The Madras Journal of Co-operation

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79

CONTENTS

XXIV: Madras Provincial Co-operative Conference.

It has been decided to hold the 24th Madras Provincial Co-operative Conference on the **11th and 12th October 1941**. **Dr. B. V. Narayanaswamy Naidu, M.A., B. Com., Ph. D., Bar-at-law, University Professor of Economics and Head of the Department of Economics**, Annamalai University, has kindly consented to preside.

As per the constitution of the Conference, the following classes of societies may each elect the number of delegates noted against them:

Provincial Societies 5 delegates; Language Federations 10: District Central Banks 3; Training Institutes 2; Local Supervising Unions 1; Limited Primary Societies (Urban Banks, Land Mortgage Banks and non-credit Societies) 1; Unlimited Primary Societies with a working capital of Rs. 50,000, 1; Societies in which other Societies are members 1.

Scale of Delegation Fees.

Primary Societies (Urban & Rural) and Supervising Unions ...	Rs.	2
Training Institutes, Central Banks and Federations ...	,,	5
Provincial Societies and Language Federations ...	,,	10

The above delegation fee is irrespective of the number of delegates that the institution may send.

Co-operative Institutions in the Province are requested to elect delegates and communicate to the Secretary, the Madras Provincial Co-operative Union, Luz, Mylapore, Madras their names with full addresses so as to reach on or before 7th October 1941.

In addition to deputing delegates to attend the Conference the institutions are requested to kindly make *liberal donations* as usual towards the expenses of the Conference and thus make it the success that it ought to be.

They are also requested to communicate to the Secretary of the Union resolutions for consideration at the Conference on or before the 1st October 1941.

The meeting of the Board of Management of the Madras Provincial Co-operative Union will be held at 8-30 A.M. on Sunday the 12th October 1941 and the meeting of the General Body at 9-30 A.M. on the same day in the premises of Rasika Ranjani Sabha, Mylapore, Madras. Affiliated Co-operative institutions will please arrange to intimate the names of their representatives before 1st October 1941.

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The Editorial Committee do not hold themselves responsible for views expressed by contributors. Contributors are requested to write legibly and on one side of the paper. Manuscripts will not be returned unless stamps are sent to cover postage. Matter intended for the issue of any particular month should reach the Committee before the 15th of the previous month.

Editorial Notes.

Amendments to Rules.

Elsewhere we have reproduced the draft amendment to the rules under the Madras Co-operative Societies Act dealing with the representation of depositors on the Board of Management of Central Banks published in the *Fort St. George Gazette* of September 9. It will be observed that the Government propose to take the amendment into consideration on or after October 10. Those who have carefully read the Report of the Committee on Co-operation and the proceedings of the Committee as they appeared in the press know this was one of the topics on which there was keen difference of opinion in the Committee and it was debated upon at considerable length. Even then the recommendation was arrived at by a majority decision. Therefore, to expect the persons affected to submit their suggestions or objections within the time prescribed is almost impossible. It may be the general bodies of the Central Banks may have to consider and record their decision. Moreover, the Madras Provincial Co-operative Conference is to meet at Madras on October 11 and 12. This topic will certainly form an important subject of their deliberations. We do not appreciate the undue haste with which important amendments to rules framed under the Act are being rushed through. The Government themselves have taken and are taking considerable time to arrive at decisions on various recommendations with all the facilities they command. Co-operative organizations which are governed by rules have to observe certain procedure before expressing opinions on any matter and this would naturally require time. It is hoped the Government will be pleased to extend time for receiving suggestions or objections especially as it is the general practice to give at least two months' time for expression of opinion on rules framed under any statute.

May we also venture to suggest that the Government should announce their decisions on all the recommendations of the Committee on Co-operation to enable the bodies or persons affected by them to form their considered views on them. Piece-meal reforms as is now attempted by proposing amendments to rules, will not enable any one to get the whole picture of the movement as proposed to be reconstructed. It is just possible the Government have formed their decisions on all recommendations, and they are only attempting to give legal effect to them by the proposed amendments. If so why should they hesitate to make known their decisions as after all they became known when amendments are proposed? It is needless to remind the Government once more that the Co-operative movement is essentially a non-official movement and its success is ensured only to the extent those engaged in the movement work for its progress. Any attempt to impose from above without affording enough opportunities for consideration and expression of views would, we venture to submit, tantamount to hustling. We deprecate strongly steps taken to rush through reforms, however good and desirable they may be, without allowing adequate time for consideration.

Management of Central Banks.

The Committee on Co-operation recommended that the Central Banks should become pure type Banking Unions composed of affiliated societies only and the elimination of individual share-holders was emphasised as a necessary step. As already stated this recommendation was arrived at by a majority decision. The minority strongly pleaded that the movement can ill-afford to lose the support and experience of individuals who have worked hard for the progress of the Movement and in some cases as a practical proof of their interest in co-operation have even invested monies. They fulfil a very useful purpose in representing the views of depositors in the Central Banks. Representatives of Societies may be inclined to support the point of view of borrowers. The majority view was that

such purpose as these representatives of individual share-holders served at the beginning of the Movement no longer exists and their presence is unnecessary. If for any reason it is necessary to secure the services of a few individuals who possess the public spirit and knowledge necessary, it was recommended the Central Banks may provide in their by-laws for the co-option of not more than three individuals to their Boards of Management. The various points of view on this question have been dealt with at great length both in the Report and the minutes of dissent. The Committee on Co-operation had before them the views of the Reserve Bank of India also.

The proposed amendment to the rule XXVI accepts the view of the minority in the Committee on Co-operation though the authority of the Reserve Bank of India and the Registrar are quoted in support of the amendment. The procedure proposed to give effect to that view is different from that now in practice.

Even now (*a*) the proportion of individual members to society members, (*b*) the maximum strength of the Committee (*c*) qualifications for individual directors are all fixed by the Registrar in consultation with the Committee of the Bank. What is sought to be added is to empower the Registrar to fix the proportion of individual members who shall hold fixed deposits to total individual members and to nominate the required number of individual members if the general body of a financing bank fails to elect the required number of individual directors. Whatever may be the difference in opinion regarding representation of individuals, we take exception to the power of nomination sought to be vested in the Registrar. All that is necessary is to fix the proportion of representation to individuals and the necessary qualification as at present and leave it to the individual share-holders or depositors to choose their representatives. On the question whether the general body or the individual share-holders should form the electorate, there is a serious difference of opinion. In order that these individual directors are "Public-spirited individuals who possess expert knowledge in Co-operative Banking or Co-operation" who cannot be swayed by the point of view of borrowers but would look at all questions from the right angle of vision, perhaps it would be in the interests of the Movement that the representatives of borrowers have no voice in the election of individual directors. We do not know if ever an occasion arose when under the present rule XXVI, the general body of a financing bank failed to elect individual members according to the by-laws necessitating the use of penal sections of the Act by the Registrar. We doubt the wisdom of the Government in vesting the power of nomination in the Registrar especially when such a necessity, as far as we are aware, has never risen before.

Reform of Panchayats.

A Bill to make better provision for the administration of village affairs by panchayats has just been published. It is a lengthy document containing many important provisions which affect vitally the life of the villager. It is stated in the Statement of Objects and Reasons that there are now 6,800 panchayats in this Presidency with a population of nearly 10 millions living within their jurisdiction. It is likely many more will have to be organised in the near future as the number of villages which have to be brought under the local administration is large. Though in the Statement of Objects and Reasons it is stated that as at present, panchayats will be constituted on a voluntary basis, clause 4 of the Bill states a panchayat shall be constituted for each village. There can be no difference of opinion regarding compulsory formation of panchayats for all villages. Every student of local administration knows that under the Madras Village Panchayat Act of 1920, the panchayats increased in number and they did excellent work to which testimony is borne by the Registrars-General of Panchayats. Their decline and such defects as are now attributed to them began to appear only after the Madras Act XI of 1930 by which the panchayats were brought within the scope of the Madras Local Boards Act. The system of dyarchy introduced in regard both to supervision and control and provisions made which virtually killed all sense of responsibility and initiative, account largely for the present unsatisfactory condition of panchayats. Early in its career the Congress Ministry realised the seriousness of the situation and attempted at reform. Legislation was drafted and their intentions were made known. Unfortunately nothing tangible happened. But it is well known the Congress Ministry held strongly some definite views on many important aspects of panchayat reform. How far the present Bill embodies these views it is difficult to say. As legislation is proposed by the Government functioning under Section 93 of the Government of India Act, it would have been better if either in the Statement of Objects and Reasons or in a press communique the Government had stated what other views were once held on various points and why they had not been accepted. This

procedure would have strengthened their hands. 'Can anything good come out of Nazareth?' is the feeling of the general public. Whether it is just or not, no Government can afford to ignore it. It should be their endeavour to do their utmost to create confidence and trust. The fact that the time allowed for objections or suggestions is just a month and the past experience of those who made representations on other measures, naturally lead to the suspicion that the Government have already made up their mind and only as a matter of formality objections or suggestions are invited. When even in regard to rules framed under various statutes generally a period of two months is allowed for objections or suggestions, it is not understood why in regard to the statute itself only a period of one month is considered sufficient. Moreover, let it not be forgotten that there are 6,800 panchayats in the Presidency which should be given sufficient time to study and submit their views on various provisions which will seriously affect their working. Most of them cannot follow the English version of the Bill. It should be immediately translated and published in all the languages of the Presidency. After such publication at least a period of two months should be allowed for objections or suggestions. We have every hope, however irresponsible in theory the Government as constituted at present may be, and His Excellency the Governor is under the Government of India Act, the sole arbiter of the destinies of the province, the reasonableness of the appeal made for more time and the necessity for publication of the Bill in various languages will be appreciated. On the provisions of the Bill itself which need careful study and examination, we reserve our comments. It would have been easier to offer criticisms, if the Panchayat Act of 1920 had been merely restored. But it is found that the advice of the Government of India given so long ago as 1918 to place the panchayats under the control of the district staff and association of village officers with the panchayats are now sought to be given effect to. There must have been good reasons for the Government constituted as they were in 1920 not to accept the advice of the Government of India. All these facts need careful examination. Therefore, we earnestly plead for extension of time.

Cottage Industries.

We have more than once drawn the attention of the Government and our readers to the improvement of rural and cottage industries and made suggestions for resuscitating the languishing industries and developing new ones where conditions are favourable. It is needless to emphasise the place of rural and cottage industries in any comprehensive scheme of rural development. While we recognise the officers of Government have been doing their best to promote cottage industries, we are constrained to say that such efforts are spasmodic and do not form part of a comprehensive scheme of development. Nor is there any well-defined policy or programme. It is gratifying to learn that the Government of Mysore have constituted an Industrial Development Fund to obtain the advice and co-operation of persons interested in the cottage industries. A Committee has also been constituted which reviews the work done at various centres and accords approval to new proposals before they are submitted for sanction. It is learnt that the demonstration of improved methods is being conducted in about twelve industries in suitable centres. These centres also give training to local people in order to enable them to start industries of their own accord. The proceedings of the Rural and Cottage Industries Committee published in the *Mysore Information Bulletin* afford interesting reading. It is hoped the Government of Madras will also move in the matter and take early steps and give their earnest attention to the development of rural and cottage industries in Madras by constituting an Industrial Development Fund and by appointing a Committee which will review the progress of work from time to time and offer suggestions for developing or starting new industries and opening new centres.

Rural Uplift..

We have read with considerable interest the report of the speech of Mr. S. K. Chettur, I.C.S., on some aspects of Rural Reconstruction. We wish we were in a position to publish a verbatim report of the speech as Mr. Chettur spoke on the subject with knowledge, experience and above all enthusiasm for the uplift of the villages. Even though rules and orders put a serious restriction on initiative, we know Collectors of districts can do a great deal in bettering the conditions of villages. We shall not be indulging in vain hope if we state that Mr. Chettur and other members of his distinguished Service will evince greater interest in rural uplift, especially as they are to be soon entrusted with the administration of panchayat' also. Mr. Chettur remarked "an obstacle to the progress of rural reconstruction consists in the apathy of the average villager and his general dullness of outlook." Have Mr. Chettur and others interested in rural uplift tried to understand to what this apathy is due and what has led to this dullness of outlook? We need not go far to seek the

causes. The villager is shrewd and his past experience teaches him the unforgettable lesson that he is more an object of experiments for new fangled ideas and so far no serious attempts with appreciable results to better his condition have been made. He cannot, therefore, enthusiastically take to anything which town-dwellers offer to him as panacea for all his ills. A sort of placid contentment and a spirit of resignation have been engendered in him and he sees no hope for the betterment of his lot. The first and foremost task of every rural worker is to create in the villager a spirit of hope and cheer and a feeling of 'divine discontent' with his lot. He should be made to realise that his future rests entirely in his hands and he can make or mar it. One method of making him shake off his apathy is to make him realise that he is no automaton and his association with the activities pertaining to his village is absolutely necessary. It is hardly necessary to emphasise that a change in the outlook of those engaged in rural work is also equally necessary. They should give up assuming a patronising attitude and content themselves to work as humbler folk. In fact a new orientation in rural work and in those engaged in it are urgently called for. It is necessary to emphasise this aspect of rural work.

Inspectors on Territorial Basis.

Those who are conversant with the working of the Co-operative Department know that a change has recently been introduced in nine districts by which Junior Inspectors are posted on a territorial basis to attend to all items of work other than audit and supervision of non-credit and other special types of societies. The advantages of this scheme seem to be that a Junior Inspector is on the spot, always in close and continuous touch with the societies, available for consultation and guidance, thereby affording scope to rectify defects before it is too late to mend. It is also expected there will be scope for greater co-operation between the Bank Staff and the Departmental Inspectors ensuring closer supervision, timely rectification and development. We have no doubt the proposed reform augurs well. But we venture to suggest that allocation of 40 societies for each Junior Inspector is not a step in the right direction. We are told that the scheme was introduced in nine districts only after successful experiment in four centres in four districts. If our information is correct, only 25 to 30 societies were allotted to each Inspector, in those centres. We plead that if full advantage is to be derived from the scheme, the jurisdiction of the Inspectors should not be as heavy as it is proposed. With his zeal and earnestness for efficiency, the Registrar, we trust, will not hesitate to alter the jurisdiction and thereby ensure efficient supervision, co-ordination and development.

Co-operation and New Order.

We invite the attention of our readers to the article *Co-operation and World Reconstruction* reproduced elsewhere from the *Review of International Co-operation*, especially to the enunciation of principles of co-operation to which the writer devotes much space. Those engaged in the Movement need to remind ourselves of these principles, as in the New Order after the war, they are sure to guide those engaged in the work of reconstruction and co-operators will have to play a leading part in the task. When we realise how in the Axis countries and in those occupied by them, co-operative institutions organised after hard struggle have ceased to function and the economic fabric built up by patient efforts has crumbled to pieces and perhaps even foundations have been uprooted, we can well visualise what efforts are needed to resuscitate them and how the faith of those engaged in the task would often be sorely tried. All the same it must be attempted with the hope and faith that our efforts would surely bring about the result. To equip ourselves for the future task, it is necessary to remind ourselves often of the co-operative principles so that our faith in the Movement may continue to remain and grow and we may have the necessary strength to contribute our share to the work of *Reconstruction*.

Proposed Panchayat Legislation.

By V. Viyanna, B.A., B.L.

The long expected Panchayat Bill is published for public opinion. Government invite criticisms before 17th October 1941, in a rather very short time. Panchayats have been branded as generally inefficient, corrupt, and ridden by factions. This is too sweeping an accusation. It is true that there are very many panchayats which do not deserve this wide condemnation. Owing to a very rigid tightening of control of late, leaving no discretion to panchayats to incur any expenditure without previous sanction of the Local Boards officer, which sanction was as a rule delayed for years, the panchayats were deprived of initiative, freedom and power to carry out works of utility. This is a very well known fact. The panchayats have to express their views on the intended legislation. It may be necessary that District Conferences of Panchayats will have to be held to discuss the Bill. Mr. Rutherford, the Adviser to H. E. the Governor, is in charge of Panchayats. His vast experience will, of course, be available in dealing with the bill and the objections that will be received. He has kindly consented to discuss the bill with the members of the Executive Committee of the Madras Provincial Union of Panchayat Boards. The Madras Provincial Union of Panchayat Boards will be meeting shortly and submit its criticisms of the Bill. But the time is very short and I hope the Government will extend the time till the end of December 1941, so that Panchayat Conferences might be held in all districts to express their views. An important bill like this, proposing drastic changes in the constitution and functions should not be rushed through and especially when the Legislature is not functioning.

The Bill introduces some radical reforms. Firstly, it seeks to officialise practically the administration, by bringing in the village headmen as Ex-Officio members, eligible for election as Presidents. The Karnam is to be Executive Officer in minor panchayats. The District Collector is given power to nominate members to panchayats instead of appointing special officers, when supercession is resorted to. Executive Officers, as per list to be prepared by the Board of Revenue, are to be appointed for all panchayats. With the District Collector at the top and the Karnam and headman at the bottom, Panchayats Board members will have no freedom or power or initiative. Such an "autonomous village Republic" was never contemplated by the public. The control and supervision by the District Collector in some ways may be a welcome feature. It is true that the supervision of District Boards was very bad, practically of no good. There has been a sort of antagonism between the Revenue Department and the panchayats which may disappear with the District Collector in charge of panchayats. If the idea underlying the new legislation is to give more freedom to panchayats and switch them back to the old days of Act XV of 1920, it may be asked if this object is achieved by the bill.

Secondly, with reference to the powers conferred on panchayats the same old compulsory and optional items have been reproduced. Elementary education is an optional item and is still the primary function of the District Boards in panchayat villages. Panchayats are given power to maintain their own schools and to manage schools transferred to them by District Boards. If elementary education in the village is even now not made compulsory and entrusted to village panchayats, there is no justification for any panchayat legislation. The demand for entrusting panchayats with elementary education has been more or less unanimous. Experience of the way in which elementary education in the village is being managed also supports this demand. The elementary schools run by District Boards have been an absolute failure. The Champion scheme brought out the evils of different educational agencies existing side by side in a village and proposed one agency for every village to be in charge of elementary education. That agency is and must be the villag panchayat. Again provision has been made to enable panchayats t purchase stud bulls and run Agricultural shows etc. But thes again are allotted to the optional subjects. It is very essential t widen the powers of panchayats and abolish the optional and compu sory functions or at least greatly increase the items in the compulsor list. Much improvement can be made in the bill in this direction.

As regards joint committees of panchayats the bill does nc provide for their constitution. These joint committees are very essen tial for harmonious working of panchayats in fields common to then Much expense can be saved by a number of panchayats associatin in their common concerns such as agricultural improvement, villag roads, employment and maintenance of Overseers, Sanitary Inspector Rural doctors, etc. The bill should make provision for the constitu tion of joint committees and for making them live and efficient aic to panchayats administration.

As regards finance, the same old story of unfair treatment of panchayats is repeated. Instead of giving panchayats adequate finance, panchayats are now asked to levy an additional 0-0-3 cess and levy compulsorily house taxes. When year after year land revenue remission is being granted, to tax land further is certainly an ill-advised and retrograde step. Levy of house tax in villages is also a very hard thing. Without finance, no panchayat can effectively discharge its duties. This aspect of the matter is again not tackled properly. There is no other alternative but to give to the panchayats a definite portion of the land revenue collected in the village, if they are to prove useful.

In this connection it is to be noted that the cost of supervising and controlling officials is to be met by the panchayats. This is a rather unjustifiable new demand on the panchayats. They ask the panchayats to levy an unpopular cess of 0-0-3 pies and house tax only to take back as costs of supervision. The net result is no addition to panchayat funds. The duty of providing the necessary staff for supervision and control is on the Government. Why should panchayats be made to contribute for this legitimate function of the Government. Till now the cost of panchayat officers is being met by the District Board. The Deputy Inspectors etc., are being paid by the Government. The panchayats have been agitating that the Government should establish a separate Engineering staff for the panchayats instead of making them dependent on the Engineering staff of the District Boards. That the want of a separate staff of Overseers for panchayats has very largely affected the work of panchayats in providing for many necessary conveniences to villagers is a well known fact. As a partial solution for this, the constitution of joint committees has been suggested so that constituent member panchayats of joint committees might contribute towards the expenses of a common Overseer, Sanitary Inspector, Rural Doctor, midwife, etc. In fact it is the duty of the Government to provide for this staff and thus discharge an elementary duty which every civilised Government owes to its subjects. The villager pays for the costs of administration in one shape or other, land Revenue, Abkari Revenue and so on. In return he gets very little for well being. It is the towns that get a large portion of the proceeds of the sweat money of the agriculturists. The present bill far from remedying this wholly unjust state of affairs, worsens the position and makes the village panchayat pay even for the items of expenditure which pertain to the elementary duty of the Government.

holding—and cultivates it with the help of the members of the family. Farmers draw no wage; they only receive a producer's price for all their efforts. The profits of the farmers vary very much from year to year and from place to place and from man to man. A writer observes, "He works for a return which is precarious as much from the vagaries of the elements as those of the markets. Though land-rich, he is money-poor. With the farmer, price is determined by the supply, while with the manufacturer supply is determined by the price. Whereas an Industrial producer can close down a factory and suspend the labour of thousands, the peasant proprietor has no choice between production and suicide." Then, agricultural commodities are produced in small quantities by a number of farmers—that is inherent as there can be no large scale operation. The commodities are then sold by individual farmers to a small dealer who buys them. The small dealer then sells to a bigger dealer and so on. Each buys from his predecessor and sells to his successor until it reaches the final wholesaler. He transports them to consuming centres and again breaks them into small units and sells to retailers who finally sell them to consumers in small quantities over a long period of time. Production of agricultural commodities is essentially intermittent and seasonal while consumption is relatively regular.

Farm products are produced in small quantities and consumed in small quantities by individuals. Neither the producer nor the consumer can afford to hold the stock. Middlemen come in between the two and serve as the link. They carry the stocks and the risks incidental thereto.

4. George Russell (A.E.) in his book, "The National Being," observes with great truth, "The Dealers or Traders are independent of economic control from the producers or the consumers. Their personal interests are always leading them to fleece both the producer and the consumer. They have too much power over the farmer and are too expensive a luxury for the consumer. The Agricultural middleman is a powerful person." The Sale Society is an effort by the Agriculturists to undertake the functions of the middlemen between them and the wholesaler, and supplant him, if possible. The ideal is to get into direct relations with consumers organized co-operatively in Stores. They hope thereby to increase their profits, as the toll of the middleman will be cut off. In India, the producer of wheat and rice is estimated to get about 60 per cent of the price paid by the consumer. To quote a foreign

example, the net return to the grower of apples in Novo Scotia is 59 per cent of the wholesale price in England to which country they are exported. The main object of the Sale Society is to obtain for the grower, by his associated action, as much as possible of the 40 per cent now going into the pockets of the distributors or middlemen. What is sought to be done is the "consolidation of middlemen or the telescoping of a series of private dealers each of whom has been playing his part in the movement of agricultural produce to the consumer by a Co-operative Organization."

The elimination of middlemen does not eliminate the functions that have to be performed. The marketing functions have to be performed whoever performs them. Whatever method of market is used by a producer, his principal object is to get goods into the hands of the final consumers as profitably, as cheaply, and as expeditiously as possible. But, to do this there are a number of services or functions that have to be performed and the problem is to get them performed in the most economical fashion. Goods cannot be marketed without the performance of the following marketing functions :—

1. *Assembling* :—Farm products are raised on millions of small farms and the tiny contributions of individual farmers have to be assembled in convenient lots before they can be passed on to the next stage.

2. *Storing* :—Goods have to be stored or warehoused at various steps in the distribution process.

3. *Financing* :—Somebody's money is tied up in goods all of the time they are on the way from the producer to the consumer. Middlemen borrow money from the banks in order to finance their operations. Warehouse receipts greatly facilitate borrowing. The jobber gives credit to the retailer and the retailer to the consumer.

4. *Assumption of Risks* :—Whoever owns goods during the marketing process runs the risk of price fluctuations, the risk of deterioration of quality, and the risk of destruction by fire. Fire risks are shifted to Insurance Companies for a consideration. Deterioration risks have to be reduced by proper storage. Price risks are greater for some commodities than others.

5. *Sorting, Grading & Repacking* :—Practically all agricultural products have to be sorted and graded. Large quantities are to be broken up into smaller lots.

6. *Selling* :—This is the most costly function to perform.

7. *Transportation* :—The actual physical carriage of goods is an important part of the market process. Goods have to be transferred from places where they are less wanted to places where they are more wanted.

The sale society should undertake all or most of the functions enumerated above in trying to become a middleman.

8. I presume you know how a Co-operative Society is organised, the rules and bye-laws they have to observe, and their general method of work. I am not therefore dealing with those details. I will deal with some of the principles of the working of Sale Societies.

9. *Our farmers and their commodities* :—About our farmers it has been said, " His farming is largely of the subsistence type. He has little to sell. His sales of produce are intermittent. The grower will keep back enough of his crop to feed himself and his family. The rest he markets and with it pays his dues to the State, to his landlord (if he has one), to his merchant creditor or money lender (who appears in general to own him body and soul)." Agricultural goods are generally bulky. They occupy large space. It is not easy to accurately weigh or measure them. Most of them are perishable in a short time, *e.g.* garden produce, vegetables and fruit. Some, though not so quickly perishable, will deteriorate in quality if kept long. They are inflamable and have to be protected against fire. There are no good roads and transporting them to the godowns at the Headquarters presents difficult problems. Lack of safe and sufficient storage facilities at the Headquarters is another difficult problem. That is the type of the person and the commodities, the sale societies have to deal with.

10. *Conditions for the success of Sale Societies* :—" The strength of an Association is in the associates." This is particularly true of a co-operative society. The success of a Sale Society is in the main due to the type of members who compose the Society. The members must be substantial ryots owning large-sized farms. They will have larger quantity to sell and could afford to sell them leisurely. They will also be loyal to the Society, as loyalty is a quality that is born of greater financial stability of the members. It is no use deploring the lack of that quality in societies where the members are too small and could ill-afford to sell their goods leisurely.

11. *A code of guiding principles* :—The National Co-operative Council of U.S.A., at one of its semi-annual meetings in 1935, formulated a code of guiding principles for their Sale & Purchase Co-operatives. I give them *in extenso* :—

(i) Business Co-operatives are created by farmers as agencies through which they collectively sell their products or purchase their supplies. Such Co-operatives, being owned and controlled by the members, should at all times have the whole-hearted participation of those members in the risks, gains, and losses of the business operations. Therefore, the members in building such co-operatives should invest therein substantial amounts of their own funds, commensurate with the needs of the business.

(ii) Business co-operatives are called upon to meet the competition of keen, strongly financed organizations owned or operated by capable men of long experience. To function properly under such circumstances, the Co-operatives should build a strong financial structure able to attract ample funds from Commercial Banks and other loaning agencies at reasonable rates.

(iii) The management of the business co-operative must be qualified to perform the executive functions in an efficient and satisfactory manner. The Co-operative Manager has, in many respects, a harder work to perform than his non-co-operative competitor. Only men of known high calibre and business ability should be selected for this position, and such men should associate with them capable, promising assistants, in order to assure a continuity not subject to interruption by any sudden change in personnel.

(iv) Business Co-operatives have been created by farmers as service organizations, to promote and establish a more scientific and orderly distribution of farm products or purchase of farm supplies. These organizations undertake to accomplish through co-operation what the members could not accomplish singly.

Business co-operatives should not engage in general buying and selling. Sales or purchases for non-members should be strictly limited to those transactions essential to the efficient handling of the members' own business and such non-member business should be on a non-profit basis.

If a desire for profits be allowed to supplant the co-operative object of savings in operations, the future of Co-operative effort is seriously endangered.

about the margins. Agricultural borrowers are generally unable to furnish the additional security required when prices fall. So, original lending should be within safe limits.

14. "Co-operative Marketing can never progress until partisans have both more knowledge and experience of Co-operative association and of business methods than is now the case, nor until the members are above seduction by the offer of some immediate impermanent gain, and have learnt to recognize objects for whose sake they are willing to stop looking beyond the end of their own noses". So wrote Mr. E. H. Lucette, Registrar of Co-operative Societies, Ceylon, in his article in the *Year Book of Agricultural Co-operation 1936.*

Our experience also points to the same conclusion. We must have sound members—financially and co-operatively. The undertaking is one of the most competitive and the fittest alone will survive. The principles of Sale Societies are not hard to grasp; it is its practice that is so difficult.

I commend to you the study of the annual publication by the Horace Plunket Foundation *Year Book of Agricultural Co-operation.* What is being done in other countries should be a source of inspiration to us and spur us in our efforts. Almost every European country has something to record every year; but India finds a place only occasionally. Dr. Fay wrote in 1936 that "Co-operation hitherto has meant to India Co-operative Credit and little else". We have perhaps, more defeats than victories to record in that direction. The "Co-operative seed of the Raiffeisen trade mark" has sprouted but has not borne fruit. We are sowing the non-credit seed now. After all, credit is only one leg of a table—the others are Production, Distribution and Consumption. Credit alone cannot support that Table. Production and Distribution ought to move the wheels of credit. Only then can credit fructify. I hope you will endeavour to promote sound Productive and Distributive Co-operative enterprises and help in enhancing the prosperity of the Agriculturist. Dr. Tagore in reviewing that excellent work "National Being" wrote, "If anyone of our countrymen will remove the poverty of only one of our Indian villages, he would have conferred an inestimable blessing on millions of our countrymen". That work awaits you. It is commonly said that there are not enough thrones for all. But, if you do your work in the spirit of a true co-operator, you will be enthroned in the hearts of your countrymen.

Co-operation among Harijans

ITS SCOPE AND LIMITATIONS.

By Mr. V. L. Mehta.

The co-operative movement is the resort of those who are economically weak but who hope through a combination of forces to improve their economic condition and to avail themselves of some of the services and resources which are individually outside their capacity to secure for themselves even in a small measure. No section of society in India is so backward economically as Harijans, dwelling either in towns or villages; and the root cause of their backwardness is almost invariably their suppression hitherto by other sections of society. When a movement is inaugurated for the emancipation of the depressed classes what then is more natural than that the extension to Harijans of the benefits of the co-operation should form a prominent feature in the programme of socio-economic betterment? The introduction of co-operation among Harijans had its origin nearly a quarter of a century back when the late Mr. G. K. Devadhar of the Servants of India Society with the assistance of Mr. A. V. Thakkar, now General Secretary of the Harijan Sevak Sangh, started co-operative credit societies among the sweepers, scavengers and other employees of the Bombay Municipality, mainly with the object of redeeming the old debts of these low paid public servants. The creation of a Labour Department by the Government of Madras and the organization of a net-work of co-operative societies through the agency of this Department came somewhat later. The Mysore State, later on, followed the example of Madras Province and chalked out a programme for the extension of the benefits of the co-operative movement among the Adi-Karnatakas. The main feature of these programmes was the allotment of house sites to groups of depressed class families and the placing at their disposal cheap long term credit to enable them to go in for the construction of houses. Occasionally, agricultural lands too were made available and along with this credit was allowed for financing agricultural operations. No other Province has emulated this programme probably because in no other Province or State is the problem of lack of housing for the rural depressed class communities so acute as in Madras. It cannot be asserted that the operations have been uniformly successful throughout the Province but undoubtedly they have served as a measure of relief. The financial results can be gauged from the following figures which show the working of the 2,647 co-operative societies for Adi-Dravidas, Adi-Andhras, fishermen, Kallars and other scheduled classes about the close of the year 1938-39—

Particulars.		Societies under the Co-operative Department.	Kallar societies under Special Police Officers	Societies under the Fisheries Department.
Number of societies	...	2,337	259	51
Number of members	...	98,904	14,143	1,992

Particulars.	Societies under the Co-operative Department Rs.	Kallar societies under Special Police Officers. Rs.	Societies [illegible] the Fi[illegible] Depart[illegible]
Paid-up share capital ...	7,05,728	82,601	38,[illegible]
Deposits from members ...	52,684	364	1[illegible]
Loans from Central Banks.	11,84,255	2,266	8,[illegible]
Loans from Government ...	2,09,555	1,05,081	
Reserve Fund ...	4,86,413	1,32,470	27,[illegible]
Other funds ...	1,44,012	...	
Working Capital ...	27,82,647	3,22,782	71,6[illegible]
Divisible profits ...	25,184	9,906	1,8[illegible]
Loss ...	2,27,027	3,755	6,2[illegible]

Heavy Arrears.

A feature of the working of the societies is the persistence of h[illegible] arrears by members to societies and by societies to their financing a[illegible] cies. Finance was provided for the societies, to a certain exten[illegible] Government and, largely, by the Madras Christian Central Bank wh[illegible] had undertaken, by special arrangement, to finance the operations of [illegible] operative societies for the scheduled classes. Owing to the defaults co[illegible] mitted by the societies, the fact that societies were scattered through[illegible] the Province and the consequent inability of the Bank to keep in to[illegible] with, and influence their working, it could not succeed in its operatio[illegible] and had to be taken into liquidation. It has now been decided that t[illegible] societies in the different districts should be financed by the local centr[illegible] banks. Obviously, arrangement by which the scheduled class societi[illegible] were segregated and brought into direct relationship with a bank at t[illegible] provincial headquarters was an altogether unsatisfactory and unsou[illegible] one, and it is not surprising that it had to be abandoned. Includ[illegible] among these institutions were 654 societies for the joint or individu[illegible] cultivation by members and for the purchase of house sites. These h[illegible] a membership of 41,555 and the loans outstanding against membe[illegible] amounted to Rs. 6.15 lakhs. Lands held by members measured in t[illegible] aggregate 34,650 acres, while the house sites possessed by them num[illegible] bered 11,295 with 9,850 houses constructed with the aid of loans fro[illegible] societies.

A somewhat similar programme though on a much more modes[illegible] scale was undertaken in the Mysore State. At the close of the yea[illegible] 1939-40, the total number of societies for Harijans numbered 159 with [illegible] membership of 4057. Loans outstanding against members amounted to [illegible] a little over one lakh of rupees. Of the resources at the disposal of the [illegible] societies Rs. 750 were obtained from Government and Rs. 20,655 from [illegible] central financing agencies. Included among the societies were some [illegible] societies for house building. Both in Travancore and Cochin special [illegible] steps have been taken by the Co-operative Departments to encourag[illegible]

the formation of co-operative societies among Harijans, the number of societies in the former State being 169 and in the latter 41. In the former State, the membership was 13,062 and the working capital Rs. 1,69,962, the bulk of the resources representing shares and reserves. In the latter State the corresponding figures were 2,081 and Rs. 15,785. The report for the Province of Bihar records that the number of societies for the depressed classes was 24 at the end of 1939 with a working capital of Rs. 10,144. In the United Provinces, there has been an appreciable expansion in co-operative work among the depressed classes during the last two years. A grant of Rs. 14,130 was made by Government in the year 1939-40 for the organisation of co-operative work among Harijans. This was utilized in promoting the formation of better living societies, as also societies for cottage industries and thrift and credit. In Bombay while no special propaganda has been carried on for the organization of co-operative societies among Harijans, a very large number of credit societies have come into existence in recent years among the low paid Harijan employees of municipalities and other local bodies. Pioneer efforts in this direction were made by Mr. A. V. Thakkar and his colleagues in the Servants of India Society over twenty years back. Societies are composed sometimes exclusively of Harijan employees, though organizations admitting all employees including the clerical staff are not uncommon. The total number of such institutions at the end of 1939-40 was 111. The societies had an aggregate membership of 9858 and a working capital of Rs. 6,32,863. The loans outstanding amounted to Rs. 3,20,125. The societies are conducted on the model of salary-earners' societies and have provision in their by-laws for the regular collection of savings of members and the deduction of instalment loans from the monthly pay-sheets. There are a few industrial societies for Harijan artisans but these have not been successful. Ahmedabad has two housing societies for Harijans while the Bombay Suburban District has one. Recently, through the efforts of the Harijan Sevak Sangh, co-operative credit societies especially for the employees of local bodies have been started in the Central Provinces and Berar, in Orissa and in several States in Kathiawad. The Andhra Sangh has assisted in the organization of an industrial society for tanners.

Mysore, Travancore and Madras.

The Mysore Co-operative Committee, the Travancore Committee and the Madras Committee have all devoted much attention to the subject of co-operation among Harijans. The general conclusion of the Bombay Provincial Banking Inquiry Committee was that special societies for Harijans in rural areas were unsuitable and that the ordinary village credit societies should be induced to admit Harijans to their membership. The recently published report of Madras Co-operative Inquiry Committee contains a detailed e[x]- nation of the subject and puts forward suggestions with which is likely to be general agreement. Special societies for the sche[duled] classes may be necessary to enable them to acquire lands for culti[vation] or for the construction of houses. Societies with both these objec[ts] however, be organized and run successfully only if they enjoy a measure of support from Government. Another form of co-ope[rative] organization that deserves to be encouraged, in the opinion of the [Com]mittee, is the industrial or producers' society for Harijan artisans handi-craftsmen. Societies of this type, too, may require the patro[nage] and assistance of Government if they are to be really helpful. Am[ong] other suggestions made by the Committee are the adoption of meas[ures] for the relief of indebtedness among the classes of Harijans who landless labourers in rural areas and the opening of pawn shops facilitating the grant of petty cheap loans on the security of trinkets such other articles. There is, however, considerable social—apart fr[om] financial—risk involved in introducing a system of licensed pawn sh[ops] and, on the whole, it will be better to equip village credit societies employees' societies in urban areas to make available this facility wi[th] proper restrictions and under suitable safeguards for their Harijans a[nd] other poor classes of members who are otherwise fleeced by loan-sha[rks]. But consumers' credit such as is involved in lending by pawn shops always attended with much danger and has to be organized very ca[u]tiously. What consumers from among the poor strata of society ne[ed] more than credit is the organization of arrangements through full-fledge[d] consumers' societies or co-operative buying clubs for the supply of che[ap] and unadulterated foodstuffs and also other articles of daily use on fa[ir] terms. Segregated as they are from other sections of societies in the[ir] social life, members of the scheduled classes need this facility very badl[y]. It is scarcely necessary to stress the obvious fact that the need for th[e] beneficent influence of the co-operative movement is urgent amon[g] Harijans whether resident in towns or in villages in their capacity eithe[r] as producers or as consumers.

Past Experience.

What lessons does past experience convey to the Harijan Sevak o[r] worker and what line of action should he pursue in the light of such experience and the recommendations of expert bodies like the Madras Committee? It is necessary to emphasise that the co-operative move- ment is essentially a movement intended for economic betterment and organization and that it would be vain, through resort to this form of organization to seek to remedy evils which are inherently social. In so far as the disabilities that are sought to be removed arise because of de- fects in the social structure, co-operation cannot be expected to be help- ful. This is particularly true of the external relationship of Harijans to

other sections of society and to the denial to them of certain civic rights. Where the social evils pertain to modes of life which conditions of economic degradation have brought in their train, it is not un- likely that co-operation may prove serviceable in their gradual removal. Combined effort such as co-operation seeks to promote may indirectly assist in eradicating habits of drink or gambling, in checking social waste, in kindling a desire for education, and in stimulating an urge to- wards better living. One of the most serious disabilities from which Harijans usually suffer whether in towns or in villages is the lack of suitable houses. The provision of better housing directly or indirectly through co-operation may have an invaluable effect on widening their social outlook and in stimulating efforts at self-improvement. The train- ing in business that the co-operative form of organization provides is also a factor contributing towards educational and social progress.

It is necessary, however, to enter a caveat. As a writer puts it "it cannot be assumed that a co-operative organization can be created just because it is desirable." It cannot be forgotten, he adds, that co-operation is inherently a most difficult form of organization because its success depends on the voluntary, willing, active and intelligent participation, in the affairs of the association that is set up, of all who wish to come to- gether for combined effort. There are two handicaps under which Harijans labour more than other sections of society in India. The denial of civic rights has affected very adversely their place in society and they are backward both educationally and economically. The co-operative movement depends for its success, as observed above, on the active and intelligent participation in affairs by those who associate in a common endeavour. Lack of education of the most rudimentary type such as is the lot of Harijans in general must necessarily stand in the way of success in economic organization. Secondly, though co-operation is meant for the economically weak it does postulate a certain minimum economic level, the relief of those below which it would be outside the province or the capacity of the co-operative form of organization to secure. The relief of such persons can be envisaged either by charitable organizations or through the State. It is, therefore, possible to improve the economic status of Harijans only to the extent that those sought to be assisted are not below the economic level that has been referred to above. Any attempt to bring within the fold those who are economically destitute or helpless must end in failure. It may be that in respect of co-operative credit, the adoption of administrative measures or the intro- duction of legislation to scale down the burden of accumulated debt or to control conditions of future money-lending may bring about a change in the economic environments. To the extent that such action is taken by Governments in provinces or States to that extent the scope for bringing further economic relief or improvement in status through the co-op method will be widened.

How Harijan Sevak Sangh May Help.

A word may be said, lastly, about the manner in which the Sevak Sangh may assist financially in the promotion of co-op organization among Harijans. Inasmuch as general experience do favour the formation of co-operative credit societies specially for jans, it seems hardly necessary for the Sangh to encourage such so in any manner. Workers may assist, however, in the formati societies for the Harijan employees of local bodies. The types of soc that deserve to be encouraged are societies for house-building, for cultural colonization, consumers' stores in urban areas and produc industrial societies for artisans, handicraftsmen, and other worke cottage industries whether in rural or urban areas. The Sangh assist, firstly, by the grant of small subsidies for meeting manage expenses which are likely ordinarily to be high because of lack of ed tion among the members themselves. Secondly, the Sangh may exa and satisfy itself if the financial basis of the working of housi producers' societies is sound. Where the basis is sound and still exte capital on special terms in respect of rates of interest or periods of re ment is required, the Sangh may see whether some small part of its fu can be invested in providing the requisite finance provided the secu for repayment is assured. That will be an invaluable contribution by Sangh to the task of economic organization among the most backw and unorganized section of our society; and gradual though the proc may be, it must have its effect in the long run, in raising the social sta also of the Harijans who come under the influence of the organizatio

—*Hindustan Times*

Problems of Agricultural Co-operation in Madras.

The Report of the Madras Committee on Co-operation.

The Presidency of Madras, with an area of over 142,000 square miles and a population of more than 48 millions, is the largest and one of the most populous Provinces of British India. Its economic life is based on agriculture and small-scale handicraft and cottage industries, connected with or dependent upon agriculture, and more than 86 per cent. of the population live in villages. In recent years a number of factories—mostly textile but including some sugar, match, soap and cement factories—have been established. The development of large-scale industry, however, has not made much progress, and the total number of factory workers throughout the Province has not yet reached 200,000 representing less than ½ per cent. of the population; on the other hand, small-scale rural industries, the most important of which is handloom weaving, have had to contend with many difficulties in the last years which severely reduced their activity. This decay of the cottage industries has increased the heavy burden which a long economic depression has imposed upon agriculture since the beginning of the last decade, as it has deprived the farmers and peasants of a great part of their supplementary income outside the seasonal periods of their agricultural work. The economic depression has resulted in an alarming increase of rural indebtedness, one of the most difficult economic problems of the Province, and in a further reduction of the low standard of living of the rural population.

The Madras Co-operative Movement, like the economic structure of the country, is mainly agricultural, though it can claim the largest and most successful Consumers' Society in India—the Triplicane Urban Co-operative Stores, with over 6,000 members, 29 branches and annual turnover of about Rs. 1 million—as well as a young and active Wholesale Society of Store Societies in Madura. The majority of the Co-operative Societies are Agricultural Credit Societies—10,784 out of a total of 13,759 in 1938–1939; they, too, have naturally been very much affected by the economic depression, and most of them have incurred heavy debts and worked with a loss for a considerable number of years.

The Government of Madras could not remain indifferent to such a development, and as it always relied upon the Co-operative Movement in its endeavour to improve rural conditions it appointed a Committee on Co-operation in 1939—under the Chairmanship of Sir T. Vijayaraghavachariar and including many representative co-operators of the Province—to examine the various problems of Agricultural Co-operation and suggest methods and principles for a rehabilitation and reorganisation of the Agricultural Co-operative Movement and a general improvement of the conditions of rural life in the Province. In 1927 a Committee was appointed, the Townsend

Committee, to examine the progress made by the Movement in the preceding years and suggest measures for effecting necessary improvements. Before these measures could bear fruit, the economic depression affected the co-operative situation so adversely that new and wider measures had to be contemplated.

Other problems also arose in connection with the passing of the Madras Agriculturists' Relief Act in 1938 which made a consolidation and reorganisation of the co-operative finance system necessary, so that Co-operative Banks and Societies could play a greater part in the rehabilitation of agriculture. In addition, the Agricultural Credit Department of the Reserve Bank of India, and others, had made various proposals advocating a radical change in the structure of Agricultural Co-operation. All these developments called for a thorough re-examination of the position.

The recently published report of the Vijayaraghavachariar Committee contains a very comprehensive survey of the problems of the different branches of Rural Co-operation and of Co-operative Credit in general in Madras, and the conclusions and recommendations of the Committee arrived at after a close study of the replies to a detailed questionnaire, which was sent by the Government in 1938 to all important Co-operative Institutions and heads of relevant Departments, as well as to some private individuals interested in the Movement.

It is impossible in the context of this article to deal with all the problems examined, as they embrace practically all aspects of rural life in Madras Province. Since rural indebtedness is the most serious problem of the rural community, the Committee devoted most of its attention to questions of agricultural credit and finance, examining closely the working of the Credit Societies and especially the principles on which the Agricultural Credit Movement in Madras, and in India generally, is based.

The first part of this report is devoted to an historical retrospect and a general survey of Co-operation in Madras. It was in 1904 that the first Village Co-operative Credit Society was established; development of the Movement was slow until the end of the Great War, but during the next ten years it expanded more rapidly until the economic crisis, which not only prevented progress for a number of years but also endangered the financial position of a large section of the Movement.

The following table indicates in broad outline the increase in the numerical strength of the Madras Movement:—

Year.	Societies.	Members.	Paid up Share Capital. Rs.	Reserve Funds. Rs.	Total Working Capital. Rs.
1905-06	27	2,733	31,000	600	107,000
1910-11	596	44,102	485,000	187,000	4,915,000
1920-21	6,289	398,062	6,487,000	2,077,000	49,035,000
1930-31	15,042	981,100	24,315,000	11,258,000	180,052,000
1938-39	13,759	1,041,355	24,684,000	17,807,000	227,091,000

It is estimated that about 8.54 per cent. of the population of the Province were associated with the Co-operative Movement in 1939, a comparatively high percentage for India, and exceeded by only two other Provinces—Punjab with 16.33 per cent, Bombay with 14.82 per cent.

Of the total co-operative membership in Madras Province, the Agricultural Credit Societies accounted for 567,279 members in 1939, while 1,131 Non-Agricultural Credit Societies comprised 292,844 members. In addition, there were a number of Producers' Societies for the processing and marketing of agricultural and artisans' products and the purchase of requirements, 126 Building Societies, 85 Consumers' Societies and 94 School (Stationery) Stores; these, however, have not yet attained a great importance in the economic life of the Province, and some of them—Building Societies and Co-operative Stores—were not included in the Committee's investigation.

The Primary Agricultural Credit Societies in India are organised on the basic Raiffeisen idea of the "neighbourhood community" (Nachbarschaftsverband), which is reflected in a number of principles referring to their constitutional structure and working. Raiffeisen envisaged the Co-operative Society as the centre of the economic life of the village community: a personal bond uniting all the members, collaborating with full responsibility in the common task. The main principles of this collaboration are: unlimited liability; one village—one Society; voluntary service; wide range of functions. These principles have so far been the basis of Agricultural Co-operation in India, although the Societies' activity has generally been confined to the credit side.

The Madras Committee closely studied the problem whether these principles can be generally accepted in the re-organisation of Agricultural Co-operation, and has come to the conclusion, though not unanimously, that modifications in their application are necessary for the rehabilitation of the Movement.

The inefficiency and the financial difficulties of many Agricultural Credit Societies in Madras are partly the direct result of the smallness of the Societies which so far have strictly adhered to the principle of one village—one Society. The Committee felt that on this basis a strengthening and consolidation of the individual Societies would be impossible as the village is, as a rule, too small, and the membership and capital locally available, therefore, not sufficient to guarantee the Society's successful functioning. Apart from this the smallness of Societies hampers the progress of the Movement as a whole, as the great majority of villages which are not able to form Societies of their own would remain outside the sphere of co-operative activity. The Committee, therefore, recommends the broadening of the basis of Co-operative Credit Societies to several neighbouring villages in an area within a radius of three to five miles, assuming that this would result in an extensive and intensive development of rural co-operative credit. It also emphasises the need for a comprehensive programme of co-operative expansion and re-organisation, so as to bring every village within the area of operation of a Society. The magnitude of this programme, which should be based, it is suggested, on a five, seven, or ten-year plan, can best be gauged from the fact that of almost 52,000 villages only about 10,500 are covered by Co-operative Credit Societies, most of which are working with a loss.

There was, however, no complete unanimity in the Committee on the question of the widening of the basis of Societies, and a minority adhered strictly to the Raiffeisen principle as a basis of close mutual collaboration and control. The majority of the Committee were of opinion that the widening of the basis of a Co-operative Society to several neighbouring villages with common economic interests, and often united by social bonds, too would not be contrary to the principle of proximity and corporate life. At the same time, the advantages of a broader membership basis would expand the business and strengthen the finances of the Societies, so that they would be able to employ the paid staff necessary for an efficient business management, and to build up resources.

The employment of paid officials, also, is a modification of the original Raiffeisen principles, but it seems an inescapable consequence of the suggested establishment of larger units on a sound business basis, especially as the Committee recommends not only a widening of the area of operations, but also of the functional basis of the Societies. Hitherto, the primary Agricultural Credit Societies have limited their activities to credit business, and only in rare cases have they fulfilled other functions, such as the purchasing of agricultural and domestic requirements, the sale of agricultural produce. The Committee suggests an expansion of the activities of the enlarged Credit Societies, making them real multi-purpose Societies. Not only are the purchase of agricultural and domestic requirements and the sale of produce recommended but also the supply of electrical and other mechanical power, forming on a co-operative basis, and the promotion of new methods of agriculture. The Committee considers that "village Societies should be utilised, to a greater extent, in the organisation and promotion, under proper direction and suitable safeguard, of subsidiary or cottage industries—such as bee-keeping, dairying, poultry-keeping, fruit-growing, &c." Only where these functions "require special technique, finance, or marketing arrangements" is the organisation of separate Societies recommended.

The most far-reaching of the Committee's recommendation is in regard to liability. Limited liability, it is suggested, should in future be the normal rule in Rural Credit Societies, and only if—in the view of the Registrar—local opinion, or other circumstances, favour unlimited liability, should there be a deviation from that rule. The main reasons which led the majority of the Committee to abandon one of the most important Raiffeisen principles were that unlimited liability keeps away the better situated and more solvent class of agriculturists—thereby weakening the potential financial strength of the Society and depriving it of a source of efficient leadership; and that in the case of liquidation, which is rather frequent, its enforcement causes great hardship to the members. It was further suggested that mutual control based on mutual knowledge of each other's affairs—the basic assumption of unlimited liability is practically non-existent in present-day village life, and that the possibility of members evading their liability by alienation of property has reduced the value of unlimited liability considerably. The minority

of the Committee strongly opposed this view, stressing the value of the principle of unlimited liability as a factor for strengthening the collective spirit of responsibility, the social basis of true Co-operation, and the great danger that small tenant farmers, and agricultural labourers, who cannot offer material security for credits, may not be able to obtain credits at all under a system of limited liability.

Many detailed recommendations are also made regarding the Central Banks of the Province, the regional organisations, which play an important part as financing institutions of the Primary Societies and form the inter- mediate link between the Madras Provincial Co-operative Bank and the Credit Societies, and other types of Co-operative Societies—Urban Credit Societies, Land Mortgage Banks, Co-operative Marketing Societies, &c. As to the Central Banks, of which there were 30 operating in 1939 with a total working capital of Rs. 56.62 millions, it is recommended that they become pure type Banking Unions composed of affiliated societies only, which would mean the elimination of individual shareholders. This recommendation also was arrived at by a majority decision, the minority holding the view that the Movement can ill-afford to lose the support and experience of individuals who have given practical proof of their interest in Co-operation, and who fulfil a very useful purpose in representing the views of the depositors in the Central Banks, while the representatives of the Societies are naturally more inclined to the views of the borrower. The majority, however, maintained that, though individual shareholders fulfilled a useful function in the early stages of the development of the Central Banks, the time has come to give these Banks a clear co-operative constitution, as Banking Unions. But, in order to give "public-spirited individuals who possess expert knowledge in Co-operative Banking or Co-operation" an opportunity to serve the Central Banks, the Committee recommends that the Central Banks should co-opt three individuals to their Boards of Managements, and that this be provided for in their rules.

The extensive programme of re-organisation and re-orientation envisaged by the Committee will depend for its realisation, among other things, upon the ability and co-operative conviction of co-operators in responsible positions, and on the response of the members of Societies to the co-operative appeal. The Committee, therefore, stresses the necessity of an intensification and better co-ordination of the educational work of the Movement and the creation of better facilities for co-operative education. It recommends the establishment of a Government Co-operative College for aspirants for employment in the Co-operative Department of the Government and for higher posts in large Urban and Central Banks, &c., and of two Co-operative Institutes for the technical training of "professional co-operators."

A suggestion was made by two members of the Committee that the voluntary basis of the Rural Credit Organisation should be altered and that statutory compulsion should be applied to make all eligible villagers members of the Credit Society, as propaganda and education would be too slow a process to accelerate the pace of co-operative progress. The Committee, however, rejected the proposal and affirmed their faith in voluntary Co-operation: "*Co-operation is a voluntary effort: it should grow from among the people out of their own free-will; it is not, and cannot be, the result of State compulsion or regimentation.*"

(*Review of International Co-operation.—April, 1941.*)

Hosur Sindhi Herd.

In 1921 two Sindhi cows in milk were purchased from Karachi and a further six cows from the Madras Hygienic Milk Supply Company (which went into liquidation) for the Agricultural College Dairy, Coimbatore. In June 1923, the Livestock Section took charge of the Dairy herd at the Agricultural College. The Madras Agricultural Department acquired the Hosur Remount Depot in September 1924 for a cattle-breeding station and the small herd of Sindhi cows was eventually transferred to this station. In 1925, 12 Sindhi cows were purchased from Karachi and another 18 cows were purchased in 1928.

Breeding by selection has been carried on for the last 15 years at Hosur. Accurate particulars of each animal are maintained in the permanent Cow History and Bull Registers, and the full pedigree of any animal is available on the farm.

The first two breeding bulls of this herd were the sons of 24 and 25 which were both very good milkers. Cow 24 averaged 4,997 lb. with a daily average of 15.2 lb., her highest yield being 8,224 lb. and cow 25 averaged 5,649 lb. with a daily average of 16.9 lb., her highest yield being 6,861 lb. Bulls from these two strains are still used as sires for the herd, along with one unrelated bull.

There are at present 58 cows in the farm herd which have completed one or more lactations. Up to date 616 calves have been born (315 bulls and 301 heifers), and 164 bulls, 122 cows and 28 calves have been issued for breeding purposes in the districts.

Hosur is a cattle-breeding station and all the calves are allowed to suck their dams in order to encourage early maturity. The calves receive 6 to 8 lb. whole milk per day plus concentrates and fodder. The cows are all milked out fully one day per week and that milk yield is recorded for the week : the calves on that day are hand-fed with milk. On other days, the surplus over 8 lb. is milked out and the calf is allowed to suck its dam afterwards. For example a cow yielding 12 lb. in the morning and 10 lb. in the evening, 8 lb. in the morning and 6 lb. in the evening is milked out and the calf is allowed to suck the rest.

A large number of farm-bred cows are first calvers and their performances should improve in later lactations ; so the present comparison is not really favourable for them.

(Extract from Indian Farming, July, 1941.)

Cow no. 33. Age 11 years 3 months.
Average yield for 5 lactations 5426 lb. Daily average 14.5 lb.
Maximum yield 6,665 lb. Daily average 17.0 lb.

Cow no. 121. Age 5 years 4 months.
Milk yield 7,223 lb. Daily average 15.8 lb.

Champion cow no. 143. Aged 4 years 3 months. 10,074 lb milk in 366 days. Daily average 27.5 lb.

Cow no. 132. Age 4 years 10 months. Milk yield 7,824 lb. Daily average 18.9 lb.

German Co-ops. ruined under the Nazi Regime.

What Nazi tyranny means to the co-operative movement and other types of free enterprise is summarized by the Co-operative League of the U.S.A.

The German co-operative movement, with its important production and with its multitude of services, was until 1932 one of the strongest on the European Continent and a momentous factor of the German economy. To-day the German Co-ops. membership and trade are disintegrating and their democracy has been destroyed.

Before Hitler came to power, there was nothing in the world *for* which the Nazis could draw diverse elements of the party. But it was easy to unite them *Against* something, against their difficulties and against their misery and, so finally against those to whom they attributed the guilt of their own despair.

Thus the hostility against the successful department stores, the five and ten per cent stores, the more competent physicians, lawyers, artists, and last, but not least, the co-operative societies, the Masons, the Jews—skillfully cultivated and pitched to red heat.

The co-ops. were among the first victims. The societies and their leaders were violently attacked and these attacks grew in intensity to the early months of 1933. Shop windows were smashed. "Production," the co-operative society at Hamburg, reported no less than 163 broken windows, and one bombed branch-store. Members were forced to cease purchasing and even to withdraw their shares. In smaller towns and villages the terror and pressure were still worse than in the cities.

Things were aggravated when in 1933 the Nazi party seized the power in Germany. Many people believed that the time had come to destroy the whole co-operative movement. Many stores were seized and closed, or picketed by storm troopers. And this was no peaceful picketing. Co-operators and officials were arrested. A general breakdown and a loss of the invested hundreds of millions seemed imminent.

Finally the co-operative lenders asked the Nazi Government to protect their organizations. The Senate of Hamburg appointed the Commissar for the wholesale and on the next day the wholesale board "elected" him general manager.

Two weeks later, Dr. Ley, leader of the "German Labour Front," issued a proclamation saying that the co-operative movement had been integrated into the Nazi labor front. The two groups had been merged into a single one. "In principle there will be no voting in any organization. The director, P. G. Mueller, whom I have appointed, is authorized to appoint the managers of district and local societies," stated Dr. Ley.

In spite of this integration, local persecution of co-operators and acts of hostility and violence against the societies continued. Many months later, highest Nazi authorities such as Goering and Hess had to intervene in order to avoid the worst. The co-ops. could continue to advertise their goods and services and to recruit new members, if anyone cared to join. Any propaganda for co-operative ideals was strictly forbidden.

In the meantime the law-makers had not been idle. Since May 1933 the establishment of new stores had been prohibited. In November 1933 by another law the purchase refund was limited to 3 per cent. But the state took control of the organization itself.

In August 1933 the existing leagues and wholesales of both groups were merged into one single new unit, the "National Union of Consumers Co-operative Societies." But it did not prove practicable to have educational, publishing and commercial activities centralized in one organization. On June 29, 1935, the National Union was split into an educational agency and a wholesale. The wholesale dropped from its name the words "Consumer" and "Co-operative" and stated in a circular that the loss of turnover on account of dissolution of retail societies had compelled it to abandon the principle of supplying exclusively co-operative organizations. From now on it would endeavour to sell also to private firms.

By all these measures, the fundamental character of the co-operative movement has been destroyed. The membership lost democratic control. The Rochdale principle of savings-returns has practically been abolished. Each private store is allowed to grant 3 per cent rebate with each cash sale, and most retailers do so. Co-operative education and expansion are forbidden. The whole movement no longer serves its members but has "to serve the national economy in the spirit of national socialism." Also political neutrality has been destroyed.

In practice, the Nazi party appointed "commissars" and membership and representatives had to "elect" these commissars as officers and committee members. Elections, if there were any, became thus just a farce.

A law of May 21, 1935, dealt the movement its most devastating blow. This law ordered that: (1) The establishment of new societies required the approval of the Reichsminister of Economy. It was openly admitted that this meant the prohibition of all new organisations. (2) The Reichsminister of Finance was authorized to provide money for the liquidation of societies which were unable to continue their activity and decide their dissolution by December 31, 1935. (3) The savings' department of the co-ops. was to be dissolved by December 31, 1935.

The members' savings amounted in 1932 to over 290 million RM (reichmarks), and it is easy to visualize what the loss of such capital meant to the whole movement.

Consequently a membership of one million and a balance sheet total of over 200 million RM were dissolved. Two societies in Berlin with some 300,000 members, at Wuppertal a society with 46,000 members, at Breslau 71,000 members, at Dresden 68,000 members, at Muchich 45,600 members, were liquidated. In many other cities similar societies suffered the same fate.

But things are even worse than these figures indicate. Between 1932 and 1938 the number of societies decreased from 1,208 to 1,070. The

decrease in membership and business was much stronger. The co-operative societies had:

Year.	Members.	Retail Sales. RM	Wholesale Sales. RM
1932	3,644,000	1,095,000,000	395,000,000
1934	3,281,000	660,000,000	295,000,000
1936	2,094,000	510,000,000	310,000,000
1938	1,954,000	554,000,000	327,000,000

From 1932 onward German retail business began to recover from the depression, and in 1938 it had increased its volume by 60 per cent. In this same period the co-operative business volume decreased by almost 50 per cent. The number of stores and societies decreased however, much less. The capital became increasingly immobilized. The overhead expenses and costs remained relatively close to their former level. This made any efficient operation almost impossible.

The hostility of small traders and Nazi authorities persisted. After the conquest of Austria, Fr. Funk, Reichsminister of Economy, took up the problem again with the aim of liquidation of the wholesale and of those societies which do not correspond to the principles of the national socialist economy. What final effect this has had upon the Co-operatives that are left, no one yet knows.

Managers have nothing to do—Except.

It is suggested that the following from the Co-operative Digest will make interesting reading to members, directors and managers of Co-operative organizations—especially the managers, who might like to frame it for the benefit of directors and members.

"The manager really has nothing to do except:

"To decide what is to be done; to tell somebody to do it; to listen to reasons why it should not be done, why it should be done by somebody else, or why it should be done in a different way, and to prepare arguments in rebuttal that shall be convincing and conclusive.

"To follow up to see if the thing has been done, to discover that it has not been done; to inquire why it has not been done; to listen to excuses from the person who should have done it and did not do it.

"To follow up a second time to see if the thing has been done; to discover that it has been done but done incorrectly; to point out how it should have been done; to conclude that as long as it has been done it may as well be left as it is; to wonder if it is not time to get rid of a person who cannot do a thing correctly; to reflect that the person at fault has a wife and seven children—and that certainly no other executive in the world would put up with him for a moment; and that—in all probability—any successor would be just as bad or worse.

"To consider how much simpler and better the thing would have been done had he done it himself; he would have been able to do it right in twenty minutes—but that as things turned out he himself spent two days trying to find out why it was it had taken somebody else three weeks to do it wrong; but to realize that such an idea would strike at the very foundation of the belief of all employees that an executive has nothing to do."

High Court Judgment.

IN THE HIGH COURT OF JUDICATURE AT MADRAS.

Present :—MR. JUSTICE VENKATARAMANA RAO.

Maddimsetti Ramayya ... *Appellant*[1] (*Plaintiff*)

V.

The Liquidator of Bollanka Co-operative Credit Society, Ramachandrapur taluk, care of Deputy Registrar of Co-operative East Godavari and another. ... *Respondents* (*Defendants*).

Madras Co-operative Societies Act (VI of 1932), Ss. 48, 65 and Rule 22 (17)—Sale by co-operative society—Claim to the property by stranger—Dismissal of—Suit to set aside under Rule 22 (17) without leave of Registrar—If maintainable.

S. 48 of the Madras Co-operative Societies Act only contemplates cases where proceedings have to be initiated against a society and not to cases where a society was itself a party to an order in proceedings instituted by virtue of the Co-operative Societies Act.

Where in execution of a decree a Co-operative Society brought certain properties to sale and a claim preferred under Rule 22 (17) (a) of the rules made under the Madras Co-operative Societies Act was dismissed by the sale officer, the claimant is entitled to file a suit to set aside the order on his claim petition without the leave of the Registrar. Cases which are expressly provided in the Act are specifically saved by S. 48 from the condition as to leave. Rule 22 (17) (a) to (c) takes effect as if enacted in the Act by virtue of S. 65 clause (4) and as the rule specifically provides for a suit to set aside the claim order within six months, the prohibition under S. 48 cannot apply to such a suit.

Appeal against the decree of the District Court of East Godavari at Rajahmundry in A. S. No. 147 of 1939 preferred against the decree of the Court of the District Munsif of Ramachandrapur in O. S. No. 230 of 1938.

K. Bhimasankaram for Appellant.

A. Lakshmayya for Respondents.

The Court delivered the following.

Judgment.—The question for decision in this second appeal is whether the plaintiff's suit is barred by S. 48 of the Madras Co-operative Societies

[1]S. A. No. 269 of 1940. 14th March, 1941.

Act. Both the lower Courts have dismissed the suit on the ground that it is so barred.

The question is whether this view is tenable. The facts briefly are as follows. The first defendant co-operative society obtained a decree against the second defendant in claim No. 2235 of 1932-33 for Rs. 604-13-4 and in execution of the same brought the properties to sale. The plaintiff preferred a claim under Rule 22 (17) (a) of the Rules made under the Madras Co-operative Societies Act on the ground that he was a purchaser of the property under a registered sale deed dated 7th February, 1922. But the said claim was dismissed by the sale officer on 29th June, 1938. The plaintiff thereupon filed the present suit on 16th November, 1938, within six months of the said order to set aside the said sale and to establish his right to the property.

The view taken by both the lower Courts is that under S. 48 of the Co-operative Societies Act the plaintiff should have obtained leave of the Registrar to institute the suit, that the said leave is a condition precedent to such institution and he having failed to do so, his suit must fail. S. 48 of the Co-operative Societies Act runs thus :

3 " Save in so far as is expressly provided in this Act, no civil Court shall take cognizance of any matter connected with the winding up or dissolution of a society under this Act, and when a liquidator has been appointed no suit or other legal proceedings shall lie or be proceeded with against the society except by leave of the Registrar and subject to such terms as he may impose."

It will be seen that the section itself saves cases which are expressly provided in the Act and it is only in cases where no such provision is made that the condition that no suit or legal proceeding shall lie against the society except by leave of the Registrar operates. S. 65 of the Co-operative Societies Act provides that the Local Government may make rules to carry out all or any of the purposes of this Act, and one of the purposes provided for is the investigation of claims and objections that may be preferred against any attachment effected by the Registrar or an officer empowered by him. In pursuance of this provision rules have been made and S. 65 (4) provides that all rules made under that section shall be published in the Fort St. George Gazette and on such publication shall have effect as if enacted in this Act. Such rules have been published and they take effect as if enacted in this Act and therefore form part of the Act. Rule 22 (17) (a) to (c) provides for investigation of claims and objections. Rule 22 (17) (a) provides that where a claim or an objection is preferred, the sale officer should investigate the claim or objection and dispose of it on the merits and Rule 22 (17) (c) is to the effect that where a claim or objection is preferred, the party against whom the order is made may institute a suit within six months from the date of the order to establish his right which he claims to the property in dispute but subject to the result of such suit, the order shall be conclusive. Therefore this clause expressly provides that a suit should be instituted within six months to set aside the order of the sale officer to establish the claimant's right to the property. As this suit is expressly provided for by the Act it would come within the saving provided in S. 48. The society itself by its liquidator was a party to the order in the claim proceedings and the suit is only a continuation of the claim proceedings. Vide *Phul Kumari* v. *Ghanshyam Misra* [2]. It is not possible to understand why, when the society itself was a party to an order, any further leave is necessary from the Registrar. That is why no restriction is placed in Rule 22 (17) (c) that the leave of the Registrar should be obtained before the institution of the suit. It would hardly be in the contemplation of the Legislature that leave should be sought from the Registrar at whose instance the sale was ordered. If the Registrar should decline to give leave or delay giving leave for six months there will be no remedy for the plaintiff and according to Rule 22 (17) (c) the order on the claim petition would be conclusive. S. 48 only contemplates cases where proceedings have to be initiated against the society and not to cases where a society itself was a party to an order in proceedings instituted by virtue of the Co-operative Societies Act. It seems to me therefore that the suit is maintainable. I therefore set aside the decrees of both the lower Courts and remand the suit for disposal according to law. Two cases were relied on by Mr. Lakshmayya on behalf of the respondent, namely, *Subbayya* v. *Thippa Reddi* [3] and *Govinda Chetti* v. *Uttukottai Co-operative Society* [4] but none of them have any bearing on the question in issue in this case.

In the result the appeal is allowed and the suit remanded to the file of the District Munsif of Ramachandrapur for disposal. The respondents will pay the costs of the appellant throughout. The appellant will be entitled to refund the Court-fee.

Leave to appeal granted.

S. V. V. *Appeal allowed.*

[2](1907) 17 M. L. J. 618 : L. R. 35 I. A. 22 : I. L. R. 35 Cal. 202 (P. C.)
[3](1939) 2 M. L. J. 604.
[4](1940) 2 M. L. J. 241 : I. L. R. 1940 Mad. 929.

The Madras Law Journal,—17-7-1941).

Working of Societies.

Short notes on the working of the Kuppam Seamless Quilt Weavers' Co-operative Sale Society, Ltd., Kuppam—Chittoor District.

The Kuppam Seamless Quilt Weavers' Co-operative Sale Society, Ltd., was registered on 4-12-39 and started work on 7-12-39 with 28 members and a paid up share capital of Rs. 530. The society was organised and started in order to help the handloom weavers producing quilts in the cottages who were thrown out of employment owing to the introduction of powerlom mills for production of seamless quilts. It came into existence mainly through the efforts of some of the local enthusiastic social workers and the Zamindar of Kuppam who placed a portion of his palace premises at the disposal of the society for carrying on its work there. In the initial stages, the society had 17 handlooms on which the members produced quilts. The society is financed by the Chittoor District Co-operative Central Bank and subsidised by the Madras Provincial Handloom Weavers' Co-operative Society. Kuppam is very famous for the production of these seamless quilts which are very popular in all places. The society enlisted as members skilled weavers who could manufacture quilts and pillows of all patterns and sizes and secured the help of a few individual members who are social workers of Kuppam and interested in the welfare of the poor weavers and abouring people of the town. The individual members help the society in its management and in giving it the benefit of their business knowledge, advice and necessary share capital and the weavers do the actual weaving of quilts. The society purchases the raw materials required and distributes them among the members and arranges for production of the several quilts in the looms fixed up in the premises of the society according to the latest designs and changes noticed in the demands for quilts made by the fashionable public and according to the advice tendered to it from time to time by the marketing and designing experts of the Madras Provincial Handloom Weavers' Co-operative Society, Ltd. The finished goods are stocked in the office premises of the society and marketed through the travelling salesman employed by the society who goes round and secures orders. The quilts produced in the society are also advertised by the Chittoor District Commercial and Industrial Museum where the quilts are held on display. The weavers are paid weekly wages by the society for the work done by each. In the 1st year of its working (*i.e.*) 1939-40, the society earned a gross profit of Rs. 1039-8-6. Gradually the demand for the products of the society increased and inspite of the competition with the other loom-firms producing quilts doing business at Kuppam, the society increased the volume of business and maintained steady progress. The stores societies at Tirupati, Chittoor and sales depots and Emporiums of the Provincial Handloom weavers' society, Madras, and important merchants at Bombay, Bangalore and Poona, Calicut, Madura, Salem have been stocking and selling the quilts produced by the society on commission basis on consignment account. With the gradual expansion of the business, the society amended its by-laws and increased its borrowing power to 8 times the share capital and Reserve fund. By the end of 30-6-41 the number of members on rolls of the society rose to 41 with a paid up share capital of Rs. 765. Of these members 36 are workmen and 5 are non-weavers who are interested in the welfare of the weavers and who contribute their business talent and strengthen the society by virtue of their local influence in the village. There are now 25 looms working in the society.

The society has invested Rs. 500 as share capital with the Chittoor District Co-operative Central Bank and Rs. 10 with the Provincial Handloom Weavers' Co-operative Society, Ltd., and Rs. 100 with the Madras Fire and General Insurance Co-operative Society Ltd., which was started recently. It has invested a sum of Rs. 139-1-0 under Reserve fund. The Chittoor District Bank granted a cash credit of Rs. 5,000.

During the year the society purchased cotton worth Rs. 6867-8-5, raw materials to the value of Rs. 649-12-9 and yarn worth Rs. 4,584-9-3, packing materials worth Rs. 233-6-2. The society paid wages to the extent of Rs. 5013-4-4 to its members for goods produced in the year. The society effected sales of quilts to the value of Rs. 18,629-12-6. The society's gross profit is estimated at Rs. 3,300 for the year. A bonus of Rs. 277-13-6 was distributed to the workers during the year. The stock on hand at the close of the year was valued at Rs. 3,838-1-6.

The management of the society is in charge of 7 directors consisting of 5 weaver-members and 2 other members.

The Provincial Handloom weavers' Co-operative Society, Madras has been helping the society by giving a monthly subsidy of Rs. 25.

The society has got a promising future and if the society continues to do its good work this cottage industry will occupy very soon its proper place in the economic regeneration of the weavers of this place. The society has also taken steps to inculcate the habits of thrift and prudence among its members by seeing that every member willingly contributes to a Thrift fund at the rate of anna one out of each rupee out of wages paid to him by the society.

Short notes on the working of the Cottage Industries Co-operative Societies—Chittoor District.

1. *Sathravada Viswakarma Bell-metal Workers' Co-operative Society, Ltd., Sathravada—Puthur Taluk—Chittoor District.*

The society was organised for the betterment of the Bellmetal workers living at Sathravada and to enable them to purchase raw materials cheaply through the Co-operative Society and to sell them at favourable rates by exporting them to important business centres through the society. It was registered on 26-8-1939 and started on 8-9-39. Two non-workers also joined as members and contributed to the financial stability of the society by their influence in the village and by depositing amounts in the society. There are now on date 36 members with a paid up share capital of Rs. 650.

The metal workers belong to the Viswabrahmana community and have been carrying on their industry in their own houses with the help of their

servants and members of their families. They manufacture bell-metal tumblers, koojahs of various types, chembus, ice lotas, milk jars, jugs, mango lotas of various weights and dimensions. The raw materials are advanced by the society to members and the members return to the society the finished goods the value of which is adjusted against the advances made by the society.

Before the advent of the society the workers in the village were thrown out of employment on account of the bell-metal factories which came into existence at Kalahasti. On account of the consequent competition there were no sales for the hand made works. The workers were very poor and suffered greatly. This society was organised with a view to provide continuous work for them and to ameliorate the condition of these poverty stricken metal workers and to improve their standard of living. The wages paid by the society to members ranges from Rs. 5-8-0 to Rs. 7-8-0 per maund according to the piece of work entrusted to each. On an average the males get annas 0-4-0 and the women annas 0-3-0 per day.

In the first year of its working the society was able to earn a gross profit of Rs. 340-10-0. As the society had to incur heavy expenditure under purchase of account books, stationery, moulds, implements and ply-wheels and under establishment charges and the members were very slow to derive advantages from the society it had to incur a net loss of Rs. 147-9-0 for the year 1939-40.

In order to wipe out the loss and to improve the working of the society, the panchayatdars set to work with redoubled vigour in the year 1940-41 and also reduced the expenditure under establishment and contingent charges to the barest minimum. The Chittoor District Bank also helped the society with timely finance and a cash credit accommodation of Rs. 5,000 was also given to the society. During this year the Chittoor War Raffle committee, encouraged the society by giving a contract for the manufacture of 1,000 brass vessels and 500 bell-metal koojahs to the value of Rs. 4835-8-0 which they required for distributing as prizes in the raffle. The society promptly carried out the order to the satisfaction of the committee and earned a profit of Rs. 200. This prompt compliance with the orders of the Chittoor Raffle Committee brought the society into the eyes of the Public and through the kindness of the Treasurer of the North Arcot District War Rafflle Committee it secured another order for manufacture of 200 bell-metal koojahs to be distributed to prize winners at the Vellore War Raffle.

During the year ending 30-6-41 the production of vessels and sales were as below.—

	Rs.	A.	P.
Value of raw materials purchased	9,469	0	5
Value of raw materials advanced to members for manufacture of vessels	8,959	1	1
Sale proceeds of raw material for cash	644	7	6
Value of production of finished goods	14,263	6	5
Value of cash purchase of finished goods	460	11	11
Value of finished goods sold by the society	13,040	2	9

During this year the society will be able to earn a profit of about Rs. 200.

The vessels produced in the society are finding a ready market at Vizianagaram, Anakapalle, Berhampore, Ellore, Cocanada, Rajahmundry, Peddapuram and Vellore and in other places in northern districts. In order to advertise the goods and to make them more popular some of the articles are exhibited in the Chittoor District Industrial and Commercial Museum at Chittoor. It is also proposed to send some vessels on consignment for exhibition and sale to the Branch store of the Tirupati Tirumalai Devasthanam Co-operative stores, newly opened in the Devasthanam Choultry at Tirupati.

In order to increase the output and also to produce a nicer variety of vessels the society has recently purchased a small machine for making vessels, at a cost of Rs. 427-2-0. It is expected that more goods could be produced in quicker time with the help of this simple machine.

At the instance of the Department the society has been collecting as a thrift deposit from the wages of each worker one anna for every rupee of wages earned with effect from 1-10-40.

The society is being supervised by a supervisor of the Chittoor District Co-operative Central Bank and also by the non-credit staff of the Department. With the timely financial assistance of the Central Bank and the loyal Co-operation of the members of the society, the industry has got vast possibilities of future development and of occupying its rightful place in the Industrial organisation of our country.

Statement showing the rough Balance Sheet of the Society as on 30-6-41.

Assets.

	Rs.	A.	P.
Cash on hand ...	123	15	7
Stock of goods ...	3,057	4	9
Raw metal ..	1,303	11	5
Due from members...	295	2	8
Due from merchants and others who purchased goods ...	277	3	9
Cash in Post Office...	2	2	9
Share capital in Chittoor District Bank ...	650	0	0
	5,709	8	8

Liabilities.

	Rs.	A.	P.
Due to the Chittoor District Co-operative Central Bank ...	4,348	11	6
Due to a depositor ...	102	13	2
Share capital of members ...	650	0	0
Adjust. heads due ...	0	8	0
Thrift collection due to members ...	82	1	6
	5,184	2	2

Reviews.

Report of the working of the Co-operative Societies in the Nizam's Dominions 1939-40.

The total number of societies increased from 3,638 to 3,958 and that of members from 1.38 lakhs to 1.54 lakhs. The working capital also rose from Rs. 274.73 lakhs to Rs. 277.57 lakhs. The share capital and reserves were Rs. 63.45 lakhs and Rs. 57.42 lakhs respectively.

The Dominion (Apex) Bank. In addition to the usual financing of Central Banks and societies, it is giving loans for house building purposes to Government servants. The amount of loans outstanding under this head was Rs. 8.92 lakhs.

There was a slight fall in the working capital as the result of the rectification of 9 Central Banks and the village societies financed by them. Its paid-up share capital at the end of the year was Rs. 5.61 lakhs and the reserve fund Rs. 9.03 lakhs. Its working capital was Rs. 41.89 lakhs. It maintained its strong financial position during the year.

Central Banks. The number of Central Banks continued to be 40. Their paid-up share capital was Rs. 11.78 lakhs and their reserve funds amounted to Rs. 5.54 lakhs. These had an uncalled share capital amounting to Rs. 48.69 lakhs of which about Rs. 25 lakhs refers to the Jagirdars' Central Bank. Their working capital was Rs. 66.98 lakhs.

It is of interest to note how the 9 Central Banks, whose position was causing anxiety, were given fresh life. The village societies financed by them were completely overhauled. The existing loans were made safe by scaling down or by spreading them over a long period and thus bringing them under the repaying capacity of the borrowers. This complete rehabilitation required a sum of 15 lakhs of rupees. The Government readily came forward with this sum. Out of this sum 8 lakhs were free of interest and repayable in 10 years and the balance of 7 lakhs are to be repaid in 5 years with 3 per cent. interest. The Dominion Bank also gave a contribution of 2 lakhs, as a rebate, one lakh towards principal and another lakh towards interest. Had it not been for this liberal help thousands of agriculturists would have been compelled to sell away their lands and become actual labourers.

Agricultural Credit Societies. There were 3,188 societies with a membership of 70 thousands and a working capital of Rs. 85.56 lakhs. The reserve funds amounted to 21.96 lakhs. They advanced loans to the extent of Rs. 7.55 lakhs while the recoveries amounted to Rs. 8.61 lakhs leaving the outstanding loans amounting to Rs. 57.69 lakhs at the end of the year.

Besides the above unlimited liability societies there were 92 grain banks and 39 Rural banks on limited liability basis. It is reported that the recoveries were well above the average for the last several years.

Non-Agricultural Societies. The total number of credit societies at the end of the year was 701 with a membership of 64 thousands. The working capital was 53.94 lakhs of which Rs. 28.15 lakhs formed the share capital and Rs. 11.09, the reserves Rs. 28.45 were disbursed as loans to members and Rs. 27.06 recovered from them. The outstanding loans amounted to 45.31 lakhs.

The published statements B & C do not give figures under overdues. But the number of awards (9,527) pending and the amounts involved in them amounting to Rs. 56.61 lakhs, show that things are not quite satisfactory still. Powers of execution are to be given to the Co-operative Department. Besides these credit societies there were 10 cotton sale societies and 9 societies attending to sales of different products.

The Co-operative Insurance Society is progressing well. There were 2,488 members, and the sum insured amounted to Rs. 15.78 lakhs.

In the British administered areas there were 27 societies with a working capital of Rs. 26.38 lakhs.

The movement is reported to continue to make a slow but steady progress.

V. S. R.

Correspondence.

Draft amendment of Rule VIII-A of the Rules under the Co-operative Societies Act published in Fort St. George Gazette dated 3rd July 1941 and limit affecting the working of the Co-operative Town Banks.

The proposed amendment restricting the maximum period of loans to three years, hits a very hard blow on the sound working of the Co-operative Urban or Town Banks in our presidency. It is well known that loans on the mortgage of immovable properties, specially house properties situated in towns form a large bulk of the transactions of Co-operative Town Banks. Generally, continuing mortgage bonds are taken and the maximum period ranges from 7 to 10 years. The maximum individual loan ranges from Rs. 1,000 to Rs. 2,000 and the repayments are generally fixed in monthly instalments. Unless the period of repayments is spread over sufficiently long period of at least 7 to 10 years, it will not be possible to fix easy instalments of repayment of the loans so as to enable the members to repay regularly. If the period is restricted to 3 years as contemplated by the draft amendment very few members will be able to bear the heavy burden of large monthly instalments and the result will be accumulation of large overdues or book adjustments. Thus, ultimately this will result in driving the members out of the bank into the clutches of the money lenders.

The Urban Banks do not borrow from the Central Banks and they depend entirely on local deposits. They possess sufficient long term deposits exceeding three years and large share capital to cover up long term mortgage loans. In many of the Town Banks the prudential deposits and recurring deposits provide plenty of long term money even for ten years. Fluid resources are maintained. As long as there are regular repayments in loans which are generally made monthly, there will not be any difficulty in the matter of meeting the deposits when they mature.

The only exemption now made in the draft amendment is that of Land Mortgage Bank. Can the Primary Land Mortgage Banks replace the Town Banks? The clientele of Land Mortgage Banks are entirely of different category from those of Urban Banks. Their scope and purpose of loans are also different. They cannot be expected to meet the large demands of the urban population which the Town Banks are now catering.

Hence the Government is requested to consider the detrimental effect of the proposed amendment on the working of the Co-operative Urban or Town Banks and make suitable provision for exempting the Town Banks from the operation of this rule generally or specially in respect of loans granted on the security of continuing mortgage bonds.

P. RADHAPATHI,

President, Tirupathi Co-operative Town Bank.

Resolutions.

Resolutions passed at the XXth Session of the Central Banks' Conference held on the 20th July, 1941.

1. This Conference resolves to request the Madras Provincial Co-operative Bank to lend short term loans repayable from the proceeds of next harvest or within one year as the case may be, and to lend medium term loans ordinarily for 3 years and in exceptional cases for periods of five years. This Conference also resolves to request the Government to amend the intended draft amendment published in G. O. 1119 in Fort St. Gazette dated 8th July, 1941 accordingly.
2. Resolved to request the Government that they should bear the remittance charges which the Reserve Bank now demands from co-operative societies for affording such facilities in future.
3. Resolved that the Registrar of Co-operative Societies, Madras, be requested to move the Government and obtain necessary sanction for the Central Banks to include the undrawn portion of their cash credit accounts with the Madras Provincial Co-operative Bank in their resources against their outside liabilities.
4. Resolved that in view of the fact that the Supervision Fund of some of the districts is hardly sufficient to maintain the staff of such banks necessary for supervision of their societies and that as these Central Banks are meeting the deficits with great difficulty from out of their general funds, the Provincial Bank be requested to meet at least a portion of the amounts spent by the Central Banks in this behalf.
5. Resolved that the Provincial Bank be requested to grant loans on forecast basis to Central Banks with due safeguards and under conditions to be settled by the Executive Committee of the Provincial Bank, for financing ordinary societies so as to make money available to the borrowers in time.
6. Resolved that the Government be requested to remove the restriction placed on investment of local boards' deposits with the Central Bank.

Extracts.

CO-OPERATION AND WORLD RECONSTRUCTION.

BY LOUIS DE BROUCKERE,

Formerly Professor of Co-operation at the University of Brussels.

We are engaged to-day in a relentless war which it is imperative that we should win as our feedom, our civilization, and everything that gives meaning to life and makes it worth living are at stake. And we shall win it because everyone is ready to make the greatest effort and all the sacrifices that may be demanded of them.

When at last, victory is achieved, men of good will will be faced with a new task, even more difficult than the one in which we are all at present absorbed, and which will demand quite as much courage and tenacity. It will be necessary to re-make the world which a long period of crisis has so badly shaken and which the present struggle will have brought to the verge of ruin. When, therefore, the hour of reconstruction strikes, co-operators must speak. Will they speak with enough clarity and force to make themselves heard?

* * *

In every sphere of life to-day there are two essentials which compel equal recognition: liberty and organisation. They are often strongly opposed one to the other and, on close examination, we find that this opposition is the cause of our greatest misfortunes, that it provokes confusion and disorder, the terrible aggravation of social conflicts—in short, that it has greately contributed to throwing so many countries into the fascist orbit before precipitating the greater part of the world into war.

Modern societies can no longer live and develop without the closest and most complete organization. Without it, they would, in the first place, be unable to ensure their material existence. Economic enterprises have become too vast and, above all, too closely connected one with the other to be able to function properly without strict co-ordination of activity. Production which is not guided by any sense of the enterprise as a whole only leads to absurd and hateful results—to corn which is harvested only to be burnt, notwithstanding the millions of starving people throughout the world; to looms which are silent, in spite of so many ill-clad consumers: to unemployed weavers, in spite of stocks of cotton which no one knows how to use. For want of organization and notwithstanding enormous technical progress, one is forced back to a paradoxical, not to say a monstrous, sterility.

Liberty, on the other hand, is not only an irrepressible aspiration of human nature, but it is also to the same extent as organization, or even more so—an imperative necessity of modern production. Any one who has worked, or simply reflected on the nature of labour, knows that the smallest production demands the intelligent effort and creative will which come from initiative and freedom. Without freedom, without initiative, in every stage of the hierarchy, our industry will decline more irremediably than the Roman, killed in olden days by the productive incapacity of the slaves.

By irrefutable logic we are forced to the conclusion that the world can only be saved from a disaster similar to that which destroyed ancient civilization by reconciling liberty and organization. On a higher plane far from being in opposition, they complement each other and the one can only attain its full consummation by the development of the other.

It was Co-operation which first provided a full realisation of this economic organisation in freedom. For nearly a century it has shown the way, and the value of its solutions has been strikingly demonstrated by success. What Co-operation has already achieved in a wide domain can inspire other successful solutions in different domains.

* * *

Dr. Fauquet, who, without doubt, is one of the soundest of our theorists, has shown how Co-operation has had the rare merit of grouping together the most modest amongst the economic units and of giving them, through association, the force which has enabled them to continue in being and to develop, as well as to save the priceless human values which these represent.

Wherever the Co-operative Movement has achieved its greatest successes, it presents itself, in reality, as a federation of households. It creates the mighty "basket," around which the baskets of thousands of house wives unite. It safeguards the independence of the small farms, while assuring to them the advantages enjoyed by the biggest enterprises. Co-operation will procure the same advantages for the households of the artisan and the small trader as soon as these sorely tried members of the so-called middle classes give up speaking their salvation in an impossible return to a dead past, and take the path which has already led the peasant population of so many countries to such great success.

It is in those spheres of activity in which Co-ordination from many points of view seemed most difficult that Co-operation has intervened so strenuously and successfully. It is, therefore, all the more remarkable to find that our Movement, in these conditions, is ensuring the feedom of its members as well as giving them its protection. It would, perhaps, be well to recall briefly those of our principles which give this freedom its character and its force, the extent of which we are sometimes liable to forget.

I. Co-operation has given a moral value to production; this is well expressed in the habitual formula—" production for service, not for profit." From the co-operative standpoint man is no longer the *means* through which wealth is obtained and for which he is often exploited—but the *object*, and it is because labour supplies the needs of man that it has meaning and

nobility; every rational economic organization must primarily concern itself with the needs which have to be met, and then decide how they can be satisfied in the best and fullest manner.

II. The preceding principle would be quite wrongly understood if it were interpreted to mean that the producer must be placed in a dependent or subordinate position in relation to the consumer. Co-operation does not forget that producers—that is to say, the great majority of men and women in the prime of life—can only be separated from consumers by an effort of abstraction. Within these two categories, which the economist distinguishes for the purpose of his exposition, are found the same individuals, and whoever has carried out to the full his duty as a producer has, by so doing greatly strengthened his claim to an effective satisfaction of his needs as a consumer. The same fundamental arguments have led the Co-operative Movement to apply very similar rules of organization for the individuals which it groups as producers as well as to those which it unites as consumers. That was also the pre-occupation of the Rochdale Poineers, notwithstanding the difficulties which the circumstances of their times created To-day it is being achieved by the agricultural Co-operative Societies and, more fully, by those "co-operative chains" in which the Association of Consumers distributes the produce of the Agricultural Society, produce which has been brought from its raw state to a consumable state by a series of operations also carried out co-operatively.

III. Co-operation is essentially voluntary. It does not aim at compelling men and forcing happiness upon them against their will. It only appeals to reason in order to obtain voluntary members. The Co-operative Movement does not forget that it is only by exercising one's own free will that one can do good, when one has recognised the value of the proposed action, its logic, its beauty, its fruitfulness, and when, as a result, one devotes oneself to the enterprise with all possible intelligence and passion. Co-operation belongs to the category of free associations which, during the past century, have increased in every sphere of life, material and spiritual, which now count their members in tens of millions and which give such a new character to modern life.

IV. Co-operation is absolutely democratic. All authority emanates from the co-operators and nothing is done without their decision and approval. In our Societies the only rules are those made by the co-operators, and all authority is in the hands of those whom they have elected, whom they appoint as custodians, whose activities they control, and who function by their impulsion and according to their will.

V. Co-operative democracy is as equalitarian as it is libertarian. The members participate on equal terms in all decisions without regard to class or wealth. Each has but one vote, no matter how many shares he may hold. If any distinction is made between members as regards the distribution of social advantages, it is not based on the amount of share capital but solely on the extent of a member's needs as shown by his purchases.

VI. Co-operative democracy is also an interdependent democracy: " Each for All, All for Each." An ever increasing proportion of its surplus —which, on account of its prosperity, is not needed for its business—is devoted to works of mutual aid. It protects its members against ignorance by its educational activities and against the hardships of life by its insurance institutions. It considers its first duty to be the strengthening of that basis which is essential to all real social life—security. Amongst the aspects of freedom which co-operative democracy strives to develop, it does not forget that one of the most important is that "conquest of misery" which President Roosevelt recently declared, in such eloquent terms, is one of the essential needs of modern society.

* * *

I hesitated a little before deciding to devote so much space to the enunciation of these Principles. They seem to us so obvious as to be almost banal, and we forget how bold they really are. But anyone who knew nothing of co-operative activities would probably think that these formulas represent only purely abstract ideas born in the mind of some theorist: he might even smile at their idealism—not to speak of their naivity. But how amazed he would be to learn, that, throughout the whole world, ever-increasing masses of people are carrying on many of the transactions necessary to their economic life according to these "dreams" and that their organisations, far from being found in ruins, have had remarkable prosperity. Indeed, our Movement has plainly demonstrated the immense value of economic democracy by the sole argument which is irrefutable; by putting it successfully into practice. We can understand the feeling of pride which led Charles Gide to say, " Co-operation is the only social experiment which has succeeded."

Do not let us forget that Co-operation has not only united neighbouring households but has also brought about collaboration between nations. Its international character asserts itself more each day. It has commenced to organise a part of world exchange on the basis, no longer of competition but of solidarity. By so doing, Co-operation becomes, in the most direct way, a great force for peace as it is a great force for order.

Quite apart from its moral influence, Co-operation also contributes indirectly, but very effectively, towards removing the causes of War. Consumers' Co-operation has, more than once, conquered the most important trusts, as in Sweden. Agricultural Co-operation has successfully combated the most formidable capitalist combines, which tried to buy up wheat or other fundamental necessities. We know what causes of conflict these trusts and monopolies represent, and how, in order to dominate the market, they always rely, as a last resort and in some way or another, upon the

power of the State. When Governments intervene in the conduct of affairs, how can they detach themselves from their military strength and the influence which it gives them? Competition passes from the economic to the diplomatic sphere, and it is always to be feared that after intervention by ambassadors will come that of the generals. Co-operation, to the extent to which it has foreseen this deviation of affairs, has helped towards appeasement and to unity between the peoples.

As co-operators we have, therefore, the right to rejoice in the success of our efforts. We have also every reason in the world to pursue them, confident to the well-founded hope of developing our activities to a still greater extent and of obtaining ever more remarkable results.

But is it sufficient to rejoice and to go on working? Must not the brilliant success that Co-operation has already experienced be followed by new experiments so that the great synthesis of liberty and order may, at last, be achieved? And if other than its own particular channels need to be explored, how could Co-operation be indifferent to efforts which are, obviously, so clearly related to its own?

Even if Co-operation in its perfect form could be realised everywhere and in every sphere of life, should we be justified in expecting the development of our activities alone to solve the economic difficulties which overwhelm the world and to establish a lasting peace? This would certainly be to overlook one, at least, of the elements of the problem, the one which in the long run, plays the essential role in everything which concerns us as perishable creatures—*the time factor.* While our activities increase and develop, the economic and political crisis becomes more critical throughout the world. Often it moves more quickly than we do. What really remains of our finest enterprises in those countries where this evil has already taken a complete hold, causing a veritable collapse of the social edifice and giving birth to misery and fascism? And what will become of our triumphal march towards a co-operative order if the disorganisation of life, outside our activities, annihilates the political and economic conditions which are indispensable to their very existence?

To assist in the general organisation of economic life, in its "planification"—to use a fashionable word—has become for Co-operation a necessity of self-defence just as much as an imperative duty of human solidarity.

In conclusion: The problem of planification *must* be solved, because it is one of the necessary conditions of peace: because prosperity cannot otherwise be restored, still less promoted; because this planification has become the necessary complement of co-operative activity, the necessary condition also for its new developments.

Nevertheless, amongst the series of "plans" which have been proposed, how few there are which seriously take into account the co-operative doctrines and their value, as shown by their success. Amongst the many voices which make themselves heard the voices of co-operators are rare.

But what a multitude of things co-operators could say! What precious contributions they could make to the solution of these problems! Any how impoverished and weakened humanity would be by the perils with which it is threatened were it not in a position to profit by the lessons contained in a century of co-operative effort, if Co-operation did not recover once again that intellectual fertility of which it gave such brilliant examples in its early days!

(Review of International Co-operation, March, 1941.)

Orders and Circulars

Representation of depositors on the board of management of central banks

Fort St. George, September 1, 1941 (G.O. Ms. No. 1572, Development).

DRAFT AMENDMENT TO THE RULES UNDER MADRAS CO-OPERATIVE SOCIETIES ACT.

No. 628.

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

Notice is hereby given that the draft will be taken into consideration on or after the 10th October 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 rule XXVI of the said rules, the following rule shall be substituted, namely :—

Constitution and strength of committee of financing bank.

"XXVI. (1) The proportion of individual members to society members on the committee of a financing bank, the proportion of individual members who shall hold fixed deposits to total individual members and the maximum strength of the committee shall be fixed by the Registrar in consultation with the committee of the bank. The proportion of individual members who shall hold fixed deposits to total individual members shall be fixed at not less than 25 per cent. of the latter.

(2) An individual member shall not be eligible for appointment as a member of the committee of a financing bank unless he holds such number of shares or has invested in fixed deposits such minimum amount as may be fitted by the Registrar from time to time in consultation with the committee of such bank.

(3) If the required number of individual members holding fixed deposits is not elected to the committee of a financing bank the Registrar may, if individual members holding fixed deposits in such bank are available, nominate the required number of such members to the committee. Any seat on the committee of such bank reserved for individual members holding fixed deposits which has not been filled either by election or nomination shall be held in abeyance.

(4) Any person who has been appointed as an individual member of the committee of a financing bank by virtue of the fixed deposits held by him in such bank shall cease to hold office as such, if the amount of his fixed deposits in such bank falls short of the minimum fixed by the Registrar under sub-rule (2) and shall not become eligible for appointment under that class of members until the amount of his fixed deposits in such bank reaches such minimum."

EXPLANATORY NOTE.

In order to check over-borrowing and unwarranted leniency in the matter of recovery of dues the Reserve Bank of India suggested that adequate representation should be secured to the depositors either by nomination or by other means on the Boards of Central Banks. This suggestion has not been accepted by the Committee on Co-operation (1939-40) for the reason that it will create special or vested interests in Central Banks and that no occasion had arisen so far for special representation of depositors. The Registrar of Co-operative Societies is, however, in agreement with the view taken by the Reserve Bank and considers that the object may be achieved by prescribing that a certain proportion of elected individuals should be from among individual members who hold deposits in the banks.

It is observed that individual directors do not at present make deposits in the banks concerned to any appreciable extent. It is therefore considered that not less than 25 per cent. of such directors should be chosen from individual members who have made deposits and that they should invest in fixed deposit a minimum amount. Under the rule published, it is proposed to empower the Registrar to fix the proportion of individual members who shall hold deposits to total individual members of the committee of a financing bank and the minimum amount to be invested for this purpose in consultation with the bank concerned. If the deposits held by individual directors fall short of the minimum amount fixed, they will cease to hold office as such and they will become re-eligible for appointment under this class of directors only when they have reinvested the required amount in the bank concerned. If the general body of a financing bank does not elect the required number of individual directors who have made deposits and if there are individual members who are eligible for such election, the Registrar may, if he sees fit, nominate them as directors. Any seats reserved for individual members holding deposits which are not filled either by election or nomination will be held in abeyance.

No. D. 4418/41 B.

Dated 5th September 1941.

CIRCULAR.

Sub :—By-law—Amendment of—procedure—conflict *between* model by-laws and Rule XXIV—amendment *to model* by-laws—suggested.

Rule XXIV (*i*) of the Rules issued under the Madras Co-operative Societies Act lays down that "every amendment shall be made only by a resolution passed by a majority of the members present at a meeting of the general body of the members of the society". According to the rule, therefore, every resolution relating to an amendment to a by-law should be passed by an absolute majority of the total number of members *present* irrespective of the fact that some of them may not actually vote on it. According to model by-law No. 34 of credit societies, however, every resolution of the general body, including an amendment to by-law, will be valid if it is passed by a majority of the members *present and voting* on it. This by-law is thus contrary to the provisions of Rule XXIV (*i*), so far as resolutions relating to amendments to by-laws are concerned. It is, therefore, necessary to amend it to bring it in conformity with the rule. The Registrar, however, does not consider it necessary that resolutions other than those relating to amendment to by-laws should also be passed by a majority of all the members *present*. To bring the model by-laws in conformity with the rule, the following amendments are suggested. Deputy Registrars and Assistant Registrars are requested to see that all societies adopt these amendments, as soon as possible.

Model by-law No. 34 of the Credit Societies.

Recast the third sentence of this by-law as follows:—"All questions except those mentioned in by-law No. 57 shall be decided by a majority of votes of the members present and voting".

Model by-law No. 57 of Credit Societies.

Recast this by-law as follows:—

"No amendment to, alteration in, or cancellation of a by-law nor the enactment of a new by-law shall be made except at a general meeting of the members or shall be deemed to have been passed unless a majority of the members present vote for it, or shall take effect until it shall have been approved by the Registrar".

2. The corresponding by-laws of other types of societies may also be similarly amended.

News & Notes.

Training of Rural Guides

With the help of the handsome donation of Rs. 10,000 from Sri G. Jogiraju Pantulu, it is proposed to hold training classes for Rural Guides at Alamuru for a period of three months commencing from 3rd October 1941. The classes will be held according to a well and carefully planned syllabus in the subjects of village panchayats, co-operative institutions, rural health and hygiene, library movement, scouting etc. The object underlying this scheme is to train village guides who will be able to efficiently conduct public institutions in the village and equip them with the general and technical knowledge required for the purpose. To develop local talent for village improvement and to supplement the education of paid officers of central institutions by Government this school is proposed to be started. It is hoped that young men interested in Rural Reconstruction will take fullest advantage of the course of Training now offered. The instruction fee is Rs. 5 for the period of five months. The instruction is in the mother-tongue.

Educational Tours for Co-operators.

All are agreed that the salvation for all economic mal-adjustments is through co-operation and when we read through bulletins what co-operation has done and is capable of doing in other countries and also hear the same from prominent co-operators who have studied or who have seen them, we are simply astonished and we visualise the whole thing in our imagination. It is not given to all to have a first hand knowledge though they may have the aptitude for the same. So it is suggested that Co-operative Institutions in this country especially Central Banks should allot a small sum from their common good fund every year for what are called study tours or educational tours by non-official co-operators and one or two employees of the Bank. In our own Presidency, districts like Madura, Coimbatore, Salem and South Kanara are noted for their co-operative activities and if co-operators go on educational tours every year from other districts, it will, surely have a salutory effect on the movement though the proposal may seem novel at present. It is hoped that the Central Banks will consider this and do the needful in the interests of the movement.

Amendment to Rules under the Act.

The draft amendment to the rule VIII of the Rules under the Co-operative Societies Act has come upon a certain section of the co-operators as a bolt from the blue. The Mettupalayam Co-operative Urban Bank at a meeting of its Board of Directors have resolved that the restriction of medium term loans to a maximum of three years will considerably hamper the loan transactions of societies and will ultimately lead to the disbursement of loans without adequate repaying capacity on the part of the borrowers. They also state that societies may be allowed to lend for periods up to five years to the extent of their long term resources consisting of paid-up share capital and deposits for a period of 5 years and above.

Opening of the Kodur Orange Grading Station.

The Collector of Cuddappah Mr. S. Ranganathan, I.C.S., O.B.E., in opening the Kodur Grading station in the presence of a large gathering of officials and non-officials congratulated the Society on its efficient working and for adopting the method of standardising the oranges and observed that this idea would inspire confidence in the public and stressed the importance of getting all the orchard owners in the taluk under the fold of the Society. Unless this was done the supply of standardised and graded oranges would be impossible, if not difficult.

The Registrar in Trichy District.

Mr. S. A. Venkataraman, I.C.S., Registrar of Co-operative Societies, Madras in inaugurating the Bengal Dhall Marketing Co-operative Society at Krishnarayapuram, a village near Mayanoor, paid a high tribute to the functioning of the primary societies in the Trichinopoly district and stated that he felt very optimistic of their new venture.

In the last week of August 1941 the Registrar of Co-operative Societies, Madras, toured the Trichinopoly district and visited some co-operative institutions. The various functions he attended and the institutions he visited are :—

Opened the godown of the Kuhoor Co-operative Society; presided over the Silver Jubilee Celebration of the Lalgudi Co-operative Union; attended the Lalgudi Taluk Co-operators Conference; visited Local Co-operative Society at Ariyalur and unveiled the portrait of Mr. V. S. Swaminatha Iyer, President of the Local Co-operative Bank; started a marketing society at Andimadam at the instance of the Trichy District Central Bank; discussed with the Directors of the Central Bank and local co-operators; laid the Foundation Stone of the new building of the Trichinopoly District Co-operative Central Bank; presided over the Silver Jubilee celebration of the Panchamadevi Society.

The Registrar, in all the above mentioned functions, spoke stressing the importance of co-operative cult, which if observed in faith and practised right through will drive out many of the economic evils at present manifest in the economic life of the people.

A Prominent Co-operator Entertained

The Directors and members of the staff of the South India Co-operative Insurance Society, Ltd., gave a farewell address to the Hon'ble Mr. V. Ramadas Pantulu, the retiring President, who is the founder and President of the Society since its inception. Sri P. S. Kumaraswami Raja, the new President also read the address which eulogised the services rendered by Mr. Ramadas Pantulu to the Co-operative Movement in general and the Society in particular. The Hon'ble Mr. V. Ramadas Pantulu thanked them for the honour done to him.

Rural Uplift in Cochin.

In reviewing the rural uplift work in the Cochin State, the Rural Development Officer says that though it is too early to judge results, great progress had been made in the improvement of conditions in villages. The object of the Government is to bring about all round development in the village life by helping them to live

a fuller and happier life. Towards this end a comprehensive scheme has been prepared jointly by heads of various departments. Starting of village centres in different parts of the State, establishing model village panchayats, wherein the activities of the panchayat, co-operative and Rural development departments are combined, starting of rural libraries to encourage reading, giving stimulus to agricultural development by rural development co-operative societies are some, of the attempts made by the Cochin Government in the cause of rural uplift work.

Milk Supply Society opened.

The Tiruppattur Co-operative Milk Supply Society was opened by the Sub-Collector, Tiruppattur before a large gathering in the premises of the Town Bank. Local co-operators spoke on the need for such a society and appealed for public co-operation.

The Ceded Districts Economic Development Board.

The first meeting of the Ceded Districts Economic Development Board was held in the office of the Board of Revenue with Mr. G. W. Priestly, Revenue Member, in the chair. All the official and non-official members were present. The discussion centred round the points raised in a note prepared in accordance with instructions in the Government order. It is understood the whole field of economic development of the tract including provision of further irrigation facilities, was surveyed. As a result of the discussions, certain aspects of development might be taken on hand. It was decided to hold the next meeting at Bellary.

Social Service and Rural Uplift.

Mr. Keithan, in addressing a students' discussion camp on "Social service and National Reconstruction," observed that their economic system needed to be completely reconstructed. Economic balance between villages and towns must come first. To effect this they must raise the standard of living of the masses. One of the ways to do that is to help the poor people by developing village industries and co-operative societies. As far as social reconstruction work is concerned it is imperatively important that we must learn to treat all women as mothers and sisters and that India cannot be a great India until sisters and mothers can stand along with the brothers and fathers in building up this new nation.

Loans to Cultivators.

It is understood that the Madras Government have authorised the Collector of Malabar to incur during the current year an expenditure not exceeding one lakh of rupees over and above the allotment of about Rs. 76,000 already made, for the grant of loans to cultivators under the Land Improvement and Agriculturists Loans Acts.

Location of Rural Radio Sets.

With a view to give to school children in Panchayat Board areas the benefit of the half-hour educational broadcasts given by the All India Radio in the afternoons, the Government have directed that the radio sets purchased under the scheme approved by the Government in March last might, wherever possible, be located in the premises of schools subject to certain conditions. One of the conditions is that the members of the general public shall, along with the school children, be allowed to listen-in to the broadcasts in the evenings.

Protection to Handloom Industry.

Dr. P. J. Thomas, Chairman of the Handloom Industry Fact Finding Committee held discussions with Mr. S. A. Venkataraman I. C. S. Registrar of Co-operative Societies, and Mr. L. B. Green Director of Industries on various points relating to the industry. They discussed the question of the exportation of Madras handkerchiefs, lungis and other articles and the measures to be taken to protect this trade and improve it. The effect of the growing number of power looms on the handloom industry generally and on the weavers was also gone into.

In the course of the discussion, agreement was expressed that it was essential in the interests of the country to afford protection to the handloom industry. It was suggested that as in the case of cotton, a Standing Central Committee might be created with headquarters at Madras to study questions connected with the handloom industry.

Agriculturists and Credit Agencies

Rev. Father Carty while presiding over a meeting of the Madras Economic association said that the main problem connected with the large agricultural indebtedness of the people was to bring about the co-operation of the producers and the agencies which helped them to their mutual advantage.

At present, the producers could not do without credit but steps should be taken to bring a proper balance between the producer of commodities and the producer of credit. Connected with the problem of agricultural indebtedness is the problem of marketing and the solution of one was closely connected with the solution of the other.

Rural Uplift.

At the periodical conference of officials and non-officials held at Tinnevelly two schemes of rural uplift were adopted, the one to be tried in a model village in Koilpatti and the other to be tried in six villages in the same taluk as a whole.

The first scheme is one sent by the Imperial Council of Agricultural Research to try a "whole group of agricultural improvements at one stretch" in a model village to be selected in each district, the ryots meeting their present expenditure and the additional cost of improved methods to be met by the Indian Central Cotton Committee and the Provincial Government in equal shares. This scheme was adopted and Idaiseval in Koilpatti Taluk in the centre of the cotton area was selected as the model village.

The other scheme, outlined by the Agricultural Department, aims at a concentration of the work of the demonstrators in one village in each firka of a taluk, with the help of the Revenue Inspectors. This scheme also was approved with slight modifications to be put into force in the Koilpatti Taluk.

The Conference approved the scheme of the Deputy Registrar for constructing godowns at a cost of Rs. 23,500 in 8 villages. The Government was requested to meet half the cost.

Strongest Co-operative Argument.

The strongest argument in favour of co-operation is the ethical one. We are living in a social world, of which each individual is an organic part. He is the complex product of every influence which has registered on his personality from the cradle to the grave. Life itself, therefore, is a great co-operative enterprise in which each one is molded and supplemented by many others ; and the co-operative movement recognizes

life as a co-operative enterprise and seeks to organize it on that basis. In modern life we find among other two deep-seated urges—the desire for property, that is the acquisitive urge ; and the desire to serve or to help society. Co-operation satisfies both of these desires. Every co-operator helps not only to secure more of the good things of life for himself, but for all—Co-operation is built on the great spiritual values of friendship, service, trust and brotherhood. It is for all and works with all—there are no barriers, no exploited classes. The beauty of co-operation is that it is not doing welfare work for some one else, it is a mutual interplay of good will, of positive co-operative achievement.—From the pamphlet "The Co-operative Movement" by John H. Dietrich.

—*(Co-operation and Markets News—April 18, 1941).*

Forclosures of U. S. Farms.

For the first time the Bureau of Economics, United States Department of Agriculture, has officially estimated the actual number of forced farm sales and related defaults over a ten-year period. This count shows a total 1,739,000 such sales from 1930 to 1939. Since there are now 6,096,789 farms in the United States; according to the 1940 census, this means that more than one out of every four farms suffered a forced sale in the ten-year period.

—*The Co-operative Consumer, Kansas.*

PUNJAB ECONOMIC PROBLEMS.

PROVINCIAL BOARD'S ESSAY COMPETITION.

With a view of encouraging research into economic problems, the **Punjab Board of Economic Inquiry** is offering a number of prizes for original essays dealing with topical subjects of economic importance to the Province.

The competition will be in two parts, (1) Results of personal field investigation, and (2) Articles based on published material such as is found in Government reports and more particularly in the publications of the Board. Competitors may try for either or both parts but the essays should not have appeared before in any magazine or proceedings, etc. The Board may, if they wish, publish any of the prizewinning or accepted essays which will become the property of the Board.

The essays should not exceed 20 typed foolscap pages (double-spaced) for Part I and ten pages for Part II, although some allowance will be made for the former if the subject is of special interest and value.

The last date of entry is 31st October, 1941, and the prizes offered are as follows :—

	Part I.	Part II.
	Rs.	Rs.
First prize	50	20
Second prize	25	15
Third prize	15	10
Accepted essays	5	5

The competition is open to all, whether residents in the Punjab or elsewhere, and entries should be addressed to the Secretary, 41, Lytton Road, Lahore.

List of Societies Registered in August 1941.

S. No.	Name of Society.	District.
1.	The Talarpadi Co-operative Credit Society ...	N. Arcot Dt.
2.	" Siruguppa Government Servants' Co-operative Society Limited.	Bellary.
3.	" Bellary Co-operative Subordinates' C. S. ...	Bellary.
4.	" The Conjeevaram Co-operative Milk Supply Society, Ltd.	Chingleput.
5.	" Venkatagiri Fruit Growers' C. S. Ltd., ...	Nellore.
6.	" Sree Pandlur C. S. ...	Cuddapah.
7.	" Mailam Sri Guha C. Stores Ltd. ...	S. Arcot.
8.	" Penumantra Co-operative Stores Ltd. ...	W. Godavary.
9.	" Penugonda Co-operative Stores Ltd. ...	"
10.	" Pasivedala Co-operative Stores Ltd. ...	"
11.	" Jalipudy Roman Catholic C. S. ...	"
12.	" Uppada Co-operative Stores Ltd. ...	E. Godavary.
13.	" Pandalapaka Mill Workers' Co-operative Stores Ltd.	
14.	" Gollalamamidada C. S. ...	"
15.	" Kovvuru Co-operative Stores Ltd., ...	W. Godavary.
16.	" Aravela Sarup Co-operative Milk Supply Society Ltd.	
17.	" Udayendram C. S. ...	"
18.	" Tallarevu Co-operative Stores Ltd. ...	N. Arcot.
19.	" Samalkot " ...	E. Godavary.
20.	" Tadepalligudem " ...	"
21.	" Malladi Agraharam Co-operative Tenants' C. S.	"
22.	" Karempudy Vaddere Labourer Contract C. S.	Guntur.
23.	" Mottayananganpatti C. S.	"
24.	" Karampatti Kallar C. S. ...	Madura.
25.	" The Kuruiyur Sri Abiramavalli Co-operative Stores Ltd.	"
26.	" Pattukottai Board High School Students' and Teachers' Co-operative Stores Limited ...	Tanjore.
27.	" Mayavaram Municipal Meenial Employees' C.S.	"
28.	" Tanjore District Co-operative Cocoanut Gardening and Marketing Society Ltd. ...	"
29.	" Tiruvalarsolai Co-operative Milk Supply Society Limited. ...	" Trichinopoly.

List of Societies Cancelled during June 1941.

S. No.	Name of Society.	District.	Date of Cancellation of Registration.
1	Nadukuttagi C. S. ...	Chingleput ...	7-6-41
2	Anantarajapuram Christian C. S. ...	Cuddapah ...	do
3	Thiaganoor C. S. ...	Salem ...	16-6-41
4	Nallacheruvupalli Christian C. S. ...	Cuddapah ...	do
5	Madugulakotapadu C. S. ...	Vizagapatam ...	do
6	Pusulur C. S. ...	Guntur ...	20-6-41
7	Orthanad-handpounded Rice C. S. ...	Tanjore ...	do
8	Udayandram C. S. ...	North Arcot ...	22-6-41
9	V. Pullur C. S. ...	South Arcot ...	30-6-41
10	Thiruppuvanam Co-operative Stores ...	Ramnad ...	do
11	Sarvarajupet C. S.	Cuddapah ...	do

List of Societies Cancelled during July 1941.

12	Parithiputtur C. S. ...	North Arcot ...	8-7-41
13	Kattakamanpatti A. D. G. S. ...	Madura ...	do
14	Kalangudiyirappa C. S. ...	Tinnevelly ...	do
15	Arokkiapuram C. S. ...	" ...	do
16	Manapad C. S. ...	" ...	14-7-41
17	Koyamballi C. S. ...	Trichinopoly ...	do
18	Kothaipatti C. S. ...	Ramnad ...	15-7-41
19	Nalluripalem Panchama C. S. ...	Guntur ...	do
20	Anuppapatty ...	Madura ...	do
21	Anantapur Dt. Board Employees' C.S. ...	Anantapur ...	16-7-41
22	Markapuram C. S. ...	Cuddapah ...	22-7-41
23	Peddaraneedu Christian C. S. ...	Kurnool ...	23-7-41
24	Vedapalayam Co-op. Milk Supply Society	Chingleput ...	do
25	Kolavali C. S. ...	Cuddapah ...	do
26	Palaveli Adi Dravida C. S. ...	Chingleput ...	do
27	Yellamanchili Canadian Baptist Mission C. S. ...	Vizagapatam ...	do
28	Chidambaram Cobblers C. S. ...	South Arcot ...	do
29	Kodur F. L. C. S. ...	Kistna ...	do
30	Ponnekallu Christian Weavers' C. S. ...	Guntur ...	do
31	Draksharama Consolidation of holdings. ...	East Godavari ...	do
32	Anathavaram F. L. C. S.	" ...	do

S. No.	Name of the Society	District.	Date of cancellation of Registration.
33	Chinnasalem Women's Cottage Industries C. S. ...	South Arcot ...	23-7-41
34	Tirukoilur C. S. ...	" ...	do
35	South Arcot Co-op. Audit Union Ltd. ...	" ...	26-7-41
36	Gadidamadugu C. S. ...	Kurnool ...	30-7-41
37	Kumidimalai F. L. C. S. ...	South Arcot ...	do
38	Maligaimedu F. L. C. S. ...	" ...	do
39	Madura District Audit Union ...	Madura ...	do
40	Katlampudi A. A. C. S. ...	West Godavari ...	do
41	Pannapattu F. L. C. S. ...	South Arcot ...	do
42	Thenharirajapuram F. L. C. S. ...	" ...	do
43	Coimbatore Dt. Co-op. Audit Union ...	Coimbatore ...	31-7-41

List of Societies Cancelled during August 1941.

1	Nanjalur F. L. C. S. ...	South Arcot	
2	Kumarakkudi F. L. C. S. ...	" ...	do
3	Kakaraparru F. L. C. S. ...	West Godavary ...	do
4	Tirumalai Co-operative Society ...	North Arcot ...	do
5	Keelamangalam Co-op. Stores ...	Madura ...	do
6	Santhapet Co-operative Society ...	North Arcot ...	do
7	Neikuppai Athany Society ...	Trichinopoly ...	do
8	Somavaram Co-operative Society ...	East Godavary —	do
9	Vellore Saidapet Co-op. Bank, Ltd. ...	North Arcot ...	do
10	Sevalur Co-operative Society ...	Trichy Dt. ...	do
11	Antipeta Co-operative Society ...	Vizagapatam ...	do
12	Pathai Panchama C. S. ...	Tinnevelly ...	do
13	Cherlopalli C. S. ...	Anantapur ...	12-8-41
14	Bukkapatnam Weavers' C. S. ...	" ...	do
15	Yenapalli Co-operative Society ...	"	
16	Thollamadugu Co-operative Society ...	Kurnool	..o.41
17	Manuer Pacheri C. S. ...	Tinnevell	do
18	Valayamadevi Co-operative Society ...	South A ...	do
19	Harur Co-operative Society ...	Salem ...	16-8-41
20	Muddapuram Weavers' Co-op. Society.	Bella ...	20-8-41
21	Timmarayasamudram Land reclamation C. S. ...	Trich ...	22-8-41

தமிழ்நாடு ஆவணக்காப்பக நூலகம்,
எழும்பூர், சென்னை-600 008.

தவணைத்தாள்.

சே எண் : ப. எண் :

வழங்கிய நாள். (1)	திரும்பிய நாள். (2)	வழங்கிய நாள். (1)	திரும்பிய நாள். (2)

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