr. Sheshagiri Rao, Agricultural Demonstrator appealed to the people to co-operate with the Society.

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Mr. C. M. Subbaraya Chettiar presided over the meeting of the Polur Co-operative Town Bank, North Arcot district. A resolution granting Rs. 50 to H. E. The Governors War Fund and Rs. 300 for Panchayat Board to install a radio in the public place was passed, provided the Bd meets the recurring expenses.

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Mr. S. A. Venkataraman, M.A., I.C.S. Registrar of Co-operative Societies, Madras, uneviled a portrait of Mr. M. Chikkiah Naicker, President of the Erode Urban Bank in the Bank's premises. He congratulated Mr. Naicker on the steady, strong and impartial attitude with which he was running the Bank.

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As a result of rural uplift propaganda by Mr. R. V. Narasimham, Physical Director, Cuddapah, recently the villages of Bakarayapet, Sidhout Taluk, have resolved to give up faction to conduct Bhajana daily and to take effective steps to remove illeteracy. The villagers persuaded local Harijans to send their children to the village school and offered to supply free books and slates.

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S. A. Venkataraman Esq., M.A., I.C.S., Registrar of Co-operative Societies, Madras declared open the Silver Jubilee Hall of the local Co-operative Town Bank Chittoor to commemorate the Silver Jubilee of the Bank. The Registrar said that the steady progress of the Bank indicated the efficiency of the directors and the spirit of co-operation displayed by the Chittoor public.

Speaking recently Mr. Carsin former Counsel under the National Bituminous Coal Act (Washington) declared : "The co-operative movement has appealed to me not so much as a matter of saving dollars on purchasers, although this is a very material benefit. But the greatest contribution of the co-ops is in the field of general education to make democracy possible."

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A granary of the co-operative grain bank was declared open on 18-9-40 at Mudiyanur, S. Arcot District, a model village by Mr. V. N. Kuduva, I.C.S. Collector in the presence of large gathering. The Collector exhorted the

villagers to plant fruit trees this year. Accompanied by Mr. Muthuswami Udayar, the Collector inspected the village and improved culverts and roads constructed by the villagers themselves. The dispensary housed in a building presented by Mr. Odayar was also visited.

* * *

Under the auspices of the South Madras Andhra Association Mr. K. C. Ramakrishnan, M.A., Lecturer in Economics, Madras University, delivered a lecture on the Report of the Co-operative Enquiry Committee. He said that the Committee practically left little or no place for Consumers' Co-operation and the recommendations on Land Mortgage Banks were not of a far reaching character. He favoured limited liability for rural credit societies. The Committee also did not deal at length with reference to cottage industries.

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The annual day of the Madras Government Servants' Co-operative Building Society was celebrated on 30-9-40 at Gopalapuram, Madras. Rao Bahadur R. Ramaswamy Ayyangar Assistant Secretary to Government referred to the growth of the Society which was also providing educational facilities for children in Gopalapuram. A new hall was opened to meet the growing needs of the girls' school run by the society. Mr. M. G. Padmanabha Mudaliar, M.A., Deputy Registrar of Co-operative Societies, Madras, spoke on the benefits of the Building Societies and said that they should have representation on the proposed City Improvement Trust.

List of Societies Registered in September 1940.

S. No.	Name of the Society.	District.
1	The Hindupur Farmer's Co-operative Society Ltd. ...	Anantapur
2	" Vaniyambady Municipal Menials' Co-operative Thrift Society Ltd. ...	Arcot North
3	" Villupuram Co-operative Stores Ltd. ...	Arcot South
4	" Coimbatore Co-operative Sugar Manufacturing Society Ltd.	Coimbatore
5	" Dhanalakshmi Mills Co-op. Stores Ltd. ...	"
6	" Elumathur Co-op. Credit Society ...	"
7	" Chinnampatti Co-operative Credit Society ...	"
8	" Palacole Municipal High School Students Co-operative Stores Ltd.	Godavary West
9	" Pentapadu Government Training School Co-operative Stores Ltd.	"
10	" Madras Advocates' Co-op. Club Ltd. ...	Madras
11	" Alaganipadu Weavers' Co-op. Sale Society Ltd.	Nellore
12	" Lalgudi Kannanur Co-operative Society ...	Trichinopoly
13	" Thenthiruperi Co-operative Stores ...	Tinnevelly
14	" Perungulam Do.	"
15	" Palavoor Do.	"

List of Societies Cancelled in August 1940.

Serial No.	Name of Society.	District.	Date of Cancellation of Registration.
1	The Tiruppur Ladies Thrift and Loan Society ...	Coimbatore	... 2-8-40
2	Anantapur Govt. Girls' Secondary and Training School Students' Co-operative Stores Ltd. ...	Anantapur	... 3-8-40
3	Kavandampudur Co-op. Credit Society.	Coimbatore	... 5-8-40
4	Pandillapalli Co-op. Credit Society ...	Guntur	... 8-8-40
5	Thathangudi F.L.C.S. ...	Tanjore	... 8-8-40
6	Sirunambudur Co.op. Society ...	Chingleput	... 9-8-40
7	Seshammalpet C. S. ...	"	... 14-8-40
8	Pelakuppam F. L. C. S. ...	South Arcot	... 17-8-40
9	Kakumanu Adi Andhra C. S. ...	Guntur	... 17-8-40
10	Kalyanapuram Co-opt. Credit Society...	Tanjore	... 17-8-40
11	Chattrapatti Weavers' C. S. ...	Ramnad	... 17-8-40
12	Calicut Naduvattam Co-op. Credit Society ...	Malabar	... 19-8-40
13	Konavasal F. L. C. S. ...	South Arcot	... 27-8-40
14	Sendamangalam Mahommedan C. S. ...	Salem	... 27-8-40
15	The Madras Nurses' Co-op. Thrift Society Ltd. ...	Madras City	... 27-8-40
16	Kil[illegible]ndur Suviseshapuram C.S. ...	South Arcot	... 27-8-40
17	Kallur [illegible] S. ...	South Arcot	... 30-8-40
18	Kodu[illegible]istian C. S. ...	Cuddapah	... 31-8-40