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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 class 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 1st 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.

Cottage Industries.

It may be remembered His Excellency the Governor recently enacted the Madras State Aid to Industries (Amendment) Act empowering the Board of Revenue to grant a loan or subsidy to cottage industrialists not exceeding Rs. 500 to start or carry on a cottage industry which has an important bearing on the economic development of the country. Now His Excellency the Governor is pleased to make rules to give effect to the intentions of the Statute which have been notified in the *Fort St. George Gazette*. The subject is of such importance to rural development that we propose to reprint the rules in our next issue. Meanwhile, we may permit ourselves to indulge in making some observations which we earnestly commend to Government for their kind and favourable consideration. First of all, we venture to suggest the power of granting a loan or subsidy could as well have been given to the Collectors as reference to the Board of Revenue will only result in unnecessary correspondence and consequent delay. The Board of Revenue has no means of judging the eligibility of an applicant for a loan or subsidy except on the report of the Collector and this has been practically recognised in Rule VIII. It must be gratefully acknowledged that the rate of interest charged would bear some relation to the borrowing rate of the Government. But instead of using the words " not less than one-half per cent " the words "not more than one-half per cent " would have given greater satisfaction for while a minimum rate has been fixed no limit has been imposed regarding the maximum rate. To encourage cottage industrialists forming into co-operative societies and thereby ensure safety, continuity and closer supervision and control, the Government could have announced that in considering applications for loan or subsidy preference will be shown to co-operative institutions and could have even definitely laid down that a subsidy would be paid to supply the members with improved implements, raw material etc., concessions such as those announced for the Land Colonisation Societies.

In this connection we would once more draw the attention of the Government to the views of the Committee on Co operation which suggested the formation of a separate Provincial Industrial Co-operative Society, similar in constitution and functions to the Provincial Handloom Weavers' Society and that Society should be given all the facilities which the Handloom Weavers' Society enjoys. Whatever may be the shortcomings in the working of the Provincial Handloom Weavers' Society, which are mostly due to circumstances beyond its control, there is no denying the fact that since its inauguration real assistance, at least to a limited extent, has been given to deserving societies. Carping critics will do well to study the Society's annual administration reports and the Memorandum recently submitted by the Society to the Fact Finding Committee. With a little more real patronage from Government and the continuance of further support from Government in an increasing measure, the handloom industry can manage to subsist till questions of all-India concern are considered and decided. The Supply Department, as we have more than once pointed out, can assist handloom and other cottage industries by giving preference to their products.

The technical problems connected with cottage industries need careful study and research. No separate provision exists for the same. We would earnestly plead for the starting of a Cottage Industries Research Institute under the Department of Industries. Perhaps the Research Laboratory proposed for the handmade paper may be converted into a general Research Institute in charge of a duly qualified person and not under a demonstrator on a meagre salary.

Weavers' Societies.

Time and again we have drawn pointed attention to the need for affording relief to weavers, who, for circumstances beyond their control, are in a sad plight. While we are thankful for such assistance as is being given by the Government of India, there is no denying the fact that handloom weaving is under many serious handicaps which require immediate attention. The Fact Finding Committee is assiduously engaged in studying the question in all its aspects. Meanwhile, the abnormal rise in the price of yarn has rendered the plight of the weavers much worse. Various suggestions such as the control of prices of yarn have been put forward. As control of prices is an all-India question and consideration of various interests involved may take some time, something must be done immediately to avoid further deterioration in the position of weavers. Among the many causes which have contributed to the abnormal rise in the prices of yarn and the textile goods, there is no doubt the pressure which the demands of the Supply Department have put on the Spinning and Weaving Mills is one of them. It is felt that if the orders of the Supply Department are more evenly distributed between the handlooms and powerlooms the pressure on mills is likely to be lessened and thereby cause a reduction in the prices of textile goods and the consequent effect on the prices of yarn. Therefore, we plead once more that no effort should be spared by the Provincial Government to secure orders for handloom products as most of the textile requirements of the Supply Department can be easily satisfied by handloom weavers. We had occasion to refer to the large orders placed by the Supply Department for blankets with handloom wool-weavers. A similar procedure in regard to textile goods will greatly mitigate the suffering caused to handloom weavers. It may also have the indirect effect of bringing down the prices of textile goods avoiding the necessity even to issue a warning to dealers in piece goods against putting up prices, a course which the Government of Bengal was recently forced to adopt.

Better Living Societies.

One striking feature of the progress of the Movement in the United Provinces is the organisation of a large number of Better Living Societies. It is stated in the Administration Report reviewed elsewhere that there were 5,474 Better Living Societies of which 4,055 were organised and supervised by the Rural Development

Department. The following remarks of the Registrar on these societies will be read with interest:

> "Paradoxical as it may seem, India is a rich country inhabited by the poor. That poverty is so grinding that it has left no urge in the rural masses to ameliorate their lot in life. The problem before us is to draw them out of this defeatist attitude on life and create a desire to rise in the scale of human existence. The will to live and the desire for a larger life must be instilled into them so that they may make greater efforts and face the struggle in a more hopeful manner. The object is sought to be achieved through the formation of what have come to be known as "better living societies". The by-laws of such a society impose upon a member both negative and positive duties. On the one hand, he is bidden to avoid extravagance on ceremonial occasions and observance of evil customs that lower his place on the moral plane. On the other hand, he is instructed to live a sanitary and hygienic mode of living, produce more, take to subsidiary occupations and cultivate healthy hobbies. Well-equipped well-tops, pits for storage of manure, ventilators for houses, midwifery on hygienic lines, amicable settlement of village disputes, games and sports, farming with improved implements are of vital importance and they figure prominently in the programme."

In this connection we wish to draw the attention of our readers to the recommendation of the Madras Committee on Co-operation which did not accept the need for separate Better Living Societies. In its opinion the existing societies should be reorganised in such a way that a single organisation serves all the economic needs of the villager and promotes village welfare (paragraphs 331 and 332). The Committee stated, "Joint work, joint responsibility and joint security are the contributions of co-operation to village welfare, and they can be secured for varied purposes in a single organisation." If these Better Living Societies have helped the increase in the acreage under improved crops, in greater use of improved implements, in the construction of new wells, in training *dais* and in the distribution of medicine chests etc., it is difficult to deny their usefulness. Above all the distinct change in the outlook of the villager creating in him the desire for better living brought about by these societies, is no mean achievement. We hope attempts will be made in this province also to start similar societies.

Reserve Bank of India.

We have read carefully the press report of the speech of the Governor of the Reserve Bank and fail to notice any reference to the working of the Agricultural Credit Department which, according to the latest Bulletin, appears to be one of the main branches of the work of the Bank. Evidently the audience he was addressing were least interested in this essential branch of administration. The Governor would have done well to summarise why the Co-operative Movement in India had not so far come up to expectations, how it should be reconstructed and revitalised in order to play its proper part in the direction of supplying credit facilities to the agriculturists and what assistance the Reserve Bank is prepared to offer in achieving this purpose.

Remittance facilities.

Elsewhere we have published the Reserve Bank's latest and revised note on the extension of remittance facilities to the provincial and central co-operative banks. While we admit that the facilities now offered are an improvement on the position taken up in October last, we are constrained to say the conditions imposed amount to needless interference with the working of co-operative institutions which are governed by statutes and rules framed under them. One of the conditions imposed is that the provincial and central banks should prepare the balance sheets in the form suggested by the Reserve Bank and also supply half-yearly statements of their operations in the form prescribed. Is it seriously contended that the present form of balance sheets is defective in any particular even when they are prepared according to rules framed under the various Acts and the accounts are audited by the auditors of the Departments themselves? It cannot be denied even by the worst critic of the Movement that the balance sheets of co-operative institutions give more particulars and afford clearer idea of their financial position. The Reserve Bank has only to convince the Registrar about their defective nature, if any, and such defects will be set right immediately. For the present form of balance sheets, the provincial and the central banks are in no way responsible. They should not be penalised for complying with statutory obligations. The Reserve Bank is not evidently aware that at present the provincial and the central banks submit quarterly statements to the Registrar who in turn submits a consolidated statement to the Provincial Government.

Then again they are threatened with withdrawal of facilities if they work on lines not approved by the Reserve Bank. This raises a question of constitutional importance. Are these institutions to work on lines laid down by the authority which registers them and controls their activities or of the Reserve Bank? As long as the Registrar of Co-operative Societies is satisfied with the working of a co-operative institution, the Reserve Bank must and should deem that institution as working on proper lines. Supposing the lines laid down by the Reserve Bank differ from those of the Registrar, whom are the institutions to satisfy? We feel this condition is a unnecessary interference which the Reserve Bank is not competent to exercise. Instead of putting down these conditions in a communication to the banks concerned, the Reserve Bank would have done well to deal directly with the statutory authorities under the various Co-operative Societies Acts and sought their assurances and accepted them. There seems to be greater need than ever to emphasise the fact that co-operative institutions are governed by statutes and rules framed under them by the Provincial Governments and the Reserve Bank cannot deal with them in the manner in which it deals with the scheduled banks. We regret to say the authorities of the Reserve Bank have completely lost sight of this fact.

It may also be remembered that the remittance facilities now offered, hedged in by so many irksome and unwanted conditions, are only for remittances sent to the provincial bank by the central banks. What about the remittances to central banks from the provincial bank? The burden is now borne by the central banks and that too let it be remembered when these remittances are for providing credit facilities to agriculturists through the primary societies. As the payment of remittance charges in all cases falls on the central banks which practically amounts to shifting the burden on to the village society, the least the Reserve Bank of India can do to assist the spread of the Movement is to afford facilities for remittance of monies to central banks in both the directions *free of charge*.

It is just possible the Reserve Bank may refuse to relax the conditions. Interested as the Provincial Governments should be in the development of agriculture and the provision of necessary facilities for that purpose, they should come forward to bear the commission payable to the Reserve Bank instead of accepting its offer which practically amounts to unnecessary interference in matters outside its jurisdiction. For the sake of comparatively small savings, the Provincial Government should not indirectly compel the provincial and central banks to agree to the conditions adumbrated entrenching on their statutory functions. The Government of the Central Provinces

have accepted this liability for a period of three years from April, 1941.

The Committee on Co-operation considered this question at some length and expressed the view that the existing concession of free transmission of funds for *bona fide* co-operative transactions should be continued by Government. The Committee stated:

> "We have considered this question and are disposed to recommend that in view of a general reduction in the lending rates of co-operative organisations and the low margins on which they are working the existing concession of free remittance of funds for *bona fide* co-operative transactions should be continued by the Government and that for non-co-operative transactions, co-operative banks may be charged the same rates as those charged to scheduled banks for remittances made by them in favour of third parties."

Limitation Act and Arbitrators.

In an article in the *Bombay Co-operative Quarterly*, the question of the application of the Limitation Act to proceedings before the arbitrators has been discussed at some length. In this province we had for many years proceeded on the assumption that the provisions of the Limitation Act were applicable to the arbitration proceedings. However to set at rest all doubts, Rule XV (1-A) was enacted in 1938. It runs as follows:

> "The period of limitation for referring a dispute touching the business of a registered society to the Registrar under sub-section (1) of section 51 of the Act shall be regulated by the provisions of the Indian Limitation Act, 1908 (IX of 1908) as if the dispute were a suit and the Registrar a Civil Court:—
>
> Provided that a dispute between (i) the society or its committee, and (ii) any past committee, any past officer, past agent or past servant, or the nominee, heirs or legal representatives of any deceased officer, deceased agent or deceased servant of the society, shall be referred to the Registrar within two years from the date on which the act or omission with reference to which the dispute arose, took place."

Perhaps enactment of a specific rule on the above lines under the Bombay Co-operative Societies Act may prove decisive instead of merely saying as it is reported that the Law of Limitation "affords some guidance to the *arbitrators who would be justified in rejecting* *stale claims* in all cases where they are convinced that the enforcement of the claims would cause undue hardship on the defendants particularly if the society has not acted as promptly as it ought to have done." It cannot be argued by any stretch of imagination that "the mandatory and rigid principles of the Law of Limitation are not binding upon the arbitrators" appointed under the Co-operative Societies Act. Co-operation is business and all the necessary limitations under which business is conducted should be applicable equally to co-operative concerns.

Co-operative Officials in Conference.

Co-operators in this Presidency will be interested to read the proceedings of the Conference of the Deputy Registrars published elsewhere. We are obliged to the Registrar of Co-operative Societies for this act of courtesy. The proceedings disclose that subjects of importance affecting the Movement have been discussed and the decisions taken will be awaited with equal interest. We venture to suggest that before action is taken on those decisions which may take either form of amendments to rules or executive orders and circulars, the non-official opinion should be consulted. After all the co-operative organisations are essentially non-official institutions and any decision to which they are not willing parties should not be enforced. Perhaps this would have been greatly facilitated if a few representative non-official co-operators had also been invited to take part in the deliberations. In making this suggestion we have in mind the procedure followed in regard to the All-India Registrars' Conference.

"*The essence of moral progress is that man continues to change his former old habits for new gcod ones.*"

Co-operative Supervising Unions.

By Rao Bahadur A. Rajabadar Mudaliar.

The Co-operative Supervising Unions which form a vital part in the co-operative machinery in this Province have a sad tale to tell of their past working. They were constituted on the basic principle of mutual supervision of societies, at a time when owing to the growing magnitude of the work of supervision of societies the Department, which had undertaken that work originally, found it necessary to be relieved of it. There was nothing inherently wrong in the system of mutual supervision. On the other hand it was an ideal arrangement in a co-operative organisation, but in practical working, however, it failed miserably because it fell into the hands not of ideal co-operators, but of ordinary persons with all human deficiencies commonly noticed in them. Mr. D. N. Strathie who had a deep insight into their working as Ex-Registrar of Co-operative Societies, expressed that "the supervising unions system is an excellent one—in fact, the best possible—if only suitable men are available to work it." Unsuitable men who worked the system in most places either with no correct knowledge of co-operative ideals and principles or with corrupt motives of exploitation for selfish ends wrecked their unions and brought ruin to them. The Hon'ble Mr. V. Ramadas Pantulu wrote bitterly of this calamity to the movement in the *Madras Mail* in August 1935 in the following words:—

> "In many districts the supervising agencies which were expected to look after the well-being of these societies and their healthy functioning have practically collapsed; and, with their corrupt and incompetent personnel, they are now a positive danger to the movement in certain areas. The number of dishonest men exploiting the movement for self-aggrandisement has been on the increase for some time, and many of them have succeeded in capturing positions of power in the societies. Numerous instances of fraud and ***benami*** (indirect) loans have been detected from tim. to time."

The Department which was faced with this situation contented itself with mere cancellation of the registration of unsatisfactory Unions and made no attempt to reconstruct them so as to effectively remove the evils noticed in their practical working. Another factor which contributed to the liquidation of Unions was the marked contraction of loan business and consequently of the supervision fund with which the Unions could be maintained. The two fundamental causes, therefore, for the unsatisfactory working of the Supervising Unions were (1) the lack of suitable men and (2) the want of sufficient funds. The present constitution of a Supervising Union permits any member, however unsuitable he may be, for the responsible work of supervision to be elected to the Governing body of the Union. The first step, therefore, should be to restrict the field of election so as to permit only the deserving members to get into the governing bodies of unions. In view of the general paucity of suitable members for such work, the strength of a Union governing body may be fixed at the minimum possible. The last Committee on Co-operation has suggested that it would be well to provide in the by-laws of the union that only representatives of A and B class societies should be elected to its governing body and that provision may also be made for co-option of one or two local men with leisure and disposition to do public work. The Committee has no objection also to a Central Bank nominating one or two individuals to the Union governing body. These suggestions, if adopted, as they well deserve to be, would go some length to improve the efficiency of the governing body. Even so, it may not be possible, under the democratic system of elections in a country where persons who are literate and can think for themselves are so extremely few and rare to ensure that wrong men are kept out of such bodies. It is imperative, therefore, in the light of our past bitter experience that an effective check should be provided against the access of harmful persons into governing bodies of Unions, and the safest instrument of Government to apply the check would obviously be the Registrar whom the Government may empower to veto the election of any member to the Union governing body who in the Registrar's opinion would be distinctly harmful to the healthy working of the Union. A Registrar, who is worth his job, may well be trusted to exercise this power justly and judiciously, and one may be sure that it would be exercised only in absolutely justifying circumstances and in the best interests of the Union. The mere knowledge that the Registrar has that power, would have a marvellous wholesome effect to keep out undesirables from governing bodies. The democratic nature of the elections will still be there as the Registrar will merely veto an election leaving it to the electorate to make another choice.

Another important cause for the failure of the Unions is the inefficiency of the staff of supervisors and the instability of their services. These men have to be brought under proper discipline and made independent of the Union in matters of their punishments.

As I know from my long experience of their working many a supervisor deliberately failed to do his duty of correctly reporting the defects of a society, because of his fear that the President or Secretary or some other member of the union governing body might be displeased or even take him to task for such report. It is open always to a Union President to bring to the notice of the authority which appoints these supervisors any failures on their part for disciplinary action. As a further protection to these men against the infliction of unmerited extreme punishments such as dismissal or long suspension for over a definite period, it would be desirable to provide for appeals against such punishments to a central authority which may be a small committee of say three members of whom the Registrar is one, the President of the Provincial Co-operative Union, the second and another member of that Union nominated by it, the third.

Equally important as the other remedies is the finding of sufficient funds to work the Union. While the funds should ordinarily come from the societies and the Central Bank the duty of the State to supply any deficiency in weaker areas has always been recognised. The Townsend Committee on Co-operation recommended in their report as follows :—

> " In the case of weaker districts, when the supervision fund collected is not adequate to meet the requirements of supervision in the district, we consider that supervision ought not to be starved, and that Government should make such contribution as is necessary to make up the deficit."

I cannot trace what view, if any, was expressed by the last Committee on this point. The Bombay Government has been granting such subsidies to their Supervising Unions. Unless there is a sufficiency of funds no Union can be reasonably expected to work efficiently and when the State maintains a costly Department involving an expenditure of over 14 lakhs of rupees in order to safeguard the Movement in which crores of the poor people's money are involved it should not, in its own best interests, hesitate to contribute a comparatively small subsidy to help Supervising Unions whose object is to watch the day to day working of societies at close quarters and to get timely action taken to correct any defects noticed in them. Unless a Union governing body has the required facility for the Secretary or other members to move about on occasions of unavoidable necessity to deal effectively with an erring society by persuasion or otherwise, the defects once noticed in them would continue unmended for ever as I believe is the case in most societies that I know. The following quotation from an article written by Mr. P. G. Ketkar and published in the *Bombay Co-operative Quarterly* for June 1941 is relevant in this connection and reflects more or less the state of affairs in our province also :—

> "In conclusion I feel equally called upon once more to reiterate that the thousand and one ills that the co-operative organizations have hitherto suffered from and are still suffering from have been ninety per cent. due to the callous delays in the taking of the necessary corrective measures against the offenders and that unless due steps are taken to ensure the avoidance of these delays, no amount of supervision and vigilance could effectively check the continuous recurrence of these ills."

The territorial basis of posting the Departmental inspectors, which is a happy idea of the present Registrar, would be greatly helpful to the Unions in this matter as the Inspector empowered under various provisions of the Act would be handy in the Union area to execute promptly the processes of law and to render such other help as he can.

Much more important than all other suggestions is a closer touch, than in the past, of the Deputy Registrars with the working of Unions in their districts. I am afraid they are a most hardworked lot of officials burdened with a mass of heavy routine work which leaves them little time to spare for such frequent inspections of Unions as are necessary to remove the rot from most societies. It should be possible to relieve them of much of their present unimportant routine which their assistants may unobjectionably do. Mere paper work would produce no appreciable good. If the Department and the non-official institutions would keep themselves in as close touch as possible to each other and work as the two eyes of the human body which have identically the same purpose to serve and the Movement would, by the help of God, be rapidly purged of its present ills, and acquire a healthy state of working in which it can hope to achieve the great objects for which it came into existence.

Functions and Working of The Reserve Bank of India.

By T. Raghavendra Rau,

Secretary, Madras Provincial Co-operative Bank, Ltd.

Under the above caption the authorities of the Reserve Bank have issued a Bulletin and in the Foreword Sir J. B. Taylor, the Governor of the Bank, says " The object of the Bulletin is merely to give a brief idea of the scope of the Bank's operations and to indicate the various sources from which more detailed information may be obtained for those who wish to make a closer study of any aspect of the Bank's activities." The Reserve Bank was established on the 1st April 1935 and prior to that date when the floatation of shares was before the public, tremendous enthusiasm was aroused in the public to apply for and obtain shares of the Bank as it was said that " Nationals " should hold a predominant portion of the share capital of what was termed the " State " or " Central " Bank for India. Its capital of five crores came to be over-subscribed and though it was known at the time that the dividend, at best when declared would be in the neighbourhood of 3½ per cent per annum and there were no other benefits that would accrue to the ordinary share-holder, still there were many who felt disappointed when they could not obtain allotment of as many shares as they desired.

The first chapter contains the Bank's constitution and functions, how " sporadic suggestions had from time to time " were put forward to have a " Central " Bank established, how the Royal Commission on Indian Currency & Finance (1925) recommended the setting up of a Central Bank and how later it took the form of a Bill introduced in the Legislative Assembly by Sir Basil Blackett, the then Finance Member of the Government of India, on the 25th January 1927. But unfortunately the bill came to be ultimately dropped for " Constitutional reasons ". The question however assumed importance again in 1933 and a fresh Bill was introduced by Sir George Schuster, the then Finance Member of the Government of India, on the 8th September 1933 and was enacted in due course and received the assent of the Governor-General on the 6th March 1934. This chapter also contains brief particulars about the constitution of the Central Board and the Local Boards, Functions of the Bank, Issue of Bank Notes, Exchange obligations, Supply of Currency and Coin, Remittance Facilities etc.

"Although it is technically a share-holders' Bank on a joint stock basis its surplus profits, after certain appropriations, accrue to the Central Government." Again "to enable the bank to exercise its control over currency and credit, the Bank is entrusted with the powers usually possessed by Central Banks."

Under the India and Burma (Monetary Arrangements) Order of 1937 the Bank has also the sole right to issue bank notes in Burma. On the 1st April 1935 the Bank took over from the Central Government the duties previously performed by the Controller of the Currency in managing the note issue and reserves, sterling purchases etc. The Bank has the obligation to supply, in exchange for currency notes or bank notes of five rupees or upwards, currency notes or bank notes of lower value or other coins which are legal tender under the Indian Coinage Act.

On the 4th July 1935 the Bank announced the first official bank rate of the country and this was followed by the establishment of statutory contact with the scheduled banks on the 5th July 1935 when the banks lodged their deposits with the Reserve Bank in terms of section 42 of the Act.

The Reserve Bank is a "Bankers' Bank." As already indicated "Every Bank included in the second schedule has to maintain with the Reserve Bank a minimum balance equal to 5 per cent of its demand, and 2 per cent of its time liabilities. The accumulation of these balances with the Reserve Bank places it in a position to use them freely in emergencies to support the scheduled banks whenever they seek its assistance as a lender of the last resort. The Reserve Bank in extending credit takes into consideration not only the nature of the security offered to it, but also the general character of the investments of the applying bank and the manner in which its business as a whole is being conducted. It is to be noted in this connection that the Reserve Bank is empowered by the Act to grant only temporary accommodation and not credit to be used for long term requirements, for speculation or overtrading."

The second chapter contains details of the Internal Organisation of the Bank, the functions of the Central Office which is divided into four departments and consists of the Secretary's section, the Chief Accountant's section, the Agricultural Credit Department and the Exchange Control Department. The Central Office is now permanently situated in Bombay except for the bulk of the Secretary s section which is said to move between Bombay and Calcutta with the Governor of the Bank. The Reserve Bank has five offices of the Banking Department at Bombay, Calcutta, Madras, Delhi and Rangoon. It has also branches of the Banking Department at Lahore, Cawnpore and Karachi. The London Office was opened in April 1936.

The management of the rupee debt of the Central Government and the maintenance of the relative accounts are vested in the Central Public Debt Office. The statutory duties in relation to public debt which were previously performed by the Controller of the Currency are now exercised by the Bank. To give the public some idea of the volume of work done by the Public Debt Office it is stated that in the office of the Bombay Branch alone securities of the face value of Rs. 271.60 crores are held and that about 75,000 interest warrants are issued annually.

Chapter III briefly narrates the functions of the Bank as Bankers to the Central and Provincial Governments, Floatation of Loans, Issue of Treasury Bills, Sterling Transactions, Ways and Means Advances and as Adviser to Governments on Financial and Banking matters.

Chapter IV deals with matters concerning Scheduled and Non-Scheduled Banks. A scheduled bank is one which, by notification by the Central Government in the *Gazette of India*, is directed to be included in the second schedule under section 42 of the Reserve Bank of India Act and which (*a*) has a paid-up capital and reserves of an aggregate value of not less than five lakhs of rupees, and (*b*) is a company as defined in clause (2) of section 2 of the Indian Companies Act of 1913 or a Corporation or a Company incorporated by or under any law in force in any place outside British India. As on the 31st March 1941, it is stated that there were 59 banks in the second schedule to the Act and 5 banks in the second schedule to the India and Burma (Monetary Arrangements) Order. The total number of offices in India and Burma including branches of the scheduled banks comes to 1385 and their total liabilities to Rs. 285.63 crores in India and Burma put together.

The non-scheduled banks are those joint stock banks which have not been included in the second schedule to the Reserve Bank Act. The capital structure of the non-scheduled banks is generally poor. Out of about 604 non-scheduled banks operating in British India on the 31st December 1940 that submit cash reserve returns to the

Reserve Bank, as many as 347 had capital and reserves below Rs. 50,000.

The scheduled banks are under an obligation to submit certain periodical returns to the Reserve Bank and also to the Finance Department of the Central Government and penalties are imposed in case of non-compliance.

This chapter also contains the procedure to be followed for obtaining loans from the Reserve Bank and for discounting Bills of Exchange and Promissory Notes. The paragraph headed "Limitation on Loans by the Reserve Bank" is well-nigh formidable.

> "In conformity with the usual practice of central banks in other parts of the world and with a view to promoting the development of banking on sound lines in this country, the Reserve Bank in extending its credit to scheduled banks has to take into consideration not only the nature of the security offered to it but also the general character of the investments of the applying bank, the manner in which its business as a whole is being conducted, whether for instance it offers excessively high rates of interest in order to attract deposits, whether it seeks help from the Reserve Bank in normal times when funds in the money market are ample and whether it has been overtrading and extending an undue amount of credit for speculative purposes in commodities or securities or indulging in unsecured business to an excessive extent. It is to be noted in this connection that the Reserve Bank is empowered by the Act to grant only temporary accommodation. With a view to ensuring that its credit facilities are not abused in any way the Reserve Bank may call for such information or impose such conditions on the borrowing scheduled bank as it may consider necessary, and a scheduled bank requiring assistance from the Reserve Bank is expected to supply such information as may be called for.
>
> Like any other bank, the Reserve Bank of course reserves the discretion to refuse to rediscount the paper of any particular scheduled bank without assigning a reason. But scheduled banks which are run on sound lines may always expect to receive ready assistance from the Reserve Bank in times of emergency or stringency subject to their offering suitable security."

As regards discounting of Bills certain conditions are laid down, one of them being that a bill "has a fixed maturity, not exceeding 90 days, excluding days of grace, from the date of purchase or rediscount

by the Reserve Bank." The Reserve Bank does not accept a promissory note or a bill of exchange payable on demand, as it is said that these instruments have no fixed maturity. The Reserve Bank however suggests that "the difficulty may in practice be overcome by asking the banks concerned to have their demand bills or promissory notes changed into usance bills or promissory notes." "Usance" Bills are those which have a fixed date of maturity.

Advances against promissory notes supported by documents of title to goods is governed by section 17 (4) (*d*) of the Reserve Bank Act which runs as follows:—

"To make to scheduled banks loans and advances repayable on demand or on the expiry of fixed periods not exceeding ninety days against the security of promissory notes of any scheduled bank, Burma scheduled bank, provincial co-operative bank, or Burma Co-operative bank, supported by documents of title to goods which have been transferred, assigned or pledged to any such bank as security for a cash credit or overdraft granted for *bona fide* commercial or trade transactions, or for the purpose of financing seasonal agricultural operations or the marketing of crops."

The Reserve Bank is accordingly able to make advances to a scheduled bank against its (the scheduled bank's) promissory note which meets the requirements specified in this sub-section.

The word "which" in this sub-section refers to "documents of title to goods" and not to "goods" because if the goods themselves have been transferred to a scheduled bank by its customer the document of title will have to be created by the scheduled bank which had made the advance and it is not possible for a scheduled bank legally to create such a document in respect of goods pledged with it, inasmuch as, though it is in possession of the goods of its customer, it is not his mercantile agent as defined by section 1 of the Indian Sale of Goods Act. It follows therefore that the scheduled bank must have given an advance to its customer against documents of title to goods and not against the goods themselves if it is to pass this paper to the Reserve Bank for obtaining accommodation from it. Documents of title to goods as defined in section 2 of the Indian Sale of Goods Act include a "bill of lading, dock warrant, warehousekeeper's certificate, wharfinger's certificate, railway receipt, warrant or order for the delivery of goods and other documents used in the ordinary course of business as proof of the possession of or control of goods or authorizing or purporting to authorize either by endorsement or by delivery the possessor of the documents to transfer or receive goods thereby represented." Of such documents only those which are fully negotiable instruments are eligible for collateral under this sub-section. "Although, owing to the lack of a sufficient number of warehouses in India, this section has not been of much practical value to the scheduled banks so far, there should not be any difficulty in the way of these banks obtaining accommodation from the Reserve Bank against their loans against merchandise supported by demand promissory notes provided the banks convert such promissory notes which will become eligible for rediscount under section 17 (4) (c)."

The interpretation put on this section by the Reserve Bank occasioned a good deal of comment, criticism and protest by the Banks in Madras in 1938 when the failure of a local bank with wide ramifications brought the Governor and the Deputy Governor to Madras to make local investigation. A deputation of Bankers waited on them but with no effect. The way in which the word "which" was interpreted as stated above gave a shock not only to the banking community but also to the business section as it indirectly condemned the methods and practice adopted by the business community ever since foreign and internal trade of the country was organised on western lines. The interpretation thus put by the Reserve Bank on this section, the meagre help which scheduled banks were given to understand they could obtain from the Reserve Bank would have augmented the panic prevailing at that time in South India but for the timely issue of a statement by the Chief Minister, Sri C. Rajagopalachariar.

The conditions for obtaining advances against Agricultural Paper are equally stringent.

"Section 17 (2) (b) authorizes the Reserve Bank to purchase, sell or rediscount agricultural bills which satisfy the conditions laid down in this section, namely,

(i) that they are drawn and payable in India or Burma,

(ii) that they bear two or more good signatures, one of which is that of a scheduled bank or a provincial co-operative bank,

(iii) that they are drawn or issued for the purpose of financing seasonal agricultural operations or the marketing of crops, and,

(iv) that they mature within nine months from the date of purchase or rediscount by the Reserve Bank exclusive of days of grace.

In the case of this paper also, the same general conditions apply as in (a) above, *mutatis mutandis*"

Later the Bulletin states as follows :—

"The following points may be clarified in the case of accommodation under sections 17 (2) (b) and 4 (c):—

(*a*) Section 17 (2) (b) requires that bills or promissory notes offered for purchase or rediscount must bear two good signatures, one of which should be that of a provincial co-operative bank. It is, therefore, obvious that the provincial co-operative bank offering bills for rediscount and the central co-operative Bank (or marketing society or warehousing society as the case may be) whose second signature appears on the bill or promissory note must be financially sound. In order to judge the financial position of the provincial co-operative bank and the central co-operative bank, the Reserve Bank may need detailed information regarding their working.

(*b*) The bills or promissory notes which are offered for purchase or rediscount by the Reserve Bank must be maturing within nine months from the date of such purchase or rediscount by the Bank. The bills or promissory notes must be therefore time bills or promissory notes, and must have a fixed maturity. In those Provinces where advances to co-operative banks and societies are made against demand promissory notes, the present practice will have to be modified in future, in any case in the case of those promissory notes which are to be offered to the Reserve Bank for rediscount.

(*c*) The bills or promissory notes must have been drawn in proper legal form so as to make them fully negotiable instruments. The promissory notes against which advances are made to co-operative societies are at times hedged round with various conditions such as payment of penal interest in case of default, stipulation for repayment of the loan earlier under certain circumstances, acceptance of repayments in small sums before the due date, etc. The promissory notes which are likely to be offered for purchase by the Reserve Bank should be free from such conditions as militate against their free negotiability. In other words, all that is required for obtaining rediscount facilities from the Bank is that the agricultural paper intended to be rediscounted with the Bank should be drawn in the form of simple usance bill or a usance promissory note drawn by the Central Bank and endorsed by the Provincial Co-operative Bank and the latter should certify by a separate document that the paper is drawn for financing seasonal agricultural operations or the marketing of crops."

No Provincial Co-operative Bank has succeeded in obtaining advances from the Reserve Bank on the security of agriculture paper and the Bulletin glibly states that, " Most of the provincial co-operative banks have probably ample funds at present and do not stand in need of any financial accommodation from the Reserve Bank; they can, however, look to the Bank for assistance in case of need. Certain provincial co-operative banks have already had recourse to the Reserve Bank for financial accommodation. Though this accommodation was granted under section 17(4) (a) of the Act, they can as well obtain accommodation under some of the other subsections of section 17 of the Act."

Remittance Facilities : This para contains particulars of special facilities granted to scheduled banks for the remittance of money. One of the earliest of concessions made to co-operative societies and banks when the India Act X of 1904 came into force was the free transfer of funds from one treasury to another on behalf of co-operative institutions. The old Presidency Banks and later the Imperial Bank of India were authorized by the Government to continue such facilities wherever the bank and its branches had access to treasury currency chests. The Reserve Bank from the date of its inauguration was functioning in the same way as the Imperial Bank. Recently, however, the concession of free transfers has been withdrawn, co-operative banks are put into the same category as Indigenous Bankers and treated worse than scheduled banks in the rates offered for transfer of funds. Yet land revenue forms the predominant item of revenue in the budgets of Governments, agriculturists are those that contribute the land revenue and co-operation is intended to help agriculturists. Co-operators all over the country are carrying on an agitation for a revival of free transfer facilities that have been in existence for about three decades now.

During the six years that the Reserve Bank has completed since its inauguration in April 1935 its Agricultural Credit Department has issued two reports as required under section 55(1) of the Reserve Bank Act with proposals for legislation on the following matters ***viz.*** **:—**

(*a*) the extension of the provisions of the Act relating to scheduled banks to persons and firms, not being scheduled banks, engaged in British India in the business of banking, and

(*b*) the improvement of the machinery for dealing with agricultural finance and methods for effecting a closer co-operation between agricultural enterprise and the operations of the Bank. The preliminary report was published in December 1936 and the Statutory Report in December 1937.

The Bank has till now issued four Bulletins publishing the studies made by the Department. With much that is contained in the Reports and the Bulletins, informed co-operative opinion is at variance. As regards the proposals made to enable co-operative banks to obtain financial accommodation from the Reserve Bank, not only the All India Provincial Co-operative Banks Association but also several Provincial Co-operative Banks have protested against the stringent regulations sought to be imposed on them. Their main contention is that all the co-operative organisations are working under the strict control of the Registrars of the several Provinces who exercise adequate supervision to see that the several Acts and Rules are obeyed and that the Banks submit the various Returns required by the respective Governments of the Provinces and maintain Fluid Resources according to standards laid down by them and that the requirements of the Reserve Bank instead of implementing the procedure laid down by the Government leads to dual control of the whole Co-operative Movement in the country.

The Bulletin says that " The Reserve Bank can help the Land Mortgage Banks by buying their debentures or making loans against them provided they are guaranteed by Government both in respect of principal and interest and provided they are readily marketable. With this object, the Bank considers that it is in the interests of Land Mortgage Banks that they should interest genuine investors in their debentures." It may be contended that the effective method of interesting genuine investors in these debentures is by disseminating news that the State Bank, which the Reserve Bank is, has invested in such debentures and that it has advanced loans on them. Land Mortgage Banks have so far received assistance from the Reserve Bank neither in the shape of advances nor in having their debentures purchased by the Reserve Bank.

The concluding portion contains paragraphs on Indigenous Bankers, Exchange Control, Prohibition of import of Bank of England Notes, Acquisition of Dollar Balances and Securities etc.

On the whole the Bulletin contains interesting matter on the Functions and working of the Reserve Bank of India not hitherto found in a compact form.

The Bulletin gives ample evidence that the framers of the constitution of the Reserve Bank had the welfare of the agriculturist and the business community of the country at heart though the Bulletin reveals that in actual working the Reserve Bank is proceeding woefully slowly and is exhibiting undue caution.

When the Bank was inagurated Sir Osborne Smith, a Banker of great repute was the Governor. He later resigned and Sir J. B. Taylor, an Official in the Finance Department of the Government of India succeeded him. Sir Sikandar Hyat Khan was appointed Deputy Governor when Sir J. B. Taylor was promoted but soon the affections of Sir Sikandar was transferred to his native Province in the political field and Sir Manilal Nanavati has been the Deputy Governor ever since. The opinion is held in certain quarters that the Reserve Bank lacks the push which a practical banker at the helm could alone give and if for political or other reasons no such person could be thought of at present, at least an Indian could be found from among the Banking community in India to fill in the place of the Deputy Governor which has been kept vacant from the beginning.

The Bulletin is well got-up, contains photographs of the Governor, the Deputy Governor and the Members of the Central Board and Pictures of its Bombay, Rangoon and Lahore offices and information useful to the Banker and Co-operator as well.

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Co-operative Movement in India.

A REVIEW *

The annual publication by the Government of India relating to the Co-operative Movement for 1938-39 is now available to the public. The figures are just two years old. All the same, it should be of interest to Co-operators, as it is the only publication giving an All-India picture of the Movement. Statistics relating to all the British Indian Provinces and nine Indian States are given. The States included are Mysore, Travancore, Cochin, Hyderabad, Baroda, Indore, Gwalior, Bhopal and Kashmir.

2. We shall consider the figures under two broad heads (*i*) Financing Banks—Provincial and Central Banks—and (*ii*) Primary Societies. They will be sub-divided into British India and Indian States.

3. *Financing Banks.*—The main items of their operations are exhibited below:—

(In lakhs of Rupees).

	Provincial Banks.		**Central Banks.**	
	Br. India.	Indian States.	Br. India.	Indian States
1. No. of Banks	8	2†	484	110
	Rs.	Rs.	Rs.	Rs.
2. Paid up Share Capital	69.75	7.60	231.31	30.69
3. Reserve and other funds	106.78	13.51	361.24	41.99
4. Borrowed capital	1,032.13	55.34	2,111.21	165.75
5. Working capital	1,208.66	76.45	2,703.76	238.43

Provincial Banks.—A detailed review of the operations of these banks, based on their latest figures appeared in this Journal last month (July, 1941). The operations of the Central Banks alone are therefore considered.

Central Banks.—These banks are the pivots of the Co-operative Banking organization. It is their task to develop Co-operative enterprise in all its forms in their area of operations. They have to mobilize the resources of their locality and finance the borrowing wants of the countryside.

Number.—Punjab has the largest number of Central Banks, *viz.*, 120, and Bengal comes next with 117; United Provinces have 70, and Bihar and Orissa together have 68. The total number of Banks in these five

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* Statistical statements relating to Co-operative Movement in India for 1938-39.

† Mysore and Hyderabad States alone have Provincial Banks.

Provinces is 375, out of 484 for the whole of British India. Madras has 30 Banks, Bombay 11, Central Provinces and Berar 35, and Assam 20. The policy in the whole of the Northern India has been to have small Central Banks which will both finance and supervise Primary Societies. In the Central and South India, the revenue district has been adopted as the unit for a Bank. They finance societies, but supervision is left to Unions. Out of 493 Supervising Unions in the British Indian Provinces, Madras had 263, Bombay 128, and Sind 53—total 444. The ten other provinces had 49 Unions.

Working Capital.—The paid-up capital of the Central Banks was Rs. 262 lakhs, Reserve and other funds Rs. 403.23 lakhs, the borrowed capital Rs. 2,276.96 lakhs, and the working capital Rs. 2,942.19 lakhs. Rs. 30 crores is the working capital of these banks as compared to Rs. 350 crores of the 64 Scheduled Banks. About their investments, the only information available is the loans due. Individuals owed Rs. 76.98 lakhs and Primary Societies owed Rs. 1,915.51 lakhs (almost Rs. 20 crores). What cash and other liquid investments they held we do not know. These banks are *pucca* banks like their *Confrere*—the Joint Stock banks. They raise working capital by deposits: Fixed, Current and Savings, and carry on general banking business; but they can lend only to Co-operative Societies. That is what they have been created for. We must, therefore, judge these banks by the same banking tests and standards. It would be helpful if figures of Demand and Time Liabilities, and Cash and liquid investments maintained, are obtained and published. It would also be interesting if figures could be made available about the number of banks with an owned Capital of Rs. 5 lakhs and over. (That is the minimum requirement for a Bank to be included as a Scheduled Bank). It would also be useful if banks are classified according to the size of their working capital. Banks with a working capital of Rs. 5 lakhs and less; Banks with, say, between Rs. 5 and 15 lakhs; Banks with between Rs. 15 and 25 lakhs; and Banks with over Rs. 25 lakhs. These additional statements will enhance the utility of the publication. The present method of presentation of statistics of these important financial institutions is time-worn and requires revision.

Loans.—The Central Banks lent during the year Rs. 914.51 lakhs (almost Rs. 10 crores) to Primary Societies. The rate of interest charged is lowest in Madras, viz., 5 per cent., and the highest in Bihar viz., 12½ per cent. The rate on Deposits does not exceed 5 per cent. in any province.

General.—The Financing Banks (Provincial and Central Banks) held as deposits Rs. 34 crores, out of which Rs. 22 crores are from non-co-operative sources, and a bare Rs. 15 lakhs from Government. Their total working capital was Rs. 42 crores. These banks which are mainly concerned with rural finance have an important role in the Banking organization of India.

4. *Primary Societies. Number.*—These are the bricks of the co-operative edifice. Banking, trading, industry, and housing are the main activities. We had in the whole of India, 1,22,167 societies of which 1,05,498 were agricultural and 15,539 non-agricultural. Agricultural ***Credit*** Societies numbered 93,767, and Non-agricultural credit societies numbered 6,699. On the whole, we had 1,00,466 credit societies, both in town and country, and 21,701 societies for purposes other than credit. How many of these are functioning well we have no means of knowing from these statistics.

Membership.—The total number of members in Primary Societies was 54 lakhs—36 lakhs in agricultural societies and 18 lakhs in non-agricultural. Out of every 1000 inhabitants, 17 were members of societies. Between 1934 and 1939, 11,30,000 new members joined the Movement, as compared to 6,33,000 in the preceding quinquinnium. We should like to see the membership increase faster, considering the large population out of the Movement. That will be a proof of the vitality and usefulness of societies.

Working Capital.—(In lakhs of Rupees).

	Agricultural Societies.		Non-Agricultural Societies.	
	Br. India.	Indian States.	Br. India.	Indian States.
	Rs.	Rs.	Rs.	Rs.
1. Share Capital ...	335.45	70.49	525.34	94.93
2. Reserve and other funds ...	748.70	123.26	326.59	49.77
3. Borrowed Capital ...	1,733.11	150.41	1,538.30	188.41
4. Working Capital ...	2,817.26	344.16	2,390.23	333.11
5. No. of societies ...	90,527	14,744	12,603	2,927
6. No. of Members ...	31,00,000	4,55 000	14,31,000	2,76,000

The composition of the Borrowed Capital is given below:—

(In lakhs of Rupees).

	Agricultural Societies.		Non-Agricultural Societies.	
	Br. India.	Indian States.	Br. India.	Indian States.
	Rs.	Rs.	Rs.	Rs.
1. Members' deposits ...	118.71	16.80	819.16	97.96
2. Non-Members' deposits.	120.48	9.93	549.27	64.22
3. Other Societies ...	10.44	0.51	10.84	1.07
4. Government ...	6.82	1.65	50.96	3.52
5. Financing Banks ...	1,476.66	121.52	108.07	21.64
Total ...	1,733.11	150.41	1,538.30	188.41

The figures show how largely agricultural societies are dependent on financing banks. 85 per cent. of the borrowed money is from financing banks. The non-agricultural societies are practically self-supporting—7 per cent. of the borrowed money is from financing banks. But, Government money is more in non-agricultural than in agricultural societies—Rs. 54 lakhs in the former, and Rs. 8 lakhs in the latter. To what enterprises Government has lent money, is not ascertainable from the Report

—may be, Building Societies. We also see how largely the Co-operative Societies depend upon public support, and how little on Government finance.

Loans and Overdues.—During the year the agricultural societies disbursed Rs. 674.94 lakhs (almost Rs. 7 crores) as loans to individual members, and non-agricultural societies disbursed Rs. 1,490.68 (almost 15 crores). Both together lent Rs. 22 crores. If the agricultural societies were more efficient, they could have lent Rs. 25 crores on a very modest estimate. What productive power would that have been !!. That is a dream, however. About Rs. 12 crores are overdue, out of Rs. 25 crores outstanding against members of agricultural societies. In non-agricultural societies, Rs. 20 crores were outstanding of which Rs. 2¾ crores were overdue.

The statistics are thought-provoking, and they have been the subject of several treatises, reports, Blue Books and White Papers. Some reflections are worth recording.

Dr. Fay (and several others) remarks "Co-operation hitherto has meant to India co-operative credit and little else."

Agricultural credit societies have not tapped the resources of the countryside. They have been mainly the distributing agencies of the funds of the Central Banks.

They have been bad lenders and un-punctual repayers. The managements of societies have been inefficient. It is all loan and no thrift. "Thrift is a sleeping partner".

Agricultural marketing has not received the attention that it deserves in a country like India.

The Consumers' Stores have not developed in towns. We have some 2,600 towns in India, and there are about 700 Purchase and Sale Societies.

Efforts are being made in every province in the necessary directions. We have not got a clean slate and progress is a question of time, education and hard work.

5. *Unions.*—We had in the whole of India, 526 Supervising Unions, out of which 444 were in Madras (263), Bombay (128), and Sind (53), 49 were in the other British Indian Provinces, and 33 were in the States. The number of affiliated societies was about 35,000, out of a lakh of societies. They employed 1,346 supervisors and spent Rs. 13¾ lakhs.

These bodies had a fairly long trial in different areas, and they have not come up to expectations, with rare exceptions. Guaranteeing Unions, Supervising Unions and Banking Unions have failed. In Madras, Central Banks are now attempting this task with the aid of their administrative sections and Unions, and success is hoped for. Some credit the Government agency with wondrous powers, but that is not an untried experiment.

6. *Land Mortgage Banks.*—Madras and Bombay have now separate financial organizations for short and long term finance. The ordinary societies are to confine themselves to short term cultivation finance, and the Mortgage Banks are to deal with long term loans. In Madras, a statutory rule is proposed to be enacted to the effect that no financing bank or credit society, other than a Land Mortgage Bank, shall grant loans for periods longer than 3 years. A rule will settle the long-debated question; and Madras will have the distinction of having cut this Gordian knot.

We had 3 Land Mortgage Banks in Madras, and 15 in Bombay. Both the provinces have central institutions for raising debentures which are guaranteed by the respective Local Governments. In the Central Provinces, the Provincial Bank is raising the debentures (Government guaranteed) and financing the Land Mortgage Banks which number 21. About Rs. 3 crores have been lent to individuals and about Rs. 12 lakhs are overdue. There are 79 banks in the rest of India and they are experimental activities.

7. ***Insurance.***—We had one Cattle Insurance Society in Bombay and it did no work in the year.

We had 9 insurance societies for other purposes, mostly life. Madras had 2, Bombay 1, Bengal 1, U. P. 2, and 3 in the States. The premia collected in the year was Rs. 9½ lakhs, and the amount of risk carried was Rs. 1¾ crores. The Life Fund amounted to Rs.7¾ lakhs. These institutions can be very good feeders of funds for Land Mortgage Banks, as the life funds of successful insurance societies are almost permanent funds: they rarely decrease; always increase.

8. Figures are furnished by provinces and States. Neither in area nor in population, are the provinces uniform. Though comparison by provinces may not therefore be quite appropriate, it has become customary.

For every one lakh inhabitants, Punjab has 92 societies, Bengal 57, Orissa 37, Sind 31, C. P. & Berar 28, Madras 27, Bombay 25, U P. 21, Bihar 20 and Assam 16 societies. Out of every 1000 inhabitants, 35 in Punjab are members of societies; 30 in Bombay, 21 in Madras, 17 in Bengal, 10 in U. P., 5 in Bihar and 5 in C. P.

In working capital, Madras tops the list with Rs. 22 crores; Bengal comes next with Rs. 20 crores, and Bombay and the Punjab have each Rs. 17 crores.

Central Banks in the Punjab have the largest working capital with Rs. 6.57 crores. Madras comes next with Rs. 5.66 crores; Bengal has Rs. 5.29 crores, and Bombay Rs. 3 crores.

Agricultural Societies in the Punjab come first with Rs. 7 crores, Bengal next with Rs 6¼ crores; Madras is third with Rs. 5¾ crores, and Bombay is next with Rs. 3 crores.

Non-agricultural societies in Bombay top the list with Rs. 7 crores; Bengal has Rs. 6 crores; Madras has Rs. 4¾ crores, and the Punjab Rs. 1¾ crores.

9. We have much leeway to make up. Inefficient societies have discredited our co-operative work. For some years, we may usefully concentrate on having better societies and not more societies. Our slogan has to be "Quality" and not "Quantity." Let me recall Lord Curzon's words. "Let us contemplate in districts or towns or villages here and there a few of these institutions coming into existence and gradually striking their roots in the soil. Each tree so rooted will ultimately cast its own shade and will be the parent of others."

T. R. N.

War has revived our Rural Industries.

BY SYDNEY MOORHOUSE, F.R.G.S.

The tentacles of war spread far, and the present hostilities have had their repercussions in all parts of the British Isles, hamlet and village. Perhaps one of the few redeeming features of the past eighteen months has been that rural craftsmen have again found needs for their skill, and, indeed, many of the dying industries and crafts have been afforded a new lease of life as the direct result of the war.

For many years past our rural industries have been neglected, and country and village workers have been forced into the towns in search of employment. True, the Rural Industries Bureau, formed in 1916, has done much to stimulate interest in traditional village crafts, but the country craftsmen have, in many cases, been unable to meet the competition of machine-made products.

Under modern war conditions, however, the rural craftsman has once more come into his own, and our country blacksmiths, potters, basket-makers, and other workers are now playing a great part in the nation's war effort.

The ancient craft of basket-making, especially has enjoyed a fillip since the outbreak of war. Foreign competition, particularly that of Poland, had practically ousted the work of the British craftsmen from the home markets, and, although it was estimated that over two million baskets were used each year at Covent Garden alone, the greater proportion of these came from abroad. Indeed, until Hitler's invasion of Poland and the other basket-producing lands of the Low Countries, the importation of foreign baskets was costing this country nearly £ 50,000 every year.

To-day, however, there are no imports, and as these utensils are very necessary in agriculture and in the textile industry, the basket-makers of Somerset, East Anglia, the Douglas and Lune Valleys of Lancashire, and other parts of the country are working at top pressure in order to cope with the demands for their wares.

The majority of the osiers used, too, came from abroad, Holland, Belgium, and even Germany being great suppliers; but for some time there have been willow beds in various parts of Britain, and home-grown osiers are now being used. The low lying parts of Somerset and East Anglia are specially suitable for their cultivation, and some years ago willow trees were planted alongside roads running over marshland in order to indicate the edge of the highway at night-time, as well as to supply the needs of the basket-workers

Willows also thrive well on sewage beds, and in some districts far-sighted local authorities have planted these trees on their sewage farms. As there is no other tree which more quickly "pays for its keep," the enterprise of these bodies has been amply rewarded.

The rural potter is another craftsman whose utility has been increased by the war. Imports of foreign enamel, aluminium, and galvanised ware are suspended, and as aluminium, tin, and iron have become too precious to be used in the making of household ware, the manufacturing of metal utensils for use in the kitchen has been seriously interfered with. Hence, rural potteries have benefited, for earthenware bread pans, storage pots, pitchers, preserve jars, and the like are in greater demand now than for many years past.

Another old craft that has been revived during the past eighteen months is that of besom-making, and the besom-makers of Yorkshire and North Lancashire are now turning out these articles for use in the iron-foundries and other metal-working establishments where the usual type of brush would be of little use.

The besoms are constructed of bundles of ling, heather, or birch twigs, and are bound round a handle of either birch of sycamore. Some makers use wire for binding purposes, but the older workers still favour birch bark, a longer but much more durable process.

The development of agriculture and the use of the horse-drawn vehicle—brought about by the shortage of available petrol—has resulted in more work for the rural blacksmith, and those smiths whose establishments are equipped with oxyacetylene welding plants are finding a great deal of work in keeping the various farm implements in repair.

In the Furness district of the English Lakeland the war has been responsible for reviving a craft that had practically gone out of existence—that of hoop-making. A couple of decades or so ago large quantities of hoops for fixing on barrels and casks were being sent from the Furness wood-working establishments every week, but it was found that the Lakeland workers could not compete with the mass-production methods employed in Holland, Belgium, and Northern France, with the consequence that practically all the hoops being used by British coopers immediately before the war were imported from these countries.

To-day the hoop-making lands are in the hands of the Nazis, and the Lakeland craftsmen are again busy supplying the needs of the coopers.

The fact that the industry has been defunct for so long has made it difficult to obtain experienced workers, for few young men have any knowledge of the craft of hoop-making. Consequently, some of those who were working many years ago have had to be called upon, and at one Backbarrow hoop-making establishment men of seventy and even eighty years of age have gone back to their old trades.

In the coppices of the South and the Midlands tent peg makers are kept busy in supplying the needs of the Army authorities, who have always favoured the use of handmade tent pegs, and in other parts of the country the clothes peg makers are working long hours. A couple of years ago the housewife used German pegs when putting her washing out on the line, but to-day these supplies are not available, and the British peg makers have been called upon to fill the need.

This war-time revival of so many rural industries has, indeed, been a pleasing feature, and revealed to the country the skill of many of our old craftsmen. Changes will, of course, be inevitable in the post-war world, but one sincerely hopes that never again will our country trades and crafts be allowed to fall into such neglect as has been the case during the past decade.

(" *The Millgate* "—*May 1941.*)

Education for Rural Life.

BY EDWIN R. EMBREE.[*]

Here is an eloquent plea for a new approach to rural education, not in superficial things but in fundamentals. "Hundreds of millions of dollars of taxpayers' money," the author says, "is going into schools that are not educational institutions at all but simply a species of jail for keeping children in order for a few hours each day. * * * In many ways the educational procedures of primitive men were more sensible and more effective than the schools of to-day." The function of the school, he points out, is to prepare young people for happy and successful living. Education is not simply the covering of a series of specified topics. We are at the beginning of what bids fair to be a rural renaissance. For the first time in a hundred years we are recognizing the desirable qualities of the countryside. The school succeeds only as it contributes to the community as well as to the skill and knowledge of individual pupils.

The function of education has always been to prepare young people for happy and successful living in the communities of which they are a part. We are constantly forgetting this sole and essential purpose. We easily fall into a worship of certain subjects and certain methods of teaching as if these were in themselves the ends of education. If education is to be of real service to farm life and to rural children, we must cease to be awed by traditional subjects and procedures and build our schools on the essential needs of the countryside and the country child.

Education is no new enterprise. It has existed in all societies. And in many ways the educational procedures of primitive men were more sensible and more effective than the schools of to-day. At any rate the ancients knew what they wanted, and they went about it vigorously and directly. The boys learned warfare, hunting, and hardihood as well as many manual arts. The girls learned cooking, weaving, and other women's skills, and also the duties of wife and homemaker. Both boys and girls were steeped in the traditions and morals and ideals of their group. The societies of adolescents and the spectacular and often prolonged initiation ceremonies were for the sole and direct purpose of preparing young people for their coming responsibilities as members of the tribe. American Indians, Polynesian islanders and African tribesmen went to school arduously and on the whole successfully centuries before the little red schoolhouse came into being in Europe and North America.

The formal schooling of western Europe and modern America grew from the same need as the home training and societies of adolescents of the ancient tribes. As the mechanics of life became more complex—especially with the growth of reading and writing and science and mechanics—the duties of the school became more onerous and time consuming. During the last century or two, with the upsurge of science and the industrial revolution, the obligations of the school became almost overwhelming. It was necessary to divide up the tasks and classify the studies. Specialists were called in to handle the skills of reading and figuring, others to teach the crafts, others to pass on the traditions and morals, and still others to foster such specialities as the language of other groups, the fine arts, and especially the new and complicated tools of science and mechanics. Some of this education was given in the home, some of it by priests and preachers, most of it in special buildings called schools. About each department of learning grew up a special profession of teachers, special text-books, special traditions and feelings of prestige.

Finally, in the modern world, classes or special divisions of subject matter became so sharply differentiated and so highly organized that the subjects themselves began to overshadow the purposes for which they had been created. Education, instead of preparation for life, came to be thought of as simply the covering of a series of specified topics. Heated arguments arose in defence of given classes, not as to whether they would help the child live happily and successfully in his society, but as to their tradition—hallowed place in something called Education—with a very large E. "No one can be called educated who has not studied Latin"; "hand skills and morals have no place in proper education"; "science is the basis of true education" —these are a few examples of the kind of statements made.

Recently the futility of all this scholastic hullabaloo has dawned upon us. To-day most of us do not talk about the sacredness to education of any given subject. Instead, with the same directness as the primitives, we are trying to build our schools upon the needs of the children and of the society of which they are a part.

This does not mean that we are going back to the learning routines of the early Indians or the Pacific islanders. Our society is very different from theirs, and the schooling of our children must therefore be very different. Among other things, our life is much more complex. We have built upon the learning of the ancients great superstructures of written literature and of science and mechanics, and we have built a society in which each citizen is supposed to take part in the control of policy as well as in labour. Our schools have a tremendous task in preparing children for this complex modern world. But in its essence, the function of the school today is just the same as it has always been: To prepare young people for happy and successful living in their world.

The Rural Renaissance.

Not only did we for a time allow the school to run off into a plethora of formal, scholastic subjects poorly related to the needs of actual life, but

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during the last century we especially forgot or ignored the needs of country life and the rural child. A special task, therefore, as we reorganize education in this country is to consider the needs of the rural school and the possibilities of making life rich and full on the farm as well as in the city.

We are at the beginning of what bids fair to be a rural renaissance. Country life is receiving attention and interest in the United States unequalled since colonial days. For the first time in 100 years we are recognizing the desirable qualities of the countryside.

There has been a strange contradiction in American history and in American ambition throughout the whole period of our national growth. While our history has been the conquest and cultivation of every new and greater territory, our economic and cultural interest have been increasingly urban and industrial. The new Nation came into being just as the industrial revolution was getting into full swing. We grew up with the Machine Age. So while we kept swallowing up huge new territories—the Western Reserve, the Mississippi Valley, Florida, Louisiana, the Southwest, the Northwest, California—our interest really was not in land but in machines.

The very riches and expanse of the land helped to magnify the urban industrialism. The underground deposits of coal and iron and oil fed the manufacturing plants. The spread of territory gave scope to the huge industries of railroading and later on motor traffic and airplanes. Cotton and tobacco and other commercial crops became such big items in the national economy that interest in them shifted from the farm to the office and the factory. Cattle raising developed its headquarters in Chicago and Kansas City, rather than on the plains and the ranches. Forests were ruthlessly denuded to furnish timber for the towns and newspaper pulp for the cities. The whole American countryside poured its interest and its wealth into the building up of a spectacular urban civilization. Today, although this Nation covers most of the temperate zone of a whole great continent, over half our population is classed as urban while about 30 per cent of all the people live in cities of more than 100,000. But much more than in mere residence, our interest and our ambitions have centered in city life and in industry.

All that is beginning to change. It is not that any spectacular migration back to the soil has set in. Even during the depths of the depression there was no mass movement towards the nourishing bosom of Mother Nature. Mechanical invention still continues; industrial efficiency proceeds; the labour-saving devices of machinery and mass production are steadily developing. And no sensible man can regret the advances which make it possible for more and more necessities, conveniences, and luxuries to be produced so that greater numbers of the total population can share in this enlarging wealth. But the adulation of industrialism as the be-all and end-all of human life has passed its zenith.

Country people need no longer look upon migration to the city as an escape from isolation and inconvenience. For, interestingly enough, industry today is beginning to direct a great deal of its effort to the enrichment of the countryside. Electrification, one of the greatest of modern industries, is now finding its largest development in the rural regions. Movies and radio are transforming the art and the communications available to the rural dweller. Automobiles and good roads have brought easy mobility to rustic masses formerly almost plantlike in their restriction of movement from the local base. Big stores, formerly city phenomena, are extending the widest variety of purchasable goods to every hamlet through mail–order and retail chains. With comforts, conveniences, and ready communication, country life in many places is a very different thing from the stark and barren struggle for existence which our forefathers knew.

The present tend, however, is not so much back to the country as back to a regard for living as contrasted to exclusive devotion to making a living. We are freeing ourselves from the obsession for money as contrasted to real wealth; our eyes are no longer wholly blinded by the garish neon lights of " success "; there is a little mitigation in the mad rush to keep up with the Joneses. In this fresh regard for the content and quality of life itself, country living takes its place on its own merits, not necessarily above tenement and apartment living in cities, but simply as one of the potentially satisfying ways of life.

Rural Schools and the Nation.

What happens in the rural schools of the Nation is not the problem of rural communities alone. It concerns all of us. For one thing, if we can devise good educational practices anywhere, these may be expected in time to influence the whole school system.

Furthermore, the people who live in cities have a very direct interest in country schools because to a great degree the future citizens of the large centres are being educated not in the schools of those centres but in the rural communities. Urban populations are not reproducing themselves, and rural regions are continuing to produce surplus populations which are continually moving into cities. In the southern rural States, for example, the number of children under 5 years old per 1,000 native white women of child-bearing age (20 to 44 years) is more than double that of northern industrial regions, figures for typical States being 827 for North Carolina, 786 for Alabama, 777 for South Carolina, and 740 for Mississippi, as contrasted to 363 for Rhode Island, 362 for New York, and 359 for Massachusetts. And during the three decades from 1900 to 1930, 3,500,000 of the people born in the rural States of the Southeast moved to other regions, chiefly the industrial North. This heavy migration from country to city occurred also in other rural sections, especially the Midwest and the Great Plains. Thus the education of rural children, many of whom will be the future citizens of Chicago, New

York, and similar metropolitan centres, is a matter of concern to cities as well as to rural communities.

Education for Rural Life.

How then can we plan the rural school so that it will give the child what he needs for life in the farm community and also for citizenship in the modern complex world? The problem is to give him the basic tools of knowledge and to get him to put these tools to use for his own growth and for the improvement of the community in which he lives.

This article will not discuss special training in the science and vocation of agriculture. A great deal of that is given in American high schools and universities, on the whole very successfully, though much of it is still fragmentary and pseudo scholarly rather than practical. But questions of special vocational training and of research and teaching in the higher branches of agriculture are separate subjects. Most children, especially in the country, do not carry their formal education beyond the common school. Anyway, there is little doubt of our ability to master the science and techniques of agriculture. In fact, so far as the production of standard crops is concerned, we have already succeeded almost too well. The need in the United States today and the great task of the rural school is to give general rather than vocational equipment to children that they may live fully the rich life which we now realize is possible in the farm community.

The Basic Three R's, Especially Reading.

First, whatever else is done, the school must provide skill in the use of the three R's. No child is prepared to take his place in the modern world without some competence in reading, writing, and arithmetic. Language and numbers are tools so basic to our civilization that they become the first tasks of any school. The only thing we need to remember in this connection is that language and numbers are, after all, simply tools to be used in various ways. They are not ends in themselves. The chief fault in the teaching of them is that the lessons in reading and writing and arithmetic become so formalized that the pupil scarcely understands why he is learning them. In fact, in spite of the great amount of time devoted to these primary subjects, a shocking number of children—especially in the rural regions—do not acquire even an elementary knowledge of them.

If a child really learns to read and puts his knowledge into practice, he can care for all the rest of his academic education by his own efforts. The difference between educated and uneducated people is largely the difference in the range and understanding of their reading. Abraham Lincoln was one of the best educated of men in spite of meager schooling because he read so avidly. Almost the whole of the subject matter of elementary schools may be regarded as practice in reading. And reading, by the same token, should be thought of not as a "lesson," something to be had from a special class or a special set of textbooks, but as the means of mastery of all the subjects and projects which make up school life and all life.

Country Life as General Education.

In addition to the three R's, the rural pupil should be made acquainted with two other fields: handcrafts and the processes of nature. These are not advocated as vocational subjects but simply as essential tools quite as general in their use as language or arithmetic.

Ability to use one's hands is a fitting supplement to ability to use one's wits. Manual arts run the whole gamut from homely hand labor to high expression in art and music. Certainly, the beginnings of hand skill should be a part of any child's preparation for life.

What is meant by the understanding of nature is harder to define, and it will probably be harder to work into the educational program. It is not merely instruction in gardening or animal husbandry or in the protection of our health, although it should be applied in all of these. It is the beginnings of knowledge of how natural forces work. "Nature study" is probably the best term, in spite of the fact this phrase has been put to some pretty sentimental uses. At any rate, what the writer urges is an introduction to the simple biological facts which are a vital part of all our lives and which are particularly important and conspicuous in the rural scene.

Skill and Knowledge must be used.

Skill and knowledge—it cannot too often be repeated -are of no value unless they are put to use; children cannot learn even the elementary skills unless they practice them.

The three R's, for example, easily fall into a rote so perfunctory that no learning results. It is easy to give rules for reading and arithmetic and to set exercises or lessons. Children may be drilled week after week, year after year, without ever realizing that they are acquiring tools which are usable in many ways. In such cases skill in reading or writing or the manipulation of numbers is on a level with the skill of parrots who have been taught to call words or of dogs who have been taught to jump through a hoop or to sit up and shake hands. Much of our school work, it must be sadly confessed, does not go far beyond this animal-training level.

The autobiography of a southern country boy records that after going to school for several years he happened to pick up the family Bible. To his amazement he found that he could read it. Up to that moment, he said, it had never occurred to him that the rote drill in school called reading had any connection with something he might do out of school. Suddenly he discovered that what he had supposed was a scholastic trick was instead a generalized tool by means of which he could gain information and pleasure from the whole realm of literature.

This seems an extreme case. Yet the tests given to the drafted soldiers during the World War indicated that 25 per cent of that cross section of American youth had never made a successful transfer from the school lessons to reading. One-fourth of the whole American draft army, although most of the individuals had spent several years in school, had not learned enough to carry over into life the ability to read simple sentences or to write their own names.

In mathematics the percentage of educational failure is even greater. Many pupils become skillful in performing the cunning tricks of addition, multiplication, and division, or even in handling what are so aptly termed improper fractions. But they gain no general mathematical ability. In many cases they do not even understand that the problems are intended not as ends in themselves but merely as exercises or examples, on the one hand, of simple dealings they will have every day of their lives and, on the other hand, of the highly sophisticated process of dealing with quantities by symbols.

The additional fields of interest suggested—manual dexterity and the understanding of nature—are happily less liable to rote training than the three R's. In fact these subjects are so generalized that they may better be introduced through related activities than through formal courses. Certainly the school lessons attempted, for example, in health or hygiene have proved to be almost as deadly as the ills they were supposed to correct. But stimulating activities that involve manual dexterity and natural processes can easily be arranged by any resourceful teacher. They do not require elaborate or expensive equipment. In fact the less formal the equipment the better, since the aim is to stir up the creative impulse and to develop resourcefulness. This is especially true for country children whose problem often is to create utility or beauty from meagre materials.

If true education is learning from the doing of one task how to use similar processes in other problems, then hand work activities with nature are almost necessarily educational. One can scarcely use a saw or a hammer without realizing that either tool is usable in many ways and for many ends; the handling of the clay or cloth or a musical instrument is by its nature general rather than rote. Similarly in the processes of nature variety rather than routine is the rule. The planting of a school garden, for example, involves so many variables (seed, soil, fertilizer, weather, parasites) that it is almost impossible for it to become routine.

Further more the introduction into the school course of these hand and nature activities tends to break down the rote learning in the three R's. When a child sees multiplication at work through the breeding of rabbits, he cannot keep from realizing that arithmetic is something more than a lesson. Reading becomes an active tool—not simply an exercise—when it is used in finding out how to plant flowers or cultivate vegetables. Figuring comes alive for a boy when he measures off a garden plot or computes the yield from seed corn.

Education Versus *Lessons.*

If rural children can gain some competence in these basic skills and can put them to active use, they will have some preparation for happy and successful living. Surely the learning of the three R's and some acquaintance with hand work and nature are not too much to expect of the 6 to 8 years of the common school. The reason these or any other subjects are not mastered is that instead of generalized study and practice of a few broad topics, the school attempts to cram a great multitude of lessons into the brief days. Subjects are artificially divided into fragments, which are rehearsed in tiny sections, grade by grade. In many rural schools one or two teachers rush through a whole day made up of lessons of less than 15 minutes each. No wonder that teachers, driven by fantastic schedules of rote lessons, fail to offer real education in any subject or that children, hurried from class to class, come to regard school as a place for reciting rather than for learning.

All this may seem to be arguing the obvious. It is. But the plain fact is that thousands of schools in the United States today are not attempting to give any application to the simples of routine skills. Millions of children are merely learning scholastic tricks—just like parrots or trained fleas. Hundreds of millions of dollars of tax-payers' money is going into schools that are not educational institutions at all but simply a species of jail for keeping children in order for a few hours each day.

School and Society.

The school today has one other significant task. Not only must it give its pupils knowledge and skill, it must in some way get this learning into practice by the children and by the community. The general welfare is today largely a question of education. Especially in rural regions the school is often the only organized social force able to exert general influence.

In this new world of science and democracy, education not only has to encompass new realms of learning but also has to assume much of the social responsibility previously cared for by the Church, the home, and other constituted authorities. If it were possible to build afresh a well-balanced society, the designers of it would probably hesitate to concentrate so much responsibility in a single institution. But in the United States today, and especially in rural areas, there is no other institution to which we can turn.

The modern school has a number of simple and clear duties in behalf of the community. It is universally agreed that the children and the community should be healthy instead of undernourished or ridden with disease; it is desirable that the farms be productive, that the houses and barns be well built and in good repair, that the homes be centres of good living, that children who have learned to read have access to books and papers so that they can go on reading with pleasure and profit. In such items the connections between in-school teaching and community practice are clear and direct.

In health, for example, the duty of the school is to give the children some idea of how to avoid diseases and how to keep well and robust. But the relation between teaching and the practices of the community is immediately apparent, for health cannot be treated as an individual matter. Hook-worms can be avoided only by general sanitary facilities. Typhoid is spread by impure water or bad food, no matter how careful each individual tries to be. Malaria flies on the wings of mosquitoes from house to house unless swamps are drained or screens carefully used. Tuberculosis, diptheria, measles, spread from person to person. Public action and community co-operation are necessary if a village or countryside is to keep well. The school, as the emissary of modern knowledge, is the natural rallying ground for information and for action toward better health for the individual child and for the neighbourhood.

Farming is another example of the natural transition from the class-room to the field. The processes of nature about which the child learns in school are the very foundation of agriculture. And the verbal learning takes effect only as it is applied. Of course small children cannot with impunity undertake to change the habits of their parents. But the school, working in unison with the agricultural extension teachers and the farm agents, can help both parents and children to follow better practice on the basis of modern knowledge. In fact the school may well become the focal point for co-operative action by many Governmental agencies—public health, home demonstration, farm extension, library service. Co-ordination is badly needed in these public services, which mean so much to rural development but which at the moment suffer from the natural tendency of each to engage busily in its own activities without regard for the work of the others or the general needs of the communities.

The community is the practice ground for the school. And the school succeeds only as it contributes to the community as well as to the skill and knowledge of individual pupils.

(*Year Book of Agriculture, 1940.*)

Recent Utterances.

CO-OPERATIVE FINANCE THE REMEDY.

By G. HARISARVOTTAMA RAU, M. A.*

Peace the Bedrock.

Arising out of a disposition to love one another and growing out of poverty, despair, and despondency through the process of love, the co-operative movement has necessarily been a movement of peace. It has had no desire to quarrel with any—even its rivals. Actually in 1860 in England the Movement openly declared that it had no intention of mixing itself up with party strife either in politics or in religion. As such the Movement was tolerated and patronized practically by all schools of thought.

Both an advantage and a disadvantage.

This type of friendly existence had its own advantages as well as disadvantages. Co-operation certainly made some headway. By 1910 it had established itself in Finland, amongst the Slaves, in Canada, U. S. A., Cypress, Egypt, amongst the Dutch, in India, Germany and Britain. During the Great War of 1914—1918 it showed steady rise instead of suffering any setback. As per the Peoples' Year Book of 1940 it had, before the present war started, spread widely in 40 States including Germany. It had national wholesale societies in 19 countries. It had an international organisation of its own and an International Trade Agency. The International had 35 States in it, 7 crores of co-operative members and 131,580 societies, co-operative finance having been accepted as the form of finance for agricultural countries.

However imposing these figures and facts may appear, the co-operative movement has merely been a drop in the ocean. It has been often used as a handmaid by the capitalistic world, mostly petted and patronized by it. Just take a few solid facts into consideration. In England where co-operatives produce on a large enough scale, their output in 1930 was no more than 1·54 per cent. of the national output and in 1935 only 1·61 per cent., an increase of ·07 per cent. over 5 years. In Finland, known as Co-operative Finland, the retail sales through co-operatives in 1930 did not exceed 30 per cent. In Switzerland, it was but a 12 per cent. India figures as a very big land of co-operation in international publications. But we know in what condition our co-operative effort is. The one resultant of all the work in India for all these four decades from 1904 has been that the Movement has lightened the interest burden for the agriculturist and, probably, the general public. Beyond lending out money to the agriculturist, not much more has been done here by the co-operative movement.

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* Summary of the Telugu Presidential address delivered at the 11th Andhra Co-operative Conference held at Bhimadole on 29—4—41.

What shall co-operation hold to?

Co-operation, therefore, has had a subdued career. Capitalistic countries have borne it stepmotherly affection and smothered it with that affection, so that it may not transgress limits. In States like Soviet Russia, where one class has been annihilated co-operation has become a mere instrument in the hands of a one-party Government. In Facist States the Movement was there in name before the war, but what its fate today is no one can tell or need tell.

Why has co-operation suffered this kind of all-round smother. The reason is clear to my mind. There is no sanction behind the Movement. The capitalistic financier has the whole of the political power behind him.

Similarly, the Soviet system of finance has the whole Soviet and socialist power behind it. And the Facist Finance, if that may be called by a specific name, is backed by the indomitable stark military will force of the Dictators. All these systems of finance have the power of the state behind them to enforce them with all the sanction that their military, navy and air arms can exert. For any system of economic or other life to develop and stand on its own ground it must have a sanction behind it or it must collapse. The sanction in these cases that we have mentioned is of a Tamasic or brutal type. At best it may be characterised as highly Rajasic or semi-brutal. But what about co-operation. This can take shape only when every individual is prepared to trust to the good nature that is inherent in his brotherman and decide to live in amity and peace with him. There is no room for idlers in the co-operative system. None may, under its shadow, get votes cast in proportion to the strength of one's purse to follow one's own selfish ends of gain or power. Each for All and All for Each is its rule to which unswerving loyalty is demanded from those who desire its success. Therefore, the sanction for this system of finance may not be found in voilent means. The sanction for real democracy also may not be found in voilent means.

Democracy and Co-operation—Two facts.

Let us remind ourselves of the definition of democracy that Abraham Lincoln has left as his best heritage to humanity. Democracy is the rule of the people, by the people, for the people. Representative Government, rule by majority, and responsible Government are all forms that have been attempted to be carried out in the belief that they will serve the purposes of this definition. None of these may be said to be the last word. They have all been there in the process of experimentation. Just as in Co-operative economics every member has to cast his vote on a par with his neighbour and conduct himself in perfect harmony with him standing to the principle each for all and all for each, so in a true democracy every vote shall be so exercised as to achieve equality of opportunity for each individual and each individual, whether he belongs to the majority community or the minority, whether he is a rich man with accumulated wealth or a penniless man in the street, shall put into practice the fundamental principle each for all and all for each. That is why I hold that Co-operation in economics and democracy in politics are but two facets of the same live organism. However much we may attempt to find a faint gleam of hope in the past, it is sadly true that no democracy so far has recognised that, for its realisation, a power other than the sword and fire, the power of peace, is the fundamental essential and that co-operation as much in politics as in economics, in fact, Co-operation in all fields of life—not conflict, not competition—is the method by which that power has to be enforced. The one great soul that has discovered the use of that power of peace—not the made up peace of defeated rivalry and competition, nor of courteous condescension and patronage holding in the background the power of guns and ammunitions as the final arbiter—is Mahatma Gandhi. He has, however, mainly concerned himself with its use in politics. Even in his Khadder programme, his attempt has been to get the consumer pay higher prices so that the capitalist may pay higher wages to the spinner. He has not yet enabled the producer to feel that his is a position of equality in the field of production with the means of production being as much in his possession as in the possession of the man that appears to employ him.

It is my firm conviction that if we desire the world's peace, at least after this war, and would have democracy live for ever, the economic structure must quietly change over to the co-operative system. It looks to me to be the paramount duty of the world's co-operators to press this point of view with all their might at the next peace conference in the interests of the world's future.

Propaganda—The Soul of Co-operation.

Co-operation in economics and democracy in politics both demand education of the widest character. In fact, education and propaganda form the soul of this life of brotherhood of man and fulness of existence. This has been recognised by all leaders of co-operative and democratic thought. The latest Committee on Co-operation in this Province—The Vijiaraghavachariar Committee—winds up its report by recommending that its report should be published in the languages of the province. But alas! such a small matter as this in the field of co-operation awaits the consideration of our Government even after a full year of time is past.

Co-operative Education.

Education and propaganda being the soul of co-operation, the equipment of its leaders in the rural areas, should be upto the mark. The person that has to be friend and philosopher and guide to the villagers has to be properly trained. It is something that the itinerary training institutions have become permanent, that at Anantapur being operative only in alternative years. But even with this improvement, the arrangement is far from satisfactory. The syllabus does not cover enough to make these men sufficiently serviceable for all needs of the villager. The medium of instruction should no longer continue to be the English language. The language of the area must be the medium. A college for rural guides has been discussed in the Madras Journal of Co-operation and the Village Panchayat Journal. Until a comprehensive scheme, as was envisaged in these discussions, should remain un-achieved the so-called co-operative training would only fit the trained to clerical, audit and account posts.

The Five Year Plan.

It is well that the Vijiaraghavachariar Committee has suggested the universal formation of co-operative societies for all villages within five years clubbing, if need be, a few villages together within a radius of five miles for the purpose, of course with intensive educational effort preceding such a plan.

Bifurcation of the Provincial Central Bank.

Consistently with the recommendation that the local languages should develop federated existence for purposes of work and education, the Committee have recommended that the Madras Provincial Co-operative Bank should be split into two serving Telugu and Tamil areas holding offices in Madras.

Land Mortgage Bank.

I must dissent from the view taken by the Vijiaraghavachariar Committee that it is difficult to extend the time-limit for repayment of Land Mortgage Bank debts beyond 20 years. The Insurance funds of the country should all be made to flow into the Land Mortgage Co-operatives and means should be found to wipe out the debts of agriculturists by arranging forty or fifty small annual payments. The dry areas of the Rayalaseema cry for help which the present policy is not able to render; even as it is, I do think that Mr. R. Suryanarayana Rao has, in his dissenting minute, made a sensible suggestion that during difficult years payment should not be insisted on in the Rayalaseema and that the Famine Relief Fund should assist the Mortgage Bank to tide over the difficulties of such years.

Unlimited Liability.

Vijiaraghavachariar Committee has devoted very great space and attention to the question of unlimited liability. By a majority the Committee has come to the conclusion that this should go. There is no doubt that this is an unco-operative step. But the circumstances under which co-operation is being worked in this country seem to necessitate such a step. The Co-operative Acts have placed more and more powers in the hands of the Registrar and his subordinates. These have been more and more concerned with collecting arrears, which, in their turn, have grown enormously heavy on account of the confirmed policy of the Department that has long refused to render the ryot fit to earn enough and get repaying capacity.

Multi-purpose societies should be universally formed and the ryot enabled to conserve and strengthen his resources. He must be made to realise that his future is entirely in his hands, not in the hands of a distant Registrar or his subordinates. At that stage even limited liability itself would achieve the whole objective. Without this intensive work the imposition of unlimited liability is not likely to attract voluntarily men of substance into the movement.

Do not multiply departmentalisation.

Of late there has been a tendency to grow specialised sub-department in the Co-operative department and appoint heads of such departments. This is a wrong tendency. The Government Development Departments have given enough trouble. They are unable to give one another full co-operation for the development of the villager's unified existence. In spite of this glaring example before them, the Committee seem to support the multiplication of organisational bodies. Multiplication of purposes is certainly necessary, for that depends on the multiple needs of the villagers. But by the time action has to be taken on his behalf they have all to be co-ordinated. Otherwise he must find himself at sea.

Wipe out Arrears.

Carrying over of unrealisable arrears of outstanding loans from year to year in the societies keeps figures ascending with no further advantage. There is a distinct disadvantage, however. It is a great discouragement to the movement itself. Therefore, it is well that these arrears are wiped out as early as possible enabling the Movement to begin afresh with a clean slate. To that end the pooling of reserve resources that the Committee has suggested is a very helpful measure.

The Depressed Classes.

The Vijiaraghavachari Committee have made recommendations of a far reaching character to help the depressed classes. Co-operative possession and farming with a ten year plan have been suggested. If the Government should take up this plan in a thorough manner and the depressed classes take proper advantage of the plan, I am sure they stand the chance of being the torch-bearers in the resuscitation of the economic life of our villages.

Co-operative Legislation.

I may not wander over the 340 recommendations of the Vijaraghavachari Committee in this speech. I shall just touch one point more. The present Co-operative legislation in India stands condemned. It is legislation to collect loans. The Registrar and his subordinates are loan gatherers. The Vijiaraghavachari Committee have appended a draft bill to their report. They have tried to tinker with the present Act. Their Bill has equally the same perspective but in a different direction. The Registrar is still the centre. Certain radii of his power are attempted to be wiped out. On others some control is attempted to be taken by making provision for appeals and the like. This will never do. The whole legislation must be undertaken afresh. The villager and his society must occupy the centre and the radii should be his several needs. Through the advice and guidance of the Registrar and his official and non-official co-workers, they should fulfil themselves in the glorious run of the entire circle of the villager's life.

Working of Societies.

The Tinnevelly District Co-operative Central Stores, Ltd.

The Tinnevelly District Co-operative Stores Ltd., was registered on 4-6-1940 and started on its work on 9-6-1940. The main object of the stores is to purchase in bulk and distribute the articles required by the affiliated stores and to co-ordinate their activities.

2. The Central Stores is having its office at Tinnevelly as well as at Tuticorin. The Tinnevelly office is making direct purchase of the local produce namely paddy, chillies, and jaggery and supplying them to the primary stores in this district. The Tuticorin office is collecting the indents from the affiliated stores and purchase the groceries and other articles in the open market and supplies them to the primaries at cost price. A commission of Re. 0-10-0 per hundred rupees of the value of articles supplied is charged.

3. There were on 31-5-41, 163 members with a paid-up share capital of Rs. 12,838. All the primary stores in the district are making their purchases through the Central Stores. Articles to the value of Rs. 1,48,780 were supplied to the affiliated stores till 31-5-41. The Central Stores is allowing a month's credit to its member stores and is charging interest at 6¼ per cent. on the outstandings beyond that period. Recently the Central Stores has been appointed as the agent of the Madura-Ramnad Co-operative Wholesale Stores Ltd. and the Coimbatore Central Co-operative Stores Ltd., and it has been supplying goods to them according to their indents.

4. The Central Stores is financed by the Tinnevelly District Co-operative Central Bank Ltd. by way of cash credit loan upto Rs. 35,000.

5. The Central Stores receives goods from Handloom Weavers' Sale societies for sale on consignment basis and thus acts as an agent for marketing the products of Handloom Weavers' sale societies.

The Tuticorin Co-operative Sale Society, Ltd.

The Tuticorin Co-operative Sale Society Ltd. was registered on 10-1-33 and started to work on 21-1-33 with the object of helping its members for holding up their produce for better market and for obtaining the best terms of sale in the market for its members. Its area extends to the Koilpatti and Srivaikuntam taluks of the Tinnevelly District. It has four branches located the following places *viz.* (1) Kurukuchalai, (2) Savarimangalam, in (3) Vagaikulam, (4) Oddanatham.

2. *Members & share capital.*—This is the ninth year of its working. The number of members and paid-up share capital at the end of the year 1940-41 was 813 and Rs. 8,873 respectively. Of the 813 members, 776 were individuals and 37 societies.

3. *Deposits and borrowings.*—The society enjoys a cash credit loan with the local Central Bank. It had Rs. 1 54,010, under this head, at the beginning of the year. During the year, it borrowed from the Bank Rs. 1,99,957-6-0 by way of cash credit. A sum of Rs. 3,25,965-3-0 was repaid, leaving a balance of Rs. 28,002-3-0 at the end of the year.

4. *Loans.*—Rs. 1,49,295-8-0 was outstanding at the beginning of the year by way of loans against members. During the year, loans amounting to Rs. 5,46,814 were disbursed to members on the security of their produce and Rs. 6,61,531-9-0 was collected. This leaves a balance of Rs. 34,580-15-0 at the end of the year.

5. *Working of the society.*—The society deals mainly in cotton kappas and lint. It has got direct dealings with the exporting firms at Tuticorin. The society has infused confidence in the firms to the effect that that the cotton sold through the society will be pure and uniform in quality and correct in weights and weighments. Hence the cotton sold through the society has a good demand and is able to fetch a higher price. Loans on the pledge of other produce like kambu, cholam, ragi, chillies, coriander and cotton seeds are also issued.

The society had at the beginning of the year various commodities of its members worth Rs. 2,27,558. During the year, the members brought to the society commodities valued at Rs. 13,03,102 and the society undertook the sale and release of the produce of the members to the aggregate value of Rs. 14,28,876. At the end of the year, it had commodities worth Rs. 78,752. A commission of Rs. 2,827-11-0 was earned through this transaction. The other main items of income were from rent and insurance.

The society worked at a net profit of Rs. 3,154-2-0 during the year 1940-41 An amount of Rs. 788-9-0 is ordered to be carried to reserve fund. With this the total reserve fund of the society is Rs. 2,365.

6. During the year, the society also traded in oranges, mangoes, potatoes and cloths on a small scale and earned a commission of Rs. 17-3-0.

The society has constructed a godown at a cost of Rs. 7,925-9-6 at its Kurukuchalai branch which was opened in July 1940 by S. A. Venkataraman Esq., M.A., I.C.S., Registrar of Co-operative Societies, Madras. Out of the total cost of Rs. 7925-9-6 a sum of Rs. 5,250 was met from the Government loan and a sum of Rs. 1,750 as free grant from the District Economic Council and the balance from the society's own funds.

Reviews.

Annual Report on the working of Co-operative Societies in the United Provinces—1939-40.

The number of societies, Central and Primary, increased from 10,857 to 16,778 and that of their members from 699 thousands to 1167 thousands. The working capital rose from Rs. 320.65 lakhs to Rs. 351.58 lakhs. The large increase in the number of societies is reported to be due to the registration of 4,055 Better-living Societies organised by the Rural Development department.

Central Banks.—There were 70 Central Banks with a working capital of Rs. 108.58 lakhs at the end of the year. The steady reduction of overdues from 49.2 per cent. in 1935-36 to 33.7 per cent. in 1939-40 shows that progress is maintained. The Registrar is justifiably proud, when he reports that in point of good collections and the smallness of overdues, this Province heads the list in the country.

There is no Provincial Apex Bank in the Presidency. This accounts for the large interlending between Central Banks amounting to Rs. 15.87 lakhs during the year. Although the necessity for a Provincial Bank was fully realised, the special local difficulties in starting one, we are not aware of. Even if a fourth of the share capital in the 70 Central Banks is diverted to the taking up of the Apex Bank shares, one may be very easily started.

Although the usual Statement A, showing the operations of Central Banks, is omitted in the Report, there is a very desirable addition giving the names of all banks with share capital and reserve above one lakh of rupees. Such a list added to all reports will go a long way to popularise co-operative banks in the country.

Land Mortgage Banks.—There were only 5 banks with 701 members and outstanding loans amounting to Rs. 1.80 lakhs. Want of a financing agency is reported to account for the slow progress. In the permanently settled areas, with big landlords, the financing agency should be a tolerably big one.

Agricultural-credit societies.—There were 6,741 village societies with an average membership of 25.2. The deposits in them amounted to Rs. 4.91 lakhs at the end of the year. This is a good sign showing the growing confidence of the public. The overdues have come down to 43.8 per cent., and the reserve funds amounted to Rs. 31.40 lakhs. Attempts are being made to convert the good societies into what are called multi-purpose societies. The process is necessarily slow.

Non-agricultural societies.—Under this head those with limited liability numbered 239 with a membership of 62,329, and a working capital of Rs. 68.95 lakhs. The overdues are very low amounting to only .87 lakhs. These societies called Urban Banks, are doing very good work as in every other part of the country.

Those with unlimited liability numbered 260 with a membership of 7,452 and a working capital of Rs. 3.76 lakhs. There was some increase in the percentage of overdues.

Non-Credit Societies.—The co-operative activities in directions other than credit, were also equally encouraging. There were 48 central co-operative Stores, 49 primary stores, 8 seed stores, 8 industrial stores, 9 students' stores besides some general stores. In the production side there were 37 weavers' societies, 12 wool-weavers' societies, a few fruit preservation societies, 20 milk supply societies, cane societies etc. But of all these those that are noteworthy are the following :—

1. Better-living societies.—There were 5,474 societies under this head at the close of the year, of which one fifth were under the charge of the Registrar, and the rest were under the Special Rural Development Department. Though the latter societies did not come up to the expectations, those under the Registrar showed commendable progress. The achievement of these societies cannot be easily brought under figures. Still some figures are given. 1.22 lakhs of acres of land were sown with improved varieties of wheat, and improved cultivation under sugar cane was made in 1.29 lakhs of acres. 8,511 Meston ploughs were introduced. Three-roller sugar mills, and some other improved impliments were also introduced. 1,449 new wells were dug, and 3,053 medicine chests were distributed in villages. The number of village midwives trained and sent to villages were 1,780. There were also 364 adult schools. The activities in the direction of improving the sanitary and hygienic mode of living, and in avoiding extravagance in ceremonial expenses and such negative and positive duties cannot be easily measured.

2. Milk-supply societies.—There were 20 societies with the milk supply union at Lucknow. With the generous help of Government the union is reported to be doing good work. It owns a cooling plant, there is provision for cold storage also, besides a motor car to bring the milk of members. The sales amounted to Rs. 55,202.

3. Ghee societies.—There were 67 Ghee societies with 12,579 members scattered over several villages. The total sales in these amounted to Rs. 2.15 lakhs and their profits Rs. 50,361. This is an excellent record.

On the whole there was some real life and progress in the movement during the year.

V.S.R.

THE INFLUENCE OF CLIMATOLOGICAL FACTORS ON CATTLE.

By J. C. Bonsma,

(Department of Agriculture and Forestry, Union of South Africa.)

The pamphlet discusses the influence of climate on cattle. It describes the reactions of imported, indigenous and cross breeds to weather conditions and the result of the study of the influence of the environment on metabolism and reproduction of the imported breeds. It gives an explanation why the local breeds are better adapted to places where the environmental temperature is high. Generally imported breeds did not attain normal development due to the inability of ridding the animal body of the heat in excess of that required for its normal function. To evolve a type suitable to the ranching conditions of tropical and subtropical countries, the author advocates selection of only such bulls that show ruggedness and later maturing qualities. The conclusion to a large extent is applicable to India. *(Contributed.)*

Groundnut.

(MARKETING AND OTHER ALLIED PROBLEMS)

BY B. V. NARAYANASWAMI NAIDU, AND S. HARIHARAN.

(*Annamalai University.*)

The Editor has spared no pains to gather all kinds of information regarding the subject. He begins with the cultivation of crop, the soil, the seeds, manure, plots etc., and ends with the ultimate consumption of the produce. Out of the price paid by the consumer the poor portion got by the ignorant producer and the participation of the balance by various middlemen, are clearly illustrated. India, produces 52 per cent of the world's production of groundnut and 51 per cent of Indian groundnut is produced by Madras, the chief producing districts being South Arcot, North Arcot and Anantapur. Statistics have been published showing acreage in each country, its production and the export and import trade. The yield per acre is on an average 1000 lbs. in Madras and about 650 lbs. in the states. The working of the Madras Commercial Produce Market Act in South Arcot district is fully explained with facts and figures. It does not seem to help the producer much. He is in the same state as his brother cultivators are in other districts. The Committee have no control over the prices and it simply licenses traders and measurers and keeps a market yard. In villages where the producer is exploited it is powerless. It cannot break the combination of licensees nor can it regulate the gambling prices offered by the exporting firms.

Co-operative Marketing as was observed in South Arcot is also explained. The introduction of Market yards seemed to have affected the Co-operative Sale Societies and they are said to be under liquidation. It is a pity that in a district where Co-operative Sale of groundnut was largely resorted to by producers the sales amounting to about 4 lakhs of rupees in a year, an Act of Government introduced was, instead of helping a co-operative enterprise, the cause of liquidating such useful institutions. This is a matter to be seriously considered by all those who work for the well-being of the producers. The learned Editor himself concludes that "to remedy the present situation, we would suggest the starting of a Co-operative Sellers' Organisation somewhat like the now defunct Central Sales Society and make the exporting firms as their agents in that area."

There are only a few foreign firms that are having the entire export trade and the prices are being manipulated on the quantity of arrivals in the market. An Indian concern on co-operative basis to have direct sales in the foreign market and the advantage to go to the producer will be a panacea for all these evils. A Joint Stock concern calling it as "Groundnut Syndicate" was started some years back in Bombay and it is being linked with Co-operative Marketing in Bombay. It has not extended its activities in these parts.

Transport:—The first requisite is transport facilities. The Railway charges are varying and special rates are allowed only to certain stations to specified ports whereas from other stations on the same lines heavy charges are collected. This enables the purchaser of certain stations to offer high rates while, the port rate is the same for all.

Shelling:—The author has given various reasons why our Madras groundnut does not get appreciated in a foreign market. He wants the harvest should be made only when the produce is fully ripe. It must then be well dried and decorticated without adding any water. The unripe, nooks, bits, damaged, touched, dirt, shrivelled and black and stones must be separated and then weighed and bagged. This is called *pucca* and will fetch the maximum price.

The Kirlosker Brothers of Kirloskervadi, Poona, have manufactured a hand decorticator which will shell 8 bags in 8 hours by one man. This will help the ryots in villages in getting their own produce shelled and make the husk available to them for manurial purposes.

Owing to the world war now raging, the foreign markets that were very largely importing groundnut from our country are completely closed. The author wants to take advantage of the position and find profitable use of the produce in our country itself. Besides, oil extraction by Chekku or Press for using it as illuminant or lubricant and for soap making or paint, he also suggests the manufacture of tallow ghee, and butter substitutes, margarine and glycerine, that it will be a substitute for Cod-liver oil if it is medically vitaminized, and that the groundnut meal will be a substitute for wheat flour for making bread and biscuits. The cakes serve as excellent cattle food and as manure.

The author has dealt with the system of sale of groundnut to the exporting firms in detail and points out the one-sided nature of the conditions specified in the contract of sale and wants to revise the same. In feeling the moisture contents or in the analysis, the seller is simply to bow down to the dictates of the purchaser and agree to any deductions made by him. To remedy this, the author says, " Much ill-will prevails between the sellers and the buyers regarding the *honesty* of the process carried in entrusting the work to an impartial Board. This can be achieved by the Government employing a marketing analyst in every centre under the auspices of the Marketing Committee functioning there and making his decision binding on both the parties."

On account of the heavy surplus and the very low price offered, it is advised that cultivation of groundnut should be reduced and the author has rightly pointed that apart from the conservative nature of the ryots, there are certain tracts of lands which will be fit for cultivation of only groundnut or horse-gram. It must also be remembered that only after 1900, when groundnut was largely sown, all waste lands were got assigned and dry lands that were selling at Rs. 10 per acre, were sold at Rs. 50 or 60 and the cost of wet lands also rose from Rs. 300 or 400 to Rs. 1,000. With the fall of prices for groundnut the land value also fell down. The land value is thus regulated on the price of groundnut produce especially in districts where there is large acreage under groundnut. The book contains elaborate statistics regarding acreage, yield and prices etc., for about 30 years district-war.

M. S. S.

Extension of Remittance Facilities to Provincial Co-operative Banks.

Under the new scheme of remittance facilities in India and Burma introduced by the Reserve Bank of India from the 1st of October 1940 with the concurrence of the Central and Provincial Governments, the following rates have been prescribed for co-operative banks and societies (including the provincial co-operative banks) for telegraphic transfers, drafts and mail transfers between places where the Reserve Bank has an office, branch or an agency.

(*a*) Upto Rs. 5,000, 1/16 per cent. (minimum Rs. 0-4-0 for drafts and mail transfers and Re. 1 for telegraphic transfers).

(*b*) Over Rs. 5,000, 1/32 per cent. (minimum Rs. 3-2-0).

Actual telegram charges are charged in addition.

For the purpose of remittance facilities, all treasuries and sub-treasuries in India with currency chest facilities, at places where the Reserve Bank is not represented, are regarded as the Treasury Agencies of the Reserve Bank for the issue and payment of telegraphic transfers and drafts.

2. It is proposed to extend the remittance facilities at present available to the co-operative movement and to that end it has been decided to extend to the provincial co-operative banks certain additional remittance facilities which will place them more or less on the same footing as the scheduled banks for the purpose of remittances. These facilities, however, will be extended only to such provincial co-operative banks as agree to the conditions laid down by the Reserve Bank in this behalf. The details of the facilities which it is proposed to extend and the conditions on which they will be extended have been set out later in this memorandum.

3. In order to clarify the scope of the concessions which we propose to extend to the provincial co-operative banks, it seems desirable, in the first instance, to set out the facilities which have been giving to the scheduled banks under the new scheme. Appendix II of the scheme provides the following facilities to the scheduled banks :

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

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

(*b*) once a week an amount of Rs. 5,000 or a multiple thereof to the principal account which it maintains with the Reserve Bank, from any place at which it has an office, branch, sub-office, or pay office and at which there is an agency of the Reserve bank, free of charge. The term "principal account" means the account maintained with the Reserve Bank by the principal office of a scheduled bank as defined under the Scheduled Banks Regulations ;

(*c*) other remittances to its principal account subject to a charge of 1/64 per cent. and also subject to a minimum charge of Re. 1 ;

(*d*) other remittances between accounts maintained at the Reserve Bank or its agencies :

Up to Rs. 5,000, 1/16 per cent. (minimum Re. 1.)

Rs. 5,000 and over 1/32 per cent. (minimum Rs. 3-2) (Actual telegram charges are charged in addition.)

(*e*) Telegraphic transfers and drafts :

In favour of third parties :

Upto Rs. 5,000, 1/16 per cent. (minimum Re. 1.)

Over Rs. 5,000, 1/32 per cent. (minimum Rs. 3-2.) (Actual telegram charges to be charged in addition.)

It will be seen that facilities mentioned in sub-paras (*d*) and (*e*) above are already available to the provincial co-operative banks so that the special facilities enjoyed by the scheduled banks are only those stated in sub-paras (*a*), (*b*) and (*c*). These special facilities, however, are available to the scheduled banks only for remittances between accounts maintained by the scheduled banks with the branches of the Reserve Bank or the Imperial Bank. This is due to the fact that the treasuries, though they are the agencies of the Reserve Bank for purposes of remittances, do not open accounts for banks and the above facilities are not therefore available at the treasuries. It should be further noted that before the above facilities can be utilised, the scheduled bank concerned should not only have accounts with the Reserve Bank or the Imperial Bank at both the remitting and the receiving centres, but should also have its own offices or branches at such centres.

4. The actual facilities which we propose to extend to the provincial co-operative banks are as follows :—

In addition to the facilities already available, a provincial co-operative bank will, from the date from which this scheme comes into force, be entitled to remit money by mail or telegraphic transfers between the accounts maintained at an office or branch of the Reserve Bank or the Imperial Bank as follows :—

(*i*) an amount of Rs. 10,000 or a multiple thereof between the accounts maintained by the provincial co-operative banks at the offices and branches of the Reserve Bank, free of charge : this facility will be available only between Banks joining the scheme ;

(*ii*) once a week an amount of Rs. 5,000 or a multiple thereof to the principal account which it maintains with the Reserve Bank from any place where it has an office or a branch and at which there is an office, branch or agency of the Reserve Bank, free of charge ;

(*iii*) other remittances to the principal account will be charged at 1/64 per cent. subject to a minimum charge of Re. 1.

(Actual telegram charges to be charged in addition.)

For the purpose of the above concessions the Reserve Bank will treat the co-operative central banks which are affiliated to the provincial co-operative bank as branches of the latter. The principal account of a provincial co-operative bank will be the account maintained by the head office of the bank at the local office or branch of the Reserve Bank.

5. A provincial co-operative bank desiring to avail itself of the above facilities will have to agree to the following conditions:

(*i*) It should undertake to maintain with the Reserve Bank a balance the amount of which shall not, at the close of business on any day be less than 2½ per cent. of its demand liabilities and 1 per cent. of its time liabilities as shown by the return referred to in (*ii*) below.

(*ii*) It should send to the Reserve Bank at the close of business on each Friday, or if Friday is a public holiday under the Negotiable Instruments Act, at the close of business on the preceding working day, a return of its position in the form prescribed in Section 42 (2) of the Reserve Bank Act and signed by two of its responsible officers; such return shall be sent not later than two working days after the date to which it relates.

(*iii*) If at the close of business on any day before the day fixed for the next return, the balance held at the Bank by any provincial co-operative bank falls below the minimum indicated in (*i*), the provincial bank should pay to the Reserve Bank in respect of each such day penal interest at a rate 3 per cent. above the bank rate (with a minimum of Rs. 10) on the amount by which the balance with the Reserve Bank falls short of the required minimum, and if on the day fixed the next return such balance is still below the prescribed minimum as disclosed by the return, the rate of penal interest shall be increased to a rate 5 per cent. above the bank rate in respect of that day and each subsequent day for which the default continues. If any provincial bank however willfully defaults in the maintenance of the minimum balances for periods exceeding two weeks or fails to send the returns referred to in (*ii*) above, the remittance facilities would be withdrawn from the bank concerned.

(*iv*) The provincial co-operative bank and the central banks affiliated to it should prepare their balance sheets in the form suggested by the Reserve Bank and append thereto the certificate of the auditors and also supply half-yearly statements of their operations in the form prescribed.

(*v*) If any of the provincial co-operative banks or affiliated central banks enjoying the above facilities works on lines not approved by the Reserve Bank, the above facilities would be withdrawn from it in consultation with the Registrar.

(*vi*) It is presumed that the above facilities will be used only for *bona fide* co-operative purpose. While no declaration will be required from the co-operative banks in the case of each remittance that it is intended strictly for co-operative purposes, the above facility is likely to be withdrawn from any bank utilising it for purposes other than co-operative.

6. It has been decided to bring the above scheme into effect from the 1st September 1941. This arrangement will be in force for a period of 3 years in the first instance after which it will be reviewed in the light of the experience gained. This scheme applies only to such provincial co-operative banks as have their head offices in places where there are offices or branches of the Reserve Bank.

Correspondence.

DRAFT RULE VIII-A UNDER THE MADRAS CO-OPERATIVE SOCIETIES ACT.

A general ban on financing banks and credit societies, which the above draft rule contemplates in order to prohibit the grant of loans to their members for periods exceeding three years may seriously affect the beneficial and none the less healthy working of a good number of banks and societies which now grant such loans and whose resource position permits their doing so. Agriculture being hardly remunerative as we all know, the members of rural credit societies would require a reasonably long period to repay their loans with due regard however to their general repaying capacity and the resource position of the lending institutions. The decision arrived at by the Committee on Co-operation to grant medium-term loans normally up to five years and in exceptional cases for longer periods up to seven years does not appear therefore to err on the side of over-liberality, though of course the resource capacity of the lending bank or society ought to be the governing consideration always. It is submitted for the consideration of Government whether it would not be sufficient to meet their object, if they would merely define the periods of short-term and medium-term loans and empower the Registrar to prohibit the grant of any loans by a financing bank or credit society to its members for periods exceeding the years defined where he is satisfied that the bank or society does not possess the required resource to grant such loans.

The proposed rule to empower the Registrar to fix the proportion of short-term and medium-term loans may needlessly interfere with the discretion of the lending institutions to adjust their business according to actual needs and resources, and appears therefore to be unnecessary.

A. RAJABADAR MUDALIAR.

Rehabilitation of the Co-operative Movement in the City of Madras.

A joint meeting of the Directors of the Madras District Co-operative Central Bank and the Madras District Co-operative Federation was held recently.

The following Directors were present :—

1. Sri Rao Bahadur M. Giriappa, B.A., *President* ; 2. Mr. K. O. Anthony, B.A., *Vice-President*; 3. Mr. P. M. Balasubramania Mudaliar, B.A., B.L.; 4. Mr. V. M. Ghatikachalam ; 5. Mr. M. E. Rajah; 6. Mr. M. K. Arumugam; 7. Mr. P. Natesan; 8. Srimathi K. Alamelumangathayaramma.

The Registrar of Co-operative Societies was pleased to be present to participate in the discussions. Sri Rao Bahadur A. Rajabadar Mudaliar and Sri R. Suryanarayana Rao were also present on invitation. The following conclusions were arrived at with reference to the draft scheme placed for consideration.

I. General.

No Union was necessary exclusively for Depressed Class Societies in the City. They may affiliate themselves directly to the Federation.

II. Organisation.

Urban Banks.—New Urban Banks may be organised in the City provided there is real need for them, and provided also competent men are available to work them. Urban Banks may, for the present, be organised in the following un-represented areas of the City. The Deputy Registrar will be requested to take the necessary steps for the purpose.

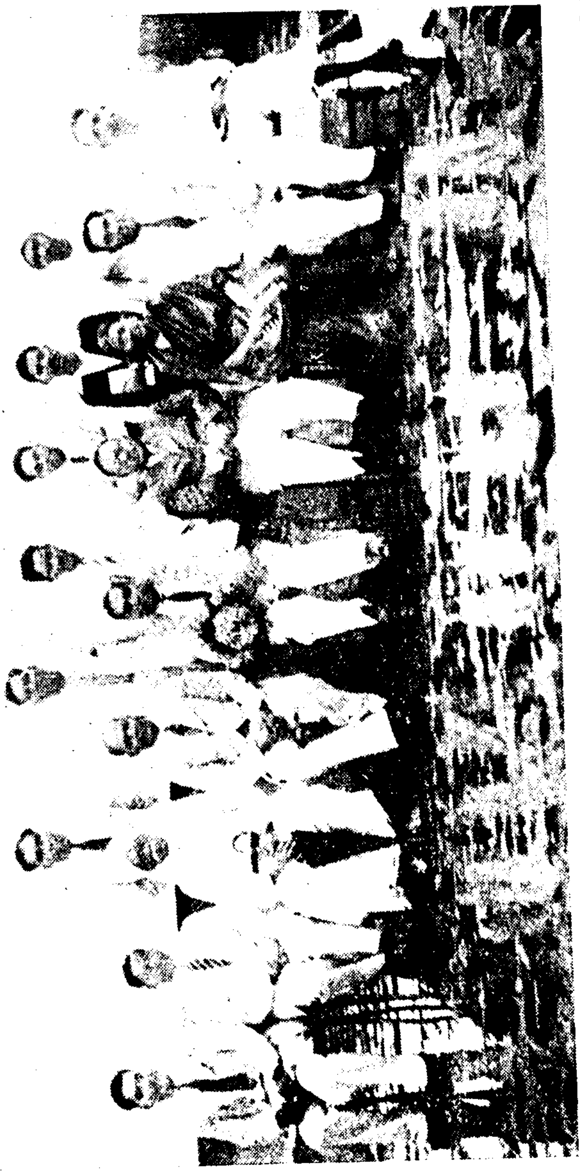
1. Park Town ; 2. Periamet ; 3. Seven Wells ; 4. Royapettah; 5. Mylapore.

The consideration of the question of the delimitation of the areas of the existing Urban Banks may be deferred.

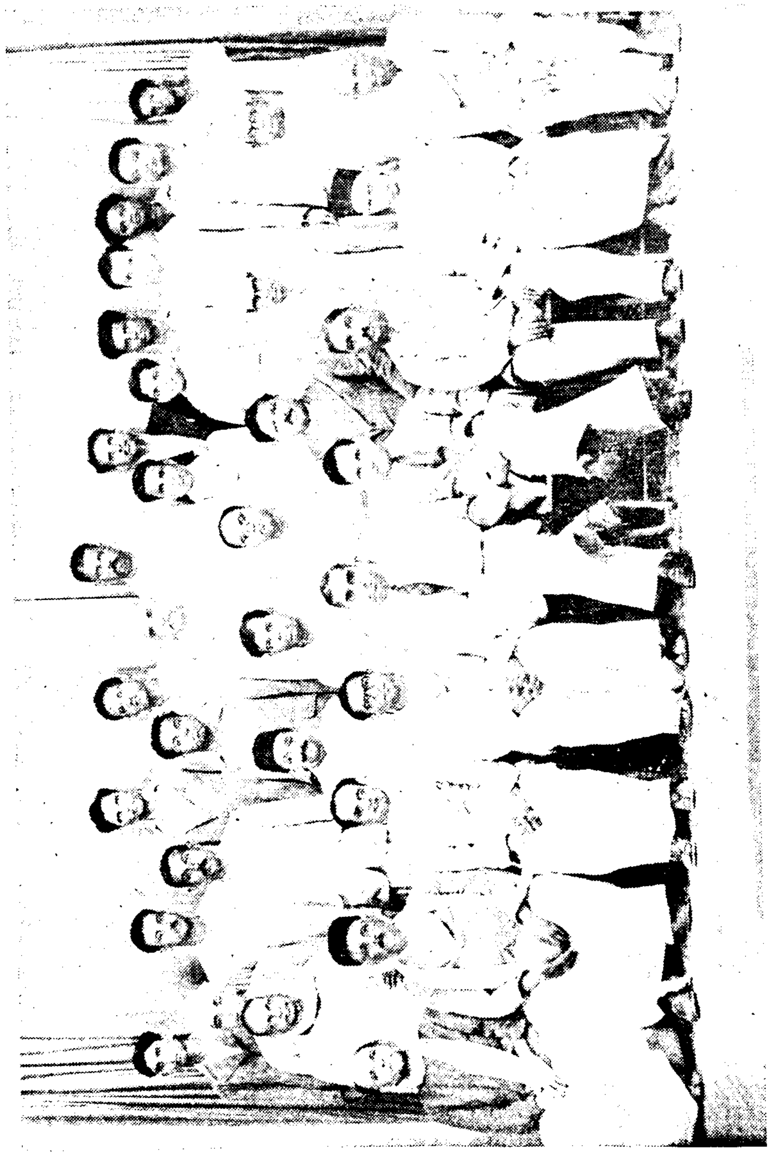
Employees' Societies.—The consideration of the question whether more Government Servants' Societies or Employees' Societies are necessary in the City may be deferred.

Depressed Class Societies.—No new Societies need be formed for the Depressed Classes. The organisation of more Depressed Class Societies may be considered after the existing Depressed Class Societies are revived and placed on a satisfactory footing.

Artisan Societies.—For the benefit of artisans, Cottage Industries Societies may be organised. The Deputy Registrar will be requested to undertake investigation as to the areas where such Cottage Industries Societies may be usefully organised.



JOINT MEETING OF THE DIRECTORS OF MADRAS DISTRICT BANK AND DISTRICT FEDERATION



TANJORE DISTRICT COCOANUT CO-OPERATIVE FEDERATION

THE REGISTRAR'S VISIT.

Weavers' Societies.—The staff of the Provincial Handloom Weavers' Society may cause the necessary investigation to be made for organising more Weavers' Societies in the City—particularly in the following areas.

(a) Choolai—Sowrasthras
(b) Chintadripet—Bujakshatriyas
(c) Triplicane—Muhammadans
(d) Mylapore - Mandavali—Devangas.

Labourers' Societies—The Deputy Registrar will be requested to cause investigation to be made as regards the possibilities of organising societies for rickshawalas and hand-cart men.

Co-operative Canteens.—The question of organising more Co-operative Canteens in suitable places may be considered.

Women Societies.—Separate societies for women are not necessary. As for the women of the Scheduled and other Backward Classes, however, they may be admitted as members of the existing Depressed Class and other Societies and given facilities to purchase raw material so that they may engage themselves in suitable cottage industries with the aid of the services of Honorary Lady workers. Steps should be taken to market their products to the best advantage.

Stores Societies—The Provincial Marketing Society and Handloom Weavers' Society will be requested to consider the steps to be taken for supplying the needs of the labourers in the following areas where the labourers and Scheduled Classes reside.

1. Perambur ; 2. Chintadripet ; 3. Choolai; 4. Pudupet; 5. Thousand Lights ; 6. Washermanpet ; 7. Krishnampet ; 8. Royapuram ; 9. Barbers Bridge.

Co-operative Pawn Shops.—It is very desirable to organise Co-operative Pawn Shops. But it should be done very cautiously. To start with, one may be organised in the Choolai area, where a large number of labourers reside.

Thrift.—It is very necessary to develop thrift habit among the members of all societies. For this purpose, thrift should be made compulsory. By a system of graded payment, the members should be compelled to deposit money in their societies every month from out of their pay. Loans may, however, be advanced to members up to 80 per cent. of their thrift deposits to meet their domestic and usually other foreseeable needs. Incidentally, it was also emphasised that the loan policy of the societies should be carefully scrutinised by the Bank. The borrowing limit of a member of a non-employees' credit society on surety basis should not exceed 6 to 8 times his paid-up share capital, subject to a maximum of Rs. 50 or Rs. 100 at the most, while in the employees' societies, it should not exceed 4 times the monthly pay.

Supervision.—It was emphasised that the Federation should have close and effective supervision over the societies in the City, particularly the Depressed Class Societies. For this purpose, the Federation will appoint two trained and efficient supervisors, while the two Inspectors will work in close collaboration with the Federation. They will function on a territorial basis one Inspector and a supervisor working in North Madras, and the other two working in South Madras. Their main duties will be (1) organisation and (2) inspection which will include (i) rectification of bad societies and (ii) collection of dues from members, both arrears and current. Their work will be reviewed by the Deputy Registrar and Federation every week. The personnel of the Inspectors and Supervisors should be changed once in every 18 months.

Propaganda.—There is no need to appoint at present paid propagandists. Propaganda may, however, be done among Depressed Classes and other backward classes by honorary workers, their out-of-pocket expenses being met by the Federation. There is no need to conduct a journal at present ; Sri V. M. Ghatikachallam will be requested to allot more space in his journal for matters relating to co-operation in the City.

Finance.—As the District Bank in its present condition cannot afford to meet the entire necessary expenditure required to run the Federation, it was resolved to request the Registrar to move the Provincial Bank, the Central Land Mortgage Bank and also the Government to contribute liberally towards the expenses of the Federation. The Deputy Registrar will be requested to persuade the Societies in the City not merely to affiliate themselves to the Federation, but also to contribute towards the expenses of the Federation.

How to kill an Organisation.

1. Don't attend meetings.

2. If you do, be sure to come late and then get mad when the other members have already started.

3. If the weather isn't just to your liking, don't even think of coming.

4. If you attend meetings, find fault with the officers and the other members. And, if things are not run your way, be sure to get sore.

5. Never accept an office. It is easier to criticize than to do things.

6. Get sore if you are not appointed on committees—but if you are, don't go to committee meetings.

7. If asked by the chairman to voice your opinion, tell him you have nothing to say—then, after the meeting, tell all the others how things should be run.

8. Don't bother about getting new members—let the secretary do that.

9. Do nothing but what is absolutely necessary—but when the other members unselfishly and willingly roll up their sleeves and go to work for the sake of the organization—for you go and howl that the association is being run by a clique.

(*News for Farmer Co-operatives.*)

News & Notes.

Veterinary First Aid to Cattle of Raiyats.

The Government of Bengal have drawn up a scheme for the development of veterinary First Aid to the cattle of 'raiyats' in the interior and in remote rural areas of the province.

The scheme provides that the ordinary villagers will be selected from the various large thanas of the province, given months' training at the nearest veterinary hospitals in Veterinary First Aid and when released be returned to their respective areas for employment under the designation of veterinary dressers in charge of a modest local veterinary dispensary to be called Veterinary Aid Centre for two years, and it is proposed to make an experiment with the training of 20 veterinary dressers during the year 1941—42. If the experiment succeeds the question of training and employment of a large number of such men will be taken up. The training will be essentially practical and along specific lines of problems such as are liable to be met with daily in the villages, *e.g.*, relief in abnormal parturitions—retained after birth, primary treatment of the young, mammary and milk disturbances, treatment of wounds and castration of undesirable bull calves. etc.—U. P.

Marketing of Nellore Rice.

With the object of marketing Nellore Rice and other products on a co-operative basis, a meeting was held at Nellore under the presidentship of Mr. B. Ramachandra Reddy, for the inauguration of a Co-operative Marketing Federation. The Collector who inaugurated the new society said that co-operative societies should never lower the standard of their products in the race to sell at competitive prices with the middlemen and that they should carry with their goods the seal of purity and genuineness and cater to the needs of the discriminating purchaser. He advised the sponsors of the Society to place the Society on a sound basis of self-sufficiency and not to depend on Government help. A provisional committee to sell shares for the proposed Nellore District Co-operative Marketing Federation was formed. The Federation has since been inaugurated.

Co-operation in Hyderabad.

The Report of the Registrar of Co-operative Societies of H.E.H. the Nizam's Government, reveals that in spite of unfavourable agricultural season, the cultivators were able to make satisfactory payments to societies on account of improvement in prices due to war. There has been a rise in the number of societies, membership and working capital in the Movement. There was a rise in the number of village credit societies and in their membership during the year. The Report will be reviewed in detail next month.

Co-operation in Pudukottah.

The Report of the Registrar of Co-operative Societies, Pudukottah, for the year Fasli 1349 reveals an all-round improvement in the working of co-operative societies in the State. The Registrar says in his report that the immediate task of co-operators should be to take all steps to bring a fairly large percentage of the rural population under the benefits of co-operation. There seems to have been substantial improvement in the working of the Central Bank.

Guntur District Bank.

For the first time in Andhra Desa the newly elected Directors of the Guntur District Co-operative Central Bank elected Mr. Paravasthy Das (Harijan) of Repalle Taluk as President of the Bank.

Central Industrial Museum.

For the year ending 31st March 1941, 15,262 visitors drawn from all sections of the public visited the Museum. A few exhibits like Shark Liver Oil from the Kerala Soap Institute, the newly designed bore hole pump of the Engineering section of the Industries Department, a Swadeshi electric clock from the Swadeshi Electric Clock Manufacturing Company, Bombay and a good collection of minerals were received and exhibited. The Museum participated in the S. I. A. A. Annual Exhibition.

Subsidies To Cottage Industries.

In the rules published by the Government of Madras regarding the grant of loans and subsidies to persons who propose to start cottage industries which have an important bearing on the economic development of the country it is stated that any cottage industrialist may apply to the Collector of the District in which he proposes to start or where he carries on the industry for a loan or subsidy not exceeding Rs. 500.

Fillip to Industries in Pudukottah.

To encourage industrial enterprise in the State, the Durbar deem it desirable to place the loans granted to assist industries on the same footing as those granted for agricultural and other purposes, and it is proposed to amend the existing regulation in the ensuing session of the Legislative Council.

Co-operative Refresher Classes.

Mr. Joseph Reddy, Deputy Registrar of Co-operative Societies, Rajahmundry, in his address to the combined refresher classes for the co-operative Supervisors and Inspectors at Ellore on the Banking aspect of the Movement suggested the maintenance of fluid resources and the creation of bad debt reserves in the Central Banks for the healthy development of the co-operative movement and for facing any unforeseen crisis. He also appealed to them to carry the torch of co-operation to the rural areas unmindful of personal inconveniences and work with zeal for public service. The meeting further considered the suggestions made in the bulletins issued by the Reserve Bank of India.

Rural Reconstruction.

In addressing a public meeting at Madanapalle Mr. J. J. DeValois of the American Arcot Mission Agricultural Institute, Katpadi, deplored the drifting of people from the countryside to cities and added that the villages had a great contribution to make and the complaint that villages were dull was due to a wrong perspective. To him the rural reconstruction was essentially an educational problem and this problem could be solved by educating people in the raising of better crops, breeding of better cattle and rearing of better poultry. Rural Reconstruction he said was not a 100 yards dash but a Marathon race and would have to be kept slowly and steadily till success was attained.

Handloom Industry in Mysore.

In the discussion that took place between the Director of Industries and Commerce and the members of the Fact Finding Committee, the Mysore Director of Industries seems to have explained in detail the assistance given by the State to the handloom industry and the attempts made by the state to avoid middlemen, *viz.* by the supply of yarn at cost price and also by the supply of dyed yarn. The Government have also opened a number of depots and during the year they propose to open 20 more such depots. The salient features of the recent survey of the handloom industry were narrated to the members of the Committee.

Progress of Cuddapah Town Bank.

The Registrar of Co-operative Societies in his inspection tour in the Cuddapah district had discussion with the members of the Special Committee of the District Co-operative Central Bank when he suggested that concentration on what they considered to be bad areas from the view point of collection of overdues might minimise the extent of the bad and doubtful debts of the Bank. He assured the members that any scheme to improve the Bank would receive his best attention. The Registrar inspected the Loan and Sale Societies, the Land Mortgage Bank and also the Town Bank. The Registrar expressed satisfaction with the progress made by the Town Bank especially in the direction of the collection of overdues which was reduced by Rs. 30,000 from the time the Supersession Committee took charge. The Registrar agreed to the proposal of the Chairman of the Bank to the adjustment of the share capital of the borrowers only if they paid their balance in full and stressed the need to increase the share capital and the assets without which the borrowing power would be crippled. The Registrar also paid a visit to the local Industrial and Commercial Museum.

Handloom Weavers' Co-operative Societies.

It is understood that the Government have sanctioned the employment of a Deputy Registrar of Co-operative Societies for a period of two years for the development of handloom weavers' Co-operative Societies.

Economic Planning for India.

Speaking at the Economic Association of the Annamalai University, Professor V. L. D'Souza of the Mysore University, said that in the matter of economic planning India should not copy the methods adopted in western countries but should draw a programme of work taking into consideration the political and social circumstances of the country. The plan in its very nature should not be rigid. Neither is it to be conceived all at once as a unified whole but there should be flexibility and room for continual adjustment in the light of changing circumstances both within and outside the country. He said that the most promising subsidiary occupation in an agricultural country like India was the livestock industry and in any national economic plan there should be a definite provision to develop cattle wealth of the country. He pleaded for the integration of subsidiary occupation with the agrarian economy. The handloom industry had a definite place in rural life. If given special credit and marketing facilities, cottage industries generally would be able to compete on equal terms with factory made goods. He wished that India should be an exporting country exporting solid goods and not merely oriental curios. The industries that are started now should take a firm root in the country and must become a part of the industrial structure of the country as a whole.

College for 'Co-operative' Trainers.

In replying to the memorandum submitted by the students of the Rayalaseema Co-operative Training Institute, Anantapur, The Registrar of Co-operative Societies Madras, said that the Government was contemplating to start a college for giving training to students who could later on be absorbed in the Co-operative Department. As regards the request to make the institute a permanent one, the Registrar observed that a good number of pupils should come forward to take advantage of the Institute and that the people of the locality should take particular interest in the Institute if it should be made permanent. He also assured that the Government was making every attempt to give facilities for the successful candidates.

Co-operation in Ceded Districts.

A conference of the co-operators of Sirvel Taluq held in the last week of July was opened by the Registrar of Co-operative Societies. While giving an account of the co-operative societies in Sirvel Taluk Mr. L. Hanumantha Rao of Sirvel Co-operative Union pleaded for a Land Mortgage Bank and a godown for the Loan and Sales societies. Dr. Samuel, M.L.A., said that men of character and integrity alone should be put in charge of the co-operative institutions. The Registrar said that the Government had decided that during the pendency of war no more new banks could be started. Though nature had been unkind to them, co-operation could play a great part in mitigating their hardships. The Ceded Districts' Economic Development Board could consider ways and means to expand the co-operative movement in the districts. Mr. D. Subba Rao paid a tribute to the Registrar for his services to the Co-operative Movement.

The Handloom Industry Committee.

The members of the Fact Finding Committee arrived in Madras after an extensive tour and it is understood that they would stay in Madras for three weeks to take evidence from individuals and associations who had submitted their memoranda.

The Registrar at Bellary.

The co-operators of Bellary were 'At Home' to Mr. S. A. Venkataraman, I.C.S., Registrar of Co-operative Societies, Madras, when he went on a inspection tour in the Ceded districts. He visited the co-operative institutions in Bellary and was gratified to note the increase in the sale of the Handloom Weavers' Sales Depot.

Marketing of Cocoanuts.

In inaugurating the Tanjore District Co-operative Cocoanut Gardening and Marketing Society at Negapatam the Registrar of Co-operative Societies pleaded for improving agriculture in Tanjore District on modern scientific lines. He opened the new branches of the stores one at Velipalayam public road and the other at the "Allabuksh's Buildings" Nagore. At a public meeting held in the National High School, he unveiled the portraits of Messrs. S. Subramania Pillai and D. Venkatachariar, two prominent co-operators of that place.

New Co-operative Society Inaugurated.

Mr. T. R. Ranganatha Iyengar, Deputy Registrar of Co-operative Societies, Salem, in inaugurating the Government Co-operative Employees' Co-operative Society in the District Bank Rest House said that a similar society existed some years ago and that the same had to be wound up due to unsatisfactory working, but the new society was started under satisfactory circumstances with a surplus balance of Rs. 600 of the former society. He appealed to all to work the new society well.

Government Grant for Co-operative Godowns.

A subsidy limited to 25 per cent of the cost of construction of godowns had been granted to Co-operative Societies from the Government of India grant for Rural Reconstruction. On representations made to them that this was not adequate in the case of poor societies, the Government have now passed orders raising the limit of subsidy to 50 per cent of the cost of construction.

Co-operation in Madras.

A Conference of the Registrar with select Deputy Registrars was held in the office of the Registrar of Co-operative Societies, Chepauk, Madras, on the 11th and 12th August. The Joint Registrar, fourteen Deputy Registrars and the Principal, Central Co-operative Institute, Madras, attended the conference. There was a lively discussion on all the important problems connected with the developments in the co-operative movement in recent months. The effect of the war on the movement in general and the arrangements to be made for taking full advantage of the present situation and for guarding against any post-war reaction were fully discussed. Some of the important subjects discussed were :—

Subjects for the conference.

1. The implication and safeguards with regard to the rapidly-increasing volume of loans on the pledge of produce.

The desirability of fixing a limit for the loans granted by village credit societies to individual members on the pledge of produce.

2. The future of the handloom-weaving industry.
3. Education of panchayatdars and members of village societies.
4. Difficulties experienced in running Milk Supply Unions and Societies.
5. The relation between the co-operative wholesale stores and their primary constituents.
6. Special steps to be taken for the improvement of marketing and utilisation of groundnut and its products.
7. The possibility of forming regional federations of producers, societies for special crops like paddy, cotton, groundnut, tobacco, etc.
8. The relation between producers' and consumers' organizations.
9. Simplification of the method of maintenance of accounts in Co-operative stores.
10. The propriety of the present method of levying audit fees, especially in the case of stores and sale societies with a large number of very small transactions.
11. The special steps to be taken to revive moribund or dormant societies.
12. Revival of unions, and if possible the District Federations.
13. The effect of war on the Co-operative movement in general, and the arrangements to be made for taking full advantage of the present situation and for guarding against any post-war reaction.
14. The future of consolidation of holdings societies.
15. Ensuring a larger and steadier supply of articles from producers' societies to the Provincial Marketing Society.
16. Possibility of a reduction in the number of Inspectors for Scheduled Class societies.
17. Ensuring the maintenance of fluid resources by Central Banks.
18. Investment of the bad debt reserves of societies in Central Banks.
19. The steps, if any, that should be taken to ensure greater publicity for the operations of Central Banks.
20. The new scheme of remittance facilities allowed by the Reserve Bank of India.
21. The desirability and propriety of the Department exerting itself for the recovery of overdues in societies.
22. The desirability of provincialising the service of paid secretaries of co-operative Central Banks.
23. Some factors connected with thrift deposits.

G. Os. and Circulars.

G. O. No. 1161, Development, dated 26th June 1941.

Sub: Administration Report—Co-operative Department—1939-40—Recorded with remarks

From the Registrar of Co-operative Societies, dated 11th November 1940, R. C. No. 4866 40-A.

Recorded.

2. The year under review was one of progress in various directions. There was a continued and appreciable fall in overdues, and the percentage of loans granted by Agricultural Societies for productive purposes increased. Central banks restricted medium-term loans and developed more short-term business. The general business of the societies as well as their number increased and the level of deposits continued to be high. The inauguration of a number of consumers' stores in Madura and Ramnad which saved consumers from the profiteering by merchants and also checked such profiteering, and the impetus given to the organization of marketing societies are other noteworthy features. The Government hope that the progress will be maintained.

3. Rectification work has still to make much headway. The figures of societies classed as D (bad societies which may have to be liquidated) which represent nearly 13 per cent of the total number of societies are unduly high. The Government have noted the steps taken by the Registrar to rectify the position and desire to see a more rapid improvement than was possible in the past.

4. The Government regret to observe that co-operative consolidation of holdings has not made any progress. The Government are examining this question separately.

5. The Registrar observes that panchayatdars and members of primary societies are to a disquieting extent "co-operative illiterates," "Co-operative illiterates" form an unsatisfactory foundation on which to build. The Government hope that as a result of the several schemes of co-operative training and education now in operation there will be a large improvement effected in this respect.

6. The working of the department during the year under review was on the whole satisfactory.

Draft amendments to rules under the Acts.

Fort St. George, July 21, 1941 (G. O. Ms. No. 1307, Development).

Notice is hereby given that the draft will be taken into consideration on or after the 30th August 1941 and that any objection or suggestion which may be received with respect thereto from any person before the aforesaid date will be considered by the Government of Madras.

DRAFT AMENDMENTS.

In sub-rule (2) of rule III of the said rules, the following sentence shall be added at the end, namely :—

"A copy of such certificate together with a copy of such by-laws shall be furnished to the financing bank concerned."

2. In sub-rule (2) of rule XV of the said rules, for the words "wishes to refer it," the words "decides, under clause (*c*) of sub-section (2) of section 51 of the Act, to refer it" shall be substituted.

Explanatory note.—The Madras Provincial Co-operative Bank, Limited, has proposed and the Committee on Co-operation in Madras (1939-40) has recommended :—

(i) that provision may be made in rule III (2) of the rules issued under the Madras Co-operative Societies Act, 1932, for the supply to the financing bank concerned of copies of the certificate of registration and by-laws of a society newly registered ; and

(ii) that rule XV (2) may be amended so as to make it clear that the Registrar has powers of reference under the provisions of the Act. The draft amendments published are intended to give effect to these suggestions.

Fort St. George, July 26, 1941.

(*G. O. Ms. No.* 1351, *Development.*)

Notice is hereby given that the draft will be taken into consideration on or after the 5th September 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.

In clause (*e*) of sub-rule (7) of rule XXII of the said rules, for the words 'on three consecutive days previous to the date of sale,' the following words shall be substituted, namely :—

" on two consecutive days previous to the date of sale and on the day of sale prior to the commencement of the sale. "

Amendment to rules under the Land Mortgage Banks Act.

In clause (*d*) of rule 4 of the said rules, for the words, 'on three consecutive days previous to the date of sale,' the following words shall be substituted, namely :—

" on two consecutive days previous to the date of sale and on the day of sale, prior to the commencement of the sale."

Explanatory note on the amendments.—The rules issued under the Madras Co-operative Societies Act, 1932, and under the Madras Co-operative Land Mortgage Banks Act, 1934, provide for the publication of the proclamation of sale of immovable property by beat of tom-tom in the village on three consecutive days previous to the fate of sale. In many cases, Sale Officers have found it necessary to order additional publication by beat of drum on the date of sale also in the interest of the defaulter and the decree-holder to attract bidders. Again in cases where defaulters pay off the entire amount due on the date of sale, prospective bidders come to know of the stoppage of the sales only after they have assembled at the places notified. The amendments provide for publication of the proclamation of sale for three days as at present, but on two consecutive days previous to the date of sale and on the day of sale, prior to the commencement of the sale. By this arrangement the defaulter will not have to pay any additional costs while publication prior to the commencement of the sale would help in securing more bidders and better prices for the properties. Where sales are stopped on full payment by the defaulters, there will be no publication on the day of sale. Prospective bidders can thus automatically come to know that the sale has been stopped and need not put themselves to any inconvenience.

Fort St. George, July 30, 1941.

(*G. O. Ms. No.* 1373, *Development.*)

Notice is hereby given that the draft will be taken into consideration on or after the 5th September 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.

Rule XXIV of the said rules shall be renumbered as sub-rule (1) of that rule and to the rule as so renumbered the following sub-rule shall be added, namely :—

"(2) In every case in which the Registrar refuses to register an amendment to the by-laws of a society, he shall briefly record in writing the reasons for his refusal and shall communicate his decision to the society."

Explanatory Note.

The Committee on Co-operation in Madras, 1939-40, has recommended that section 12 of the Madras Co-operative Societies Act, 1932, may be amended, so as to provide for reasons to be given by the Registrar in case of his refusal to register an amendment to the by-laws of a society and for the communication of the order to the society concerned. There is no need to amend the Act as necessary provision in this behalf can be made in the rules issued under the Act.

List of Societies Registered in July 1941.

S. No.	Name of Society.	District
1	The Korukonda Co-operative Stores Ltd. ...	East God
2	,, Sree Rama Co-operative Stores Ltd. ...	,,
3	,, Gollalamoda Agnikula Kshatriya Co-operative Society ...	Kistna.
4	,, Sri Venkateswara Gokarazuvaripalem Co-operative Credit Society ...	Guntur.
5	,, Kuruguntapalle Co-operative Society ...	Cuddapah.
6	,, Kanuparthi ,, ,, ...	,,
7	,, Saidapet Municipal Menial Employees' Co-operative Society ...	Chingleput.
8	,, Cuddalore Co-operative Sale Society Ltd. ...	South Arcot.
9	,, Chinnathiruppathi Co-operative Society ...	Salem.
10	,, Salem Little Flowers' School Staff Co-operative Society ...	,,
11	,, Rajendra Mills Co-operative Stores Ltd. ...	,,
12	,, Ekapuram Co-operative Society ...	,,
13	,, Akkammapettai Co-operative Society ...	,,
14	,, Berikai Co-operative Society ...	,,
15	,, Kattipalayam Co-operative Society ...	,,
16	,, Alagappampalayam Pudur Co-operative Society	,,
17	,, Salem District Co-operative Government Servants' Co-operative Society Ltd. ...	,,
18	,, Coimbatore Municipal Teachers' Co-operative Credit Society Ltd. ...	,, Coimbator
19	,, Dharapuram Co-operative Stores Ltd. ...	,,
20	,, Ondiputhur Weavers' Co-op. Sale Society Ltd.	,,
21	,, Lady Willingdon Training College Co-operative Stores Ltd ...	Madras.

How to treat an "uninvited guest."

"If an uninvited guest enters your home, receive him and look him; mere politeness demands that. If his views are different from listen to them and speak with him, but do not alter your own views if are right. If he comes to you singing, and you are in sorrow, ask him to cease his song; for he is to understand that the home is yours and not his. If he asks you if he may help you, say thank you, if you need help. And you should teach your children and your household to respect the requirements of hospitality but to understand at the same time that hospitality and friendship are not the same."

(*Consumers' Co-operation, April, 1941.*)