

The Macnas Journal of Co-operation

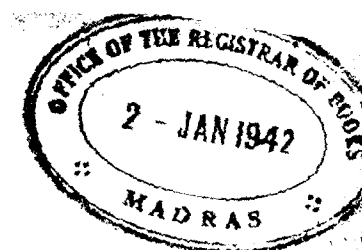


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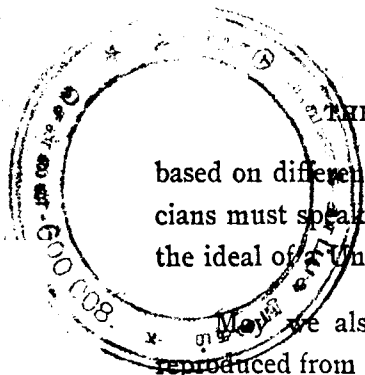
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Editorial Notes.

Co-operation Abroad:

In the last issue of the *Journal* we published a message from the Vice-President of the International Co-operative Alliance, Mr. R. A. Palmer, along with the draft resolution proposed for adoption on the International Co-operators' Day. We are gratified from such accounts as we have received that the Day has been suitably celebrated all over the presidency. As we stated before, it is imperative that co-operators should proclaim their faith in the economic, social and spiritual values of co-operation so that when the time for ushering in the New World Order comes we should insist on our voice being heard in creating a better and happier future for the peoples of the world. In this issue we have reproduced a message to Canadian Co-operators sent by the International Co-operative Alliance. We beseech our readers to read it carefully and ponder deeply so that when the time for action comes we may act wisely. It is up to us all to make the Movement the real Movement of associated effort even in our unfortunate country with its myriad divisions.



THE MADRAS JOURNAL OF CO-OPERATION

based on differences of caste and creed. Our statesmen and politicians must speak the language of co-operation, if they have to realise the ideal of United India.

May we also invite the attention of our readers to an article reproduced from the *Co-operative Official* written by that distinguished co-operator, Michael Fay, on the progress of the Movement in Soviet Russia. Except what we could gather from Sidney and Beatrice Webb's monumental work on Soviet Russia, we had no authentic account of the Movement in Soviet Russia. Such publications as were kindly allowed to reach us were in Russian language and we were not competent to read and understand them. Bolshevism, Nazism and Fascism have always been treated as enemies of Co-operation. But Michael Fay's article reveals a state of things in Russia which cannot but raise the admiration and respect of co-operators all over the world. 'Service to Socialism through the Co-operatives' has been the watchword of Russia. The following words, coming as they do from Michael Fay, will be read with interest:

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"Our British movement need have no fears about the democratic qualities of its Soviet contemporary. We may dislike the Communist Party's complete domination of the U.S.S.R., yet it must not be forgotten that the average Russian consumer society is a far better example of democratic co-operation than the average society in Britain. At local co-operative meetings in the U. S. S. R., it is only rarely that less than 50 per cent. of the society's membership are present to discuss the society's affairs, and (by secret ballot) elect their local committees. Compare this with the $\frac{1}{2}$ to 2 per cent. of total society membership who alone take part in the actual control of any large British society."

Housing for the poor :

Speaking at the Silver Jubilee celebrations of the Mysore City Co-operative Housing Society Ltd., Sri T. A. Ramalingam Chettiar spoke of the extension of the Society's work to include housing facilities for the poorer classes for which, in his opinion, there is greater need. In doing so he took care to mention the peculiar

EDITORIAL NOTES

difficulties confronting the organisations undertaking this difficult but important task. He earnestly pleaded for the co-operation of the Municipality and the Government in providing necessary facilities such as roads, water-supply, sanitation and lighting and that Government should in addition make money available directly or indirectly at cheap rates of interest either by lending the money themselves or allow a central institution to float debentures under Government guarantee. While we have been congratulating ourselves on the success of the Co-operative Housing Societies in this province, we have as yet not found a solution for the provision of housing facilities for the poorer sections of our growing population. Housing is becoming a problem even in rural areas. The problem of housing of the industrial worker attracted the attention of the Royal Commission on Labour in India nearly ten years ago and the Commission devoted a chapter to the same. As far as we are aware nothing tangible has been accomplished since then. Their recommendations have in most cases remained pious wishes. The Improvement Trust for the City of Madras is yet in a formative stage. Responsibility for slum clearance has yet to be seriously undertaken by the Corporation of Madras. Meanwhile the City's population is increasing; housing facilities, especially for the poorer classes, have not kept pace with the growth of population. Even at the time of the visit of the Royal Commission on Labour the conditions were unsatisfactory not only in Madras but also in Madura, Coimbatore and other urban and industrial areas. The Commission observed that 'in Madras city 25,000 one-roomed dwellings sheltered 155,000 persons or one-fourth of the City's population. How worse the conditions must be now can better be imagined than described. The recommendations of the Housing Committee of the Corporation seem to have been completely forgotten. Will ever the day come when the right of man to decent living conditions be recognised and satisfied? It is in the general interests of the community as well to recognise this obligation and discharge it. Co-operative basis is the only sure and sound method on which the problem can be solved, as in the words of Sri Chettiar, 'it helps many a poor family to self-help, self-respect and the pride of possession of property to which

these poor people are strangers at present.' May we in this connection also suggest the application of the principles of the colonisation scheme recently announced by Government in respect of land at least and confer a kind of 'occupancy ownership' on all the poorer sections of the population in urban and industrial areas?

Use of Surplus Funds :

We have reproduced elsewhere the proposed amendment to the Rule XIV of the Rules framed under the Co-operative Societies Act. If we are correctly informed, till a few years ago, the rule stood as now proposed. But for some reason the words 'within the area in which the dissolved Society carried on its operations' were added. Evidently the Government felt at the time that as the surplus funds belonged to the persons within the area of jurisdiction of the society, it would not be right to allow the funds to be used for the benefit of other areas. There appears to be a plausible reason for this point of view. Now it is proposed to allow the use of surplus funds in other areas, outside its jurisdiction. The explanatory note does not say what difficulties have been experienced in enforcing the existing rule to necessitate a change. If a change were necessary at all, we would suggest that the surplus funds would have to be utilised within the area of operations of the financing bank as it might have also contributed in an indirect manner for the creation of such surplus. To allow the use of funds anywhere outside the jurisdiction of the dissolved society or its financing bank is a tall order which requires more justification to support it. For the information of our readers we reproduce section 20 of the Indian Trusts Act, 1882, as the investment of surplus funds will be regulated by it.

Investment of trust money.

"20, Where the trust-property consists of money and cannot be supplied immediately or at an early date to the purposes of the trust, the trustee is bound (subject to any direction contained in the instrument of trust) to invest the money on the following securities and on no others:—

(a) in promissory notes, debentures, stock or other securities of any Local Government or of the Government of India, or of the United Kingdom of Great Britain and Ireland;

"Provided that securities, both the principal whereof and the interest whereon shall have been fully and unconditionally guaranteed by any such Government, shall be deemed, for the purposes of this clause, to be securities of such Government.

(b) in bonds, debentures and annuities charged by the Imperial Parliament on the Revenues of India :

Provided that, after the fifteenth day of February 1916, no money shall be invested in any such annuity being a terminable annuity unless a sinking fund has been established in connection with such annuity; but nothing in this proviso shall apply to investments made before the date aforesaid;

(c) in India three and a half per cent. stock, India three per cent. stock, India two and a half per cent. stock or any other capital stock which may at any time hereafter be issued by the Secretary of State for India in Council under the authority of an Act of Parliament and charged on the revenues of India;

(d) in stock or debentures of, or shares in, Railway or other Companies the interest whereon shall have been guaranteed by the Secretary of State for India in Council or by the Government of India or in debentures of the Bombay Provincial Co-operative Bank, Ltd., the interest whereon shall have been guaranteed by the Secretary of State for India in Council.

(e) in debentures or other securities for money issued under the authority or any Act of a Legislature established in British India, by or on behalf of any municipal body, port trust or city improvement trust in any Presidency-town, or in Rangoon Town, or by or on behalf of the trustees of the port of Karachi;

(f) on a first mortgage of immovable property situate in British India; Provided that the property is not a leasehold for a term of years and that the value of the property exceeds by one-third, or, if consisting of buildings, exceeds by one-half, the mortgage-money; or

(g) on any other security expressly authorised by the instrument of trust, or by any rule which the High Court may from time to time prescribe in this behalf;

Provided that, where there is a person competent to contract and entitled in possession to receive the income of the trust-property for his life, or for any greater estate, no investment on any security mentioned or referred to in clauses (e), (f) and (g) shall be made without his consent in writing.

Provincial Conference.

Elsewhere we have published the proceedings of the Board of Management and the General Body of the Madras Provincial Co-operative Union. The text of resolutions adopted by the Provincial Co-operative Conference is also now made available. The letter of Sri T. A. Ramalingam Chettiar read at the Conference also finds a

place. We would feign omit the controversial matter; but that cannot be. As we appealed on the last occasion we would implore co-operators not to do anything likely to accentuate the acerbities which unfortunately disturbed the proceedings of the Conference. The views expressed by Sri Chettiar are his own and commit nobody and he is entitled to express them.

The resolutions of the Conference cover a very wide ground. They deal with topics which vitally affect the Movement. We have no doubt the authorities will give every consideration and not treat them with scant courtesy. If, for any reason, the Government are not inclined to accept the views expressed by the Conference, it is hoped they will avail of earliest opportunity to explain their viewpoint. Such measure of success as has attended the efforts in the Movement is "the result of combined endeavours of officials and non-officials in a common cause." Nothing should be said and done which is likely to affect the necessary co-operation between officials and non-officials. Wisdom is not the monopoly of either. We also deprecate equally strongly the feeling of distrust and suspicion with which any proposal emanating from the Department is looked upon. This can be avoided and the confidence of the public secured, if those in authority assume an attitude of friendliness, sympathy and understanding. Aware as we are of the earnest desire of the Registrar and his devoted assistants, to expand the Movement on right lines we have no doubt they would receive co-operation in their efforts in an abundant measure as long as they follow the unexceptionable dictum enunciated by the Registrar to which we made pointed reference in our last issue and to which Prof. Kale referred in his valuable address.

It is needless to say the non-officials cannot be expected to play the role of the Light Brigade immortalised in one of Tennyson's poems, *The Charge of the Light Brigade*,

Theirs not to make reply,
Theirs not to reason why,
Theirs but to do and die.

Co-operative Marketing :

We give below an extract dealing with legislation to encourage co-operative marketing in Canada. It will be seen how the State plays an active part in finding markets for agricultural products and assists agricultural producers in providing finance. While regulation and

control of markets may be desirable and necessary, active assistance in the form of finance is what is wanted. The percentage of advance given to the producers has a great effect in inducing them to take advantage of the marketing facilities provided. The provincial Governments in India too should come forward to share the responsibility with the financing banks by guaranteeing against loss so that the producers may secure better terms and greater assistance.

"The Dominion Agricultural Products Marketing Act, 1939, was enacted for the purpose of encouraging the co-operative marketing of agricultural products. To achieve this objective the Act provides a method of assisting agricultural producers to overcome one of their chief marketing problems, namely that of finance. A properly constituted co-operative association may apply to the Dominion Minister of Agriculture for an agreement, in which the association agrees to make a certain initial payment to producers who deliver the product for marketing. The initial payment will vary according to the grade and quality of the product. Producers who deliver their product under this marketing plan must agree to have the proceeds from the sale of the product pooled with the proceeds from the sale of a product of the same kind and quality delivered by other producers.

The initial payment set forth in the agreement must not exceed 80 percent of the average price received by producers during the three previous years. The agreement also sets forth the processing, selling and carrying charges which will be allowed on the product to be marketed.

In the agreement the Dominion Government undertakes that if the average price at which the product is sold by the association, is less than the initial payment plus the agreed upon processing, selling and carrying charges, the Government makes up the difference.

With an agreement of this kind, the association arranges its own financing through the bank and this is facilitated as the association is guaranteed against loss. The marketing of the product is carried on entirely by the association concerned. As the product is sold and the bank loan retired, further payments to producers may be made out of the proceeds of sales. It will thus be observed that the objective is to encourage the development of co-operative marketing on a pooling basis.

In Saskatchewan, the Saskatchewan Forage Crop Growers' Co-operative Marketing Association and the Saskatchewan Honey Producers' Co-operative Marketing Association have operated successfully by taking advantage of the provisions of this Act.

(*Co-operation & Markets News* August 8, 1941).

The Indian Villager.

It has become a fashion to talk of the Indian villager, his sad plight and the gloomy prospects of his improvement. While these talks are most informative, especially when they are delivered by officials whose intimate knowledge of the Indian Village and its problems is undoubtedly thorough, they generally fail to touch the cause of the problem. One such informative talk was delivered by Mr. S. Lall, Deputy High Commissioner for India at London. He declared that 'under all standards the conditions of life of the Indian villager are deplorable.' But as usual he indulged in attributing these conditions to 'a running struggle against long-established traditions and customs.' While every student of the rural problems realises, as the official world does, that such traditions as have retarded progress should be altered and such customs as have sapped the vitality of the nation should be abandoned, it cannot be denied that circumstances favourable for such reforms are absent and what has been possible to achieve rapidly in other countries, where the peasant is equally conservative, it may even take decades to accomplish in India. What are the steps that have been taken by the authorities to remove ignorance, to dispel doubt and suspicion and to create facilities for the acquisition of decent conditions of living? Both the Government and the public have been merely tinkering with the problem without touching the basis of India's political and economic system. What is wanted is a drastic reorganisation of the present state of society brought about by peaceful but effective means. The State alone can accomplish this. Will it ever be attempted? Will friends like Mr. Lall assist in that task or merely abhor changes considering them as 'hasty reforms' and put obstacles in the way of reform? Time and tide wait for no man and in the march of progress the more we hesitate to take a decisive step the longer we will lag behind in the race. It is the part of wisdom to be awake, arise or else we will ever remain fallen.

Sound Banking Principles.

By T. R. NAGARAJA RAO,

The Madras Provincial Co-operative Bank, Ltd.

When George Rae wrote his preface to "The Country Banker's"—that was more than 60 years ago—he remarked that most people regarded principles of Banking—mistakenly as he thought—as a subject devoid of human interest. The man who formerly "regarded banking devoid of interest" now wants to know all about it. In our own country, the public interest in recent years has been increasing. But, in most cases, this interest happens to be transitory. As Mr. Robertson (Author of "Money") has so well said "The banking system is like a liver; it does not take up very much of our thoughts when it goes right, but attracts a deal of attention when it goes wrong." After a crisis, Banking is in everybody's mouth and its principles are widely discussed. After sometime, interest flags and the customary indifference exhibits itself. It would be a great corrective if public interest in Banking were more abiding and less fitful. To us Bankers, the subject is one for daily education and should therefore, be constantly studied for the purpose of acquisition of knowledge and its utilization.

2. There is no code of sound banking principles. It is not an enumeration of a few simple rules to be applied to problems as and when they arise. They are more like guide-posts on a road: Sign-posts which will enable us to find our way. A banker is like an automobile driver who has to steer with his eyes on these posts if he wishes to reach his destination safely, every time he is at the wheel.

3. What does a Bank do? A Bank's job is to accumulate the dormant capital of the people and put it to work. Stated in another way, Banks collect money from those who have it to spare and advance it to those who require it. Banks are institutions for the collection and accumulation of the peoples' savings and they loan the funds at interest to people who employ them in the production or distribution of goods or in constructive or useful purposes. Banks are, therefore, dealers in Money. That is their stock-in-trade. The taking of deposits (*i. e.*, accumulation of dormant capital) and the making of advances are correlative; the *raison d'être* of taking deposits, is the ability to grant loans on a basis useful to the community and profitable to the Banks. Banks borrow money from the

public and invest them at their own discretion and risk. If they make no serious mistakes in the employment of funds the business would be quite safe. Unfortunately, mistakes are sometimes made; Banks fail; and people lose their money. Confidence in Banks is lost. Interest in Banking roused. Suggestions for making Banks safe are made, debated and perhaps shelved.

4. The main question, therefore, is, how should a Bank use its lending capacity?

A banker is essentially a lender of other peoples' money deposited with him and returnable when demanded. He is the only member of the community who cannot ask his creditor to call the next day. His obligations, therefore, require that, in the management of his funds by lending and investing, he should ever remember the depositor's claims on the Bank. A bank to be in a perfectly sound position should be able at all times to meet with ease and amplitude the demands which may be made upon it at any time by its depositors. The great skill in banking consists in so arranging Loans and Investments that they are readily available to meet withdrawals of deposits.

5. The ancient banking tradition is that bank earning assets should consist chiefly of Short Term Commercial Loans. The basis of that tradition is obvious. A bank's funds are the property of depositors repayable on demand; hence, the bank must make its loans on the security of transactions which are self-liquidating and of short maturity so that it can get possession of its funds quickly if pressed by calls from its depositors. If its funds are locked up in land, plant and equipment, or in slow-moving stock or in slow loans, the loans cannot be quickly repaid, though they may be paid in the long run. Therefore, loans arising out of commercial and industrial working-capital needs are to be financed and not those that are required to support the investment structure of a business. That is the English and the American banking tradition. But German tradition endorses investment of funds in businesses they finance.

The character of the funds deposited with the banks determines the loan policy. The deposits that banks accept are mainly of two varieties: Fixed and Current. Deposits which are left for a fixed period are Time or Fixed Deposits; Deposits which can be withdrawn at any moment are sight or demand deposits, also called Current Accounts. The bulk of the funds handled by the English banks

are demand deposits or subject to short notice and the English tradition is the result of years of trial and error. Our banks, Joint Stock and Co-operative, are modelled on the English types and we must therefore necessarily adopt their practices.

6. It is usually supposed that agriculture is not an appropriate field for the activity of Joint Stock Banks. The trader, it is stated, has a type of security which has a liquidity and a goodness which is totally different from the security of an agriculturist. The agriculturist has not enough quick assets to make his short term borrowings truly liquid. Alas! Co-operative Banks know how true it is. Agriculturists have, therefore, practically no access to adequate capital supplies. The remedy is sought through co-operative effort by villagers.

7. The proper sphere of Commercial Banking funds is the working capital loans—whether for trade, industry or agriculture. The Banks' province is to tide over temporary lack of ready money or supply the seasonal needs of business. Banks, whether they are Joint Stock or Co-operative, raising capital by way of deposits, should therefore confine themselves to Short Term Self-liquidating loans.

We may state the position as follows:—

- i. A banker, whether Joint Stock or Co-operative, is a lender of other people's money.
- ii. Those monies are deposited with him for short terms and may be withdrawn at any time.
- iii. No default should occur in the payment of deposits so withdrawn.
- iv. His loans and investments should therefore be for short terms and with certainty of repayment on the agreed dates, so that he may have his funds replenished from time to time.
- v. No operations which would result in the loss of depositors' funds should be undertaken. This is obvious; otherwise, both the bank and the depositors are ruined.

8. Having stated the basic factors in banking business, let us see how, in practice, the banks endeavour to work. Liquidity, Safety and Profitability—these terms are self-explanatory—are the main principles of Sound Banking.

Liquidity. (i) A bank should *not* lend *all* the funds it has. A certain proportion of the total funds should be retained in cash, gilt-edged securities like Government Bonds, and in other readily realizable investments. What proportion should be so retained, is left to the discretion of the bank?. That is the case in England and *at present*, in India too. (But, in some European countries, the statute has fixed limits for the several types of securities that can be held). Some experts recommend that 20 per cent. of the deposits has to be kept liquid, while some would recommend as much as 45 to 50 per cent. Whatever percentage is adopted, the point is the maintenance of a good proportion of the deposits in liquid securities. Co-operative Banks in this Province have to maintain in liquid form 50 per cent. of Current Accounts, 25 per cent. of Savings Bank Deposits, and 50 per cent. of the Fixed Deposits maturing in the next 30 days.

(ii) Long-Term loans should not be given out of short term funds. That is another cardinal principle of liquidity. Commercial loans are generally for 3 to 6 months and never for more than one year. Agricultural loans with which Co-operative Bankers are concerned are generally made for 1 to 2 or 3 years. But some experts consider that too long for deposit banks. Co-operative Banks are being constantly told of this principle.

(iii) Insist on the repayment of every loan as agreed upon. Co-operative Banks have considerable experience of defaults and its consequences. There is a saying of Lala Harikishan Lal of the Punjab "Water freezes by cold, but bank loans freeze by the warmth of a banker's heart." Most unpaid debts become frozen debts and finally bad debts.

(iv) The repayment of loans should be so arranged as to provide the bank with a supply of funds steadily.

These are some of the means to ensure liquidity. The saying "Banks are solid because they are liquid" expresses a great truth.

9. *Safety.* A Bank is the trustee for the thousands of depositors who have placed their savings with it. Nothing should therefore be done to imperil their funds. "Safety" should be the first consideration in any operation. Banking is a business in which risk is inherent. Everyday one must take decisions. Always they are decisions to run certain risks instead of others. Bankers should make a wise choice of risks. Very great care is, therefore, required in the selection of borrowers.

Not only should the borrower be good; he must be financed carefully. The lender's responsibilities to his own institution require that the borrower be a good moral risk; that the funds requested appear to be useful and profitable to the applicant; that the loan be collectable and reasonably liquid; and that the terms of the loan be thoroughly understood and give promise of fulfilment.

And then, there should be no loan without adequate security and value and easily saleable if necessary. A banker when he makes a loan should have within his clutches something of value which he can sell if the loan goes wrong. A banker should not lend on any security, however good, unless he thinks the customer can repay without realizing the security. The necessity for realizing the security is looked upon as a mark of bad banking. Co-operative Banks know too well the consequences of having ignored this "repaying capacity" in borrowers. Borrowers must be able to repay promptly as well as ultimately. A young clerk in an American Bank went to his Chief and asked him what was the biggest thing in Banking to know. The chief answered, "To be reasonably certain when you make a loan that you will get the money back". That expresses another great truth.

So far, we have considered how individual loans have to be safe. But there are certain other general maxims to be observed, if the Bank as a whole should be safe. Some of them are given below:—

(i) The risks must be distributed widely. "Don't put all your eggs in one basket," is as true of Banking as of eggs. Never lend too large a proportion of the loanable fund to a single borrower nor accept too much of a single class of security as cover for loans. There is a saying, "If you borrow two lakhs from a Bank, the Bank can bully you; if you can borrow ten you may bully the Bank." That expresses the danger of big loans to a few individuals.

(ii) Don't make credit too easy to obtain. Let the standards of safety of loans be high. Don't cut it so low as to endanger the business.

(iii) Don't exhaust your lending power.

(iv) An advance may be safe at the time it is made; but the circumstances of the borrower or the value of security may readily change without one's knowledge. Therefore both will have to be watched vigilantly.

The paramount consideration in any banking operation should be the safety of the principal sum invested. The strength of a bank

depends upon the safety of its Loans and Investments. Liquidity alone would not save a Bank. The Travancore National and Quilon Bank failed ultimately though the accepted standards of liquidity was maintained.

10. *Profitability.* Banks should have an adequate margin of profit. 3 to 4 p.c. is considered fair. A Bank's operations should result in considerable profit. That is the source from which expenses have to be met, interest on idle money recouped, losses written off, reserve fund built up and dividends paid. One bad loan will consume the profit on several good loans. Elimination of losses and other doubtful assets should always be given preference over Dividends.

Reserve Fund. Banking risks are not of a kind against which it is possible to insure. Actual chances of loss cannot be measured. Banks therefore cover risks by accumulating a Reserve Fund. It is an Insurance Fund against bad debts. The bigger the fund, the greater is the safety of the Bank. A Bank's own resources, its capital and reserves, form a testimonial to its trustworthiness. Co-operative Banks have to set apart every year 25 per cent of their net profits to a Reserve Fund; Joint Stock Banks set apart 20 per cent.

11. It has been said, "The principles of Banking are not hard to grasp; it is its practice that is so difficult." Hartley Withers is the author of the saying "Good banking depends upon good bankers." The two aphorisms together put the working difficulties of banking in a nutshell. Banking is a business in which mechanical formulæ has no place. It is a business which calls for the use of practical sense, judgment, and discretion by persons with certain natural gifts, acquired abilities, and business experience. They have to pass judgment upon the ability and willingness to pay of persons and firms who seek the banks' credit. A Bank is subject, both from within and without, to enormous pressure towards increasing continually the volume of its loans on the one side, and on the other, to the difficulty of regulating the supply of money to meet all legitimate needs. To hold the scales even and keep the bank as a whole liquid and safe is a formidable task.

Who is a good banker? I am quoting from an American writer:

"That man is a Banker—a real banker and worthy of the name—who, whether he conducts his bank in a great metropolis or a modest

village, not only loans safely all his available funds, but loans them in a manner which will permit of their ready conversion into the medium with which he can meet any proper demands that may be made upon him. Whenever the banker permits the funds of his bank to become tied up in investments that are slow, even though they may be good, he ceases to serve efficiently those who have got a right to his service. The ease with which he can convert his assets into that which will meet the proper demands of his customers, whether for payment of deposits or the extension of additional credit, determines the strength of his bank. To conduct his bank wherever situated in accordance with these inherent principles is the real test of the banker."

Good bankers run their banks on sound principles, and administer the great trust committed to their care with skill and integrity and make the public have confidence in their banks.

12. The basis of banking business is public confidence. To no group of businessmen is an unimpeachable reputation more vital. As a writer puts it, "Reserves are always adequate so long as depositors have confidence in their bank and never adequate when confidence is lost." Banks should cultivate this confidence by the adoption of sound methods in their operations.

13. Co-operative Banks have the same obligations to depositors as Commercial Banks have. In all essential respects the nature of the business of the co-operative banks is the same as that of commercial banks. Both obtain loanable funds in the same way, *viz.* deposits: Time and Demand. They are, therefore, responsible for investing their funds in such a way as to safeguard the interests of their depositors. The same considerations of liquidity and safety in the employment of funds are essential for the stability of both. The principal difference is that whereas Commercial Banks lend to Trade and Industry, co-operative banks make advances to agriculture. The fact that the agricultural cycle is longer than commercial and that the co-operative banks are not primarily concerned with the making of divisible profits for the shareholders does not make any essential difference in the fundamental principles which both types of institutions have to observe.

14. What all has been said may seem tiresome commonplaces but they are the only safe roads to success. Above all, it has to be remembered that a Bank's first duty is to its depositors—actual and potential; second, to the shareholders; and third, to the borrowers.

Special Sinking Fund.

The Special Sinking Fund and the 3 per cent. margin in the Madras C.L.M.B.

BY V. S. RAMASWAMI IYER.

On the advice of the Reserve Bank of India the Government of Madras have compelled the Madras Central Land Mortgage Bank to create a special sinking fund and also to provide a 3 per cent. margin between the debenture rate of interest and the ultimate rate to the borrowers. It is proposed to examine in this article whether this advice of the Reserve Bank is feasible and sound.

Sinking Fund.

Sinking fund is a fund created by periodical instalments to redeem a liability or to replace an asset. Companies and corporations, Port Trust and Governments borrow large sums of money from the public, by the issue of debentures. As it will be difficult to find large sums of money at the time of maturity all on a sudden, they build up a fund slowly by making periodical payments, and allow it to accumulate at compound interest. This is the ordinary usual way followed by all institutions and the Reserve Bank also has advised to create such a sinking fund.

From this suggestion the public may presume that the bank was not following any systematic and sound method to create a sinking fund to redeem debentures. But it is not so. It does follow a method which is followed by all mortgage banks and which is equally 'scientific' for them as the above method is for companies and others, and the same is embodied in the Madras Mortgage Banks Act 1934.

A brief description of the present method of the floatation of debentures and their redemption by the Central Land Mortgage Bank, and the various statutory and other contractual arrangements in existence is necessary to judge which method is more suitable and sound, and whether it is possible at all to adopt the Reserve Bank's method.

The borrowers mortgage their lands to primary mortgage banks, and these in turn transfer them to the Central Land Mortgage Bank which issues debentures on the security of those mortgages. For their absolute safety and proper redemption, section 4 of the Mortgage Banks Act, 1934, provides that the debentures in circulation, shall not exceed the total value of mortgages *plus* the amounts repaid thereunder. It is also provided that the repaid amounts of principal

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should be strictly under the custody of the Trustee, who is the Registrar of Co-operative Societies at present. This is the foundation,—it must be conceded a very strong one—of these debentures; The fund under the Trustee's charge is used only for the redemption of debentures from time to time. Hence it is called the Debenture redemption fund by the bank and it is the *de facto* Sinking Fund.

To strengthen these arrangements further, clause 7 of the Trust deed provides for the control by the Trustee of the Sinking Fund. Section 31 of the above Act empowers the Primary Banks to receive repayments on behalf of the Central Land Mortgage Bank and regulations 9 and 10, made under the rule-making powers given to the Central Land Mortgage Bank, provide for the prompt remittance of the repaid amounts. By-law 40 of the Central Land Mortgage Bank, and by-law 48 (a) of the primary land mortgage banks provide for annual equated payments to suit the borrowers and the regular and convenient formation of the debenture redemption fund.

Thus all these laws, contracts and indentures provide for the complete safety and the punctual redemption of the debentures.

If these arrangements were defective and unscientific, the Reserve Bank should have convinced the bank first of the defects, and then taking the public (debenture-holders) into its confidence, got their consent before the changes were made. The laws, by-laws and contracts mentioned above should have been amended to suit their method. It is doubtful if the Reserve Bank examined these before and was even aware of all these statutory and other contractual arrangements before the advice was given. Perhaps, it thought that the debentures have been issued, like some Provincial Co-operative Banks, which have also issued debentures without such elaborate safeguards.

Though many institutions issue and redeem debentures, there is a fundamental difference between them and the mortgage banks. While in the case of all these, there will be a *definite capital sum* to be redeemed on a *definite date*, in the case of mortgage banks owing to the peculiar conditions in the practical working—the regular repayments coming in every year, sometimes in advance also,—they have to arrange for the earlier redemption in all possible ways; as otherwise they may have to lose in the shape of interest by keeping large sums in the sinking fund, which after all may not get the debenture rate of interest. Consequently, there will not be the *definite sum* to be redeemed on the *definite date*. After some years,

when the debentures would have been redeemed, even the very calculation of the annual instalments which with compound interest should amount to the issue, will become more and more difficult and impossible at one stage. Hence their method is quite unsuitable.

The Reserve Bank has now suggested and the Central Land Mortgage Bank has accepted a certain method. Is this new special sinking fund in the place of the old one? Or, is it another fund in addition to the old one? The published reports do not throw any light. Certainly, the public, and especially the present set of debenture-holders who stand by the trust deed, have got a right to know if any changes are made in the formation and utilisation of the sinking fund. Is it legal to ignore the statutory and other contractual arrangements simply because the Government are involved? The pity of it is since the debentures are guaranteed by Government nobody considers these things seriously. The Royal Commission on Agriculture have warned that since contracts are to be made for long periods, much forethought and great unusual care are necessary in drawing them up, (page 466 of the Report). Whatever it may be, the fact is that the fund, according to the old method, oversatisfies the Reserve Bank's one. For, as against the required Rs. 2½ lacs, there is about Rs. 7 lacs in it now, (vide Bank's Report page 5 for 1939-40), and this within 2 years of the formation. This itself is a proof positive that there is something radically wrong in the Reserve Bank's method.

The Reserve Bank may be reasonably afraid whether the Bank will be in a position to redeem the debentures without difficulty at the end of the period. As we have already seen the Central Land Mortgage Bank would have redeemed, if not all, more than 90 or 95 per cent. of the issue before the due date. All land banks are compelled by circumstances to do so. For the small balance of undeemed debentures there will be an equal, if not a greater, value of mortgages available, in accordance with the basic formula prescribed in the Act referred to above. There is nothing preventing the bank from issuing another set of debentures to redeem those in circulation then. Their fear is thus groundless.

In fact the debenture issue and redemption now designed and in force is more akin to the Note-issue of the Reserve Bank, than the issues of companies and corporations. Instead of the bullion and the rupee or sterling securities, it has the mortgages, which are in no way inferior to those securities. A little thought will convince one

that the Central Bank is expected to regulate these exactly as the Reserve Bank does with regard to the Note-issue. Principle requires that the receipt and payment of *interest* ought not to interfere in this regulation. There should be periodical publication of this equilibrium in newspapers. This is a statutory obligation under sec. 23 of the German Mortgage Bank Act. The inclusion of the compound interest in the Reserve Bank's method to the sinking fund must vitiate the above equilibrium. The interest must be included only in the administrative business. When the two are kept separate, like the weekly statements published by the Reserve Bank, to maintain the above equilibrium is simple. The Reserve Bank's method will make it more and more complex and ultimately a stage will come when it may become impossible even to calculate, as the *definite sum* will vary year after year.

The annual equated payment system of repayments has been adopted as it is convenient and suitable to the borrowers. But repayment by equal annual instalments of principal and the redemption of *all* debentures at the end of the period will be conducive to the Reserve Bank method. While Rs. 40 every year may be necessary to produce Rs. 1,000 in 20 years at 3 per cent. compound interest, according to contract, there will be a receipt of only Rs. 25-12-1 under principal in the present method. It may not be possible at all for the borrower to pay Rs. 40 plus the interest of Rs. 65 = Rs. 105 in the early years.

The existing Laws and contracts do not back up the Reserve Bank method without which it will be futile to count upon the strict observation of these engagements.

In this connection it may not be out of place to refer to a similar very wrong step, though of course reasonable from certain stand-points, taken by the Central Land Mortgage bank, without fully realising the serious difficulties it is going to land them. I mean the making of debentures non-withdrawable for the first ten years. Could they not have issued debentures with varying maturities as the Federal Land Mortgage Banks of the United States of America have done?

"The bonds are issued by the United States treasury in denominations of 25, 50, 100, 500 and 1,000 dollars and run from a minimum of 5 to a maximum of 40 years." (Agricultural Credit in the U. S. A. by A. Quereshi.)

What are they going to do with the large repayments of principal that may come year after year all these ten years? The investments

are not going to yield the debenture rates. Should they reloan or invest in its own debentures? Both are bad in principle and may lead even to confusion and *fraud*. Even though a suggestion was actually made the Bank could not foresee the advantages.

The 3 per cent margin.

A margin between the borrowing and the lending rates is necessary to carry on business on sound lines, unless a separate levy for expenses is made annually as some Co-operative Land Banks do. This difference is to meet the administrative and other charges and also for a reserve. There are many factors which should be taken into consideration if we want to fix this *correctly*. These are examined below:—

1. Our foremost consideration here is the welfare of the borrower himself. For the very Bank has been created to help him, and all these troubles are taken only for his betterment. The Reserve Bank is liable to err here as it is not accustomed to care much for the borrowers and is rightly apt to be selfish. The borrower's *capacity*, to repay the instalments punctually, should be a practical proposition at least on paper. It depends on the return from lands, which is quite low, from 3 per cent to 4 per cent. or $4\frac{1}{2}$ per cent. only. Let us take a loan of Rs. 1,000, for which land valued at Rs. 2,000 would have been mortgaged. The annual returns at 3 per cent., $3\frac{1}{2}$ per cent., 4 per cent. and $4\frac{1}{2}$ per cent are Rs. 60, Rs. 70, Rs. 80 and Rs. 90 respectively. The annual equated payments (at a 3 per cent margin plus $3\frac{1}{2}$ per cent interest equal to $6\frac{1}{2}$ per cent.) is Rs. 90-12-1. Thus we have only minus balances of Rs. 30-12-1, Rs. 20-12-1, Rs. 10-12-1 and 0-12-1, respectively in all these cases. Where is the borrower to find these minus balances, and how is he to live? It is better for him to sell away the land outright. Therefore with a 3 per cent margin it must fail as a business concern.

Evidences are not wanting to prove that even the present margin itself is a little too high and borrowers are unable to repay punctually. For in 49 out of the 119 Primary Land Mortgage Banks in the presidency, there are overdues amounting to Rs. 1,52,563 (*vide* Appendix 4 of the Central Bank's report for 1939-40). In mortgage banks with powers even to attach and sell the produce on lands, this state of affairs is far from satisfactory. In the actual issue and redemption of debentures in our system, the primary banks are not parties to the contract. At the most they are only agents to the Central Land Mortgage Bank. The Trust deed will prove this. Hence there is no good in being satisfied with "no overdues" from the primary banks. A wrong conception here has resulted in a serious irregularity. "All moneys received by a Primary Land Mortgage Bank under or in respect of mortgages," do not go intact to the Central Land Mortgage Bank as per clause 6 (a) of the Trust Deed.

2. Lending on mortgages of immovable property up to 50 per cent. value is an absolutely safe business not requiring large reserves. There is practically no risk. The share capital and a small reserve will do. If more is considered necessary, the creation of a reserve liability in primaries is a better and wiser step, as it can be done easily without causing unnecessary expenditure to any one. Certainly it is unwise to gain this end by an increase of the margin beyond the repaying capacity of the borrowers.

3. Since the volume of business is very great—dealing in crores without a proportionate additional cost—for when once the loan is disbursed there is not much to do—the percentage of margin should work up only to a low figure. The figures for 1939-40 give only a 27 per cent. for administration expenses. If the bank tries to recover the entire costs of valuation etc. from the borrowers at the time of giving the loan itself, instead of concentrating them on themselves, this percentage too may go less. Therefore the 3 per cent. margin is too high.

4. Equity requires that the present set of borrowers should not be taxed too much—and this with a view to err on the safer side as we have no experience—to build up reserves for the future sets. A disproportionately high reserve fund in a co-operative bank will only tend to a lavish expenditure. It is always open to them to make a special levy if a necessity is found at any time.

5. There is some difference between the ordinary banks and the co-operative Central Land Mortgage Banks in the matter of meeting the expenses. In the former, the expenses must concentrate on the banks. But in the latter, the expenses themselves may be minimised, by the members themselves sharing the duties, to avoid these additional payments. Thus in an ideal co-operative bank the margin may be reduced even to $1/12$ per cent. Some German *Landschaften* seem to manage with this margin.

6. As we have no data or previous experience to fix the margin correctly, we may have to seek the experience of foreign countries. The German *Landschaften* were reported to be charging only from $1/12$ th to $\frac{1}{4}$ per cent. In the Federal Land Mortgage Banks of the United States 1 per cent. is the statutory maximum fixed. (*Vide* Agricultural Credit in United States of America by Quereshi, page 45.)

Whatever may be the margin fixed as the deltaic lands do not pay more than 4 per cent. or $4\frac{1}{2}$ per cent, any ultimate rate to the borrower above 5 per cent. will end in the failure of the land credit movement. For it should not be forgotten that some lands must necessarily come under the bank's possession. It should then be possible to lease out and recover at least the annual instalments after allowing some margin for collection again. This ultimate and final step must never be lost sight of in this business.

It is hoped that the authorities will examine these again in the light of the above remarks and revise them without standing on false prestige.

Labour Department and its Work.

By R. S. R.

The administration report of the Labour Department does not usually attract the attention it deserves. The Department is engaged in ameliorative work among the scheduled classes and only those who have carefully watched its progress can easily testify to the fact that such awakening as is observed in these classes is no small measure due to the untiring efforts of the successive Commissioners of Labour. If times were more propitious and the Government had not suffered often from financial stringency, much more could have been achieved especially after the inauguration of the Harijan Sevak Sangh which is so ably seconding the efforts of Government.

The ameliorative work consisted of:

- (1) provision of house-sites;
- (2) maintenance of schools, grant of scholarships, stipends, boarding grants, grants for the purchase of books, etc., and grants to private educational institutions for the benefit of the communities mentioned above;
- (3) provision of wells, tanks, etc., for the supply of drinking water;
- (4) provision of sanitary amenities, such as pathways and burning or burial-grounds;
- (5) grants to private bodies engaged in social and economic uplift of these classes; and
- (6) assignment or lease of lands for cultivation.

It is gratifying to learn that under the scheme for the provision of house-sites, 1809 house-sites covering an extent of 148.35 acres were provided by assignment bringing the total number provided so far to 43,747. Similarly 1214 sites covering an extent of 83.93 acres were provided by the acquisition of private land at a cost of Rs. 47,406-12-1, the Government share of the cost being Rs. 26,687-8-1. The total number of house-sites provided so far under this scheme is 40,698. The policy of Government regarding the acquisition of private land for the provision of house-sites cannot be considered liberal when it is realised that the grantees belong to the labouring classes who lead a precarious existence. To demand from them even to pay in instalments half the cost of acquisition is to expect them to do the impossible. The arrear demand both under 'principal' and 'interest' must necessarily mount up. The Government may consider seriously the question of applying the principles of their land colonisation scheme in regard to house-sites also and confer 'occupancy ownership' in respect of sites assigned or acquired. It is needless to point out the application of liberal principles in respect of house-sites is more urgent and necessary than even in regard to lands assigned for cultivation.

From the statements published it is seen the educational facilities provided in districts in which the special labour staff is working are fairly satisfactory. No information is available in regard to districts without the special labour staff. One can safely assert that

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provision for the spread of education in these areas must necessarily be limited. Other lines of ameliorative work also must be suffering equally. We would urge the need for the maintenance of special staff in all districts. Though the number of schools maintained has come down from 1200 to 1154, it is satisfactory to note the number of pupils receiving instruction has risen from 52,077 to 52,684. Provision of midday meals, started as an experimental measure, if extended, is sure to increase the strength and attendance.

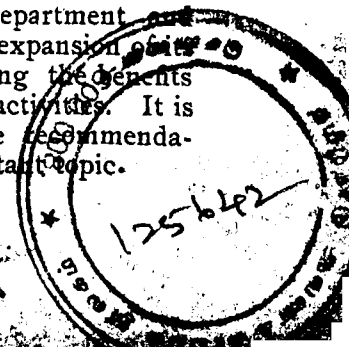
By careful planning the Commissioner of Labour has succeeded in increasing the number of scholarships to 5,484 involving Rs. 71,391. The number of residential scholarships is only 65. We earnestly plead for increase in the allotment both for residential and non-residential scholarships. What these scholarships mean to pupils anxious to obtain benefits of education can be well realised if the figures of applications received even from the eligible candidates are published. Perhaps slight slackening of conditions governing these scholarships, vesting the discretion in the Commissioner of Labour, may also prove helpful.

Thanks to the Harijan Sevak Sangh and other public bodies engaged in ameliorative work, the number of pupils enjoying the advantages of hostel life with the kind assistance of the Labour Department is increasing. The Government should welcome the assistance of these bodies and provide for increased number of boarding grants. It is seen the number of boarders maintained and the grant made during the years 1939-40 and 1940-41 are practically the same. There should be progressive increase in regard to both. We also plead the allotment of Rs. 10,000 for general boarding grants is hardly enough to meet the growing demands. If it is recognised that per capita cost in the boarding houses conducted by private bodies is much less than that incurred in the hostels maintained by Government, there is a strong case for affording every encouragement to private bodies.

The Labour Department spends considerable sums for construction of wells and provision of sanitary amenities. Compared with the immensity of the problem the expenditure is by no means large. War emergency may affect the activity of any other department; but it should not be urged to put off construction of wells which are the only sources of supply of drinking water.

From the report it is not known what portion of the expenditure incurred is in respect of work for aboriginal and hill tribes. It would be useful if this work is dealt with in a separate chapter.

We value greatly the work of the Labour Department and would wish that there will be further scope for the expansion of its activities. The work of economic uplift by extending the benefits of co-operation must necessarily form part of its activities. It is hoped the Government will consider favourably the recommendation of the Committee on Co-operation on this important topic.



From Tsardom to Stalin.

(The Story of Consumers' Co-operation in Russia.)

BY MICHAEL FAY.

The British co-operative student who seeks to assess the role of co-operation in the economic life of Soviet Russia faces a difficult task. Experience gained in the British movement, operating as it did in peace time within the frame work of a still competitive capitalist system, is not a particularly sound basis from which to examine a co-operative movement closely bound to the State machine and dominated by one political party's programme.

As a rule, the British co-operator has an almost instinctive dislike for any kind of State interference with co-operative enterprise. Even under war conditions, the idea of co-operation as a State department—and British co-operation is becoming just that—is, generally speaking, repugnant to both co-operative leaders and the mass of interested co-operative members.

It is necessary to abandon all these prejudices when examining co-operation in Russia. Since 1918, for all practical purposes, co-operation in the U.S.S.R. has had to fit in with the planning of the State; where considered necessary, the State has not hesitated to actively intervene in co-operative affairs. Usually, and this is a point to be carefully borne in mind such interference by the State has been designed to destroy inefficiency within the co-operative movement itself.

The history of consumers' co-operation in Russia up to the outbreak of the Great War is not particularly striking, but it forms a necessary background to any study of Russian co-operation as it exists now.

During the latter half of the last century there was in Russia at least some small knowledge of British co-operative achievements. The works of Robert Owen were not unknown. Naturally, in a land where the great mass of the population were illiterate, such knowledge as did exist of co-operation in other countries was possessed exclusively by the middle classes and intelligentsia.

In 1861 the Russian serfs were freed. The years following saw a number of attempts to establish co-operative undertakings. By the end of 1866, consumer societies were functioning in such cities as Tula and Kiev, whilst, according to the accounts of Russian co-operative historians, the first co-operative society established by industrial workers was founded at the Kinov factory in the Urals.

All these early co-operative ventures, though often enough designed for the workers and peasants, were essentially middle-class creations. Liberal elements amongst the clergy and landlords; progressive local officials—all these saw in co-operation what they thought to be a mild and placid way of

ensuring at least some slight social progress. But the gap between middle class philanthropy and the crushed poverty-stricken masses was too great to be bridged by isolated expressions of goodwill. These early co-operative ventures mostly died—or, more correctly, they never really lived.

The last ten years of the 19th century—marked by some industrial development in Russia—saw a minor co-operative revival, though workers took second place within co-operation to the higher grades of black-coated workers and local officials. Many of the societies fell completely into the hands of factory owners, and became, in fact, merely part of a vicious "truck" system disguised by a co-operative title.

This period was, however, sufficiently favourable to permit the first attempt at establishing a union of consumers' societies. With the always necessary Government permission, the Moscow Union of Consumers' Co-operative Societies was formed in 1898. It had an affiliated membership of eighteen societies. In due time, the Moscow Union became in effect the Wholesale Society and Co-operative Union of Russia, known to-day as "Centrosoyus."

When the great war began in 1914, it was estimated that there were about 1,400 consumer societies in Russia, comprising roughly 1,500,000 members. It is to be doubted, however, whether, in fact, many of the societies could have claimed to be genuine co-operative concerns.

As was the case in practically every other country involved, the war brought a tremendous impetus to co-operation. Even the Government of the Tsar, torn with corruption, saw in co-operative societies at least some measure of social conscience in practice. Accordingly, co-operative societies, provided they were dominated by "safe people," and showed no signs of producing revolutionaries, were encouraged. In the fog of war, even militant workers' societies were able to make some progress, without attracting undue attention from the Secret Police battalions that were so much a feature of the Tsarist regime.

War brought another factor into play. It became essential for a greater degree of co-operative unity than ever before. In 1915, for example, following increasing discontent about rising prices, a co-operative conference held in Moscow decided to set up joint committees representing producer, consumer and agricultural societies. By the end of the year there were about 100 of these committees in being, with a Central Committee to co-ordinate their work. The Central Committee was soon closed down by the Government, but many of the local committees continued to function.

By 1917 there were approximately 20,000 consumer societies, 6,000 agricultural societies; and 16,000 credit societies in Russia. From an estimated membership of 1,500,000 throughout the country in 1914, three years of war brought the membership of the Russian movement to at least 9,000,000 households. In short, the advance of Russian co-operation during

the last war was the most striking co-operative development the world had ever known. The very desperation and chaos resulting from incredible profiteering and administrative blunderings were, in effect, the measure of co-operative developments.

February, 1917, brought the first Revolution when a Government headed by Kerensky assumed a short-lived term of power. The leadership of the co-operative movement at that time—still, of course, largely middle-class—was, in the main, with Kerensky. But mild reforms and gradual evolution are not policies that commend themselves to the starving masses. At this period, the inner councils of the Bolsheviks had many discussions about the co-operative movement.

There were two schools of Communist thought. The first, noting the "reactionary nature of existing co-operative leadership," tended to urge the complete dissolution of co-operative enterprises as they then existed. The second, with Lenin as its outstanding figure, had the wisdom to divorce co-operation from its leadership, and realise the inherent value of the movement to Russia's future. Lenin's view prevailed, and as a result the Communist attitude towards the co-operative movement was that of sympathetic vigilance.

Whilst launching savage assaults on "re-actionary co-operative leaders," the Communists always emphasised their belief in co-operation as "an instrument for vast social change." Lenin's constant faith in co-operation played, of course, the major part in determining the Communist attitude towards the existing co-operative movement.

In October and November, 1917, the Bolsheviks secured power. Conditions were chaotic. Never in the history of the world, has a Government had to face such apparently insuperable problems as those faced by Lenin and his colleagues. The organised and active hatred of the capitalist nations outside her borders, sabotage and disunity within, and everywhere the threat of starvation—this was the Russia of 1917. That in these circumstances the Bolsheviks maintained and consolidated their power was a miracle.

Temporarily, the Bolsheviks, despite the preponderance of anti-Bolshevik leadership within the co-operative movement, were content not only to let it function, but to give it ever-increasing responsibilities. Then followed a period during which the Government dare not allow inefficiency to imperil distribution, and the co-operative societies as a whole "became absorbed into the Government machinery, their buildings and local organisation being autocratically utilised for the distribution of State rations."

"There is reason to believe," write Sidney and Beatrice Webb, "that Lenin remained faithful to his conception of a voluntary organisation of consumers—a hierarchy of consumers' co-operative committees—as an essential part of the constitution, undertaking the whole distribution of household commodities." In 1923-24 co-operative societies were placed on a new

legal footing. Meanwhile the Communists had been carrying out everywhere a campaign against the more orthodox leadership and, as a result, in all the leading towns and cities at any rate, there was a preponderance of Communists and Communist sympathisers on local committees, whilst the Central Board of "Centrosoyus," of course, became a faithful reflection of the 'Party line.'

From 1918 to 1921—the period of war Communism—the Soviet Government made the co-operative movement the official instrument in operating a national rationing policy. In effect, co-operative membership was made obligatory upon the Russian population, and in the towns and cities the only channel for obtaining such small supplies as were available was through the co-operative movement. Until 1922, for all practical purposes, the co-operative movement was a State machine for distribution.

Under the New economic Policy devised by Lenin, which came into operation in that year, the co-operative movement recovered some measure of autonomy. By a decree issued in May, 1924, co-operative membership again became voluntary, and on that basis the Movement moved forward with a programme designed to solidify the colossal gains made in the preceding years of the "compulsion" edict.

The State made, in fact, a bargain with the co-operative movement. In return for certain privileges—preference in supplies, preference in utilisation of transport; State credits where necessary, and so on—the Movement was charged with the task of enlisting and giving the best available service to the people, and, at the same time, crushing such remnants of private trading as were allowed to linger during the N.E.P. period.

At this time, and for some years afterwards, the Movement suffered acutely from inefficient management and dishonest personnel. The emphasis placed by the Communists upon industrial development tended to make the attitude of the younger Communists towards shop trading one of contempt. Dazzled by the campaign for Soviet industrialisation, they failed to see that an efficient shop assistant was also a vital unit in Soviet economy. As a result, the best of the younger elements could not be garnered for co-operative service.

It is to the credit of the Communist leadership that it soon realised its fundamental error, and set out to popularise the idea of "Service to Socialism through the Co-operatives." But this campaign came a little too late to give the co-operative movement the mighty reservoir of trustworthy and efficient servants which it so badly needed.

By the end of 1931, there were 45,764 separate consumers' societies in the U.S.S.R., with a total individual membership of almost 72,000,000. These societies were organised in 2,355 district unions ("rayons"). In their turn, the district unions were linked in a small number of provincial unions ("oblasts"). In some cases, the provincial unions united in a

special union, covering a constituent Republic of the U.S.S.R. The "provincial or higher unions"—32 in all—were, of course, linked in the "National Co-operative Authority" of the U.S.S.R., "Centrosoyus." At this period, apart from a number of Government shops with a limited commodity range in the towns, the co-operative movement was completely dominating Russian distribution, with the result that all inducements to join the co-operative movement, such as payment of dividend and interest on share capital became matters of secondary importance. The former, in fact, was completely abandoned, and surpluses resulting from co-operative trading operations were devoted to developing an impressive range of social and welfare activities.

This period is of great interest to the co-operative student, in that it witnessed the rapid development of a new phase in co-operation. Practically all the larger societies in the cities of the U.S.S.R. became "specialised societies." Up to 1930, co-operative membership was open to everybody. After 1930 those city societies with over 2,000 members became almost completely "closed." In all the heavy industries, the trade unions received permission to restrict the membership of those societies mainly catering for the type of worker in the particular trade union concerned. The Soviet Government welcomed this change on the quite sound reasoning that during the period of scarcity and rationing of most necessities of life, the "closed co-operative" was an excellent medium through which the Government could ensure to workers in the key "heavy" industries a larger supply of necessary food-stuffs than was available to other groups of the population. Naturally, the "closed societies" soon began to develop their own farms and food-stuffs factory.

At the beginning it was generally thought amongst Russian co-operators that the "closed society" technique was a purely temporary measure—just as many British co-operators are foolishly assuming that the end of the war will see the end of rationing, licensing, and the rest of our elaborate machinery for war-time distribution. Actually the "closed societies" were the prelude to a revolution in Soviet co-operation. That revolution came within four years.

September 29, 1935. This date marked the revolution. Over the signature of V. Molotov and J. Stalin, "A Decree of the Council of People's Commissars of the U.S.S.R. and of the Central Committee of the All-Union Communist Party" was issued, which provided for nothing less than the compulsory liquidation of consumers' co-operative societies in the towns and cities of the U.S.S.R. Before assessing the effect of this decree, it is necessary to have in mind what had actually been happening to co-operation in the towns and cities. "It is already two years since workers in all large factories and in whole industries in the towns have been supplied, not by co-operation but by O.R.S. (department of workers' supply attached to the

factories) of organised in place of co-operative organisations," said the preamble to the Decree.

This was not (in the present writer's view) a quite accurate statement. What had really happened was that the "closed co-operatives" themselves evolved to a stage where they became, in most cases, indistinguishable from the State distributive agency method exercised through O.R.S. Co-operation was not replaced; it had simply assumed a new form. At the same time, the system of direct State trading carried out by the People's Commissariat of Internal Trade had been developing along efficient lines, whilst "Centrosoyus," overburdened with responsibilities, had not been operating with required effectiveness in either the towns or the rural areas. Accordingly, under the decree, consumers' co-operation within the "Centrosoyus" machinery, was restricted to "directing and supplying the village consumers' societies."

Even the student who is an enthusiastic follower of the British conception of consumers' co-operation will find it difficult to indict the Soviet Government's decision. "Centrosoyus" of the post-1935 era was a vastly more efficient organisation than ever before. It set to work at once on the task of building up a virile co-operative movement in the rural areas, and building it up, not as is generally assumed, on the basis of Communist Party edicts, but rather on the sounder foundation of genuine co-operative education amongst the people, whose control of their own societies on a strictly democratic basis compares more than favourably with the functioning of the co-operative democratic machine in Britain.

Let the figures speak for themselves. By the beginning of 1940, "Centrosoyus" covered over 26,500 rural consumer societies with an individual membership of some 40,000,000. These societies employed 870,000 persons in 200,000 shops, factories and depots. For the first eleven months of 1938 (the latest trading figure available) the turnover of the societies was about £1,140,000,000, an increase of about 8 per cent. over the previous year.

The societies of "Centrosoyus" owned 19,450 bakeries and nearly 6,000 dining places, ranging from completely modern restaurants to launch buffets. During 1940, plans were set on foot for the establishment of an additional 1,500 tea rooms and 500 restaurants. In the rural areas, co-operation was charged with the task of giving first a 100 per cent. food-stuffs service. It was well on the way to reaching that objective.

Development of the rural societies became a reliable—and the only—guide to the claimed improvement of the standard of life in the vast rural regions of the U.S.S.R. That such improvement was very real may be deduced from the fact that during the last two or three years the rural societies have been endeavouring to meet an enormous and ever-growing demand for such articles as furniture, bicycles, wireless sets, cameras, musical instruments—and cosmetics!

Nearly seventy years have passed since Nickolas Baldin, of Charkov, capital of the Ukraine, one of the pioneers of Russian co-operation, established contact with the Co-operative Movement of Britain, and came to see British co-operation in action. To-day, the whirlpool of war has drawn the destinies of Russian and British co-operation more closely together than ever before, though both the co-operative movement of the U.S.S.R. and Britain have been associated with each other in the work of the International Co-operative Alliance since the U.S.S.R. joined the I.C.A. in 1921.

Our British movement need have no fears about the democratic qualities of its Soviet contemporary. We may dislike the Communist Party's complete domination of the U.S.S.R., yet it must not be forgotten that the average Russian consumer society is a far better example of democratic co-operation than the average society in Britain. At local co-operative meetings in the U.S.S.R. it is only rarely that less than 50 per cent of the society's membership are present to discuss the society's affairs, and (by secret ballot) elect their local committees. Compare this with the $\frac{1}{2}$ to 2 per cent. of total society membership who alone take part in the actual control of any large British society.

"Our co-operative life is built in the light of all the experience of the co-operative movement in our own country and abroad, and we believe that new life will be created by the workers of the whole world—and particularly by the co-operators—upon the basis and principles founded and expressed by the Pioneers." This was a passage from the message of the All-Ukrainian Co-operative Union to the 1923 British Co-operative Congress at Edinburgh. In the creation of the "new life" the co-operators of Britain and the U.S.S.R. are now bound together, not only by a common peril of to-day, but in a common cause for the future, whose high purpose far transcends the immediate and necessary objective of destroying for ever the power of Nazidom and Fascism.

(The Co-operative Official—August 1941.)

Germany has suppressed co-operatives.

Russia has suppressed co-operatives. (?)

The President of the International Co-operative Alliance is a citizen of a country allied with Germany.

The Vice-president of the International Co-operative Alliance is a citizen of a country allied with Russia.

There are increasing reasons for the neutral Policy of the Consumers' Co-operative Movement in the United States, as adopted by the delegates of the last Congress.

(Consumers' Co-operation—Sep. 1941.)

Extracts.

Silver Jubilee Celebrations of the Mysore City Co-operative Housing Society, Ltd.

Held on 2nd November 1941.

PRESIDENTIAL ADDRESS.

BY SRI T. A. RAMALINGAM CHETTIAR, B.A., B.L., M.L.C.

I thank you very much for the great honour you have done me in asking me to preside over this function held to celebrate the completion of 25 years of successful working of a good and useful institution. It is a great pleasure to me to participate in this celebration and congratulate all those who have done so much with a truly patriotic and self-sacrificing spirit to help the Society to achieve what it has achieved, and to attain the position it now occupies and wish the Society greater success and wider activity in the future. Co-operation is business and Co-operative work is fraught with difficulties. While the incentive of private gain is lacking, lime-light and public appreciation do not help to give attractiveness to the movement. The labourers in the Co-operative field are very few and fewer still are those who put in sustained work. Co-operative work also requires imagination, enthusiasm, tact and adherence to principles and business methods. It is because of these circumstances that Co-operative institutions have not succeeded as much as was expected nor are there good and efficient men enough to carry on the movement to success everywhere. It is therefore a matter of great satisfaction and pleasure to find a really successful and properly worked institution like the Mysore City Co-operative Housing Society which has weathered the storm and put in steady work for 25 years. You have had from the beginning a number of wise and self-sacrificing men to guide you and help you in the working of the institution and you have had also a steady flow of such men to the present day. My exhortation to the Society on this day will be "Well done. Push forward".

Your Society has undertaken a difficult line of Co-operative work. Yours is not an ordinary hum-drum credit society. You have taken up the duty of providing comfortable sanitary dwellings for the citizens of one of the most beautiful cities. You have had your share in making Mysore what it is. You have tried several methods of helping the middle classes to get their own houses. You have served both as a credit society for financing the building of houses as well as a building society for helping them to construct their houses. More than 200 houses have been built under your auspices. It is gratifying to note that 95 of these houses are now absolutely free of all liability and that you have had no case in which you had to write off any portion of the money you lent. It is all very creditable work.

I will take the liberty, if I may, of suggesting to you an extension of your work. The building societies in India have been mostly dealing with the middle classes. But a greater need is providing housing facilities for the

poorer classes. There are several difficulties in providing for the poorer classes. For one thing they cannot give initial contribution to cover any risk or loss that may arise. Secondly, they have no steady income out of which they can regularly make payment. Thirdly, it is difficult to plan and construct houses suitably to their requirements and within the competency of their repaying capacity. Fourthly, it is difficult to deal with a large number of customers and tenements of varying value and capacity to suit the different requirements both at the time of construction and later in making collections. You may also say that the duty of providing housing for the poorer classes should rest with Government and Local Bodies rather than with a Co-operative organisation voluntarily formed by members to meet their own requirements. While I agree with this attitude I cannot free myself from the temptation to make an appeal to you to widen the scope of your membership to take in the poorer classes also. The co-operation of the Municipal Corporation and the Government will be essential for an effective attempt to supply housing facilities to the poorer classes. Convenient sites will have to be given by the Government and the Local Bodies. Necessary arrangements for roads, water-supply, sanitation and lighting will have to be made by the Corporation and money at cheap rates of interest should be made available by the Government directly or indirectly. The rate of interest you charge is a bit high and it will have to be reduced if the poorer classes are to be brought within your scheme. This scheme will have to be the construction of a whole extension or colony planned according to requirements of the several classes of people who want houses and their capacity to repay. The society itself will have to take up the construction of the houses and give them to the members on the hire purchase system having reference to the income of the people. The planning ought to be very carefully done so that they may be suitably adjusted with reference to the requirements of the people and the instalments they can repay regularly. To have colonies built for the labourers and the employees of the mills in Coimbatore was one of my dreams which I could not realise on account of some difficulties that arose. I will now pass it on to you with the wish that you may be more fortunate than me and realise it here in the beautiful city of Mysore and help many a poor family to self-help, self-respect and the pride of possession of property to which these poor people are strangers at present.

I am very glad to hear that successive Registrars have been helpful to you and evinced great interest in your work. I have no doubt that the present and the future Registrars will do likewise. Your State stands foremost in several respects. Your Government is tackling the question of building Harijan Colonies. I will appeal to them to take up this question of housing the poor through the Co-operative Societies seriously on hand. Without their help it will not be possible to get the finance required. It may be that the Government itself may be able to lend the money required or it may be that they may allow a central institution to float debentures under

Government guarantee to finance all the housing societies in the State. I see very little chance of your getting the funds you require, in case you widen your activities, without Government support.

For the successful management of Co-operative Societies the employment of a paid staff of trained young men of promise has become necessary both on account of the circumstances, I have already mentioned and the responsible and complicated nature of the work to be done. I have no doubt the Co-operators in the State will be considering and providing for this need.

I wish your Society all prosperity and ever widening usefulness. I thank you once again for the opportunity you have given me to come here to-day and join in these celebrations.

Keep the top soil on the land.

Lately the Society has been pounding away at getting agriculturists conscious of how important it is to do everything possible to keep the top soil on the land and not let it wash away down the hillsides. People have heard, during the past six months, more about this subject than ever in their lives before, and mostly everyone is now very familiar with the term "Soil Conservation". More and more will be heard about the subject, for there is no gainsaying its importance. Articles will be written on it and Instructors will lecture about it, but all this will be of little avail unless growers start to put into practice some of the methods which are being advocated.

A lot of interest has been aroused and as a result there have been numerous enquiries as to how to proceed and what help the Society can give.

We desire, therefore, at this stage to ask everyone to get the idea of expensive terracing and benching out of their heads. What we are insisting upon is the adoption of one or other of six or seven simple devices which involve neither heavy expense nor serious risk.

1. On light soils where stones are about, get the Instructor to drop some contour lines and begin to pack these stones in a "batter" wall, in a trench, across the hillside along the contours laid down by the Instructor.
2. Plant lines of Khus-Khus grass across the hillside, along the contour, at short intervals. Care and maintain the grass so that it will grow into a continuous strip, forming a barrier. The grass should be planted carefully, not 18 inches or 2 feet apart in big clumps, but at about six or eight inches, in small bunches, so that they will join and make a continuous strip, with no channels between individual roots for water to rush through.
2. The grass should be cut regularly, and in the early stages, laid above the planted strip to help form the ridge. At a

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later stage cuttings may be used as mulch or dried and fed to animals.

3. Cultivate in bands, or strips, across and not up and down, the hillside. These bands of cultivation may be anything up to half a chain wide, but on every other band plant thickly either Uba cane or Guinea or Elephant grass. This grass or cane should be cut and fed to the stock, taking the manure and putting it back into the land on the cultivated strips. After a few crops, change the bands or strips about—that is, plant the cane or grass on the cultivated strip and cultivate the strip on which the cane or grass was planted.
4. Keep the land covered, either with mulch or by growing a cover crop such as Edua peas or Bengal beans, billing the crop down in time and turning it into the land.
5. On stiffer lands where rainfall is heavy, trenches should be cut along the contour, the earth from these trenches being thrown up along the upper lip of the trench and strips of Khus-Khus or any other suitable barrier grass planted along that upper lip. The trenches should be cleaned regularly and the soil from them spread over the upper strip of land.
6. Permanent trees or crops such as timber trees and coffee, as well as bananas, cocoas and yams, should be planted *on the contour* with intervening protected strips.
7. Use any device which is known locally to keep the soil from washing down the hill or moving into gullies.

If we bear in mind that simply put, this soil conservation is purely a question of preventing the movement of soil, chiefly surface soil, down the hillside; that the test of the success of what we do is that water which passes over the land must travel as slowly as possible, and be quite clean instead of being muddy, we cannot go far wrong.

Above all, we should bear in mind that, at this stage at any rate there should be no expensive and laborious attempt at constructing expensive terrances or benches, but rather should we begin one of the simple methods listed above, and so induce nature to help us do the rest.

(*The Journal of the Jamaica Agricultural Society—June-July, 1941.*)

A Popular Riddle.

Hitler, Goering and Goebbels were in an aeroplane and it crashed.
Who was saved?

Answer: "The German People."

—Yorkshire Post.

International Co-operative Alliance.

Greets Canadian Co-operators.

The following message to the Canadian Co-operative Congress at Regina was sent on behalf of the International Co-operative Alliance by Miss G. F. Polley, its Administrative Secretary:

In the name of the International Co-operative Alliance, we have the pleasure to send cordial and fraternal greetings to your Congress which will meet at Regina on the 23rd and 24th instant. We rejoice to see, from all the reports recently received, that the steady progress which your Movement has made during the past seven years is being maintained, and that a further wide development is anticipated under war conditions. Realizing as it does the difficulty of organizing co-operatively a population scattered over the vast area of your country, the Alliance sincerely congratulates your Movement upon its present position and expresses the hope that its membership and activities may, before long, extend over the whole of the Dominion.

Need for Co-operation Appreciated.

The need for Co-operation throughout the world is appreciated to-day more than ever before, and there is a strong belief that if the principles of Rochdale Co-operation has been better understood and more universally practised, humanity could have been saved from this most barbaric of wars. Those who study the co-operative press will know that, in nearly all countries, co-operative leaders and responsible officials are convinced that Co-operation, national and international, can make an important contribution towards the building of a new and better world; at the same time, many leaders of thought in circles outside the Co-operative Movement are at last acknowledging the evils of capitalism and, as the only alternative, are advocating the very principles on which co-operative economy is based. In a recent issue of "The Canadian Co-operator," your General Secretary wrote—"Statesmen and politicians are now speaking the language of co-operators, although in some instances they do not as yet appear to realize it." This lack of understanding, by those outside the Movement, of the value of co-operative economy is due, in part, to the fact that many co-operators themselves have failed to appreciate and to make known the inherent greatness of their Movement—the economic, social and spiritual values of Co-operation. Again and again during the last years of his life, Mr. May, our late General Secretary, appealed passionately to co-operators of all lands to realize the economic force and influence the Movement represents, to rise to the height of their responsibilities, their privileges, and to begin to create a better and happier future for the people of the world.

Appeal for Regeneration of Co-operative Spirit.

To-day, the International Co-operative Alliance appeals to all, its members to regenerate within their organizations the true spirit of Co-operation, to promote a real understanding of the ideals and principles

of the Movement as they were conceived by the Pioneers of Rochdale a century ago; to convince those outside the Movement that the co-operative system of economy offers the ideal basis for a new World Order, and that the Universal application of the Principles of Co-operation will furnish a sure guarantee for lasting peace.

The activities of the Alliance are much restricted to-day; its relations with its members in the countries occupied by the enemies of Co-operation and Democracy are, for the time being, interrupted, but it remains the greatest world organization of the peoples, the greatest monument of associated effort, and, with the full collaboration of all the National Movement comprised within its ranks, it will be ready when the war is over for a still further advance—material and spiritual—towards the fulfilment of its mission, and ready also, to make the contribution which it is capable of making to peace and to international understanding and fellowship.

In conclusion, we would express our appreciation for the increased financial support which your Union has just given to the Alliance, and which our Vice-President, Mr. R. A. Palmer, interprets as an indication that your Movement will henceforth play a larger part in the life and work of the International Movement.

(*The Canadian Co-operator*—July, 1941.)

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Reviews.

FACTORS AFFECTING SIZE AND COLOR OF FRUIT (With reference to Apples and Peaches)

BY A. E. MURNEEK

(*Bulletin No. 428 of the University of Missouri, April, 1941.*)

"Quality, like beauty, may be skin deep, but that is what many buyers seem to demand". This statement of Murneek relating to apples marketed in United States is of general application to commercially grown and marketed fruits all over the globe. With the advance of knowledge comes a more exacting and discriminating demand from the consumers and dealers of fruit. To extend fruit-growing, therefore, the growers must arrange to supply the public with fruits of good size, desirable appearance, and high eating quality. Specimens designated as "culls" are invariably short of one, or all of the above qualifications and consequently do not attract the consumer. Murneek's dictum that "there is no profit in growing low-grade fruit, but invariably a loss," is therefore seemingly unexceptional even under Indian conditions.

Murneek refers to the Missouri Apple Labeling Law of 1939, which requires that fruit not meeting any of the specified grades should be marked "Culls" in well proportioned letters of at least 2½ inches in height, and to the possibility of all cull fruits being prohibited in the inter-state trade. There is no doubt in his mind that slowly but surely culls are on their way out. He therefore, infers that there is a great need to determine the various major factors that cause a fruit to become a cull, and to ascertain to what extent orchard practices may be so directed as to reduce the percentage of culls.

Murneek has limited the discussion to only apples and peaches, which form the chief tree fruits of Missouri. But the inferences he has drawn are of considerable interest to growers of other fruits in all countries as well. The value of the bulletin would have been, however, very greatly enhanced if the author had presented more ample data to substantiate his inferences than he has been able to do.

Size and colour in peaches and apples are found by Murneek to be variety characteristics, but nevertheless subject to marked influence on their development by the weather. Selection of "bud sports" are advocated for obtaining increased colour in certain varieties. Excessive drought and high temperature are indicated as harmful for growth and colouring of apples. While vigorous trees favoured by good soil, ample rainfall, proper pruning and use of fertilizers are essential to produce fruit of desirable size, excessive fertilisation with nitrogen is shown to result sometimes in a decrease of colour. A direct relationship between good foliage and good fruit is established. The marked influence of pruning on the size and colour and

of thinning on the size, colour and flavour are also revealed. Finally, the author also discusses the possible influence of certain new orchard practices as "Preharvest", "colour" sprays, sun-colouring of apples and branch ringing.

The publication, relating as it does to problems of universal interest and importance, merits a careful study. Cull fruits may not be the growers' No. 1 enemy against successful fruit production in this country, as it is stated to be in the United States; but nevertheless it is an enemy; and that should be sufficient to spur the growers and workers on Indian fruits to tackle similar studies as those reported by Murneek.

K.C.N.

MARKET ORGANISATION AND COSTS IN THE St. LOUIS (Wholesale Fruit and Vegetable Market)

BY H. M. HAAG and L. H. SCHWEITER

(Research Bulletin No. 327 of University of Missouri, March 1941.)

Fruit and vegetable markets often fail to keep pace with developments in other fields of marketing and become outmoded and inefficient. As a means of improving these markets, studies of organisation and costs are essential. Accordingly, on a specific request from 35 firms handling about 80 per cent of the business in the St. Louis fruit and vegetable market to the United States Department of Agriculture, the latter entrusted the study of organisation and cost to Haag and Schweiter of the Missouri Agricultural Experiment Station. The bulletin under notice represents the result of the above studies.

The city of St. Louis was the eighth largest city in the United States with a population of 813,748 within its corporate limits and more than 500,000 persons living in the suburbs. The importance of the market can be measured by the arrival of 24,142 carloads of fresh fruits and vegetables, including 1,865 carloads of bananas in 1940. Fifty different kinds of fruits and vegetables are unloaded in wholesale quantities each year from all states in the Union and from 6 foreign countries and of these, potatoes, oranges, lettuce, apples and cabbage are the most prominent.

The bulletin gives a graphic physical description of the market with details of construction, method of utilising the space and cold storage facilities. This is followed by an analysis of the methods of transportation and of the methods of handling and movement of produce through the market. Bulk of space is allotted for a detailed discussion and analysis of "the margins taken on the products handled and costs of doing business".

As is the general feature of most of the leading Indian fruit and vegetable markets, St. Louis market is both a wholesale and retail market. The authors conclude that the facilities in the St. Louis is far from modern; the stores have insufficient space, are poorly lighted, lack adequate cold storage facilities and have limited room for loading and unloading trucks.

The margins averaged 7.9 cents per dollar of sales, while the costs averaged more than 7.6 cents per dollar of sales. Both the margins and costs per dollar of sales declined as firms became larger, and as the number of packages handled increased. They were also lower with firms handling low-priced packages.

Of the items of expense which are classified into 5 groups, viz., selling, general, credit, dryage and special handling, the selling expense was nearly one-half of the total. Salaries and wages accounted for most of the selling and administrative expenses.

In retail service firms, the margins were 12.4 cents and costs 12.6 cents per dollar of sales. Thus margins and costs were about 60 per cent larger than those for wholesalers. About 78 per cent of the sales were made by the Retail service firms on credit in 1939.

The studies under review are of more than comparative interest to those engaged in any of the aspects of the marketing of fruits and vegetables in India. With the present trend for efficient marketing, the problem of reorganization of our markets is of special importance. To the co-operative and to the private sale agencies alike, an effective increase in margin of profit is of vital importance. This cannot be achieved except by a scientific analysis of the type conducted by Haag and Schweiter. This publication should therefore provide a valuable work of reference for all those who wish to outline a project designed with the fore-going objectives.

K. C. N.

The Annual report on the working of co-operative societies in Ajmeer-Merwara 1939-40.

Ajmeer-Merwara is one of the smallest Provinces in India. The report is interesting from more points than one. The most useful from the standpoint of a student of co-operation is its record of hard facts which may be helpful in solving the general problem of rural credit with special reference to successive years of famine conditions.

The Commissioner to the Government of India may send it to the Reserve Bank of India for special examination and advice. Then, perhaps it may have to revise some of its pet theories of short-term Rural credit, which they have published till now. I wish that the Officer in charge of Rural credit should place himself in the position of an honest agriculturist there and then give a more correct solution of the problem of Rural credit in India. For it must be remembered that more than 70 per cent of the dry lands under cultivation in India come more or less under such conditions.

In this connection I am tempted to give some extracts :—

"The unsatisfactory Agricultural conditions reported in the last three years 1936-37 to 1938-39, continued with much increased severity during the year under review." (Commr.)

"The appalling loss of cattle thus sustained may in terms of money swell to lacs. How many years would be required to make good this loss is difficult to predict."

"Even the carrying on of agricultural operations for want of plough bullocks under the existing circumstances, has been a most baffling problem in most of the villages."

"During a period such as this it was idle to expect anything in the nature of recoveries. Rather we had further to finance them as best we could."

The number of societies, members, and working capital increased from 723, 21,580, and Rs. 61.77 lacs to 746, 22,228, and Rs. 62.55 lacs respectively.

The special features of interest during the year were the declaration of the Ajmeer Central Co-operative Bank as a Provincial bank under the Reserve Bank Act and the sanctioning of an accommodation of Rs. 1,50,000 to the Beawar Central Co-operative Bank, by the Government.

The interest accrued (overdue) in the Beawar Bank totalled Rs. 3.07 lacs as against Rs. 2.77 lacs last year.

The Kayasth Co-operative Educational Society is a novel kind of society. It is reported to have so far financed 70 students, out of whom 40 are reported to have completed their training. There are also some other kinds of novel co-operative activities as fodder storage societies etc., in different stages of experiment.

The Movement is no doubt passing through a very critical period of continuous famine for 4 years.

V. S. R.

*Report on the working of Co-operative Societies in Jodhpur State—
year ending 30th September, 1940.*

The movement seems to have started only last year as this is stated to be the second report.

The number of Agricultural societies increased from 22 to 33 and their membership from 318 to 619. The number of non-agricultural societies increased from 16 to 23 and their membership from 416 to 771. Many of these are for the depressed classes.

The total working capital of all societies is about a lac of rupees. As is usual, the Government had to finance about Rs. 44,035, of which more than Rs. 15,000 has been repaid.

It is reported that in the Retroceded area there were 9 credit societies and one mortgage society.

Perhaps it would have been better if the B and C statements, (Operations of Agricultural and Non-agricultural societies) recommended by the Government of India, had been appended, instead of the G, H and I statements given, which are intended only for Central Banks.

Perhaps the movement might have progressed more if the Government had not deprived the services of the only inspector for 11 months.

V. S. R.

Resolutions.

RESOLUTIONS PASSED AT THE 24TH MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE, HELD ON 12-10-41.

1. This Conference resolves to place on record its sense of loss at the death of Mr. Venkatasubbaiya and requests the President to convey its sympathy to the members of the bereaved family.

2. This Conference emphatically and completely dissociates itself from the views regarding the Co-operative Department, expressed by Mr. T.A. Ramalingam Chettiar in his welcome address at the conference as President of the Provincial Co-operative Union.

3. This Conference requests the Government to publish their decisions on the recommendations of the Committee on Co-operation at once to enable co-operators to express their views for their consideration before action is proposed either by amendments to Rules or the Act itself and the Conference is of opinion that piece-meal action is neither desirable nor advantageous to the Movement.

4. This Conference strongly reiterates the recommendation of the Committee on Co-operation regarding Land Mortgage Banks in dry areas and requests Government to pass early orders accepting the same.

5. In view of the recent decisions of the High Court on certain provisions of the Madras Debt Conciliation Act, this Conference is of opinion that the Act should be suitably amended carrying out the suggestions of the Honourable Judges of the High Court and of the Committee on Co-operation. This Conference feels that provision for compulsory conciliation of debts, application of principles of the Agricultural Debt Relief Act for scaling down debts and rural insolvency should be incorporated in such an amending Act.

6. In view of the special circumstances of the scheduled classes and the imperative need to promote their social and economic uplift, this Conference supports strongly the recommendations of the Committee on Co-operation that Government must undertake the financing of the societies for these classes as otherwise the Central Banks may not be able to meet their necessities.

7. This Conference strongly supports the recommendations of the Committee on Co-operation that Government should formulate a comprehensive policy and concert measures for the educational, social and economic improvement of the aboriginal and hill tribes by appointing special welfare officers to work under the Labour Department.

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8. This Conference supports strongly the recommendations of the Committee on Co-operation regarding Audit specially those dealing with scale of Audit Fees, exemption from Audit Fees etc.

9. Resolved to request the Government to grant loans and subsidy to the Central Wholesale Stores to put up godowns, as in the case of Sale Societies.

10. This Conference resolves to request the Registrar of Co-operative Societies to encourage the policy of organising house mortgage banks on the lines of the land mortgage banks at all convenient centres all over the Province.

11. This Conference expresses its deep sympathy for the famine-stricken handloom weavers of Yemmiganur and other places of South India and requests the Government to start relief works in centres like Yemmiganur, Chirala etc., where majority of handloom weavers are thrown out of employment and are in starving state on account of the present soaring prices of yarn, dyes and chemicals, to provide employment to the weavers by engaging them to produce fabric such as bandage cloth, duster cloth etc., (clothes mainly of plain weave with coarse and medium counts of yarn) required by the Government in large quantities on account of the War.

12. In view of the abnormal prices of the yarn due to War and middlemen's profiteering and consequent unemployment of thousands of weavers all over the country; this Conference urges the Government to immediately control the prices of yarn and effectively check the middlemen's profiteering and save the starving handloom weavers from utter destruction.

13. This Conference also resolves to request the Government to start a Spinning Mill on co-operative basis to supply yarn to the handloom weavers at reasonable rates. This Conference is of opinion that for this purpose, the Government can easily find funds if they allocate portion of the income derived through import duties on yarn or cloth or through the issue of licenses to merchants dealing in mill cloth or through the levy of excise duty on mill cloth.

14. This Conference requests the Government to grant sites free of cost for constructing buildings for the big Urban Banks wherever they are available, since they are also considered as quasi-government Bodies.

15. In view of the fact that public servants in all localities are not served by Public Servants' Societies and that all societies especially Urban Banks have already lent moneys to such public servants, this Conference earnestly requests the Government to issue a ruling that the G. O. No. 2528 Dev., dated 31-10-1940 applies to all co-operative

RESOLUTIONS

societies instead of Public Servants' Co-operative Societies only wherever there are not Public Servants' Societies available.

16. This Conference requests the Government to give preference to non-official co-operative employees in the matter of recruitment to Government services.

17. This Conference resolves that primary societies be made the medium of lending produce loans wherever this is not done.

18. This Conference resolves that on account of the great difficulties which the societies have to encounter in connection with the preparation of property statement—a very important record in unlimited liability societies—the Board of Revenue be requested to direct karnams to furnish certified copies of Account No. 10-1 of the members of societies to the societies then and there on requisition from the Secretaries of concerned societies.

19. While reiterating the recommendation made by the Co-operative Enquiry Committee regarding the reduction of interest on old loans issued to Building Societies by Government prior to 1935 and that the interest should be 4½ per cent., this Conference requests the Government to amend the provisions of the Act in conformity with the said recommendations made by the Committee.

20. This Conference viewing with grave concern the present plight of the supervising Unions resolves that the Unions be reorganised so as to ensure efficient working.

21. Resolved that the Government be requested to adopt a liberal policy in the matter of lending the services of the employees in the Department to serve in Co-operative Institutions when such Institutions request for such deputation.

22. This Conference requests the Government that the rule proposed to be enacted—limiting the period of the loans by the Central Banks and Credit Societies to 3 years should not be passed in view of the fact that the transaction of Co-operative Institutions will be considerably affected by this and that the Land Mortgage Banks are not able to meet all ryots' requirements.

23. This Conference resolves to request the Central Government to continue the present subvention scheme for the protection of the handloom weavers which will cease by March 1942 for five years more to come granting an annual grant of Rs. 10 lakhs per year.

24. This Conference resolves to request the Registrar of Co-operative Societies, Madras to move the Government in exercise of their rule making power to amend the rule XIV (3) 1. adding after 'area' in the beginning of second sentence 'of the Financing Bank' which would

facilitate the starting and working of Non-Credit Societies with the aid of such funds.

25. Resolved to request the Government to allot a reasonable portion of rebate accumulated from groundnut sales of last year for distribution to Loan and Sale Societies through the Registrar of Co-operative Societies, for subsidy for sales of last year and for propaganda and equipment in groundnut marketing.

26. This Conference resolves to request the Registrar of Co-operative Societies, Madras, that in view of the novel nature of work of Milk Supply Societies, the initial difficulties such as, the large quantity of surplus milk, unsteady supply, lack of facilities for credit sales, want of potential and regular customers at the start, the establishment charges, the difficulties resulting from the unhealthy and cut-throat competition with private contractors, levy of Sales Tax, Profession Tax, License Fees, etc., the very small margin of profits and the inevitable long duration of audit on account of multiplicity of accounts, to exempt the Milk Supply Societies from the levy of Audit Fees, if the Societies could ill-afford to pay out of their net-profits for the first five years from starting and the rules therefor may be suitably amended, if necessary.

27. This Conference resolves to request the Registrar of Co-operative Societies, Madras, to move the Government that G. O. No. 3528 dated the 28th September, 1939, Education and Public Health Department, be strictly enforced directing the consuming departments to accept the tender of Milk Supply Societies as against private contractors.

The following letter written by Sri T. A. Ramalingam Chettiar, was read by the President at the Conference.

As I have to leave Madras this morning for Delhi as previously arranged I am sorry I will not be able to attend the Conference to-day. The adjournment of the Conference yesterday has deprived me of the opportunity to be present at the Conference when my speech will be discussed. You know it was at the instance of the Registrar, Joint Registrar and some of their supporters that the Conference was adjourned yesterday. The fact that a large number of Deputy Registrars have been got down for the Conference and an unusually large number of delegates have come from some of the districts from which these Deputy Registrars have come, show their interest taken by the Department in the Conference. I request you to state in case the statements in my speech are referred to at the Conference or the subjects Committee that the views expressed were my personal views and that I am prepared to prove every one of the facts mentioned in my speech.

Messages.

24TH MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.

Registrars of Co-operative Societies.

Director of Co-operation, F. M. S. & S. S., Kuala Lumpur.

While sending his greetings and good wishes, says :

Never was the spirit which actuates the Co-operative Movement so necessary in the world as it is to-day. Its principles are the very principles of democracy in action.

In a time of aggressive dictatorship, co-operative organisations allow no man power except it be freely given him by his equals. Co-operation with its successes and its failures has played a great part in the economic education of the people of India. It will have a bigger part still to play in the post-war world.

U. Tin Esq., I.C.S., Registrar of Co-operative Societies, Burma.

Sends his heartiest congratulations to the promoters of this Conference and wishes all success.

M. H. Hussain Esq., M.A., I.C.S., Registrar of Co-operative Societies, Assam, says :

I wish the conference every success and that it will make a useful contribution to the Co-operative Movement, which owing to various causes, some of which lie within ourselves and some outside us, is passing through critical times everywhere.

I. E. Jones Esq., I.C.S., Registrar of Co-operative Societies, the Punjab,

A. Ahmed Esq., I.C.S., Registrar of Co-operative Societies, Bengal,

The Registrar of Co-operative Societies and Director of Rural Development
Bombay Province, Poona,

The Registrar of Co-operative Societies, Colombo,

The Registrar of Co-operative Societies, Bihar,

S. S. Hassan Esq., I.C.S., Registrar of Co-operative Societies, United Provinces,

The Registrar of Co-operative Societies, Baroda,

Send their good wishes for the success of the Conference.

K. Narayana Menon, Esq., M.A., C.H.D., (Manchester) Registrar of Cochin, sends a long message and says :

At this critical juncture in the history of the world, when everyone wants to dominate over everyone else, your effort to give public expression to the ultimate aim and necessity of Co-operation between peoples in all spheres of human activities is certainly commendable. May the Almighty bless your activities and make the Co-operative Movement in the Presidency a unique success.

Provincial Institutes.

The Secretary, The Travancore Co-operative Institute, Trivandrum.

In the course of his message says: We take this opportunity to express our sincere thanks to the enthusiastic pioneers, and others closely following their footsteps, who have secured for Madras by this time, the honoured place it holds in Indian Co-operation and wish them all success in their endeavours.

The Secretary, The Indore Co-operative Central Association, Indore, says:

The cause of Co-operation is noble and the leaders of the Co-operative movement, actuated as they are by the laudable motives of selfless devotion to secure the highest benefit to the humanity by eradicating the evils of Capitalism in particular, are rendering real service to their Motherland. I heartily wish the Conference every success.

The Secretary of the Punjab Co-operative Union, and the Hon. Secretary, Shri. Sayaji Sahakar Sevak Sangh, Baroda.

"Wish the Conference success."

The Honorary Secretary, The British Administered Areas, Central Co-operative Union, Ltd., Secunderabad.

Wishes the Co-operative Union a long and continued life of usefulness and prosperity.

The President, the United Provinces Co-operative Union, Lucknow, says:

Your Committee on Co-operation has taken great pains to study the working of the movement and suggest ways and means to develop it further. I am sure the recommendations of this Committee will be duly considered by the Conference, if not already done. We, in the U. P. are also busy at present taking stock of the work done so far with a view to chalk out our future line of action.

The President of the Mysore Co-operative Institute, Mysore, says:

I wish the Conference every success.

President, Cochin Central Co-operative Institute Ltd., Trichur.

The Cochin Co-operators wish the XXIV Madras Provincial Co-operative Conference all success. Realising, as we do, that the great brotherhood of Co-operation transcends all political, social and geographical barriers we feel one with you in your earnest attempts at promoting the Movement in all its aspects in the Presidency, and we will look upon your trials as our trials and your triumphs as our triumphs.

Wishing you Godspeed.

Provincial Banks.

The President, the Central Co-operative, Bank Ltd., Trivandrum.

While regretting his inability to be present, hopes that, under the distinguished guidance of Dr. B. V. Narayanaswami Naidu, the Conference may go a long way towards solving the many fundamental problems which confront the Co-operators in the Province in these troubled days. He wishes the Conference all success.

The President, the Mysore Provincial Co-operative Apex Bank, Ltd., Bangalore.

In the course of his message says: The Co-operative Movement in India, as elsewhere is passing through a period of stress and strain owing to the continued economic depression of the past decade, and the War. I hope that your Conference will concert measures for co-ordinated action to give a fillip to the entire Movement. I wish the Conference all success.

The Chairman, the Bombay Provincial Co-operative Bank, Ltd., Bombay.

I wish the Conference all success and hope that it will be useful in suggesting lines of reorganisation and development.

The Chairman, The Central Provinces and Berar Provincial Co-operative Bank, Ltd., Nagpur.

Offers felicitations and good wishes to the Conference, and says: At the present time, when various problems have presented themselves to the Co-operators, the all round success of the movement in your Province attained through ceaseless efforts of noble co-operators, serves as a beacon light to the Co-operators of this Province.

The Secretary, the Bihar and Orissa Provincial Co-operative Bank, Ltd., Patna.
Conveys his good wishes for the success of the Conference.

Mr. M. G. Deshpande, K. B. E.,

Managing Director, The Central Provinces and Berar Provincial Co-operative Bank, Ltd., Nagpur.

"I wish the Conference a grand Success."

Manager, C. P. and Berar, Provincial Co-operative Bank, Ltd.

"I wish the Conference a grand Success."

A. K. T. K. M. Vasudevan Nambudripad, Chairman, Cochin Central Co-operative Bank, Ltd.

Conveys good wishes to the conference.

Prominent Men.

Diwan Bahadur S. Aravamudu Iyengar, M.B.E., Hyderabad, Deccan says :—

Having regard to the present condition of the Co-operative Movement in India it is necessary that Conferences like those you are now holding, should give a lead to Co-operators of the whole of India as to what they should do in order to raise the movement from the position into which it has now fallen. It may be that some of the apex Banks in the Provinces of India and in Indian States are in a prosperous condition, while others are not so prosperous. But the point on which these conferences should concentrate is how to help in the reconstruction of the economic life of the people in general and devise methods and agencies for the improvement of the income and credit of the cultivator. Once again wishing the Conference all success.

Sir K. V. Reddi Naidu, Kt.,

Vice-Chancellor, Annamalai University.

Conveys his best wishes for the success of the conference.

Diwan Bahadur C. V. Venkatarama Iyengar, B.A., B.L., F.R.S.A.

I pray for the full success of the conference.

Mr. M. L. Narayanaswami, Anantapur.

Wishing complete success for the conference.

Fraternal Delegates.

Sri P. M. Chengappa,

Registrar of Co-operative Societies, Coorg.

Sri K. R. Narayana Iyer, B.A., M.Sc., F.C.S.,

Registrar of Co-operative Societies, Trivandrum.

Sri M. V. Narayana Pillai, B.A.,

P. A. to the Registrar of Co-operative Societies, Travancore.

Sri S. N. Rama Setty,

Secretary, Coorg Co-operative Central Bank.

Mr. President and Brother Co-operators —

On behalf of the co-operators of Coorg numbering 21,000, I feel privileged to convey to you our heartfelt fraternal greetings on the occasion of this Conference. My friend, Mr. P. M. Chengappa, the Registrar of Co-operative Societies, Coorg, who is present here will also join me in conveying the greetings.

Coorg is a small province consisting of about 1,580 square miles touching the districts of South Kanara and Malabar on three sides. In addition to the social, cultural, educational and other associations we are having in common with your province, even in the field of co-operation we are following your Act, Rules and procedure in the working of this great movement and thus we confidently say that we have developed a common bondage with you. It is co-operation — the common spirit — that links and brings us together with a common purpose in view and we rejoice that the co-operative influence is slowly but surely being permeated amongst all people irrespective of difference in caste, creed etc. Co-operation knows no barriers. It may not be out of place if we give here some information about the movement in Coorg. We have in all 329 co-operative societies of all types and on the non-credit side we have paddy and cardamon loan and sale societies, honey marketing society, students' stationary stores, provision stores, ladies thrift society, better living societies, anti-malaria and anti-lantana societies and young-men's thrift societies. The organisation of an All-Coorg Orange Marketing society is under contemplation. Though credit societies preponderate, we have achieved some measure of success in the field of non-credit activities. Some of the important primary credit societies have been converted into multipurposes societies by suitably amending the by-laws and their working in this new direction is being watched with interest. Out of the total population of 1,66,000 a little more than 21,000 have joined the co-operative movement and if one member is taken to represent a family of 5 persons, about 60 per cent. of the total population can be deemed to have come under the co-operative fold. During the year ended 30th June 1940, the percentage of collection of loans over demand in the case of the Central Bank was 74.49 and 59.39 in credit societies. The working capital of the whole movement exceeds Rs. 21 lakhs of which more than 40 per cent. represents owned capital — share capital and reserve fund. I am happy to say that our movement is working satisfactorily on sound lines.

We should never forget to acknowledge the assistance received from the President of the Madras Provincial Co-operative Union and the successive Registrars particularly from Mr. S. A. Venkataraman, I.C.S., in many respects. About 40 candidates—Inspectors and Supervisors from Coorg have received their training at the Central Co-operative Institute and also at the Hood Co-operative Institute, Tanjore, for which we are deeply indebted to you. We earnestly hope that the same courtesy and sympathy would be extended in future also.

We feel really proud to have been able to come and associate with the veteran co-operators of your Province and learn a good deal about the co-operative movement in Madras, the foremost province in India.

We have every hope that this deliberation will prove to be a great success under the able guidance of Dr. Narayanaswami Naidu and give a further fillip to the co-operative movement in Madras.

The Madras Provincial Co-operative Union, Madras.

Proceedings of the meeting of the Board of Management of the Madras Provincial Co-operative Union, held at 8-30 a.m. on Sunday the 12th October 1941 in the premises of the Rasika Ranjani Sabha, Mylapore, Madras.

The meeting of the Board of Management of the Madras Provincial Co-operative Union was held under the presidency of Rao Sahib T. M. Chinniah Pillai, Vice-President of the Union.

The names of members who attended the meeting are given separately.

(1) Consideration of the Budget for 1941—42.

The Budget was first presented to the House for adoption by Mr. Bhashyam. In doing so, he spoke on the different items of the expenditure and pointed out the necessity for enhancement of the figures in the various items such as Office, The Madras Journal of Co-operation, etc.

Mr. B. Narayana Bhat of South Kanara pointed out that the Journals Kannada Sahakari and Paraspura Sahayi were given only Rs. 125 as subsidy whereas a few years ago it was Rs. 250. He stated that the two Journals were being conducted regularly and systematically and that the subsidy should be raised to Rs. 250 as in the previous years. Rao Bahadur N. R. Samiappa Mudaliar seconded the proposition.

Mr. Bhashyam while welcoming the idea of the increase stated that if the suggestion was accepted, it meant more of expenditure and this had to be met out from the grant of the Provincial Co-operative Bank. He would as *via media* suggest the enhancement of subsidy from Rs. 125 to Rs. 200 for the year. The suggestion was accepted and finally it was resolved that, with the modification in the budget by enhancement of the subsidy for the two Journals—Kannada Sahakari and Paraspura Sahayi to Rs. 200 the budget be passed.

(2) Affiliation of Societies.

“Resolved that the societies which have applied for affiliation be affiliated and the affiliation of societies by the Executive Committee by circulation be also ratified.” (List Appended.)

(3) Co-option of a member to the Board of Management from among the Central Banks' Constituency (Telugu Districts) in the place of Sri L. Ganagadhara Sastry whose nomination was withdrawn as per by-law XX (4).

Regarding the vacancy in the Board of Management in the constituency of Central Banks (Telugu Districts), Mr. Bhashyam said that according to the by-laws, this vacancy had to be filled up from amongst

the members of the Board of Management of the Central Banks in the Telugu Districts. But a convention has been set up by which representation has been given to all the districts in the area and now that the member to be co-opted is from among the members of the Central Banks in the Ceded Districts; it is but just that one from among the members of the Central Banks in the Ceded districts should be co-opted. It is for the members of the Central Banks to consider and arrive at a unanimous decision. The suggestion was accepted and it was resolved that Mr. M. L. Narayanaswamy of Anantapur (Representative of the Anantapur District Co-operative Central Bank, Ltd.) be co-opted in the place of L. Gangadhara Sastry.

(4) Resolutions and motions, if any of which notice was given.
Nil.

(5) Any other subject.
Nil.

The meeting then came to a close.

(Sd.) T. M. CHINNIAH PILLAI,
President of the Meeting.

**List of Delegates who attended the Board of Management meeting of the P. C. U. on Sunday, the 12th October 1941.*

PRESENT :—

1	Sri Rao Saheb T. M. Chinniah Pillai ...	<i>Vice-President.</i>
2	„ K. Bhashyam ...	<i>Hon. Joint Secretaries.</i>
3	„ N. Satyanarayana ...	
4	„ D. Mahalingam Pillai...	
5	„ R. Suryanarayana Rao ...	<i>Editor.</i>
6	„ S. K. Yegnanarayana Iyer.	<i>E. C. Member.</i>
7	„ P. Allapichai ...	<i>E. C. Member.</i>
8	„ Rao Bahadur N. R. Samiappa Mudaliar ...	<i>E. C. Member.</i>
9	„ Rao Sahib C. S. Srinivasa Mudaliar ...	Madras Central Co-operative Land Mortgage Bank Ltd.
10	„ V. Venkatachalam ...	The South India Co-operative Insurance Society, Ltd.
11	„ S. C. Venkatappa Chettiar	The Salem District Urban Bank Ltd.
12	„ V. Chinnikrishna Naidu ...	Madura Urban Co-operative Bank Ltd.
13	Mr. Janab D. K. Yusuf Mohideen Ansari Sahib Bahadur ...	Dharapuram Co-operative Urban Bank Ltd.
14	Sri M. Satyanarayana Murty Naidu	Veeravasaram Co-operative Credit Society.

**This list is only of those who attended and signed the list.*

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15	Sri S. Venkata Rao	...	Kurnool House Co-operative Building Society.
16	„ T. S. Muthukumaraswami Mudaliar.		Tiruvannamalai Co-operative Land Mortgage Bank Ltd.
17	„ V. Jaggaraju	...	Amalapuram Co-operative Land Mortgage Bank Ltd.
18	„ L. Gangadhara Sastri	...	Hindupur Local Co-operative Union.
19	„ N. Varadaraja Reddiar	...	Chengal „
20	„ M. Krishnaswami Iyengar.		Madurantakam „
21	„ N. K. Palani Gounder	...	Gobichettipalayam „
22	„ I. V. Sivaramadoss	...	Narasannapeta „
23	„ V. Basavayya Chowdary	...	Addada „
24	„ A. Velusamy	...	Melur „
25	„ K. Ramanathan	...	Nandikotkur „
26	„ K. Belli Gowder	...	Kotagiri „
27	„ A. Athiratnam Pillai	...	Mudukalathur „
28	„ B. Narayana Bhat	...	Kasargod „
29	„ P. S. Nanjaya Gounder	...	Mohanur „
30	„ P. Velayuda Gounder	...	Chinnadharapuram „
31	„ M. A. Reddi	...	Vizagapatam „
32	„ Rao Bahadur S. V. Narasimha Rao	...	Hon. Member.

List of Societies affiliated with P. C. U.

1. Sholavandan Co-operative Urban Bank, Ltd.
2. Gudivada Co-operative Urban Bank, Ltd.
3. Ellore Co-operative Urban Bank, Ltd.
4. Sri Sarada Mills Co-operative Stores, Ltd.
5. Nilgiris Co-operative Marketing Society, Ltd.
6. Koilpatti Co-operative Sale Society, Ltd.
7. Ootacamund Co-operative Stores, Ltd.
8. Tadepalligudem Co-operative Crop Loan and Sale Society, Ltd.
9. Nambiyur Local Co-operative Union, Ltd.
10. Tirupur Co-operative Union, Ltd.
11. Kilacheri Co-operative Land Mortgage Bank, Ltd.
12. Kovvur Co-operative Land Mortgage Bank, Ltd.
13. Shiyali Co-operative Land Mortgage Bank, Ltd.
14. Nellore Co-operative Land Mortgage Bank, Ltd.
15. Tadepalligudem Co-operative Land Mortgage Bank, Ltd.
16. Ellore Local Co-operative Union, Ltd.
17. Kovvur Local Co-operative Union, Ltd.
18. Tinnevely Local Co-operative Union, Ltd.
19. Erode Rural Development Co-operative Union, Ltd.
20. Bhimavaram Handloom Weavers' Co-operative Purchase and Sale Society, Ltd.
21. Penugonda Co-operative Crop Loan and Sale Society, Ltd.
22. Coimbatore Co-operative Printing Works, Ltd.
23. Vuyyuru Co-operative Land Mortgage Bank, Ltd.

THE MADRAS P. C. U. MADRAS

Proceedings of the Meeting of the General Body of the Provincial Co-operative Union, held at 9.30 a.m. on Sunday the 12th October 1941 in the premises of the Rasika Ranjani Sabha, Mylapore, Madras.

The meeting of the General Body of the Madras Provincial Co-operative Union was held under the presidency of Rao Sahib T. M. Chinniah Pillai, Vice-President of the Union.

The names of members who attended the meeting are given separately.

(1) Consideration of the Administration Report and Audit Review of the Union for the year 1940-41.

Since the report was sent to members in advance, it was taken as read. Mr. K. Bhashyam the Joint Secretary presented the report which was duly seconded. In presenting the report, Mr. Bhashyam observed that the Provincial Union would like to have as many societies as possible affiliated to it as members but it has so happened that in recent years, the local supervising Unions which formed the bulk of membership of the Provincial Union pleaded inability to pay contributions, as the Central Banks which control their budgets do not provide for annual contribution payable to the Provincial Union. The result was that the Provincial Union had to write off arrears which aggregated to Rs. 567 in the last two years. He therefore, appealed to the financing banks and to other societies to help the Union by allotting the necessary funds so that the Provincial Co-operative Union which is the non-official organisation of the Province may continue to do its useful work as usual.

Mr. P. Ragunatha Rao of Karur, while speaking on the report, observed that there should be viva-voce examination for panchayatdars and members of societies. Mr. N. Satyanarayana of Alamuru also spoke on the subject. After some discussion, it was resolved that the suggestion may be tried.

Mr. O. A. Narayanaswami Iyer of Tanjore, rising on a point of information, said that a Committee was appointed a few months ago for the revision of the by-laws of the Union and wanted to know whether any examination of the by-laws had been made so far and if so with what progress. Mr. Bhashyam in reply explained that the General Body meeting of the Union held on 21-9-1940 considered the draft constitution of the Union as framed by the Executive Committee of the Union and resolved that the Union might continue to run on the old lines according to the existing constitution. However, it was felt that the Union's by-laws required some drastic amendments and on the suggestion of Rao Bahadur N. R. Samiappa Mudaliar a Committee was appointed to make suggestions for amending the by-laws of the Union. This Committee however, felt it could not proceed in the matter till the conclusions of the

Government on the various recommendations of the Committee on Co-operation are published. The Secretary noted the suggestion of the member that the consideration of the by-laws in the meanwhile may be proceeded with.

The report was then taken up for consideration and adopted.

Mr. Chinniah Pillai then read out the resolution, notice of which had been given by Sri G. P. Somasundaram of Namakkal.

"The General Body of the Madras Provincial Co-operative Union be requested to conduct training classes for Governing Body Members of the Union."

The mover of the resolution Mr. G. P. Somasundaram spoke and made observations in support of the resolution. Messrs. N. Satyanarayana of Alamuru, Krishnaswamy Iyengar of Cuddalore, L. Gangadhara Sastry of Hindupur and Jaggaraju of Amalapuram also spoke on the resolution. Mr. K. Bhashyam the secretary in reply assured the House that a suitable syllabus for the purpose will be prepared and included.

On this, the mover of the resolution withdrew his resolution.

With the permission of the President of the meeting, Mr. P. S. Nanjaya Gounder of Mohanur, Salem District moved the following resolution which was seconded by Mr. S. C. Venkata Chettiar of Salem.

"This General Body of the Provincial Co-operative Union resolves to request the Executive Committee of the Provincial Co-operative Union to prepare and exhibit a short film on 'Co-operation' both in Telugu and Tamil for purposes of propaganda as it will serve as a sure and effective medium to educate the public, especially the rural in the subject of 'Co-operation'.

The General Body decided to request the Andhra Sahakara Sammelanam and the Tamil Nadu Federation to set apart Rs. 500 for this purpose and that in case they do so, the Union should also contribute Rs. 500 for the same.

At this stage, Rao Sahib K. Sitaramiah, President of the Provincial Co-operative Bank wanted to move a resolution to the following effect:—

"The General Body of the Madras Provincial Co-operative Union emphatically and completely dissociates itself from the views regarding the Department expressed by Sri T.A. Ramalingam Chettiar in his Welcome Address at the Co-operative Conference as President of the Union."

In moving the resolution Mr. Sitaramiah said that the speech of Mr. Ramalingam Chettiar would give the impression that it was the considered view of the Provincial Co-operative Union, though obviously it was

his own personal views. It was pointed out to the meeting by Mr. K. Bhashyam that the President of the Union usually welcomes the Delegates and the observations of the President of the Union were his own and it was not customary to place the speech of the President of the Union before the Executive Committee nor was there any rule to that effect. After some considerable discussion, the President wished to ascertain the views of the House as to whether the subject should be discussed at the meeting. The House expressed by a majority of 47 to 45 that the subject be discussed. Discussion proceeded for some time and there upon Mr. K. Bhashyam appealed to the members that the subject might well be discussed at the open Conference where a statement of Mr. Ramalingam Chettiar would be read. He said that in the true interests of the co-operative movement, it would be better not to import heat into the discussions and suggested that the subject be adjourned. This motion was accepted on the understanding that the subject would be placed before the open session of the Conference and that it be given precedence over the other resolutions of the Conference.

The meeting then came to a close.

(Sd.) T. M. CHINNIH PILLAI,
President of the Meeting.

General Body of the P. C. U.

*List of Delegates who attended the General Body Meeting of the P. C. U. held on Sunday, the 12th October 1941.

PROVINCIAL SOCIETIES.

Name of Delegate.	Institution Represented.
1. Sri Rao Sahib K. Sitaramiah Pantulu.	The Madras Provincial Co-operative Bank, Ltd.
2. „ Rao Sahib C. S. Srinivasa Mudaliar.	The Madras Co-operative Central Land Mortgage Bank, Ltd.
3. „ V. Venkatachalam ...	The South India Co-operative Insurance Society, Ltd.

CENTRAL BANKS.

1. Sri R. Krishnaswami Iyengar	South Arcot Co-operative Central Bank, Ltd.
2. „ N. Ramakrishna Rao ...	Berhampore Co-operative Central Bank, Ltd.
3. „ B. Venkataratnam Chowdary.	Ramachandrapuram Co-operative Central Bank, Ltd.

* This list is only of those members who attended and signed the list.

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Name of Delegate	Institution Represented.
4. Sri N. Achutaramamurti ...	Sree Kenaseema Co-operative Central Bank, Ltd.
5. „ S. V. Seshagiri Rao ...	West Godavari Dt. Co-operative Central Bank, Ltd.
6. „ P. V. Subbiah Chowdary.	Viziavada Co-operative Bank, Ltd., Bezwada.
7. „ P. Allapichai ...	Madura-Ramnad Central Co-operative Bank, Ltd.
8. „ S. C. Venkatappa Chettiar.	Salem District Urban Bank, Ltd. and Shevapet Co-operative Bank.
9. „ G. M. G. Sundarappa Naidu.	Tinnevelly District Co-operative Central Bank, Ltd.
10. „ D. Mahalingam Pillai ...	Tanjore Co-operative Central Bank, Ltd.
11. „ S. Thirumalaswami Gounder.	Trichinopoly District Co-operative Bank, Ltd.
12. „ G. Venkata Rao ...	Chicacole Co-operative Central Bank, Ltd.

URBAN BANKS.

1. Sri L. Srinivasa Rao ...	Harpanahalli Co-operative Credit Society, Ltd.
2. „ M. M. Venkatachari ...	Tirupati Co-operative Town Bank, Ltd.
3. Janab D. K. Yusuf Mohideen Ansari Sahib Bahadur.	Dharapuram Co-operative Urban Bank, Ltd.
4. Sri D. B. Narayanamurty ...	Bhimavaram Co-operative Urban Bank, Ltd.
5. „ M. Satyanarayanamurty Naidu ...	Veeravasaram Co-operative Credit Society, Ltd.
6. „ V. Chinnikrishna Naidu.	Madura Urban Co-operative Society, Ltd.
7. „ P. S. Sundaram Iyer ...	Periakulam Co-operative Urban Bank, Ltd.
8. „ A. Ramachandram Pillai.	Tirupathur Co-operative Urban Bank, Ltd. (Ramnad)
9. „ S. B. Sankaraier ...	Paramakudy Co-operative Society, Ltd.
10. „ P. S. Subbaraja ...	Bhupathiraja Co-operative Society, Ltd. (Rajapalayam.)
11. „ Rao Sahib T.M. Chinniah Pillai.	Salem Urban Co-operative Society, Ltd.
12. „ N. Muthyaluswamy Naidu.	Rasipuram Town Co-operative Bank, Ltd.
13. „ K. V. Narayanan ...	Tinnevelly Junction Co-operative Urban Bank, Ltd.

THE MADRAS P. C. U. MADRAS

Name of Delegate.	Institution Represented.
14. Sri P. Ranganath Rao ...	Karur Town Co-operative Bank, Ltd.
15. „ B. Ramsingh ...	Vizianagaram Co-operative Bank, Ltd.

LAND MORTGAGE BANKS.

1. Sri T. S. Muthukumaraswami Mudaliar.	Tiruvannamalai Co-operative Land Mortgage Bank, Ltd.
2. „ N. P. Swaminathan ...	Kattumannarkoil Co-operative Land Mortgage Bank, Ltd.
3. „ N. Satyanarayana ...	Alamuru do.
4. „ V. Ramamurty Pantulu...	Razole do.
5. „ V. Jaggaraju ...	Amalapuram do.
6. „ G. Subbanna ...	Narsapur do.
7. „ B. Venkataratnam Pantulu	Vadlamannadu do.
8. „ S. M. Natesan Chettiar...	Velur do.
9. „ V. Sitaramiah ...	Gannavaram do.
10. „ K. Sarangapani Iyengar.	Kumbakonam do.
11. „ E. Katharmeeralavai Rowther	Uthamapalayam do.
12. „ Ch. Venkatakrishnaiya...	Vuyyuru do.

NON-CREDIT SOCIETIES.

1. Sri K. Rama Rao ...	Bellary Loan and Sale Society, Ltd.
2. „ K. L. Narasimha Rao ...	Andhra Ayurvedic Pharmacy, Ltd. Amalapuram
3. „ B. Gangaraju ...	Tadepalligudem Co-operative Crop Loan and Sale Society, Ltd.
4. „ A. Krishna Iyer ...	Madura City Co-operative Stores Ltd.
5. „ S. Veeranagayya ...	Bhimavaram Handloom Weavers' Purchase and Sale Society, Ltd.
6. „ K. Malliah ...	Muthukur Co-operative Crop Loan and Sale Society, Ltd.
7. „ T. M. Rama Gowder ...	Nilgiris Co-operative Marketing Society, Ltd.
8. „ K. S. Perumal Naicker ...	Koilpatti Co-operative Sale Society, Ltd.
9. „ B. Achannaidu ...	Anakapalli Co-operative Loan and Sale Society, Ltd.
10. „ R. Venkataramiah ...	Cuddapah Co-operative Loan and Sale Society.
11. „ S. Venkata Rao ...	Kurnool Co-operative House Building Society, Ltd.

THE MADRAS JOURNAL OF CO-OPERATION

Name of Delegate.	Institution Represented.
12. Sri C. Thirumoorthy Gounder.	Coimbatore Co-operative Printing Works.

UNIONS.

1. Sri L. Gangadhara Sastri ...	Hindupur Co-operative Union, Ltd.
2. „ N. Varadaraja Reddiar ...	Chengam Co-operative Union.
3. „ Rao Sahib K. M. Singaravelu Mudaliar.	Kalavai Co-operative Union.
4. „ A. K. Srinivasachari ...	Manimangalam Co-operative Union.
5. „ P. K. Narayana Chettiar.	Bhavani Co-operative Union.
6. „ T. V. Kasiviswanatham Chettiar.	Tirupur Co-operative Union.
7. „ P. S. Kolandaswami Gounder.	Erode Co-operative Union.
8. „ N. K. Palani Gounder ...	Gobichettipalayam Co-operative Union.
9. „ Rao Sahib K. M. Chinna-rangayya Gounder.	Kambiliampattai Co-operative Union.
10. „ M. Subbarayalu ...	Satyamangalam Co-operative Union.
11. „ K. R. Chellappa Gounder.	Perundurai Co-operative Union.
12. „ I. V. Sivarama Doss ...	Narasannapet Co-operative Union.
13. „ N. Narayana Rao ...	Razole Co-operative Union.
14. „ T. Chandra Rao ...	Kotipalli Co-operative Union.
15. „ B. V. Krishna Rao ...	Ramachandrapuram Co-operative Union.
16. „ P. Venkataratnam ...	Bhimavaram Co-operative Union.
17. „ B. Narayana Bhat ...	Kasargod Co-operative Union.
18. „ K. Venkataratnam ...	Kaikalur Co-operative Union.
19. „ K. V. Raghava Rao ...	Arthamur Co-operative Union.
20. „ V. V. Gopal Rao ...	Devarakota Co-operative Union.
21. „ G. Ramachandriah ...	Vuyyuru Co-operative Union.
22. „ H. Perneedu ...	Mudinepalli Co-operative Union.
23. „ V. Basavayya Chowdary.	Addada Co-operative Union.
24. „ Ch. V. R. Anjaneyulu Chowdary.	Nuzvid Co-operative Union.
25. „ N. Papaiah Chowdary ..	Bezwada Co-operative Union.
26. „ K. B. Ramanathan ...	Nandikotkur Co-operative Union.
27. „ P. B. Thirumala Naidu ...	Peapully Co-operative Union.
28. „ D. Narapu Reddy ...	Markapur Co-operative Union.
29. „ A. Velusamy ...	Melur Co-operative Union.
30. „ R. Velusamy Pillai ...	Ottakadai Co-operative Union.
31. „ N. Pothinaicker ...	Periakulam Co-operative Union.

THE MADRAS P. C. U. MADRAS

Name of Delegate	Institution Represented.
32. Sri K. S. Suryavelu Thevar	Uthamapalayam Co-operative Union.
33. „ V. Krishna Rao ...	Tirupparankundram Co-operative Union.
34. „ S. Ayothiram ...	Dindigul Co-operative Union.
35. „ A. M. Mathuraipuli Gounder.	Alanganallur Co-operative Union.
36. „ D. Rajarami Reddy ...	Indukurpet Co-operative Union.
37. „ K. Subbaramiah ...	Kavali Co-operative Union.
38. „ D. V. Raghava Reddy ...	Muthukur Co-operative Union.
39. „ K. Belli Gowder ...	Kotagiri Co-operative Union.
40. „ S. Krishnaswami ...	Tirupathur Co-operative Union.
41. „ A. Athiratnam Pillai ...	Mudukalathur Co-operative Union.
42. „ V. D. Ramaswamy Pillai.	Aruppukottai Co-operative Union.
43. „ N. Rajagopalan ...	Namakal Co-operative Union.
44. „ P. S. Nanjaya Gounder ...	Mohanur Co-operative Union.
45. „ Rao Bahadur N. R. Samiappa Mudaliar	Tiruturaipundi Co-operative Union.
46. „ N. Aiyaswami Iyer ...	Kulitalai Co-operative Union.
47. „ K. P. Subramanya Udayar.	Musiri Co-operative Union.
48. „ P. Velayuda Gounder ...	Chinnadharapuram Co-operative Union.
49. „ I. Satyanarayana ...	Chodavaram Co-operative Union.
50. „ V. Satyanarayana ...	Chipurupalli Co-operative Union.
51. „ P. Sreeramulu Naidu ...	Anakapalli Co-operative Union.
52. „ M. A. Reddi ...	Vizagapatam Co-operative Union.
53. „ V. Sriramamurty ...	Bhimilipatam Co-operative Union.
54. „ S. Suryanarayana Deo ...	Salur Co-operative Union.
55. „ P. Balaramamurty ...	Yellamanchilli Co-operative Union.
56. „ O. A. Narayanasami Iyer	Hood Co-operative Institute, Tanjore.
57. „ K. Bhashyam ...	Secretary, P. C. U.
58. „ Rao Bahadur S. V. Narasimha Rao.	Hon. Member.
59. „ S. K. Yegnanarayana Iyer.	E. C. Member.
60. „ R. Suryanarayana Rao.	„
61. „ M. Muthia Pillai ...	Hon. Member.
62. „ G. P. Somasundara Gounder.	„
63. „ Rao Bahadur P. N. Marthandam, Pillai	Treasurer, P. C. U.

International Co-operators' Day.

Under the auspices of the Madras Provincial Co-operative Union, the International Co-operators' Day was celebrated on Saturday the 1st November 1941 in the premises of the Servants' of India Society, Royapetta under the presidency of Sri Dewan Bahadur K. Deivasikhamani Mudaliar.

Mr. K. Bhashyam, Secretary of the Union, welcomed the Co-operators and read the messages received from Mr. Hood, Adviser to H. E. the Governor, Rao Bahadur A. Rajabadar Mudaliar and Hon'ble Mr. V. Ramadas Pantulu wishing the function all success.

Mr. Deivasikhamani Mudaliar speaking in Tamil referred to the present world conflict and pointed out that if only the aggressors had realised the principle "each for all and all for each" the present struggle would not have arisen. He said that co-operation would succeed where capitalism and socialism had failed. The speaker then narrated the progress of the movement all these 37 years and said that they had lent crores of rupees to the needy and poor and sold good worth lakhs of rupees. Speaking about non-credit side of co-operation, Mr. Mudaliar said that most of the articles dealt by the co-operative societies were found to be adulterated even in the wholesale markets and as such pure goods could not be supplied to members. He suggested the societies being the producers of goods they sell when they could guarantee pure articles for sale. Regarding the control of societies, he said that since the inception of the Movement it was stated that the Movement was essentially a non-official movement and that it should be controlled entirely by societies themselves. The Government of India in their resolution introducing the movement said that ultimately the control of the societies should be left to the societies themselves. Though the first society was started 37 years ago in 1904, he regretted that people yet fight shy to assume responsibilities. He pointed out to the tendency on the part of societies asking for departmental help and said that the Registrar in his last administration report had stated that the management wished to be in office without assuming any responsibilities. He suggested that an experiment might be made in selected districts like Coimbatore, Salem, Trichinopoly, Kistna where the entire control of societies might be left to societies themselves with the Government touch being at the top and not with the primary societies. He concluded by saying that the economic condition of the ryot of this province would not be bettered unless his income was doubled or trebled.

Messrs. T. Raghavendra Rau, Secretary of the Provincial Bank, Mr. K. O. Anthoni, Rao Bahadur P. N. Marthandam Pillai, Rao Bahadur

INTERNATIONAL CO-OPERATORS' DAY

K. Sitaramiah, President of the Provincial Bank, and Dewan Bahadur K. S. Ramaswami Sastri next spoke.

The resolution proposed by the International Co-operative Alliance, London, which was published in the October issue of the Journal and which was communicated to all co-operative institutions for adoption on this day, were then placed before the meeting and adopted.

Mr. K. Bhashyam in proposing a vote of thanks to the chair and co-operators who responded to the invitation, appealed to them to organise the Movement in such a way as to produce the greatest benefit to the ryots and the working classes.

Co-operative Institutions in this presidency were requested to observe this day. It is gratifying to note from the news that appeared in the local dailies and from the reports received in the office from places like Kurnool, Cuddapah, Madura, Trichinopoly, Guntur, Tinnevely, Tiruvannamalai, Vizianagaram that the day was observed very solemnly and the resolution proposed by the Alliance was passed unanimously. In celebrating the day speakers stressed the efficacy of co-operative ideals and brought home to the people the humanising aspect of the Movement. The function on the whole was celebrated all over the country in a grand manner.

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(Journal of the All India Co-operative Institutes' Association)

Published Quarterly

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News & Notes.

Help to Handloom Industry.

In declaring open the Madura Branch of the Madras Provincial Handloom Weavers' Co-operative Society's Sales Emporium, Mr. S. A. Venkataraman, Registrar of Co-operative Societies, appealed for support and encouragement to the handloom industry. He said that it was only in Madras that the handloom industry is being helped through co-operative effort with the help of the Government of India grant. He further pointed out how the turnover had risen from Rs. 45,000 a few years ago to 14½ lakhs today and in order to meet the situation created by the rise in the price of yarn, they secured from Mills at Madura and Coimbatore at prices distinctly more favourable than in the local markets. He also said that within three years each district should have a branch of the Provincial Society. He appealed to the public of Madura to support the venture by individual encouragement and added that nearly four lakhs of people were engaged in this industry, not to speak of the families depending on them, for their living and anything that was done to the handloom industry by the public was a matter of vital interest to the Provincial economy.

Indian Yarn for Handloom Weavers.

Mr. S. A. Venkataraman, I.C.S., Registrar of Co-operative Societies, held a discussion with the members, of the Southern India Mill Owners' Association in regard to the question of purchasing shares in the Handloom Weavers' Society at Madras. The members agreed to subscribe Rs. 40,000 towards the shares of the Weavers' Society and also expressed their willingness to supply yarn to primary societies attached to the Provincial Society and to handloom weavers at the prevailing rates.

Formation of Egg Production Society.

Mr. R. M. Sundaram, I.C.S., Collector of Salem, opened the Krishnagiri Co-operative Egg Production Society at Krishnagiri. He said that Government had given a subsidy of Rs. 2,000 to the society to train workers both at the Hosur cattlefarm and the Katpadi poultry farm and arrange for an improved breed of fowls. A new set of office-bearers were elected of which the Veterinary Assistant Surgeon is one.

Cuddalore Co-operative Sales Society.

In inaugurating the Cuddalore Co-operative Sales Society, Khan Bahadur Azmathullah Khan, Collector of South Arcot, spoke about the usefulness of sale societies and incidentally referred to the responsibility of the directors to run the society efficiently. The Deputy Registrar of Co-operative Societies explained the objects of the society.

Provincial Conference Exhibition.

The Uppada Handloom Weavers' Co-operative Sale Society Ltd., which had its stalls at the Exhibition on the occasion of the 24th Madras Provincial Co-operative Conference, was able to sell sarees, dhoties, upper cloths, coating and shirting cloths and hand-kerchiefs in various counts to the value of Rs. 152. The Madras Provincial Handloom Weavers' Society which had also its stall was able to sell for Rs. 224. The articles manufactured by the Societies were much appreciated by the public.

Supervisors' Conference.

A Conference of the Supervisors of the Chicaole Co-operative Central Bank Ltd., was held in the last week of October when important administrative questions and problems affecting the supervisors were discussed in detail. Resolutions on organisation of Loan and Sale Societies, rectification of bad and moribund societies,

NEWS AND NOTES

organisation of fresh societies, the scheme for examination of loans, work of supervisors etc., were passed.

Film on Co-operation.

Writing on 'A Film on Co-operation' Mr. N. V. Swaminathan, B.A., Secretary of the Kulitalai Co-operative Union Ltd., pleads for a perfect village organisation based upon co-operation on all sides as the most effective method for resuscitating our country. For a country like India whose main stay is agriculture, the Co-operative method is ideally suited whether for production or distribution or consumption and in a country full of illiteracy to propagate the ideals of co-operative movement mere propaganda alone will not suffice. The basic principles of the Movement can be well demonstrated to the public through spoken word and visual demonstration. The visual propaganda has many advantages over ordinary propaganda in as much as it will replace both the written and spoken word and can be applied with equal efficacy to both rural and urban population. The times are changing and the people are always prone to changing conditions and it is only proper that co-operative ideals are propagated through means of films and in this connection he wants the Provincial Co-operative Union with the assistance of the Language Federations to make a film on Co-operation, so that it may be useful for propaganda.

It is true that a film will have a greater effect on the rural folk in as much as it will give them an impression as to how their actual life is moulded and how they can make their lives better by understanding the co-operative principles and becoming members of co-operative societies.

New Board Member.

In the vacancy caused by Sri L. Gangadhara Sastri of Hindupur (elected from the Central Banks Constituency) Sri M. L. Narayanaswamy of the Anantapur District Co-operative Central Bank Ltd., has been elected as Board Member at the meeting of the Board of Management of the Provincial Co-operative Union held on 12th October 1941.

Important Role of Co-operative Movement.

Sir C. P. Ramaswami Aiyar, Dewan of Travancore, who presided over the International Co-operators' Day celebrations held under the auspices of the Hood Co-operative Institute, Tanjore, said, that the co-operative movement in the sphere of economic and social endeavour was and should be likewise such a universalising, such a unifying factor as culture was in regard to language. He pleaded for weeding out of the co-operative movement of those extraneous and intrusive and disturbing elements, elements of short-sighted patronage, elements of narrowness, and elements of intrigue and unless this was done the Co-operative movement he prophesied would have no future. He said that a new orientation of the Co-operative movement was necessary, such as the producers' movement, the consumers' movement, the distributors' movement, the marketers' movement and such other movements.

Speaking about the future of the world Sir C. P. Ramaswami Aiyar said, that it was a necessary, inevitable, disastrous but nevertheless inescapable distribution of capital, and that capital so distributed would necessarily aggregate in the State which would be the biggest capitalist; the biggest employer of labour with regard to new nationalisation of industries. The State's responsibilities were great and that every State was bound to become arbitrary and tyrannical, but for the Co-operative movement. He said that Co-operative movement should stand as a world-wide, an intensive movement designed to preserve the self-respect of the individual where wealth does not count, but the character, honesty and business habits count and that willingness to work is regimented and consolidated for the general welfare of the community. The Co-operative movement, the speaker concluded, was the biggest single organisation which would make it possible for a new economic rebuilding and rehabilitation of society.

New Appointment.

Sri P. M. Chengappa, Dip. (Econ.) C. H. E. (Manch.) F.R.E.S. (London), we are glad to note, has been appointed as the Registrar of Co-operative Societies, Coorg.

THE MADRAS JOURNAL OF CO-OPERATION

Readers of this Journal, we are sure would be familiar with Sri Chengappa's writings in our journal in the years 32-33 when he was undergoing training. After a successful study, he joined the Co-operative Department of Coorg and to-day he well deserves the merit of his being chosen as the Registrar. It is hoped that Mr. Chengappa with his foreign education in co-operation will be able to tackle many a problem in co-operation with success and give a new fillip to the movement in Coorg.

Prohibition Day.

The Tiruvannamalai Society which celebrated the Prohibition Day last month issued a Tamil pamphlet wherein the power of money was detailed at length, quoting suitable aphorisms of famous men and pointed out the necessity for thrift, economy and saving. It has also detailed the nature of deposit and appealed to the poor people who are unfortunately addicted to drink and who were saved by the introduction of Prohibition by Congress Ministry to join as day depositors. It is gratifying to note that a number of day deposits were enlisted on the Day of celebration.

Developing graded Products.

At the 7th Annual Session of the Marketing Officers Conference held in New Delhi, problems affecting rapid extension of grading work and stricter quality of control of graded products were considered and it was decided that this should be made effective by making the Assistant Marketing Officer of each Province or State, with the definite task of developing the grading of one particular commodity. It was agreed that more visits should be paid to grading stations and the percentage of check samples collected from the markets should also be increased. The co-operation of other allied Departments like, Co-operative, Public Health, Veterinary, Agriculture should be sought in connection with the inspection of grading stations. It was decided that for 1942 surveys relating to millets, castor seed, table poultry, honey, bee-wax, onions, garlic, and chillies should be taken up and compiled.

Land Colonisation in Mannargudi.

Mr. C. K. Vijayaraghavan, I.C.S., Collector of Tanjore, accompanied by other officers, paid a visit to Karuvakurichi and selected 120 colonists under the Land Colonisation Scheme. The Collector who was given a warm reception by the villagers explained the salient features of the scheme and pointed out that the scheme was bound to better their economic condition. The next stage of the scheme would be, he added, the formation of a Co-operative society.

Provincial Marketing Society for Mysore.

It is understood that to co-ordinate the activities of all the Primary Agricultural Co-operative Marketing Societies, the organisation of a Provincial Marketing Society at Bangalore is under the active consideration of the Government of Mysore. At present there are 14 Agricultural Marketing Societies in different parts of the State dealing in various commodities and with an annual turnover of about Rs. 3,00,000. To facilitate the organisation of marketing work, the chief marketing officer has been delegated with the powers of a Joint Registrar of Co-operative Societies. The Department is investigating the possibilities of manufacturing biscuits, cream, tartar and margarine.

Improvement of Villages.

The introduction of village sports, voluntary settlement of disputes among villagers and introduction of community labour were some of the suggestions made by Mr. H. B. Gundappa Gowda, Minister for Local Government and Public Health, Mysore, to the authorities of the Centre when he visited and inspected the Rural Welfare Centre, Dodballapur. In the course of his inspection he made personal enquiries of villagers and advised them to keep the houses clean and tidy and then to resort to tiled houses. He told them that by common effort they could achieve a lot and the Government would render all the help necessary. The claim of Malekote would be first considered, the Minister said, when the question of establishment of Ayurvedic Hospitals would be considered.

Orders and Circulars.

Draft amendments to rules issued under the Co-operative Societies Act regarding disposal of surplus funds of liquidated societies.

Fort St. George, October 25, 1941 (G. O. Ms. No. 1955, Development)

No. 770.

Notice is hereby given that the draft will be taken into consideration on or after the 4th December 1941 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.

For sub-clause (i) of clause (a) of sub-rule (3) of rule XIV of the said rules, the following sub-clause shall be substituted, namely :—

“(i) The surplus funds shall be applied to such object of public utility as may be selected by the general body of the dissolved society at a meeting and approved by the Registrar. It shall be competent for the liquidator to constitute a trust to carry out such object and to require the general body to select a trustee or trustees from among the ex-members and or others. If the general body does not select a trustee or trustees or if the selection of a trustee or trustees by the general body is not acceptable to the liquidator, the liquidator may himself appoint a trustee or trustees as the case may be. The trustee or trustees, as the case may be, shall execute a deed in such form as the Registrar may from time to time prescribe. A trust created under this sub-clause shall be governed by the provisions of the Indian Trusts Act, 1882.”

EXPLANATORY NOTE.

Since 1925, the practice has been to constitute a kind of trust for the utilization of the surplus funds of a liquidated society on objects of public utility selected by its general body and approved by the Registrar and to appoint trustees to carry out the terms of the trust. After the final closing of a society, the creation of a trust is a convenient machinery for dealing with any surplus funds left. It is now proposed to embody this practice in the rules issued under the Co-operative Societies Act. Under existing sub-clause (i) of clause (a) of sub-rule (3) of rule XIV, the surplus funds are required to be utilized within the area in which the dissolved society carried on its operations and the funds until they are so utilized, are to be kept invested in a financing bank. According to the draft amendment published, it is made possible for the ex-members to decide on the utilization of the surplus funds either within the jurisdiction of the dissolved society or outside it and the investment of the funds will be regulated by section 20 of the Indian Trusts Act, 1882.

R. C. No. 5045/41 L.

Dated 20—10—41.

CIRCULAR.

*Sub :—*Execution — Dstraint of movable properties — Entrustment for custody — Security bond — Stamp duty.

It has been the practice hitherto to obtain security bonds in Execution Form No. 13 from persons to whom distrained goods are entrusted for safe custody and production on the date of sale, and to get the bonds stamped with a court fee label for eight annas. Government have recently ordered that no stamp duty is due on such bonds under the Court Fees Act.

2. The Registrar has taken legal opinion on the matter and he is advised that the bonds are liable to stamp duty as on ordinary security bonds, under Art. 46 of the Madras Stamp (Amendment) Act of 1922. When such bonds are for any reason assigned to the decree-holder societies or others, the deeds of assignment are also liable for duty under the same Act, under Article 50 (c).

3. The Registrar, therefore, cancels by this Circular all previous orders bearing on the stamping of security bonds in respect of entrustment for safe custody and production of distrained movable property. Henceforth the bonds and assignment deeds should be got executed in accordance with the legal provisions cited above.

4. Deputy Registrars may, however, report to the Registrar, the hardship or inconvenience, if any, caused to the societies and to the execution staff, in giving effect to these instructions.

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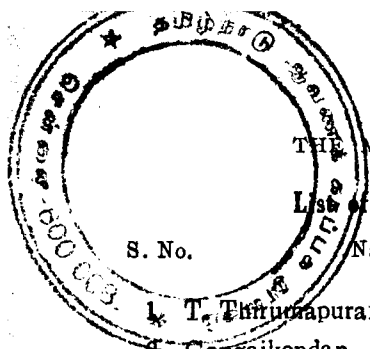
LIST OF SOCIETIES REGISTERED AND CANCELLED

List of Societies Registered in September 1941

S. No.	Name of Society.	District.
1	Sri Kallalagar Devasthanam Employees' Co-operative Stores, Limited	Madura.
2	The Erumarpatti Kallar Co-operative Society	"
3	South Madras Electric Supply Corporation Staff Co-operative Society, Limited (Ramnad Area)	Ramnad.
4	The Pervelendan Co-operative Stores, Limited	Tanjore.

List of Societies Registered in October 1941

1	Sree Ramabhai Co-operative Credit Society	East Godavari.
2	The Valla Savaram Weavers' Co-operative Purchase and Sale Society, Limited	"
3	The Damarapalli Co-operative Credit Society	Guntur.
4	The Repalle Weavers' Co-operative Sale Society, Limited	"
5	The Guntur Co-operative City Bank, Limited	"
6	The Conjeevaram Pot-Makers' Co-operative Production and Sale Society, Limited	Chingleput.
7	The Sembium Co-operative Building Society, Limited	"
8	The Vridhachalam Co-operative Stores, Limited	South Arcot.
9	The Villipuram Municipal Menial Employees' Co-operative Society, Limited	"
10	The Tindivanam Co-operative Sale Society, Limited.	"
11	The Chinuasalam Co-operative Stores, Limited	"
12	The Puthur Adi-Dravida Co-operative Society	North Arcot.
13	The Paranjji Co-operative Credit Society	"
14	The Mangalam Co-operative Credit Society	"
15	The Krishnagiri Co-operative Egg Production and Marketing Society, Limited	Salem.



THE MADRAS JOURNAL OF CO-OPERATION

List of Societies Cancelled during October 1941.

S. No.	Name of Society.	District.	Date of Cancellation of Registration
1	T. Thirunipapuram Co-operative Society ...	Anantapur	... 2-10-41
2	Gangaikondan Agricultural Improvement Co-operative Society ...	Tinnevely	... ..
3	Walajabad Co-operative Society ...	Chingleput	... ..
4	Nallacheruvu Co-operative Society ...	Anantapur	... ..
5	Jakkamcherla Co-operative Society ...	Kistna	... ..
6	Sembattu Egg Production and Sale Society	Trichinopoly...	4-10-41
7	Valarpuram Co-operative Milk Supply Society ...	Chingleput	... ..
8	Edathiruthi Irrigation Co-operative Society.	Malabar	... ..
9	Kothavasal F. Land Co-operative Society.	South Arcot	... 5-10-41
10	Thudumuladaine Christian Co-operative Society ...	Cuddapah	... 6-10-41
11	Therkuchatram Co-operative Society ...	Tinnevely	... 8-10-41
12	Maipad Fishermen B. Land Co-operative Society ...	Nellore	... ..
13	Maipad Agricultural Improvements Co-operative Society ...	..	... ..
14	Vadagajya Co-operative Society ...	Kistna	... ..
15	Hosur Cattle Farm Employees' Stores ...	Salem	... 17-10-41
16	Viswanathakuppam Co-operative Society ...	Chingleput	... 21-10-41
17	Neredumilli Co-operative Society ...	W. Godavari...	..
18	Udayargudi Selvavinayakar Co-operative Society ...	..	... 23-10-41
19	Kanniparamba Co-operative Society ...	Malabar	... 27-10-41
20	Sillarahalli Co-operative Society ...	Salem	... 30-10-41
21	Kandapillai Chavadi Jandathottam Co-operative Society ...	Chingleput	... ..
22	Mutyalapalli Co-operative Society ...	W. Godavari...	..
23	Irumbuliyur Co-operative Society ...	Chingleput	
24	Liltanagaram Gollapalam Adi-Andhra Co-operative Society ...	Kistna	

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Secretary : T. RAGHAVENDRA RAO.

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The issue of debentures required being over-subscribed, no fresh applications for debentures will be received till the next series is floated which will take about three months.

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