RAO BAHADUR M. GIRIAPPA, B.A.

Joint Registrar of Co-operative Societies.

Mr. Giriappa, entered service in the Board of Revenue in the year 1909. In 1912 he joined the Co-operative department as a Junior Inspector. After seven years of service he was promoted as Chief Inspector and worked till 1922 as such. In the year 1922 he was promoted as Assistant Registrar. (now styled as Deputy Registrar) In the year 1930 he was posted for special work under the Labour Commissioner and he worked for the amelioration of the Scheduled Classes. In June 1933 he was sent to Coorg on special duty and on his return he was appointed as Joint Registrar. He acted twice as Registrar for a period of six months on each occasion. He was also the recipient of a Coronation medal in 1937, and of Rao Bahadur subsequently. He has now entered on leave preparatory to retirement.

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THE

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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.

Additions to Rules Under the Act.

The Government have notified their intention to make additions to some rules framed under the Madras Co-operative Societies Act, 1932, which are reproduced elsewhere. In view of the fact that rules framed under the rule-making power vested in the Government are equally effective as the sections of a Statute, a statement of objects and reasons setting forth the circumstances necessitating the proposed additions or amendments would have greatly assisted their consideration by the persons likely to be affected thereby. In the absence of such a statement it is difficult to appreciate the view-point of Government. In the proposed addition of Rule XIII B. intended to prevent the use of any portion of the premises of a co-operative organisation for any purpose other than its business, the Government seem to feel the need for this prohibition on facts at their disposal. As these facts are not vouchsafed to the public, the rule, when enacted, is sure to create misunderstandings, especially in view of the sweeping nature of the prohibition contemplated. We doubt very much if the prohibition of the use of the premises for even other rural work like adult education is desirable and necessary at all if co-operation is to play a significant part in rural welfare. The object in view could have been achieved by stating the purposes for which the premises should not be used as in the case of school premises under the Madras Educational Rules. As the rule stands, it would be an infringement if the premises are used even for other co-operative business. For example, the premises of a Bank cannot be used even for a meeting of co-operators to discuss other co-operative matters such as, say, the starting of a stores. As we are clear in our minds that the intention of the Government is not to prohibit the use of the premises of co-operative organisations for promoting legitimate co-operative and other rural activities, we trust the Government will modify the rule suitably to mitigate the sweeping nature of the prohibition proposed.

Our general observations apply with equal force to the proposed additions to Rule XXVII. While perhaps no exception can be taken to the principle underlying the amendments as many consider that the reform proposed is long overdue, the Government would have greatly assisted the proper consideration of their proposals if they had set forth their view-point. The conference of representatives of Land Mortgage Banks not only approved the proposed amendments, but also suggested by a majority that the rule should be made applicable to the persons who are already Directors of Boards. The resolution runs as follows :—

> "The words 'near relation' in the rule proposed by the Government may be defined in the rule itself. The Conference recommends to the Government that the rule should be made applicable to the persons already Directors of Boards."

> "They should cease to be Directors after a date to be fixed by the Government."

The Executive Committee of the Madras Provincial Co-operative Bank, it is understood, has by a majority adopted the following resolution :—

> "The Committee is opinion that the rule in the form framed by the Government is not proper. The evil which the Government seems to have in view can be better met by preventing near relations of Directors from being appointed to important posts in the institutions with which they are connected."

If the evil sought to be eradicated is proving a real menace to the growth of the Co-operative Movement, we have no doubt the spirit of the rule will be observed by co-operators themselves by voluntary withdrawal from the Boards and co-operators in this presidency will set an example to their brethren elsewhere. Voluntary retirement is certainly preferable to enforced withdrawal.

Handloom Weavers.

In view of the importance of the subject and the thought and care bestowed by the Sub-Committee of the Board of Management of the Provincial Handloom Weavers' Society in preparing the scheme for the future rehabilitation of the handloom industry on co-operative basis, we need offer no apology for reproducing the full report of the Sub-Committee together with the resolutions of the Board on the various recommendations, Time and again various suggestions have been made to improve the lot of the weavers. The Government of India and the Provincial Governments have given proofs of their sympathy and support in a practical manner. Only recently a Fact Finding Committee has been appointed. Those interested in the uplift of the weavers are not satisfied with the progress made as radical measures only can bring the much-needed relief. The Committee on Co-operation went into this question carefully and have made very useful suggestions. What is feared is the roving Committee now appointed may only dig up what the experts have already produced but has been pigeon-holed somewhere and that nothing tangible may result from its investigations. However, as it will be sometime before the report of the Committee will be available even for the consideration of the Government and as in the mean-while the plight of the weavers is daily becoming worse, some immediate steps are necessary to put hope and cheer into the lives of these unfortunate weavers. The Government of India should continue the subsidy given to provinces for giving assistance to the handloom industry for a further period till conditions created by the War become normal. The Government of Madras should show their practical interest by alloting the entire proceeds of the Sale of Cloth Act, 1937, for the assistance of the handloom industry. This request made by the Provincial Society is eminently reasonable, as the tax was definitely imposed as a protective measure and not for revenue purposes. As for the other measures dealt with by the Board of Management, we shall avail of another opportunity to deal with them at some length.

Economic Survey of Madras Villages.

The Economics Department of the University of Madras is to be congratulated in conducting economic resurvey of the villages originally surveyed under the guidance of Dr. Gilbert Slater. The main conclusions which can be drawn from the results presented by Dr. Thomas are:

> (1) the growing rural congestion in certain areas and increasing sub-division and fragmentation of holdings, (2) the growing number of non-cultivating landholders and the increase of tenancy, (3) the large increase of landless labourers and the decay of customary relations between landowners and labourers, (4) slow progress of agricultural improvements, (5) growth of indebtedness, although the rates of interest had fallen much, (6) the growing disparity in the incidence of Land Revenue between different classes of land, calling for a readjustment of the Land Revenue system, (7) extensive progress in communications and breakdown of village self-sufficiency, (8) changes in diet—from millets to rice, from hand-pounded rice to milled rice—and the growing popularity of coffee and tea. Rural incomes range from Rs. 73 to Rs. 40 per head. Food supply seems to have kept pace with the growth of population, but while the quantity of carbo-hydrates available is more than adequate, there is an insufficiency of fats and proteins. During the period under survey, industrial areas have made more rapid progress than agricultural, largely owing to the protective tariff policy followed by Government. While the economic activities of Government in the past have greatly benefited the urban classes, the beneficial effect on the population of rural areas has not been so appreciable, and everything points to the need for a concentrated effort in rural development.

The picture is by no means encouraging and however much those engaged in rural work including the Government may protest, there is no denying the fact of woeful neglect of villages. Co-operators who believe in co-operation as the best means of economic uplift must plead equally guilty for this sad state of affairs. What is wanted is concerted and planned action by all agencies interested in rural work carried out in a spirit of service. A graphic description of the plight of the 'ryot' which appeared recently in a newspaper is reproduced here for the benefit of our readers with a view to bring home the immediate necessity to do something to better his lot.

> "Every system, device, approach and study of the rural problem of India, with the 'ryot' as the central emaciated figure, founders on the rock of stark reality. Everyone knows that the life of the 'ryot' from father to son for countless generations is a see-saw of starvation and semi-starvation. Drought or flood or pestilence, plus inevitable poverty, are his perennial potion. The sun rises and sets, year after year on his dire duress. The moon, month by month, hears groans of malignant illness and moans of babies suckled at dry breasts. Years pass; seasons come and go; seed time and harvest time follow; the 'ryot' remains sickly and hungry and desolate. Sometimes his tortured mind rebels at a fate that denies him and his children and his children's children a tiny measure of the joy of life. Attempts at improving his condition rule out the fact that he is a man first and then a 'ryot'. Give him wholesome food to filling, pure water to drink, ye armchair altruists, before you have the hardihood to discuss his economic well-being. While a legion of infertile schemes is in the incubator, a few more millions die of malnutrition and static privation. So it was; so it is.

True indeed!

Central Land Mortgage Bank.

The report of the Madras Co-operative Central Land Mortgage Bank just issued and the proceedings of the Conference of representatives of Primary Land Mortgage Banks afford interesting reading. Those responsible for the conduct of this aspect of the Co-operative movement deserve our sincere congratulations. The care with which the fortunes of the Bank have been watched without in any way unduly sacrificing the interests of the ultimate borrower deserves praise. There is no need to regret the decision of the Bank to reduce the maximum borrowing limit to Rs. 5,000 as thereby assistance is being rendered to a larger number even if the Bank succeeds in securing the funds required. The Bank has yielded to the pressure of Government to increase the margin to 3 per cent. which must necessarily increase the lending rate to the ultimate borrower to 6½ per cent. That this increased rate will cause hardship to the ryots, there is no doubt. Why such a large margin is necessary, whether there is scope for retrenchment in overhead charges, whether one or the other of the stages of 'filtration,' through which the loan applications pass, can be dispensed with, whether in the interests of the ryots, whose well-being should be the main concern of the Government, the Government should not accept liability for certain overhead charges and thereby help to reduce the large margin now insisted upon, are some of the points for careful consideration. On these and other points, the Committee on Co-operation have made useful recommendations. They should receive early consideration of the Government.

On the question of loans on the security of dry lands, even in deserving cases, it is regretted the consideration was put off pending the orders of Government on the recommendation of the Committee on Co-operation. While we appreciate the difficulties involved in the question, it would have been of considerable assistance if the Conference of representatives of the Land Mortgage Banks had spared some time for the consideration of the recommendation and expressed their view. However, we hope the Government will view with sympathy and consideration the proposals of the Committee on Co-operation regarding Land Mortgage Banks for dry areas.

Visual Education.

The Government of Bombay have just inaugurated a scheme of visual education unique in its scope. They have purchased a large number of 16 mm. projectors which are worked each by a battery and these projectors will be taken from village to village on a circuit system. It is stated that films dealing with rural subjects such as

agriculture and cattle, sheep and poultry-farming, health and sanitation, war and other subjects of general interest have been secured and a complete new programme will be provided each fortnight. It is hoped that when the scheme is in full operation the villagers will be very little behind the townsmen in seeing pictures of the latest developments in world affairs. As the films are silent, a commentary in the best known local language will be delivered each time the film is screened. Some of the films have been obtained from the Film Advisory Board of the Government of India, while others are being made by the Government of Bombay. The example set by the Government of Bombay in this regard is one worthy of emulation by other Governments. It is needless to emphasise the importance of visual instruction as a part of adult education and in undertaking this important method of propaganda, Bombay, as in other matters, is giving a lead to other provinces in India. While magic lantern slides have not yet lost their importance as a means of propaganda, there is no denying the fact that silent films in which the actors move will have a greater effect. We look forward to the use of talkies in no distant future as the most effective means of propaganda Co-operators and the Department of Co-operation will do well to consider this method of propaganda as a means of co-operative training and education. A portion of the amount now spent on Panchayatdars' Training Classes etc., may be usefully set apart for inaugurating this method of propaganda and we have no doubt the results will be encouraging. The assistance of the Madras Provincial Co-operative Union may be usefully availed of in this project.

Responsive Co-operation.

These terms are generally employed in the political field. We see no reason why they should not be the slogan even in the Co-operative field. We have not hesitated in the past and we will not hesitate in future to criticise where we must and support where we should the Department of Co-operation. Eternal but enlightened vigilance will be our watchwords. From the circulars published elsewhere, it will be seen the Registrar of Co-operative Societies has impressed on the Central Banks and the Supervising Unions to support the Provincial Co-operative Union and its journal. We are grateful to him for his proffered assistance and we express the hope that the Deputy Registrars will kindly exert their influence to secure the necessary support. We shall endeavour to deserve the confidence reposed in us.

Cordial Invitation.

Since the publication of the Report of the Committee on Co-operation we have received valuable contributions from prominent co-operators giving their considered views on the various recommendations. We feel, however, that they and others would very much like to deal at greater length with some topics, especially those on which differing views are held. Whatever may be the decisions of the Government on the controversial points, the co-operators have a right to give expression to their views. We, therefore, earnestly invite co-operators to contribute special articles citing facts and figures within their cognisance on such topics, to mention only a few, as (i) the limited and unlimited liability, (ii) multi-purpose societies, (iii) representation of individuals on the Boards of Banks, (iv) Supervising Unions and (v) Extent of Satutory control. It is necessary sound co-operative opinion based on experience should be formulated in the interests of the movement and reconciliation of differing views even on fundamental questions is of utmost importance. *Co-operators should learn to act quickly and unitedly.*

Proposed Amendments to Rules.

BY A PROMINENT CO-OPERATOR.

The Government proposes to amend or add to Rule XXVII of the rules framed under the Co-operative Societies Act, and the amendments have been published in the *Fort St. George Gazette* calling for objections or suggestions. The effect of the proposed amendments is to disqualify any person to be appointed as a member of the committee of any society, if he is a near relation of the paid employee of the society and also to make the member of such society cease to hold office if he becomes a near relation of a paid employee of such society. Power is given to the Registrar of Co-operative Societies in cases of dispute to decide what is meant by 'near relation'.

We indeed deplore that the Government should propose such a rule at all. The relationship between the employee of the bank and of the member of the committee is not by itself objectionable. Indeed, if we look at the history of the Provincial Co-operative Bank and some other institutions outside this Pesidency, the banks have not suffered by the fact that any employee of the bank was a relation of some member of the committee of management and the relationship has not affected the efficiency or satisfactory working of the bank itself.

In the early stages of the Provincial Co-operative Bank, Mylapore, the bank was managed by a Secretary—Mr. V. C. Rangaswamy, whose father was on the Board of Management and who with the late Dewan Bahadur Krishnaswamy Rao was wholly responsible for the starting of the bank and bringing it to its present position. Dewan Bahadur Krishnaswamy Rao's son was also an employee of the bank. The fact that appointments were held by close relations of persons on the Board of Management of the bank had not been detrimental to the success of the institution with which they were connected. In Bombay, the Provincial Co-operative Bank is being very ably managed by Mr. V. L. Mehta whose father Sir Lallubhai Samaldas was intimately connected with the Board of Management for a very long time. I am also informed by active co-operators who visited foreign countries that in many of the co-operative institutions there, mere relationship has not been taken as a disqualifying factor for a seat on the Board of Directors. In fact, in many cases while the father is the President of the Board, his son or a near relation was found working at the head of the institution. It must be said, however, that this is done in a spirit of dedication and service to the cause of co-operation and no complaint has been made on account of this circumstance. But it is unfortunate, however, that the absence of a rule like the one proposed has been exploited by persons in the co-operative movement, to their advantage; for, the Registrar says in his recent report that "personal and family loyalty are carried too far and are degraded into favouritism and nepotism." Evidently the evil has permeated to such an extent that I find that at the Conference of the Land Mortgage Banks, the draft amendment to Rule XXVII was approved. I also find from the papers that one or two public meetings have been held commending the proposed amendment.

In combating this evil we must be careful to see that no injury is really inflicted on the Co-operative movement itself. While I therefore approve of the spirit of the rule, I should like to point out that the rule as such is too wide in its scope and in its application. To disqualify a person from becoming a member of the committee of a bank because some relation of his is employed as an insignificant clerk or an attender or a peon, is to disqualify him on flimsy or no ground at all. The disqualification must be restricted, therefore, to cases where the relatives occupy only key positions in the bank like the secretary or assistant secretary or manager or cashier. Again, to disqualify a person from sitting on the committee of the society which itself is not in executive management of affairs is equally undesirable. I therefore, think that the application of the rule must be limited and confined to membership of committees which is in executive management of institutions. An extension of the operation of the rule beyond what is absolutely necessary will deprive the co-operative movement of the services of some of its good workers.

If the restriction suggested above is not accepted, I make a further suggestion that it must be left to the Registrar to decide whether a particular member whose relative is employed in the bank, should sit on a committee or not, in each case as and when occasion arises. This may be objected to as placing too much power in the Registrar. It is so; but the evil complained of is the making of the non-official co-operators, and they cannot complain if they have to suffer for it at least for a time.

The real solution to my mind may be had if there is a provincialisation of the superior non-official co-operative services, when there will be scope for transfer from one institution to another. This will meet the situation and perhaps eliminate the evil altogether.

The fundamental ideas in Rural Development or Educated settler on land.

By K. Unnikrishna Menon,

Deputy Director of Agriculture.

It is a paradox that the tillers of the soil who form 80 per cent. of our population and who are thus the bed rock of India's economic life, are getting poorer day by day while the industralist and the merchant who are dependent on them, are generally found thriving. All of us admit that the prosperity of any country depends upon its natural and economic resources. The growing poverty of this land in spite of its natural resources must be due to the uneconomic aspect of her farming. But how to make farming economically sound and make it conducive to the well being of the country, is the problem in hand and this is the essential part or the fundamental idea in rural uplift.

The quality of the wares produced and a marked decrease in the cost of production are very important factors in any industry. The industrialist minimises his cost of production by all means and secures an income from the bye-products which are converted into useful articles and sold. When any one of the bye-products is wasted, the economic stability of the concern is upset and it cannot escape disaster.

The adoption of the most up-to-date scientific ways in improving and increasing production with a reduction in its cost is the ideal to be aimed at for the success of any industry. Easy transport facilities increase the need to set up this ideal. It applies with greater emphasis to the farming industry of this country.

We shall now see how we are placed with regard to our agricultural products. The time honoured cultivator of rice in India has to face the competition of imported rice from Saigon, Rangoon and other places. American flour, pearl tapioca, sago rice etc., are in general demand all over India and find entry even into the poorest household for some purpose or the other. Imported canned fruits and fruit preparations are also in general use. Import of condensed milk and milk products mount to staggering figures even though there is no country in the world, which reveres the cow more than India. The pepper in search of which Vasco de Gama came to India is now a more important commodity of export from other countries than India. How long will this paradox last? This will continue until the educated Indian takes to farming as a business proposition.

Before adopting farming as a business, one has to know why the present farmer is not in a prosperous condition. The old methods, which he even now persists in, do not meet the present day needs of the situation. Attempts have to be made to reduce the cost of production and increase both quality and quantity of the produce. The farmer of the old type has either to mend his ways or yield room for better people, if he cannot grasp the new outlook of economic farming. Is it possible to effect suddenly this change in the working system of the country? The Agricultural Department has been effecting the change in a slow but sure manner. The first part is done by introducing improvements in the system of farming, while the second part, which is harder to achieve, has to be effected by settling the "Educated unemployed" on the land as farmers. I shall briefly refer to the second part first as it is a subject on which less progress has been made and it must help the progress of the first part.

The educated unemployed is generally the weaker section of the educated people, who by a process of natural preferences and selection have been unsuccessful to secure any means of livelihood. In the natural course of events he must take up farming since mother earth alone can receive any number of her sons and give them employment. The outlook of the present day educated man has to be altered from an urban to a rural one before he can fit in as a farmer. He cannot expect to improve the standard of life without possessing the means to do it. When he starts life as a farmer, he must be prepared to do it just like the old type farmer and gradually improve himself and his standard of life as far as his resources permit. The economic unit of land—whatever it be—can give the worker enough food to eat if he carries on his business in the most economic manner possible without expecting to live a standard of life higher than that of his neighbouring friend. It is here that the new settler refuses to submit to the ordeal and gets upset. Consequently he runs away from the village. The rural outlook has to be created in him by his own exertions if it is not inherent in him. A desire to improve his own condition, pinning his faith on to the land, must persist in him from the very beginning. A courage to withstand hard outdoor work and to face reverses in life should rule supreme in his methods. Reverses and failures are always caused by mistakes, which a new entrant is liable to commit in any walk of life. He must have a strong desire to understand where the mistakes were committed and wisdom to avoid them in future. If a new settler lacks any

of these qualities, he may likely prove a failure in farming as he would certainly do in any other walk of life. It will thus be clear that the fundamental idea is that a failure in other walks of life can hardly fit in well as a farmer and attain prosperity. I would even like to go a step further and assert that an agriculturist must have even more common sense and sound judgment to his credit than the industrialist or commercial man, in view of the fact that the problems he has to solve in farming are more varied and natural. Commercial and industrial people are collectors of wealth from those who produce it, while the farmer is the actual producer of wealth. Hence his problems are more difficult indeed.

When the farmer is able to defy the irregularities of nature to a certain extent, he can be safe. This requires experience and forethought. A farmer must be aware of the condition of the demand and supply of his locality and outside markets and should shape the plan of his production taking the best advantage of the situation with due regard to the possibilities of his farm. The educated settler in the village looks upon his more successful brother in the town with certain amount of jealousy. More so when the settler is a graduate. This can disappear when he is able to realise the dignity of labour and work peacefully aspiring to secure his best as a farmer. I am inviting your attention to the primary cause of failure of any scheme of settling graduates on land in spite of a number of propagandists and why the individual should put in his own efforts to avoid failure.

The Indian farmer has to withstand the competition of the farmers of more civilised countries by making himself uptodate in the economic aspect of his cultivation. The Agricultural Department tackling him from outside cannot do all that is needed to guide him at every stage. A farmer cannot maintain his economic equilibrium unless he conserves all available refuse as manure in the best way possible. If any part of the farm waste is not converted into valuable manure as the bye-product of farming, most of his other efforts will be of no avail as manure good and cheap is the essential part of economic crop production. In fact manure is the most valuable portion of the wealth of the farmer since application of manure to a crop causes almost all the difference between a profitable and unprofitable cultivation. Some attempt is made to conserve the dung either in heaps where it gets dried up and exposed to the weathering action of wind and sun or in crude pits with or without any litter.

It is criminal to burn the cowdung in place of other fuel. The more valuable urine is looked after with less care than the solid excreta. Apart from this there are various kinds of household refuses that should go to swell the manure heap without incurring any additional cost. All sorts of household refuse can be regularly and systematically transferred to the pit dug for this purpose. This pit must be kept moist by occasional watering to facilitate rotting of the material. The sewage of the household can be diverted to the pit where possible. This watering and attention should be compared to the preparation of the bye-product into marketable commodity in any industrial concern. For the past many years the Agricultural Department has been crying itself hoarse to impress this well-known fact into the mind of every ryot without adequate results. Noteworthy results have, however, been achieved in several villages.

No farmer can hope to maintain the fertility of the land or expect good crops from them if he does not care to prevent the loss by erosion which is taking place from his fields at a very rapid rate. The loss which is considerable is caused by both wind and water and is preventable to a large extent. Contour trenching and terracing, growing of wind-breaks and growing off-season and cover crops etc., may be adopted to prevent this loss which is more frequently overlooked than cared for. I have known instances where the final ploughing of a slopy field along the slope after sowing had adversely affected the crop. It is for remedying these fundamental defects in the method of cultivation of the farmer that I stress the need for the educated to lead his colleagues.

The indebtedness of the farmer must continue to increase as long as he has to depend upon cash purchase of his work bullocks. A full fledged pair of animals purchased for work deteriorate rapidly and need frequent replenishment. In two years, the depreciation amounts to about 60 per cent. On the other hand the bull calves born to his milch cows if available can serve him as future work bullocks at a very much cheaper price. With a little care in selection of the proper cow and sire, he not only gets a regular money income by sale of milk, but also increases the valuable manure wealth of his farm, besides acquiring a herd of work animals without getting indebted. The milk and manure production and begetting calves must always remain one complementary to the other. Even if the bulls have to occupy a less prominent place after the advent of electric current for irrigation, they are required for ploughing the

fields, carting manure, produce and so on. With cheap irrigation, more intensive farming must follow. The opportunity must be seized to maintain more cows in a farm to secure a daily income by sale of milk. Besides more manure, work animals are necessary for more intensive cultivation to be adopted.

The responsibility of the educated man in the village consists in improving the village life in all aspects including sanitation, public health, education and so on.

Although cultivation is a full time occupation, the ryot and his family will some times find idle hours hanging heavily on them. The spare time of the adults and children can be profitably utilised to increase their income by adoption of useful side-lines of farming such as growing of fresh vegetables and flowers, apiculture, poultry-keeping, pisiculture and cottage industries like toy-making, spinning, coir and mat making etc. Production of bumper crops and reduction of cost of production alone will not bring the profit to the ryot. He should sell his surplus produce and products of side industry to his best advantage. For this pooling, grading and finding new markets are nececssary, which an average ryot cannot do satisfactorily. Therefore, organisations of farmers have to be formed either in each village or in a group of villages possibly on a co-operative basis so that the producer may get the full price for his products. The marketing section of the Agricultural Department is doing a great deal of work in this line, but the effect cannot be sustaining unless there is an enlightened friend to lead the generally illiterate ryot. An enlightened ryot in South Kanara could by grading produce, sell his jaggery produced in South Kanara as first class Udamalpet jaggery and benefit himself by the higher price it commanded.

For liquidating illiteracy in the village, these organisations should be of immense use. The enlightened farmer can help this work and should form the real connecting link between the advisory Government Departments for village uplift and the poor villager. When this fundamental gap is bridged by the educated young man settling himself in the village as a farmer, the rural uplift work will assume a very different aspect and the progress it will make will be amazingly rapid.

Bank Service.

A SERVICE OF CHARACTER, HUMILITY & SACRIFICE.

By Mr. V. Krishna Mohan, M.A., B.L.,

Assistant Secretary, Provincial Co-operative Bank, Ltd.

Banks are admittedly the repositories of public confidence in as much as they are the custodians of public funds and there is no doubt that it is this public confidence that leads to the investment of public funds in banks. It therefore, behoves all banks to so acquit themselves as to deserve the continued confidence of the investing public. Dealing as they do with one of the two vital earthly belongings or interests of humanity, namely wealth or money (Artham and Pranam, *i.e.*, money and life are closely linked with each other and always go together according to our Hindu Shastras) special significance has to be attached to banks and service therein. Doctors deal with the lives of their patients while banks deal with what may rightly be described as equivalent to life, viz., the moneys of the constituents. It is needless to state that dealing with other's moneys is *ipso facto* a very serious responsibility and a true banker should be alive to, and always bear in mind that heavy responsibility in all his dealings with the investing public. It is the lack of this sense of responsibility on the part of the bankers that has brought about the crash of several banks. Though the bank as a whole is held responsible to the public, yet the ultimate responsibility mainly rests on its higher officers—the Passing Officers of the Bank—who exact work from the lower staff and who represent the bank in all its dealings with the outside world. It is no wonder therefore, that such officers deserve to be and are actually paid high salaries for the arduous functions they have to discharge.

Now coming to the merits of service itself, there is no doubt whatever that it is a unique service distinguished from all other services in many respects. I may candidly state that I mean to cast no kind of reflection on or to say anything disparaging of, other services when I make this statement—far from it. My only intention is to emphasise the great qualities of head and heart which mark out bank service from the rest of the services.

To appreciate properly the high values attached to bank service it is necessary to rightly understand the relationship that exists between a bank and its constituents. It may be compared in many respects to the relationship that exists between a husband and wife or a master and servant. From the point of view of fiduciary relations,

the three relationships undoubtedly stand on the same footing, mutual trust being the essential characteristic common to them all. The relationship of a banker and a constituent mainly rests on mutual trust and confidence on which depend the permanent stability of the bank and the continuous support of the constituent. Once that confidence is impaired it will be most difficult, in fact impossible, to regain it. This supreme confidence reposed in banks is due to the personnel of its employees, from the clerk at the lowest rung of the ladder to the highest officer at the top. Bank service truly involves very high qualities of head and heart which it extorts from all its employees without distinction.

The essential requisite—the *sine qua non*—of all bank service is character. Character is the crest diadem which adorns the crown set with precious qualities of head and heart which shine with brilliance as they rest on it. For, without character all these qualities are worthless. Lack of character contributes to the gradual if not the immediate dissolution of the bank edifice which is built on the solid foundation of character. Character has throughout played a very vital part in the life of banks and characterless heads of banks have been solely responsible for the downfall and extinction of those banks in as much as there is always a direct, immediate and a continuous contact between the employee and the source of temptation *viz.*, money. This is specially true of employees in charge of cash—the cashiers, the assistant cashiers and the shroffs. Again in regard to the secrecy to which all bank employees are bound under the rules of bank service there is ample scope for fraud and as such the greatest care should be taken in selecting employees of high moral character.

These frauds are usually committed at the counter where ledger keepers pass customers' cheques in the first instance before they are ultimately passed by the passing officer; the fraud consisting in passing cheques for very high amounts when there is admittedly little or no balance at all to the credit of the drawer. Such frauds have gradually undermined several banks. Character plays such a vital part in each and every phase of bank service that it is a condition precedent to and an absolutely essential qualification for admission to service in a bank. Among other qualities that mark out bank service from other services, the pleasing characteristics such as a cheerful countenance, a spirit of toleration and goodwill, a ready willingness to serve the public at the sacrifice of self, a fine temper, suavity of manners and a nice tongue, deserve special mention. The watchword of bank service is self-sacrifice and its key-note is willingness to serve. These two represent in a nut-shell the ideal of bank service and the other qualities of toleration etc., contribute to the attainment of that ideal. There is no gainsaying the fact that bank service calls forth the best in man—all his qualities of head and heart.

Service to others is the motto of the banks. The employees who wish to join the bank service must be endowed with all the high qualities of head and heart before he undertakes to discharge the high responsibilities of bank service and should equip himself with all the cultivable traits (with which he may not be endowed) of an employee at the counter who deals directly with the constituents. A great amount of discernment and a good deal of discrimination are both required on the part of the employees at the counter in satisfying the respective constituents and customers. An employee in another institution may happen to step into the bank to cash a cheque on his way to office. There is surely no point in detaining him at the counter and paying him the cash at leisure. This incidentally brings me to the great virtue of promptitude. Promptitude in the matter of attending to constituents is always very much appreciated and the reputation of the bank is thereby greatly enhanced in public estimation. For, one hears it often said by many with a feeling of gratification, that in particular banks constituents are always attended to with great promptitude. After all nothing gives more pleasure to a customer than to have his money quickly placed in his hands. This promptitude is involved in and forms part of the cardinal quality of willingness to serve above referred to.

After everything has been said and done we come to the last but not the least of the glorious traits of bank service—in fact the most precious of all the traits—the trait of self-sacrifice. Bank service can be truly called a service of hard labour and self-sacrifice and unless one takes to it in that spirit one loses all zest for it and soon feels it a bugbear to be got rid of at the earliest possible opportunity or a dry monotonous boredom which has to be somehow suffered for want of any other walk of life. That bank service is a service of hard labour and self-sacrifice is aptly illustrated in my humble opinion by two systems prevalent in banks. One is the rigid leave system and the other is the annual bonus system. No where else are leave rules so rigidly enforced as in banks. Apart from the general rule that in all banks leave cannot be claimed as a matter of right, we find in actual practice that leave is very sparingly granted to employees in banks. It is an absolute truism to say that a bank

employee rarely gets leave when he is in bad need of it. The total number of bank holidays are few and far between. I designedly use the word "Bank Holidays" which mean holidays declared holidays under the Negotiable Instruments Act but which do not come under the larger heading of Public Holidays. Applications for leave are looked upon with suspicion and discouraged and rejected, lest the paramount work of the bank should suffer and the constituents should thereby be inconvenienced. Exigencies of bank service sometimes require the attendance of employees even on holidays. Christmas holidays which form the only chain of continuous holidays are not to be completely availed of by bank employees as by the employees of other public institutions. There is a break in the chain and on one day all banks work and applications for leave for that day are highly disfavoured and automatically rejected by the bank authorities. This one fact of hard service on one day—a day of rejoicing for all other employees which is however denied to bank employees is by itself sufficient to prove the selfless work carried on in the banks for public convenience, as banks and bank employees do exist only for others. It is this self-sacrificing nature of bank service that in my humble opinion is responsible for the annual bonus system for employees which is the uniform feature of all good and flourishing banks of any repute. It is in recognition of this hard selfless labour done throughout the year that this system of granting annual bonus of a month's salary to every employee of the bank has been introduced in banks. This bonus is confined to a month's salary and is granted out of the annual profits of the bank.

It is clear from the above survey that bank service is a thorny bed of responsibilities attached to the constant, direct and immediate contact with other's moneys. There is no gainsaying the fact that bank service is a dry service which does not involve any variety of interest but it is undoubtedly a service which calls for the best in man. Above all it is a service of strict discipline. Few know the plight of employees in cash department especially the shroffs, on days when the day's accounts do not tally with one another. A shortage or excess in cash—however slight it may be—resulting from the non-tallying of the accounts puts a dead stop to the closing of the accounts for the day until deficiency or excess is traced or made good by the delinquent, it may be late at night and at any cost. Such is bank service and bank discipline and one should perfectly understand all its real implications before getting into it, lest otherwise he should be faced with grim and unpalatable realities which would result only in a discontented life that would conduce neither to his benefit nor to the benefit of the institution which entertains him.

To close this subject in a light vein I would compare bank service to Indian married life. Just the motto of Indian married life is "Marry and love" so also in bank service the motto is " Enter and love." The initiation into both is a very solemn and serious function but after getting in one should learn to cultivate a liking for the job. Then and then alone would he be able to appreciate it. Otherwise it will be a dry, dull, monotonous and disgusting affair. Just as domestic felicity in married life is but an accident, great success in bank service is equally an accident. But there is no doubt whatever that both involve very high and serious responsibilities which demand all the qualities of head and heart from their respective adherents. It is, therefore, the sacred duty of all bank employees to throughly understand all the implications and responsibilities of bank service and serve the banks with love, devotion, loyalty and willingness, imbued above all with a high sense of morals and character.

Some Excerts on Co-operation.

It is impossible to put a precise value on this community service of the Movement. But it is a real service in a capitalist society, where, " patriotism " and profit have often been in unholy alliance, and where it takes more than a Government Order to bridle the profiteer.

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Unless the Movement can tighten up its organisation, universlise its services to all co-operative members, and learn to act quickly and unitedly, it will find itself manoeuvred into an economic straitjacket when the war is over.

* * * *

Not least of the encouraging signs in these days is the fact that co-operative educationists even now are thinking of a reorientation in their sphere of activity. The Co-operative Movement, no less than any other section of national life, " will never be the same again."

* * * *

Co-operative educationists are over-modest. They are doubtful of their own ability to make out the case that their great Movement, with its enduring principles capable of application to all the present evils which the world endures, has a place in the normal educational system of Great Britain. There can be no more appropriate time than now for a mighty effort to secure for Co-operation its 'rightful place in the training of Britian's future citizens.

* * * *

Co-operative Land Mortgage Banking.

BY RAO BAHADUR A. RAJABADAR MUDALIAR.

On the question awaiting settlement as to what rate of interest should be charged by Land Mortgage Banks on the loans to agriculturists, a formula has to be found which can satisfy both Mr. Hood, who rightly urges that the rate should be high enough to keep the banks safe and enable them to live long to serve the agriculturists, and Mr. T. A. Ramalingam Chettiar who, with equal propriety, urges that the rate of interest should not be higher than what the ryot can pay. The movement is intended for the poor and not rich agriculturists. A discrimination ought to be made, therefore, in charging the interest payable by the two different classes. I would suggest that loans up to say Rs. 1,000 be charged a rate which the ryot can conveniently pay and larger loans charged a higher rate which will leave a sufficient margin of profit to the Bank to keep it safe and living long. The higher rate may be so fixed as to leave a sufficient margin to make up for any deficiency caused by the lower rate for the smaller loans. Unless some such change is made the primary Banks may collapse before long. A reference to the last Annual Report of the Central Land Mortgage Bank shows that while that Bank earned a good profit of Rs. 1,20,540 as many as 41 out of 115 primaries worked at a loss, a fact which signifies the danger ahead. There is no point in fortifying the Central Bank more and more to face any future difficulties arising in the primaries, if these should be allowed freely to get into difficulties. How far the sharing of the present margin of profit (between the borrowing and lending rates) may be readjusted between the Central and primary Banks may also be considered. It was the neglect to tackle the growing number of 'loss' societies in the general Credit movement that paved the way to the ultimate liquidation of a large number of them.

Extracts from Recent Utterances.

1. Shrub Re 10.

THE ELEVENTH LAND MORTGAGE BANKS' CONFERENCE, HELD ON *January 4, 1941.*

ADDRESS

BY SRI T. A. RAMALINGAM CHETTIAR, M.L.C.,
President, Madras Co-operative Central Land Mortgage Bank, Ltd.

* * *

I have great pleasure in welcoming you to the Eleventh Conference of the Land Mortgage Banks' representatives. We have passed through a year of great strain and apprehension. The European war has been extending and its effect is being felt increasingly in this country. The loss of the markets for our produce has affected seriously the agriculturists of our province. The immediate future is not very bright so far as the economic position of the ryots is concerned. The war boom that was expected has not been realised. On the other hand, the prices of most of the commercial crops have gone down. The fact that in spite of these disturbing elements and the political turmoil, India has been able to maintain a fairly stable financial equilibrium is a great tribute to the economic position of the country. Unless adequate steps are taken to find markets for our produce or utilise them in our own country by developing the industries, our position will become difficult. While we have to press on the Government and responsible non-official agencies to take up the questions of industrial organisation and export seriously in hand, our ultimate security and development will depend on the speedy termination of the war and the success of the Allies. There is no difference in the country as regards its appreciation of the British ideals and its earnest desire for their success even though it is a matter of great regret that the Government has not done the needful to secure the whole-hearted co-operation of all sections of the people in putting forth all the efforts to win the war. I will appeal to the Government to reconsider the situation and vest the responsibility for organisation of war effort, the safeguarding of national interests and economic development in the hands of the representatives of the people on the lines suggested in the resolution of the Congress Working Committee at Bombay.

The work of the Land Mortgage Banks was hampered by fear of financial instability at the beginning of the war. The Government

who insisted on our adopting the method of floating debentures in lump sum once or twice a year and offered to give advances during the interval, went back on the arrangement and stopped the advances. They further insisted on our floating debentures to pay off their dues. The result of this was that from the beginning of October to the end of December 1939 all lending had to be stopped. This affected the primary banks and the borrowers, who were expecting loans in the usual course, very seriously. Complaints poured in that the borrowers were being harassed by creditors and that their properties were being brought to sale. We are very much indebted to Mr. Hood and his colleagues for realising the situation and passing early orders on our request for reconsideration. The Government were pleased to modify their order by allowing us to draw up to Rs. 15 lakhs in January, February and March and Rs. 45 lakhs in the current year ending with 31st March 1941. They subsequently allowed us to draw 3 lakhs more in March. They also allowed us to float debentures in driblets so that we may have an open series of debentures for subscription always, so that those who want to invest may at any time apply for debentures and get them allotted. This was the old method we followed. The Government have also made a condition that our dues to them at the end of the year should not exceed what it was at the beginning of the year. The Land Mortgage Banks are very much indebted to the Government for the orders passed and I am glad to convey to Mr. Hood in person to-day our gratitude for this speedy and substantial help he has given to the movement.

I am very glad to inform you that there has been a very satisfactory response to the issue of our debentures and we have been able to carry out not only the conditions imposed by the Government but also to pay off some of the dues maturing later. I want to take this opportunity to thank the Inspector of Local Boards and Municipalities and the Registrar of Co-operative Societies whose help in getting subscription for our debentures was very valuable.

While the Government wanted to limit the maximum amount of our drawing, we were not also sure that we will be able to repay the amount we were allowed to draw in the course of the year. So, the limit of Rs. 45 lakhs was fixed for the transactions of the current official year. We had to stop lending larger sums than Rs. 5,000 to one individual, so that the money available may be lent to a larger number of the poorer people. We now find that even so, the Rs. 45 lakhs the Government agreed to allow us to draw, will be exhausted in the course of this month and for February and March, there will be no resources available under the agreement for financing loans. We requested the Government to raise the maximum limit of our drawing and I am happy to say that we have received the order of the Government allowing us to draw Rs. 7 lakhs more during the current year. With this additional resource we will be able to meet the needs of February and March.

The guarantee given by the Government for the debentures floated by the Central Land Mortgage Bank was raised from Rs. 200 lakhs to Rs. 250 lakhs in the year 1939. The limit of Rs. 250 lakhs will be reached very soon. We have, therefore, requested the Government to raise this limit by another two crores. In spite of the fact that there were no loans disbursed for about 3 months on account of the Government order referred to and the fact that the maximum limit of loans was reduced to Rs. 5,000 and some of the banks newly started had not begun to do business, the loans sanctioned during the last year amounted to over 46 lakhs. A number of new banks have been started, the transactions of which are likely to increase. A few more banks are also likely to be started in the course of this year and the next. In a full year if all the banks work efficiently and the maximum limit of loans is raised to Rs. 10,000 as before, we would require about seventy-five lakhs for lending. It is on this basis we have asked the Government to raise the limit of their guarantee by another two crores, so that we may not trouble them again for some time and we may also be sure of steady and stable advance during that period. The Government were particular in insisting on the margin between the borrowing rate and the lending rate of interest of the banks being raised with a view to build up speedily a big reserve so that the bank may be in a position to dispense with the guarantee of the Government as soon as possible. Our arguments contra were of no use. The Board of management has at its last meeting agreed as a matter of necessity to work with a margin of 3 per cent. as desired by the Government. While the present rate of interest to the ultimate borrower is 6 per cent, for moneys lent out of debentures raised under cover of the guarantee to be extended, the rate will have to be 6½ per cent, with the present 3½ per cent. interest paid on our debentures. I have informed the Government that in case we have to pay a larger interest for our debentures, the position may be reconsidered. I hope the Government will pass early orders in the matter and extend the

guarantee for the debentures by two crores as requested by the bank. While I am aware of the scanty return received from agriculture and the position of the ryots, and the fact that in several deltaic areas the rate of interest for private transactions is as low as 6 per cent, I can see no way beneficial to the borrowing ryots except agreeing to the condition insisted upon by the Government, as we will have to pay very much more by way of interest in the open market if there is no Government guarantee, and I am also very doubtful whether we will be able to raise all the money we require even at the enhanced rate of interest without the guarantee. It became, therefore, necessary to accept the condition even though it is likely to work some hardship to the ryots borrowing from the primary banks.

In addition to the difficulties created by the war, the vagaries of the monsoon have also contributed to the troubles of the ryots. Drought in some parts of the country and floods in some other parts created trouble. In spite of everything, I am happy to say that all the primary banks in the province have paid off their dues and there are no arrears due to the Central Land Mortgage Bank. But in some of the primary banks, there are large arrears due from the members. In many of these cases, the arrears were due to the fact that the original borrowers alienated their properties without the permission of the banks concerned contrary to their agreement and the loans had, therefore, to be closed. It is becoming a serious question in many of the banks that this practice of alienating properties by subsequent mortgage or sale is increasing. The subsequent alienation defeats the object for which Land Mortgage Banks are working, viz., the redemption of the borrower. It also creates complications and troubles. The idea of thrift vanishes and there will be no use in computing the repaying capacity of borrowers when the alienee takes the liability of repayment. This is a serious question which will have to be tackled. I request the conference to consider it and give a proper lead.

While the number of banks has increased, it cannot be said that all the areas in the province are adequately or efficiently served. It may be claimed that all the areas irrigated by canals, tanks or wells are served more or less efficiently according to the enthusiasm and work put forth by the bank officials in the localities. The areas where irrigation facilities are wanting are not, and I fear, under the present arrangement, cannot be adequately served by the Land Mortgage Banks. It is a serious question to be considered how far and under what conditions land mortgage banks can lend money on the security of purely rainfed lands. It has also to be recognised that rainfed lands are not to be treated in the same way in all localities. While most of the Presidency is covered by the banks already started, a few more banks will be necessary to completely cover the province. There is a loud complaint from the banks that the Co-operative Sub-Registrars are not able to cope with the work allotted to them, as in several areas the three or four banks allotted to each Co-operative Sub-Registrar are too much. The number of Co-operative Sub-Registrars will have to be increased if the loan applications are to receive prompt attention.

The number of banks working at the end of the year was 119 and the total amount of loans actually disbursed before the end of the year was Rs. 42,81,940 as against Rs. 58,52,865 disbursed during the previous year.

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OPENING ADDRESS

By H. M. Hood Esq., C.S.I., C.I.E., I.C.S.,

Adviser to His Excellency the Governor.

* * *

Mr. Chettiar has referred to the position arising out of the War. It is a matter of great satisfaction that the war efforts have been so fully supported by this country. The response to His Excellency's appeal for a War Fund has been magnificent and reflects the general desire of this Presidency to do everything possible to suppress the egotistical brutalities of the Nazi regime. The contributions so liberally given contribute materially to the equipment of those—Indians and others from all parts of the Empire—who are so valiantly and successfully defending the peaceful homes and individual liberties of Indians though the fight is and will, we trust, remain far from our shores.

The Industrial development of Madras is in the meantime not being neglected. During the past year the investigation of mineral resources has been augmented and will shortly be increased further by more Geologists. A report on the Gold in the Wynaad was recently published and reports on other minerals will follow. I look to the development of these natural resources to improve our general industrial and economic position, particularly in those localities which are not very favourable to agriculture.

At the same time we are doing all we can to secure an increasing volume of orders for military supplies and in this we rely on the enterprise of our industrial leaders to take the fullest advantage of the present opportunities. The war has naturally resulted in cutting off many markets and some peace time products have slumped. Some substitution of crops is indicated and modification of production is necessary to meet new requirements.

I should like to refer to certain rumours and tales that received some currency recently with regard to the Taluk Committees formed by Government for the purpose of publishing what they considered fair retail prices in bazaars and of steadying the retail markets. We have been anxious that there should be no profiteering and that dealers should not exploit a local or temporary scare to push up prices but throughout there has been neither effort nor intention on our part to restrict the prices which the agriculturist may obtain for his produce. There has been complaint in the towns that the cost of rice has risen, but taking the Presidency as a whole it appears to me to be good that the agriculturist should earn a little more by his labours.

Mr. Chettiar mentioned a request to Government to increase the sum placed at the C. L. M. Bank's disposal to cover the issue of debentures. I am afraid that the public purse is a shallow one compared with the demands on it and we have not been able to comply fully with the Bank's request, but the provision we have made will, I believe, be ample to tide the Bank over the remaining months of the year without any embarrassment.

And with regard to an increase in the amount of debentures guaranteed by the Government you are aware that that figure at present stands at 250 lakhs. I think you will all appreciate the fact that, placed as the present Government is, on a temporary pedestal, it is unlikely that it will enter into commitments which may extend long after its own lifetime. But equally you may be assured that we will not let you down.

Your President has referred to the successful working of the Land Mortgage Banks, and it gives me the most lively pleasure to know that in spite of the constant vagaries of what a humourous world calls our climate, repayments have been satisfactory and the financial position of our banks is sound. I am confident that it will remain sound so long as the true function of these banks is appreciated—so long as the well being of the bank is without reserve the continued, first and vital concern of the management.

In regard to the Land Mortgage Banks' lending rates I think, in view of what has been said, that I may usefully place a certain point of view before you. When in 1923 I sat down to the Registrar's table, it required a very short time to realise that a number of serious practical problems had to be tackled at once. The voluminous literature on the benefits which it was sought to reap had to wait and it was best to leave the theorising and the insistence on moral benefits to those who had a flair for it. In this view I was confirmed by some study of the history of the movement. Co-operative Societies were devised to meet the hard practical difficulties of many poor people. The first object was purely economic. The moral effects of action and loyal participation in co-operative societies were discovered later and were never the original aim. I do not wish for a moment to belittle those advantages or the uses which we may make of co-operative societies for purposes other than material ones and these secondary results provide further justification for the Government to foster the movement, but what I wish to emphasise is that they flow naturally from the economic effects which it must be our first concern to produce. The results will follow if we tackle the economic problem successfully on co-operative lines. I have been accused of being unsympathetic. I plead not guilty unless it is unsympathetic to insist that a society formed for business purposes with the help of other people's money shall be run on business lines on a basis which ensures permanence. We shall not solve any economic problem, much less will any other advantages flow from a co-operative society unless it is a successful one and, in fact, if we are to produce any lasting effects at all we must look first and foremost to the society itself. Our first concern is to produce economic advantages. For that we must be quite sure beyond any doubt that a co-operative bank itself is in an unassailable position. Not just reasonably safe but so secure that it will continue to command such confidence in the public that they will readily put their money in it at low rates of interest. This is particularly true of Land Mortgage Banks. It is good to be able to lend money to agriculturists for long terms at low rates of interest and that is our object. But the question is not what rate can the ryot conveniently pay? The question is at what rate can the Bank safely lend? At what rate can it safely lend and be sure of going on lending. Too many people are urging that the immediate advantage of the ryot is the first consideration but if those kindly philanthropists had their way the movement would soon be in difficulties.

This is my answer to Mr. Chettiar's remark that the increase in the rate of interest may work some hardship to the ryot. I do not gainsay what he says. It may be rather hard on the ryot but it will be harder if the bank has to borrow at higher rates and it will be harder if the bank has to suspend loans through inability to float more debentures. For this reason it must work with an ample margin and build up its reserves, for you will realise that in borrowing at 3½ per cent. and lending to primary banks at 5 per cent. and building up a sinking fund which it can only reinvest at about 3 per cent. to provide a sufficient sum to repay debentures on maturity, the margin is on the whole only about ½ per cent.

It is entirely in the interests of the bank and therefore ultimately of the ryot that we urged the bank to increase its rate of interest on loans. You may think me unduly cautious. The bank has been running for 10 years and there has been no difficulty at all. There have been bad years for the agriculturists but the repayments have come in and the position of the bank is sound. But loans are for 20 years and I suggest that the second 10 years when many more of the original borrowers have passed away may not be quite so easy as the first ten. This appears to me to afford another reason for added caution and for increasing your reserves.

There is another matter to which I should like to refer. It is this. The banks are lending to ryots on a system of equated annual repayments. The amount of annual repayment is less as the term is extended. At first this fall in the amount is large but when one goes further the amount of reduction of the annual payment becomes less. On the other hand the total amount repaid becomes more and more. When one repays in 15 years the annual repayment is about 110 on a 1,000 loan. If the period is extended to 20 years the annual payment is nearly 100 but the total repaid is much greater when the period is extended from 15 to 20 years. Is it really of much advantage to the ryot to extend the period to 20 years, involving a greater total repayment in order to reduce the annual payment by so small an amount? I should like you to ponder on this aspect of your business and I will only remark that it is in the bank's interest that loans should not be longer than is quite necessary.

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Examine Yourself—How do you Fare?

It is a truism that the success or failure of a co-operative depends largely upon the directors. A questionnaire for directors has been condensed by the Co-operative Digest from a booklet issued by the Columbia Bank of Co-operatives, Columbia, S.C. This questionnaire is reproduced below and is worthy of study by the directors of any co-operative.

	Good Score.	Your Score.
1. Does your board meet regularly and do you attend all of the meetings?	5	—
2. At a board meeting do you stick to business, or tell stories and smoke cigars?	5	—
3. Do you study and understand the problems of your organization?	5	—
4. Do you insist on complete monthly reports by the manager and annual audits by competent accountants?	5	—
5. Do you personally understand these reports and use the information to improve your co-operative? ...	5	—
6. Do you spend the Associations' money as carefully as you would your own? ...	5	—
7. Do you insist that the Association have a budget and stay within it?	5	—
8. Do you believe a co-operative must extend credit in order to get its share of business? ...	5	—
9. Do you expect your manager to extend a liberal line of credit to all the directors? ...	5	—
10. In selecting a manager, do you consider his qualifications, experience and training, or how cheaply his services can be obtained?	5	—
11. Do you believe the board should adopt policies and require the manager to carry out such policies? ...	5	—
12. Do you attempt to dictate to the manager as to operating details or procedure?	5	—
13. Do you leave all decisions to the manager, or do you shoulder your share of responsibility? ...	5	—
14. Do you permit the manager to "hire and fire" employees or do you urge him to employ your friends and relatives?	5	—
15. Do you market or purchase through your association whenever possible?	5	—
16. When in doubt, do you vote with the majority or request further information? ...	5	—
17. Do you favor keeping the membership fully informed about the association's finances, operations and other problems?	5	—
18. Do you insist that the board and manager carry on an educational programme as to the benefits and responsibilities of co-operation?	5	—
19. Do you favour the election of younger men to the board from time to time?	5	—
20. Would you be willing to serve as a director if you received no fee per diem?	5	—

WHAT IS YOUR SCORE?

An Important High Court Judgment.

An important judgment of the High Court delivered by their Lordships Pandrang Row and Horwill, JJ. which is of interest to co-operators is herewith published.

Facts.

The appeals arose out of two societies filed by one Kuppu Govinda Chettiar against the Uttukottai Co-operative Society for a declaration that certain orders made in 1933 and 1932 by the liquidator of the Society determining the contribution payable by him at Rs. 8000 and Rs. 2000 respectively were illegal and void and of no effect whatever as against the plaintiff.

Judgment.

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The suits were dismissed, though without costs, on the sole ground that no notice had been given as required by S. 80 of the Code of Civil Procedure. In other words, it was only on the ground of want of notice that the suits were found to be not maintainable, and in other respects the findings were in favour of the plaintiff. The only point, therefore, argued in these appeals in the first instance, so to say, on behalf of the appellant is that the finding of the lower Court on the question of notice is wrong. S. 80 of the Code of Civil Procedure requires that unless notice is given at least two months before the suit, no suit can be instituted against the crown or against any public officer in respect of any act purporting to be done by him in his official capacity. In this case no notice whatever was given, and the contention on behalf of the plaintiff-appellant is that no notice is required because the defendant in the suit is not a public officer as defined in the Code of Civil Procedure [*vide* S. 2(17)]. It has been contended that even assuming that the defendant in the suit is the liquidator and not the society, he cannot be regarded as a public officer within the meaning of the Code of Civil Procedure. In this connection perhaps it is desirable first to deal with two applications presented at a very late stage, namely, after the hearing of the appeal was over and just before judgment was to be delivered, one application in each appeal to amend the cause title so as to show the defendant as "the Liquidator of the Society" instead of "the Society by its Liquidator." It is enough to say as regards the oral application for permission to withdraw the suits, that it is not withdrawn, and there is no need to pass any other order on it except to dismiss it as it is withdrawn. As regards the first application for amendment of the cause title of the plaint, it would be highly undesirable from every point of view to allow applications of this kind which are made after the whole case is argued and the parties have an opportunity of knowing or at least guessing with some degree of accuracy what is going to happen to their case. It is not as if this objection to the maintainability of the suit in view of S. 48 of the Co-operative Societies Act was not raised in the trail Court, and the application to amend the cause title should have been put in much eariler. There is really no explanation forthcoming for the delay in making the present application. We are, therefore, not prepared to allow that application and it is accordingly dismissed. We may add, however, that the application to amend is absolutely contrary to what it is alleged in the grounds of appeal, where it is contended that the defendant in the suit was the Co-operative Society and not the Liquidator and therefore, the question of notice did not arise at all. In other words, the main ground on which the finding of the Court below, which is against the appellant, was attacked was that the Court below failed to notice that the defendant in the suit was the Co-operative Society and not the liquidator, and of course, it was nobody's case that the Co-operative Society is a public officer. Apart from the fact that the suit is really directed against the society who is represented by the liquidator because the society has been ordered to be wound up and a liquidator has been appointed by the Registrar, the question remains whether even a liquidator appointed by the Registrar can be regarded as a public officer within the meaning of the Code of Civil Procedure. It is contended that he is a public officer because he is an officer in the service of the Crown. It is obvious, however, that *qua* liquidator he is not an officer in the service of the Crown, and it is not the case of either side that the liquidator as such receives any pay from the Crown or receives any remuneration for his duties as liquidator. The liquidator in this case is the Deputy Registrar of Co-operative Societies who, of course, in that capacity is a public officer. But that does not mean that when he is actually acting in the capacity of a liquidator of a Co-operative Society, he is an officer in the pay of the Crown or in the service of the Crown.

The only decision which has been relied upon by the Court below is the one reported in *Liquidator, Yedha Society, Nimar* v. *Prag.** Apart from the fact that in that decision it is merely stated without any discussion that a liquidator should no doubt be considered a public officer within the meaning of S. 2(17) of the Code of Civil Procedure, the actual facts of the case show that it was not necessary in that case to give any notice to the liquidator because the suit was not brought against the liquidator in respect of any action of his. In other words, the observation was an *obiter dictum*. Another case which has been cited to us is the one reported in *Liquidator of Society, Sanga Kheda Kalan Co-operative Bank, Hoshangabad* v. *Ayodhya Prasad Shivales*†, in which Pollock, J., refers to the earlier decision of the Nagpur Court as one in which it was assumed without discussion that a liquidator is a public officer as defined in S. 2(17) of the Code of Civil Procedure. The reason given by Pollock, J., for holding that the liquidator is a public officer is that the liquidator was appointed by the Government and his duties are quasi-judicial. In other words, the proposition as put forward in the case is

*A. I. R. 1934 Nag. 201. †A. I. R. 1939 Nag. 232.

that as the liquidator is appointed by the Government and performs public duties, he is an officer in the services of the Government when acting as the liquidator and therefore a public officer as defined in the Code of Civil Procedure. In the present case the liquidator is not appointed by the Government but by the Registrar of Co-operative Societies. Even otherwise we find it difficult to accept the general proposition that because the liquidator is given quasi-judicial powers, the duties which he performs must necessarily be regarded as being public duties. Nor are we prepared to accept the proposition that every person who is appointed by the Government to perform public duties is public officer. If that view were accepted it would follow that even a member or chairman of a local body appointed by Government would be a public officer. The word 'service' must necessarily mean something more than being merely subject to the orders of Government or to control by Government. We are unable to accept the view that a liquidator who is appointed by the Registrar of Co-operative Societies to liquidate a private Co-operative Society is an officer in the service of the Government, and this is the only ground on which it has been sought on behalf of the respondent to support the finding of the Court below. We are, therefore, of opinion that the present suits cannot be rightly defeated on the plea that no notice was given as required by S. 80 of the Code of Civil Procedure.

The decrees, however, of the Court below dismissing the suits have been supported on the ground that the findings on other points by the Court below in favour of the plaintiff-appellant are wrong. The main point is whether the suit is maintainable in view of the provisions of S. 48 of the Co-operative Societies Act, which runs as follows:

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

Considerable reliance is placed on behalf of the appellant on the Bench decision in *Vaikunta Bhat* v. *Sarvothama Rao.** That, however, was a case which had to consider a similar provision in the Imperial Act, namely, S. 42(6) which runs as follows:

"Save in so far as is hereinbefore expressly provided, no Civil Court shall have any jurisdiction in respect of any matter connected with the dissolution of a Registered society under this Act."

In construing that provision it was held by the learned Judges that the liquidator in the case before them acted without jurisdiction and that therefore the Civil Court's jurisdiction was not ousted by S. 42(6) of the Co-operative Societies Act of 1912. That was a case which is otherwise on all fours with the present case, because there also the question arose whether a person

*(1936) 70 M. L. J. 604: I. L. R. 59 Mad. 895.

who had once been a member of a Co-operative Society could be rightly made to pay a contribution by an order of the liquidator when he had not admitted his liability. In the case before them the contention was that the appellants had ceased to be members five years before the liquidation and it was held that it cannot be said that they had no right to ask the Civil Court to decide whether they were under any liability to contribute at all. That decision as well as the other decisions which have been mentioned to us were all of them with reference to the Act of 1912 and S. 42(6) thereof. As will be seen from the words of the provisions of the law with which we have to deal, namely, S. 48 of the Madras Act VI of 1932, the second clause thereof is far more precise in its language than the provisions in the earlier Imperial Act. For it says that when a liquidator has been ppointed (as in this case) no suit or other legal proceeding shall lie or be proceeded with against the society except by leave of the Registrar. There was no provision of this kind in the earlier Imperial Act for a suit being filed with the leave of the Registrar against a society after a liquidator was appointed. In this case it is admitted that the Registrar refused leave when leave was asked for, and we find it impossible to find any reason for ignoring the plain words of the provisions of law which are applicable to the present case and in particular, the second clause of S. 48 of the Act which is as clear as possible. It says that no suit can be instituted against a society when a liquidator has been appointed except by leave of the Registrar. This provision appears to us to stand in the way of the present suits, and though this point was not prominently placed before us in the argument and was certainly not referred to in the Court below, we are not able to find a way out of the situation created by the new law. This finding, namely that the suits are not maintainable in view of the provisions of S. 48 of Madras Act VI of 1932 is sufficient to dispose of these appeals. Nevertheless, as the other point, namely, the question of liability of the plaintiff-appellant has been argued at considerable length before us, it is perhaps desirable that we should briefly express our opinion thereon and all the more so because a special request has been made on behalf of the appellant that we should express our opinion on this point.

The point really is a simple one because the facts are practically undisputed. The plaintiff-appellant sent his resignation on the 4th June, 1930, to the Secretary of the Society and there is no doubt that the resignation was received by the Society and a meeting was held in the next month to consider the resignation. A copy of the letter of resignation appears also to have been sent to the Co-operative Department. The society in its resolution dated 1st July, 1930 (*vide* Ex. II) resolved that the resignation should not be accepted. A copy of the resolution was sent to the plaintiff-appellant by registered post, but he appears to have declined to receive it. There can be no doubt that he was aware of the contents or at least of the fact that his resignation had not been accepted. On the 24th January 1931, at a general body meeting of the Co-operarive Society the plaintiff was present as a

member and took part in it for some time, though he later on was asked to go out by the Chairman who presided at the meeting. It is argued on behalf of the respondent that these facts show that the resignation did not take effect and that the plaintiff-appellant really continued to be a member in spite of the letter of resignation sent by him on the 4th June, 1930. This argument assumes first that unless a resignation is accepted, it does not take effect in a case of this kind, and secondly, that the subsequent conduct of the plaintiff-appellant amounts to a withdrawal of his letter of resignation. As regards the first assumption, it appears to be really without foundation. In the case of an office in a private body like a Co-operative Society the law does not require that resignation should be accepted by the Society or anyone else before it takes effect. The by-laws of the Society are altogether silent as regards the mode in which a member ceases to be a member, and there is no reference to resignation in the Act or in the by-laws. There are one or two references in the Act to the withdrawal of members from the Society, and it is not contended that there can be no withdrawal or cessation of membership by means of resignation of membership. On the side of the plaintiff-appellant reliance has been placed on two English cases, Finch *v.* Oake and Glossop v. Glossop[2]. Finch *v.* Oake[1] was a case which related to the membership of the Bermondsay and Totherhithe Licensed Victuallers and Beer Sellers' Trade Protection Association and though the member who had resigned wanted subseqaently to withdraw his resignation, the Society declared that he had ceased to be a member by reason of the resignation and it was held that he really ceased to be a member as soon as his letter of resignation had been received by the Committee of the Association. In that case also the rules of the Association contained nothing as to the right of members to retire, this matter being left to be governed by the ordinary principles of law. In those circumstances it was held that he could withdraw from the Association at any moment of his own pleasure and without the consent of his fellow members or the Association and, therefore, that immediately the letter of resignation reached the Association, the member who sent in his letter of resignation ceased to be a member and he could again become a member only by following the rules regarding election of members framed by the Association any not by any withdrawal. In the latter case *Glossop* v. *Glossop*[2], it was a director of a limited company who resigned his office as Managing Director. On the very day on which the letter of resignation came up for consideration before the special meeting of the Directors an attempt was made to withdraw the resignation. But the meeting resolved that the office of Managing Director had been vacated. In this case, however, the matter of resignation was provided for in two articles of the Company; which provided that the office of Managing Director should be vacated on the happending of any of the contingencies

[1](1896) 1 Ch. 409. [2](1907) 2 Ch. 370.

mentioned therein, whereby the office of Director should be vacated. The provision regarding the latter subjects was to this effect :

" The office of director shall be vacated (inter alia)—if by notice in writing to the Company he resigns his office, provided that, the vacation of office shall not take effect unless the directors shall pass a resolution to the effect that he had vacated his office within six months from the happening of the event whereby such director had vacated his office. "

In these circumstances, it was held that the Managing Director could not withdraw his resignation without the consent of the Company and that he had vacated his office by his letter of resignation and that the resolution of the Board at the special meeting was effective and valid. On the side of the respondent, reliance has been placed on two decisions, namely, those in *Sudarsana Rao* v. *Christian Pillai*[1] and *Kuppu Govinda Chetty* v. *Secretary, Co-operative Central Bank, Conjeevaram*[2]. The latter case does not contain any discussion of the question but is important in view of the fact that it deals with the very letter of resignation with which we are concerned in this case, though the decision therein was in respect of the resignation of the office of the President of the Society, the petitioner being also the President of the Society and the letter of resignation being in respect of both his office as president as well as his membership. We are not concerned in the present case with the office of president but only with the question of membership and therefore the decision in *Kuppu Govinda Chetty* v. *Secretary, Co-operative Central Bank, Conjeevaram*[2], is not very helpful. The discussion of the point is contained in *Sudarsana Rao* v. *Christian Pillai*[1] where the same learned Judge, namely, Sir Vepa Ramesam relies to a great extent on certain passages from the text books on elections. The case with which the learned Judge had to deal was one in which the question for decision was whether a certain person had ceased to be an Honorary Magistrate prior to a certain date on which he was elected as a member of a local body. In that case it was held that an Honorary Magistrate does not cease to hold his office by his resignation but only on the acceptance of his resignation. That decision is certainly supported by the extracts from the text books on elections which relate to public offices or offices in local bodies in England which cannot be ordinarily given up without either the consent of some authority or the payment of a fine for non-acceptance. That case was one similar to *The Queen* v. *Corporation of Wigan*[3] which was decided in the light of the statutory provision in S 36 of the Municipal Corporation Act, 1882, which provided that a person elected to a corporate office may, at any time, by writing signed by him and delivered to the town clerk, resign the office, on payment of the fine provided for non-acceptance thereof. The reasoning which would apply to resignation of a public office of this kind cannot be applied to resignation of the membership of a society with which we have to deal in the present case. We are therefore, inclined

[1] (1923) 45 M.L.J. 798. [2] (1932) M.W.N. 18. [3] (1885) 14 Q.B.D. 908.

to the view that the membership of the plaintiff-appellant ceased immediately his letter of resignation reached the Society, that is to say, early in June 1930. There was thus an immediate cessation of his membership, and there being no provision for withdrawal of any resignation in the Act or in the by-laws, he could become a member again only by complying with the provisions relating to membership. The mere fact that he refused to receive the copy of the resolution sent to him in July 1930 and that he attended a meeting of the Society some six or seven months later has no legal effect so far as this question is concerned in the sense that these subsequent circumstances could not possibly restore him to his membership or make him a member after he had ceased to be one. It follows from this that the plaintiff-appellant ceased to be a member more than two years prior to the orders complained of in the present suits and to the liquidation.

The only other point which perhaps deserves some reference is the question whether the liquidator acted within his jurisdiction in these circumstances. So far as this point is concerned the decision of the Bench in *Vaikunta Bhat* v. *Sarvothama Rao*[1] appears to us to hold the field and, being a case clearly in point, has to be followed unless it is declared not to lay down the law correctly. Reliance has also been placed on two decisions of the Lahore High Court which are to the same effect, namely, *Mukand Lal* v. *Liquidator, Molhotra Bank, Hafizabad*[2] and *Anjuman-i-Imdad Qarza Bahami* v. *Mehr Din*[3]. In view of the fact that these decisions relate exactly to the present point, whereas the other cases, and in particular *Secretary of State for India* v. *Meyyappa Chettiar*[4] and cases of that description, deal with other enactments it does not seem necessary for us to consider in detail the question whether the cases dealing with other enactments really affect the present question having regard to the decisions which deal with the exact point, which arises in these cases. On these points we are inclined to decide in favour of the plaintiff-appellant. Nevertheless his appeals must fail and the suits must stand dismissed because of the absence of leave from the Registrar for the institution of the suits which, in our opinion, is required by the provisions of S. 48 of the Madras Co-operative Societies Act VI of 1932. Having regard to the circumstances *of these cases*, we think the just course to follow with regard to costs is to direct the parties to bear their own costs in this Court, the appeals being dismissed and the memorandum of cross-objections also.

[1] (1936) 70 M.L.J. 604 : I.L.R. 59 Mad. 895. [2] (1933) I.L R. 14 Lah. 703. [3] (1937) I.L R. 18 Lah. 649. [4] I.L.R. (1937) Mad. 211.

Reviews.

The Madras General Sales Tax Act : A Study.—By B. V. Narayanaswami Naidu and S. Thiruvengadathan. Published by the University, Annamalainagar.

We welcome the above book issued by the Annamalai University as Bulletin No. 4 of the Department of Economics. Though it is called a study of the Madras General Sales Tax Act it is not so, but is a comprehensive study of the Sales Tax Act, all the world over. Starting with a short history of the tax, the incidence of the taxation in foreign countries is examined. This is followed by a critical study of the Madras Sales Tax Act. Criticism and opposition to the measure are impartially surveyed and the general conclusion come to is more favourable to the measure passed by the Madras Congress Ministry than otherwise. The various administrative problems and difficulties connected with the Act are set out in succeeding chapters with lucidity and clearness which will be appreciated not merely by the Government (the tax gatherer) but also by those who are subject to the taxation. Indeed, one may well say this is not merely a book for politicians, economists and financial experts, but also for the general public *i. e.*, the tax payer. We are greatly indebted and deeply grateful to Mr. B. V. Narayanaswami Naidu and his assistant Mr. Thiruvengadathan, the Research Scholar working with him, for recording faithfully the facts observed by them in the working of the Act in the South Arcot District from a dispassionate and a scientific points of view. True, it is not a book for a lawyer who wants precedents and citations of cases; even he will be greatly benefitted by acquiring a knowledge of the general principles of the tax and the working of the Sales Tax legislation in India and elsewhere.

K. B.

The Twenty Third Annual Report of the Tinnevelly District Co-operative Central Bank Ltd., for the year 1939-1940.

This Bank had at the end of the year 520 societies and 192 individuals as members with a paid-up share capital of Rs. 1,86,924. During the year under report the deposits and borrowings rose from Rs. 14,56,667 to Rs. 14,64,854. The Bank also issued loans to individuals and societies to the extent of Rs. 16,05,460 as against Rs. 10,43,674 in the previous year and this was due to the initiative taken by the Bank to increase the transactions of the affiliated societies including loan and sale societies. The collections during the year under review was unprecedented and the percentage of balance to demand under principal was 13.2 as against 19.4 in the previous year and this was exclusive of the overdrafts granted by the Bank. We commend the proposal of the Bank to award marks of distinction to the unions that did well in collection work.

The Bank gave all possible help to develop non-credit activities in the district and from the report it is seen that there is great scope for its development in the years to come. The Bank maintains an up-to-date library and a Reading Room with a Radio attached to it. The Bank earned a net profit of Rs. 5,274-10-0 as against Rs. 7,080-4-0 in the previous year. The Bank has to its credit another year of good work.

The Fifth Administration Report of the Cochin Co-operative Land Mortgage Bank, Ltd., Trichur, for the year ending 15th August 1940 A.D. (31st Karkatakam, 1115 M.E.)

The Bank has another year of good work to its credit for the period ending 15th August 1940 (31st Karkatakam, 1115 M.E.). The statement given below will give an idea of the steady and sustained progress it has made all these years.

Year.	Share capital at the end of the year.	Amount of loan disbursed in the year.	Recoveries during the year.	Profit (+) or loss (—)
27-4-1111 to 13-4-1112	67,070	56,145 0 0	...	— 7,778-4-4
• 14-4-1112 to 1112 end	69,200	2,48,586 0 0	190 5 0	— 1,842-2-10
•1113	72,720	4,13,304 0 0	13,626 15 9	+6,814-12-7
1114	75,690	3,50,400 10 3	25,279 0 6	+ 5,511-4-9
1115	78,940	2,78,221 1 6	54,540 10 11	+ 9,826-4-6

• The slight difference in the profit in these two years is due to the increase in the rate of interest on the Government overdraft account from 1114 and certain adjustments made in advance in 1113.

The membership of the Bank rose from 1828 to 2154 and the paid up share capital from Rs. 75,690 to Rs. 78,940. The loans granted during the year amounted to Rs. 3,83,865 as against Rs. 3,71,934 in the previous year. No debentures were floated during the year under report since the overdraft of Rs. 5 lakhs granted by the Government in the previous year left sufficient balance for business transactions in the year. The bank earned a net profit of Rs. 9,826-4-6 as against Rs. 5,511-4-9 for the previous year. The success of the Bank as seen from the report is due greatly to the policy adopted by the present board of directors in granting loans according to the repaying capacity of the borrowers. There seems to have been some objection in the beginning to this policy, but the report says it has enabled the borrowers to meet their obligations without ~~fail and this~~ should be considered as a great asset to the Bank. We trust that this policy will be strictly followed in the years to come by the Bank authorities. On the whole the working of the society was satisfactory.

The Report for the year 1939-40 of the Mysore Central Co-operative Land Mortgage Bank, Ltd.,

The annual report of the Mysore Central Co-operative Land Mortgage Bank for the year ending 30th June 1940 is a record of all round progress. The number of members at the end of the year was 207 holding 2,198 shares of the value of Rs. 1,09,900 as against 209 members having 1,797 shares to the value of Rs. 89,850 in the previous year. The total debenture capital amounted to Rs. 10,91,700. The minimum loan was reduced from Rs. 500 to Rs. 300 and this had enabled a good many agriculturists to get the benefit from the Land Mortgage Bank. Though the number of loans granted is great the actual disbursement was Rs. 2,16,845 in 267 cases as against Rs. 2,47,030 in 220 cases in the previous year. A number of cases were pending for want of particulars. The percentage of recoveries to demand was 97.46 as against 89.05 in the last year. The Bank in 5 cases had to become owners of lands mortgaged and the net amount earned from the lands amounted to 418-7-3 for an investment of Rs. 14,617 which works out less than 3 per cent. We feel the Bank will be well advised to dispose off the lands to its best advantage. It is gratifying to note that out of 35 banks indebted to the Bank only two are in default. We hope the Bank will consider the suggestions of the Registrar to set apart five per cent. of the net profits towards the Bad Debt Reserve which is very essential in cases of emergency to meet bad debts. For the year 1940 the Bank earned a net profit of Rs. 19,327-4-0. The Government subvention of Rs. 5,000 was also received, during the year to enable it to reduce the rate of interest on loans. The Board of Directors deserve to be congratulated on the successful working of the Bank during the year and its development in all directions.

ERRATA.

The gross income of the Coimbatore Co-operative Printing Works, Ltd., for the year 1939-40 is Rs. 7,302-11-0 and not Rs. 1,700 as published in page 313 of the November 1940 issue of this journal.

" This is not a day of triumph; it is a day of dedication. Here muster not the forces of party, but the forces of humanity. Men's hearts wait upon us; men's lives hang in the balance; men's hopes call upon us to say what we will do."—Inaugural address of Woodrow Wilson in 1913.

News and Notes

A Joint session of the Standing Committee of the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association was held at Bombay in the premises of the Bombay Provincial Co-operative Bank on the 18th and 19th January 1940 under the presidency of the Hon'ble Mr. V. Ramadas Pantulu. In the heavy agenda for the meeting, we find among other matters, important subjects like the Reserve Bank's scheme of remittance facilities, provision for depreciation in Government Securities held by Co-operative Banks, schemes for rehabilitation and reconstruction of Central Banks and Societies in the provinces.

* * *

The Government of Madras have accepted some of the main recommendations of the Famine Code Revision Committee such as the constitution of economic development board for the Ceded districts to co-ordinate the work of the departments of Government in the task of planning for the prosperity of the Ceded districts. Its other recommendations relate to the organisation of cottage industries, fruit preservation and canning, development of sericulture, execution of irrigation projects and the promotion of measures of agricultural improvement. Important recommendations relating to the revision of the Madras Famine Code have been accepted.

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The report on the working of Co-operative Societies in the Madras Presidency for the year 1939-40 has just been issued and the observations of the Registrar of Co-operative societies on some topics are extremely interesting and helpful. They will be dealt with in succeeding issues of the Journal.

* * *

According to the review of the Trade of India 1939-40 production expanded in most industries after the outbreak of War under the stimulus of high prices. There was a rise of 40 crores of Rupees in merchandise exports—jute being responsible for 20 per cent. of the increase. India's foreign trade in 1939-40 was the largest for the three years preceding it.

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Dr. P. J. Thomas of the Madras University has been appointed by the Government of India as the Chairman of the Facts Finding Committee constituted by the Government of India to investigate among other matters the problem of the handloom industry in its relation to the mill industry with a view to improve the former. The other two members, it is reported, are Prof. Adarkar of Allahabad University and Rai Bahadur Mukerjee.

The Government of Madras have decided to renew the grant of loans to co-operative building societies during the next financial year on a restricted scale. It may be remembered the loans to building societies were stopped from October 1939 as an emergency measure due to War.

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At the District Periodical Conference held at Nellore under the presidency of the District Collector, it was decided to start seed farms on co-operative basis in as many villages as possible.

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"We must in the field of industry as in other fields apply the slogan and adopt the watchword *'India First'* " declared His Excellency the Governor of U. P in opening the Industries Conference at the Secretariat in December 1940.

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A decision to set up a Central Research Station for Sericulture work is understood has been taken at a meeting of the All India Sericulture Conference held at Lucknow on the 13th December 1940 under the presidency of Mr. C. C. Gosh, the Deputy Director of Agriculture.

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The Government of India's sympathy and assurance of active assistance in schemes for the manufacture of aircraft, automobile and ship building are conveyed in a Press communique issued by the Commerce Department.

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At the Gujarat Co-operative Conference a demand was made for the appointment of a Committee to inquire into the meteorological changes which affect the agriculture of Gujarat.

* * *

Delivering the inaugural address at the Delhi Library Association, Sri Maurice Gwyer, Chief Justice of the Federal Court, said " Libraries are not merely collections, as they too often are, of dusty books on dusty shelves, but can be the most powerful and democratic instruments for the spread of culture and enlightenment that we have." " If primary education is to become compulsory in the province of Delhi, then a complete system of libraries throughout the province will be absolutely essential, unless those children who have learned to read and write at the primary school are to relapse into illiteracy after their school days are over. "

* * *

A notable step has been taken by the Government of Sind to afford aid to unemployed peasants by inaugurating a scheme to establish a State Agricultural Farm on commercial lines in Karachi district. It is understood 300 agricultural unemployed tenants will be settled on 3000 acres of land specially set apart. The scheme is estimated to cost several lakhs of rupees.

The University of Madras have arranged a series of University Vacation Lectures on Rural Problems to be delivered at Calicut, Coimbatore, Madura, Anantapur, Chittoor and Saidapet for the benefit of the public and of teachers in particular. The topics dealt with relate to reorganisation of rural life and the lecturers are persons competent to speak on them. It is hoped as a result of these lectures interest in rural problems will be stimulated and the educated classes will come forward to undertake rural work in a spirit of service.

* * *

Rural Uplift Week was celebrated with great enthusiasm in Thenmathur and Nallavanpalayam villages of Tiruvannamalai Taluk on Saturday and Sunday. Street cleaning, tree planting, and rural sports were features of the celebrations, and prizes were distributed to the winners in various competitions.

* * *

The total customs duties on imports during the nine months ending December, 1940 amounted to Rs. 27,73 lakhs as compared to Rs. 33,77 lakhs during 1939-40, or a fall of nearly Rs. 6 crores over last year's returns. The total receipts from exports amounted to Rs. 2,59 lakhs as compared to Rs. 2,61 lakhs, or a fall of Rs. 2 lakhs over the 1939 figures.

The total of land customs returns amounted to Rs. 22 lakhs as compared to Zs. 55 lakhs, or a fall of Rs. 33 lakhs over last year's figures.

It may be pointed out that the trade between British India and Western India States declined from Rs. 31 lakhs in 1939-40 to Rs. 5 lakhs in 1940-41, and that between British India and French and Portuguese India from Rs. 24 lakhs in 1939-40 to Rs. 17 lakhs in 1940-41.

The net customs receipts during the nine months of 1940–41 amounted to Rs. 28,22 lakhs as compared to Rs. 34,57 lakhs in 1939-40, or a fall of nearly Rs. 6 crores over the previous years' returns.

Net central excise duties brought in Rs. 6,11 lakhs as compared to Rs. 4,10 lakhs, or a rise of nearly Rs. 2 crores over the 1939-40 figures. This reduces the customs deficit to Rs. 4 crores.

During the period of nine months, imports of raw cotton (Rs. 1,01 lakhs), dyes derived from coal tar (Rs. 30 lakhs), iron and steel (Rs. 51 lakhs), railway plant and rolling stock (Rs. 51 lakhs) and artificial silk and yarn (Rs. 60 lakhs) showed increases.

On the other hand, imports of cotton fabrics of British manufacture registered a further decline, the figures for the nine months being Rs. 22 lakhs as compared to Rs. 63 lakhs in 1939.

A similar decline was noticeable in imports of cotton fabrics of non-British origin, the figures for the nine months being Rs. 1,86 lakhs as compared to Rs. 2,19 lakhs in 1939. A general decline in the imports of other dutiable articles was also noticeable.

* * *

From a Press communique issued by the Government of Madras, it is seen that the geological survey conducted in Salem district reveals that there are deposits of crystalline limestone and Potash Felspar of good grade near Sankaridrug.

Registrar's Circulars.

R. C. No. 8636/40-C. *13th December 1940.*

Sub:—Stores societies—Introduction of B. Class shares.
Ref:—Registrar's circular D. 2814/40. C. dated 24-5-1940.

In the circular cited above, Deputy Registrars and Assistant Registrars were asked to advise stores societies, *wherever necessary or desirable*, to adopt in their by-laws provision for the admission of 'B' class members who would enjoy the privilege of purchasing their requirements from them but not the power to vote at general meetings. This suggestion was made by the Registrar as a result of the representations made to him during his tour in the Ceded districts that the high value of shares fixed in stores societies was standing in the way of poorer persons becoming members of these societies and that it would be desirable to introduce shares of lower value in order to enable such persons also to become members and purchase provisions. It was not the intention to ask *all* stores, whatever the local conditions might be, to create a new class of membership. The introduction of 'B' class shareholders with no powers to vote has, however, been criticised in certain quarters as undemocratic and, therefore, un-co-operative. The Registrar wishes to make it clear that not only is there nothing un-co-operative in the creation of B. Class shares but that in the present circumstances it is the best course to be adopted for extending the benefits of the consumers' movement to that class of people who are most in need of them. It is a well-known fact that the organisation of a large number of stores societies in recent months has been the result of the tendency on the part of shop-keepers to force up the prices of commodities, following the outbreak of the war, and that the rise in prices has hit the poorer people harder than anybody else. Co-operative Stores would certainly not achieve their object if they should at the present time deny to these people the benefits of co-operative purchase and sale. One obstacle in the way has been the inability of these classes to pay the value of shares, which has necessarily to be kept high, as the share capital of members constitutes a large portion of the working capital of these societies. To enable persons who cannot pay a large sum as share capital but at the same time wish to become members, the obvious course is to create a separate class of share-holders who by paying a nominal share capital can enjoy the primary privilege of membership, viz, purchase of their requirements from the stores. The majority of these persons are not much concerned with their right to vote at meetings; they are anxious to get their articles of domestic consumption as cheaply as possible. It is unnecessary in their case to ask them to pay the higher share capital merely to entitle them to exercise their votes at general meetings. As for those who wish to enjoy all the privileges

of membership, it is always open to them to qualify themselves for it by becoming A. Class members. There is thus nothing undemocratic or un-co-operative in introducing B. Class shareholders with no powers to vote. Moreover, the creation of B. Class members with no powers to vote is not new to co-operative theory and practice. Almost from the very beginning, land mortgage banks have been providing in their by-laws for admitting as B. Class members, with a nominal share capital, the coparceners of A. Class members. Again, poorer persons who wish to obtain loans on the security of gold and silver are admitted as B. Class members in urban banks.

Deputy Registrars and Assistant Registrars are requested to explain to stores societies the purpose with which B. Class shares have been suggested and to see that misapprehensions, if any, felt by societies are removed.

R. C. No. 510/41 B. *21st January, 1941*

I

Sub:—The Madras Provincial Co-operative Union—Strengthening of—steps to be taken to secure larger membership of co-operative institutions—instructions issued.

According to the by-laws of the Madras Provincial Co-operative Union, membership is open, among others, to supervising unions, urban banks with a working capital not below Rs. 20,000, non-credit primary societies, and primary land mortgage banks. Although the number of institutions in the Province under each of these categories is large, only a comparatively small number of these have in fact become members of the Provincial Co-operative Union, as the following figures will show.

Class of society.	No. of members on 30-6-40
Urban Banks	84
Land Mortgage Banks	20
Non-credit societies	33
Supervising Unions	171

The annual contribution payable to the Provincial Co-operative Union in all these cases is small, and it cannot be very difficult for most of these institutions to become members of the Provincial Co-operative Union. By doing so, they will have the benefit of the free supply of the Journal, while at the same time they will be helping in strengthening the financial position of the Provincial Co-operative Union and place it in a better position to carry on co-operative propaganda. Considering that this is the only institution for propaganda for the Province as a whole it is up to the societies concerned to co-operate in the effort to strengthen it. Deputy Registrars and Assistant Registrars are, therefore, requested to persuade all the eligible institutions to become members of the Provincial Co-operative Union as soon as possible.

II

Sub :—The Madras Provincial Co-operative Union—Increasing the membership of supervising unions—Instructions issued.

It has been brought to the notice of the Registrar by the Provincial Co-operative Union that one of the reasons why supervising unions have not become members of the Provincial Co-operative Union in large numbers is that Central Banks do not provide in the budgets of the supervising unions for the latters' subscription to the Provincial Co-operative Union. The contribution payable by a supervising union is the very small sum of Rs. 5 a year and the Registrar trusts that Central Banks will not mind making provision for this expenditure in the budgets of the supervising unions. While the supervising unions, for their part, will have the benefit of the supply of the Journal, it will at the same time go to strengthen the finances of the Provincial Co-operative Union, if they become its members. The Provincial Co-operative Union is the only propaganda body for the whole Province at present and in view of the great need that exists for co-operative propaganda, every possible step should be taken to strengthen that body. Central Banks are, therefore, requested to co-operate in the matter and make the necessary provision in the budgets of the supervising unions.

Like people in other countries we do want more of the good things to eat, to wear and to use. We want them, not because they are the first things in life, but because they help men and women and children to get the best out of life and to give the best that is in them. Round about us is the great expanse of India and within each one of us too there is a little bit of Our India. We want to cultivate what is **round** *us so that we can cultivate all that is* **in** *us. We are proud of our country and we want it to be just a little proud of us.*

OUR INDIA BY MINOO MASANI.

Correspondence.

To

The Editor,

The Madras Journal of Co-operation.

Dear Sir,

Future of the Movement.

In the presidential address delivered before the Joint Session of the Standing Committees of the Provincial Co-operative Banks Association and the Institutes' Association held recently at Bombay, the Hon'ble Mr. V. Ramadas Pantulu gave expression to his concern for the future of the Co-operative Movement within the limits set to it by the Co-operative Societies Acts in force and under the daily increasing control of the Departments of Co-operation as at present constituted. He also ventured to criticise the Departments and their heads. Everyone would support Mr. Ramadas in resisting unnecessary official interference in the conduct of co-operative organisations. But can it be denied that such powers of statutory control as are now exercised are sometimes inevitable and necessary if the confidence of the public in the movement is to be sustained? Will it ever be possible to do away with statutory control altogether? Will his objection hold good even when popular Governments shape the destinies of the people? If so, why did not Mr. Ramadas seek to effect this reform in the Committee on Co-operation? On the other hand his remarks show that he is satisfied with the achievements of the Committee of which he was a distinguished member and in shaping the recommendations of the same he played a prominent part. Can any one honestly aver that there is no attempt to increase the statutory control in the various recommendations? Both official and nont official co-operators are equaliy guilty, if the allegations made are true, of hugging 'to their bosom theories and practices of foreign origin.' Why blame the officers alone? We are as much steeped in these foreign 'heresies' especially as we have more time and leisure to read and absorb these ideas. There are as many heresiarchs among non-officials. It is true a new orientation of the movement is necessary. But will it be achieved by mere transformation of the Registrars into real 'friends, philosophers and guides' of the people? Do not non-official co-operators also need such transformation to an equal degree, if not more? Unfortunately 'files and papers' do continue to play a great part in the affairs of men and the huge establishments maintained in some of the offices of co-operative organisations which score substantially on the salary sheet are merely for dealing with files and papers. While no one will demur to the criticism that more contacts should be established—a criticism applicable to all co-operators, official and non-official—it will be agreed no purpose is served by making officials targets of general attacks without tangible proofs of their undue interference. Moreover, are not even now attempts on the part of officials to establish more contacts, misinterpreted as undue interference? Even offer of advice and guidance, let alone admonition, are resented. In the latest Administration Report, the Registrar answering the charge of officialisation writes, "our policy remains the same as before—to help, to guide, where necessary admonish, and only in the last resort to exercise the powers conferred by the Act for the protection of the public and the saving of societies." Can any one take exception to the sound policy pursued? Then why so much fuss is made of official interference? One is constrained to say that neither policy nor principle is involved in this cry against 'officialisation.' If things are as they are, it is the part of wisdom to take note of them, work for their removal and thereby avoid the necessity for dictation from any quarter without ourselves remaining as 'armchair altruists.'

Yours, etc.
WALRUS.

Publications Received

The Co-operative News-November and December 1940.
The Millgate-November 1940.
Review of International Co-operation-September 1940.
The Co-operative Official-November 1940.
The Agricultural Gazette of New South Wales-December 1940
Indian Farming-December 1940 and January 1941.
Industry-January 1941.
Indian Co-operative Review-July to September 1940.
Labour Gazette (Bombay)-November 1940.
Rural India-January 1941.
The Mysore Economic Journal-January 1941
The Bombay Co-operative Quarterly-December 1940.
The Madras Law Journal (Weekly) No. 1 January 1941
The South Indian Teacher-January 1941
The Mysore Co-operative Journal-November 1940
The Insurance Herald (Weekly).
Kotturavu-(Tamil) January 15, 1941.
Sahakaramu-(Telugu) January 1941.
Kannadasahakari (Kanarese) December, 1940.
International Co-operative Alliance, Digest of Co-operative Press-October 15, 1940.

Reports and Books

(1) Report on the Working of Co-operative Societies, Madras, for the Co-operative year ending 30-6-40.

(2) Annual Report of the Department of Industries and Commerce, Madras, for the year ending 31-3-40.

(3) Annual Report on the working of the Registrar of Co-operative Societies, Hyderabad (*Deccan*.)

(4) Annual Report of the Department of Agriculture of W. Australia for the year ended 30-6-40.

(5) Madras General Sales Tax Act—A Study by B. V. Narayanaswamy Naidu and S. Thiruvengadathan.—*Published by the University, Annamalainagar.*

Draft Amendments to Rules under the Madras Co-operative Societies Act.

The following draft of certain amendments to the rules published with Development Departmental Notification No. 264, dated the 1st August 1933, at pages 1178 to 1185 of Part I of the *Fort St. George Gazette*, dated the 1st August 1933, as subsequently amended, which it is proposed to make in exercise of the powers conferred by sub-sections (1) and (2) of section 65 of the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932), is hereby published as required by sub-section (3) of the said section, for the information of all persons likely to be affected thereby.

Notice is hereby given that the draft will be taken into consideration on or after the 26th January 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 rule XXVII of the said rules,—

(1) in sub-rule (1) after clause (*d*), the following shall be added, namely:—

" or

(*e*) is a near relation of a paid employee of the society, provided that if any question arises whether a person is or is not a near relation of a paid employee of the society, the question shall be referred to the Registrar and his decision shall be final" ; and

(2) (i) in sub-rule (2) after clause (*d*), the following word and clause shall be added, namely :—

" or

(*e*) becomes a near relation of a paid employee of the society"; and

(ii) after the proviso to the same sub-rule the following proviso shall be added, namely :—

" Provided further that if any question arises as to whether a member of the committee of any society has or has not become a near relation of a paid employee of the society, the question shall be referred to the Registrar and his decision shall be final."

Draft rule regarding the use of premises of Co-operative Societies.

The following draft of an amendment to the rules published in Development Department Notification No. 264, dated the 1st August 1933, at pages 1178 to 1185 of Part I of the *Fort St. George Gazette*, dated

the 1st August 1933, as subsequently amended, which it is proposed to make in exercise of the powers conferred by sub-sections (1) and (2) of the section 65 of the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932), is hereby published as required by sub-section (3) of the said section, for the information of all persons likely to be affected thereby.

Notice is hereby given that the draft will be taken into consideration on or after the 15th February 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.

After rule XIII-A of the said rules, the following rule shall be inserted, namely :—

" XIII-B. No society shall use or allow to be used any portion of its premises used for its business for any purpose other than such business."

The Madras Co-op. Central Land Mortgage Bank, Ltd.

Resolutions passed at the Eleventh Conference of representatives of Primary Land Mortgage Banks held on 4th January 1941.

1. Subsequent alienations of portions of hypotheca without previous permission.

"The present practice will continue".

2. Primary Banks—cash security from Supervisors.

"As it is necessary to take security from such of the paid officials as handle cash, the Board of Management of each bank may decide the amount and form of security to be taken and the persons from whom security should be taken."

3. Introduction of chalan system in P. L. M. Bs.,—feasibility.

"All the banks are asked to introduce the system of chalan (pay-in-slips).

4. Encumbrance certificates from the time of Block survey.—

"This Conference requests the Government to furnish encumbrance certificates to Land Mortgage Banks from the time of block survey as the present practice of giving encumbrance certificates for the past 24 years would not facilitate proper enquiry into the title of the applicant for the loan applied for in the primary land mortgage banks."

5. Grant of authenticated copies to the members or others from the records of the P. L. M. Banks and C. L. M. Bank in pending and disposed of loan files—Uniformity of procedure.

"Authenticated copies of records relating to their own transactions be supplied to members on payment of 2 annas per hundred words."

6. Refund of share capital to members—amendment to by-law No. 11 of the model by-laws:

"In the amendment proposed by the Registrar the need for C.L.M B's sanction in case of members whose applications for loans are rejected may be dispensed with."

7. Delegation of powers of an office-bearer—amendment to by-law No. 29 of the model by-laws.

"The amendment proposed by the Registrar may be accepted with the following changes:

(1) delete "15 days at a time," and,

(2) Substitute "President" for "Board."

8. "Near Relation"—draft amendment to Rule XXVII of the Madras Co-operative Societies Act, VI of 1932.

[In rule XXVII of the said rules:—

(1) in sub-rule (1) after clause (*d*), the following shall be added, namely:—

or

(*e*) is a near relation of a paid employee of the society, provided that if any question arises whether a person is or is not a near relation of a paid employee of the society, the question shall be referred to the Registrar and his decision shall be final", and

(2) (i) in sub-rule (2) after clause (*d*), the following word and clause shall be added, namely:—

or

(*e*) becomes a near relation of a paid employee of the society", and

(ii) after the proviso to the same sub-rule the following further proviso shall be added, namely:—

"Provided further that if any question arises as to whether a member of the Committee of any society has or has not become a near relation of a paid employee of the society, the question shall be referred to the Registrar and his decision shall be final."]

"The word "near relation" in the rule proposed by the Government may be defined in the rule itself.

The Conference recommends to the Government that the rule should be made applicable to the persons already Directors of Boards."

Passed by 21 to 14.

"They should cease to be Directors after a date to be fixed by the Government."

9. Loans—Zamindari villages—pattas:

"The Government be requested to make early provision to secure the grant of pattas by Zamindars."

10. Loans on security of Kanoms under Devasoms and Sthanees and permanent tenures:

"Loans may be advanced on the same terms as to other Kanomdars".

11. Grant of loans on the security of lands subject to payment of water tax.

"Resolved again to request the C. L. M. B. to consider the jenmam lands which are subject only to the payment of water-tax to Cochin Government or any body else under a registered contract creating a charge on the property for the said tax as superior jenmam lands because of the assurance of crops on them and therefore to take such lands as jenmam lands free of encumbrance for the purpose of advancing loans, the only condition necessary being that the debtor should produce the water tax receipt every year as in the case of revenue and Michavaram."

12. Raising the loan limit on Tea and Coffee estates, Potato lands and fruit gardens :—

This Conference resolves that the percentage of loanable amount may be raised in the case of Tea, Coffee and potato lands from 35 per cent. 30 per cent. and 30 per cent. to 50 per cent., 45 per cent. and 40 per cent. respectively, particularly in view of the steady rise in the prices of tea and export quota, coffee and potatoes in the Nilgiris and

that fruit gardens in the Nilgiris may be valued on the same basis as in other districts in the plains."

"Referred to the Board."

13. Grant of loans on the security of dry lands :

Loans may be granted on the security of dry lands in deserving cases in the Kurnool and Anantapur districts - black cotton soil.

"Await the orders of the Government on the Committee's Report.

14. Price of paddy:

"The price of paddy for calculation be taken at Rs. 4 instead of Rs. 3-8-0 per bag of 164 lbs., and it may be raised to Rs. 1-12. per kalam of 24 Madras Measures from Rs. 1-8."

15. Loan Applications up to Rs. 1,000—Sanction by President C.L.M.B.

"Await the orders of Government on the Committee's report."

16. Kist receipts—Maintenance of registrar—Registrar's Circular 10442/39 J., dated 11-4—1940.

"The Banks are asked to have themselves registered in the Tahsildar's Office by yaying Re. 1 each per year."

17. R. T. R. Facilities :

"This Conference is of opinion that the new remittance facilities in India and Burma introduced by the Reserve Bank of India are highly detrimental to the successful working of the primary banks in as much as the free remittance transfers through the Imperial Bank of India are discontinued and a levy of exchange is resorted to. This conference therefore urges on Government of Madras and the Reserve Bank of India to restore the former

facilities having regard to the infancy of the primary banks among other credit Societies."

"Resolved that the C.L.M.B., be requested to bear the cost of remittance to the bank while the bank bears the fees for remittance to the C.L.M.B., until the charges are abolished."

"This Conference resolves that the C.L.M.B., be requested to open current account with the District Co-operative Central Banks so that the remittances to the primary banks by C.L.M.B. and by the primary banks to C.L.M.B may be made at the District Co-operative Central Banks and thereby save both the primary banks and the C.L.M.B., lot of remittance transfer fees, and save inconvenience and delay also."

18. Advance payment and payment of Rebate—P.L.M.B. by-law No. 48 (a).

"Amend the by-law on the lines of amendment proposed in the by-law of the C.L.M.B."

19. Fixing of various due dates-payment of annual instalment.

"This conference resolves to fix the following dates for payment of the instalments due to the C.L M. Bank from the P.L.M. Banks.

1. 15th February. 2. 15th May. 3. 15th August. 4. 15th November.	It is left to the option of the borrower to choose any one of the concerned due dates."

20. Building fund and Common Good Fund.

"Resolved to request the Government to allow amendments to by-laws providing for setting apart a portion of the profits for a building fund."

21. Bonus to staff of primary banks.

"Resolved to request the Government to permit amendments of by-laws providing the payment of bonus to the staff of Land Mortgage Banks out of the net profits not exceeding a month's salary."

22. Dispense with assignment deeds.

"Await the orders of Government on the Committee's report"

23. Re-equation of loan when 30 per cent. of the loan is discharged.

"Cannot be done."

24. Postponement of instalments.

"Await orders of Government on the Committee's report."

25. Revaluation.

"As much time has been wasted in the revaluation of the properties every year and the disposal of loan applications is being delayed on account of this work, the conference is of opinion to address the Government and the Registrar once again to reconsider and issue instructions to primary Land Mortgage Banks for revaluation once in three years contrary to the G.O. M. 1544, Development, dated 2-7-40 and Registrar's R. C. 7469/39 J., dated 9-7-40."

26. Conference of supervisors and Training.

"It is desirable to give special training to employees in L. M. Banks. The C. L. M. B. is requested to take necessary steps."

27. Investment of Special Reserves.

"This Conference is of the opinion that the existing practice of special reserves to be merged in the working capital of the bank is unhealthy and therefore suggests to the Registrar to propose suitable amendments to the by-laws so that all special reserves shall be invested in the same manner as the Reserve fund either in the Central Land Mortgage Bank or in such other manner as the Registrar suggests from time to time".

28. Rate of Penal interest—Amendment to model by-laws.

"This Conference resolves that a subsidiary by-law similar to the one in force in C. L. M. B., viz., subsidiary by-law No. 8 of the C.L.M.B., may be incorporated in the model by-laws of the primary banks and the Registrar may be requested to issue suitable circular to all primary banks to enable them to adopt the same."

Subsidiary by-law No. 8 of the C. L. M. B.:—In respect of overdue instalments of primary banks penal interest at the rate of 1½ per cent. over and above the ordinary lending rate shall be charged. The Executive Committee may, in special cases, remit the penal interest for a period of 4 days. This applies also in the case of loans already disbursed.

Passed with the alteration '15 days' be substituted for '4 days'.

29. Sub-division of lands—

"Whenever the applicants are required to effect sub-divisions the revenue authorities may be requested to effect sub-divisions at the Government's cost as to avoid the unnecessary expenses to be incurred by the applicants and to avoid the delay in the disposal of loan applications."

30. "Village officers—certificate of valuation and income.

"For the lands offered as security by members a certificate from the village officers for valuation and income is insisted. The

members find it difficult to get it from them. Moreover, in some certificates the value fixed by them shows a large margin and disproportionate to the latest land values in the village. In view of these facts, this certificate may be dispensed with."

"The certificate need not be insisted on."

31. Crop loan and sale society.

"The Conference recommends to the Registrar of Co-operative Societies to organise a crop Loan and sale society at the headquarters of each Land Mortgage Bank as much difficulty is being felt by our borrowers to repay their instalments and have to sell their produce off hand at a low price in view of emergency without retaining the produce for sale at a high price."

32. *Tanjore L.M.B.*—"The recommendation of the Committee on Co-operation published in the supplement to Madras Journal of Co-operation of November issue from S. No. 13 to 63 may be considered in the Conference."

"Referred to the Board."

The Madras Handloom Weavers' Provincial Co-operative Society Ltd.,

Resolutions of the Board of Directors

1. Resolved unanimously that the Report of the Sub-Committee be adopted and effect given to it accordance with the following resolutions:—

2. Resolved to request the spinning mills, Central Banks and individuals to contribute to the shares of the Provincial Society.

3. Resolved to apply to the Madras Provincial Co-operative Bank for a loan of Rs. 2,00,000 on the basis of the owned capital of the society.

4. Resolved to request the central banks to finance the weavers' societies in accordance with their by-laws on the basis of their owned capital.

5. Resolved to continue the existing sales Depots at (1) Madras (2) Calicut, (3) Bellary, (4) Bezwada and (5) Rajahmundry and also to open new depots at Madura, Coimbatore and Salem.

The depots at Vellore and Trichinopoly will be given time up to 30-6-'41 to develop their business; they will be closed if they do not make satisfactory progress before the end of June 1941.

6 Resolved to stop payment of subsidy to the Sales Depots run by the primary societies viz. Coimbatore, Mangalore, Nellore, Dharmapuri, Sholinghur, Tenali and Yemminganur with effect from 1-4-'41 and to request the primary societies concerned to close them before that date, if it is not possible to run them exclusively from out of their own income.

7. Resolved to arrange with wholesale merchants etc., to sell goods and incur the necessary expenditure within the budget allotment.

8. Resolved to alter from 1-4-'41 the basic factors as specified in paragraph 15 of the Sub Committee report, the subsidy being calculated on the average number of looms worked during the preceding 6 months.

The existing practice of giving subsidy to new societies for 3 months without regard to the number of looms worked and the sales effected, be discontinued with effect from 1-4-'41. Payment of subsidy to the existing societies which do not reach before 31-3-'41, the standard prescribed in paragraph 15 of the report, should be stopped.

9. Resolved to request the Registrar

(1) to arrange for the supervision of the primary societies,

(2) to lend the services of 20 Junior Inspectors (the total cost of each Inspector to be in the neighbourhood of Rs. 60 per mensem) to work as paid Secretaries of societies working with 60 or more looms,

(3) to instruct his Deputy Registrars to take steps to increase the number of looms and share capital in the societies in districts and generally to improve their working,

(4) to arrange for the organisation of new societies in the 8 districts mentioned in para 5 of the report on the lines indicated therein.

10. Resolved to authorise the President and the Registrar of Co-operative Societies to select suitable qualified men for appointment as Secretaries and Managers of societies.

11. Resolved to request the Registrar of Co-operative societies to issue instructions to primary societies with 40 looms and above to amend their by-laws before 28-2-'41 so as to provide for paid Secretaries.

12. Resolved to abolish the posts of 6 Supervising Officers and and 15 Marketing Officers with effect from 1-4-'41 and to create with effect from the date of abolition of the above posts, 8 places of Marketing Officers, on a pay not exceeding Rs. 100 *plus* travelling allowance at Rs. 20 per mensem.

13. Resolved (1) to create the post of a Manager for the Office of the Provincial Society (2) to address Government to approve the following re-appropriation and (3) to request the Registrar of Co-operative Societies to lend the services of a Junior Inspector on foreign service conditions for one year to work as Manager.

Rs. 200 to be transferred to the head "pay of Manager" from the head "Pay of Dyers."

14. Resolved to request Government to permit the re-appropiation of sum of Rs. 975 provided in the budget under "Machinery non-recurring" to a new head "dye-house—non-recurring."

15. Resolved to request Government to arrange for the supply of 20,000 lbs. of dye stuffs for dying yarn required for handloom weaving.

16. While thanking the Government for the indirect help given to the Handloom industry by the passing of the Madras Regulation of the Sales of Cloth Act, 1937, this society makes a special appeal to Government to give direct assistance by transferring the proceeds of the tax to this society for the development of the handloom industry.

17. Resolved to frame the budget for the year 1941–42 providing for the above expenditure and also the following new items of expenditure to be incurred in the year 1941–42 and request Government to accord their approval.

(1) Six additional Designers at Rs. 40 per mensem *plus* travelling allowance of Rs. 20 per mensem.

(2) One Standardisation Assistant at Rs. 75 per mensem.

(3) One additional Peon for the office.

(4) A provision of Rs. 12,000 to give office allowance to merchants and institutions.

(5) Sales subsidy Rs. 20,000

18. Resolved to request the Government of India to permit the Provincial society to increase the number of Directors on its Board of Management from 15 to 19 in order to bring in experts and businessmen to assist the Provincial Society.

19. Resolved to authorise the Executive Committee to take such other steps as are necessary to implement the recommendations of the Sub-Committee.

The Provincial Co-operative Union, Madras.

Proceedings of the General Body Meeting of the Madras Provincial Co-operative Union held at 3 p.m. on Saturday the 21st December 1940 at the premises of the Union.

A meeting of the General Body of the Madras Provincial Co-operative Union was held in the premises of the Union (M.P.C. Bank Buildings), Luz, Mylapore, Madras, on Saturday, the 21st December 1940, at 3 p.m. The names of the delegates who attended the meeting are given hereunder. The Hon'ble Mr. V. Ramadas Pantulu, President of the Union, occupied the chair.

169 members attended the General Body meeting.

1. Election of 20 honorary members to the General Body as per by-law No. IV (*b*).

Two lists of 20 honorary members were proposed by Messrs. N. Satyanarayana and Rao Bahadur N. R. Samiappa Mudaliar. After some discussion the following 20 names were agreed to and they were unanimously elected as honorary members.

1. Dr. B. Pattabhisitaramayya.
2. Sri N. Sundararama Sastri.
3. Sri V. Viyyanna Pantulu.
4. Rao Bahadur S. V. Narasimha Rao.
5. Prof. S. K. Yegnanarayana Iyer.
6. Prof. K. C. Ramakrishnan.
7. Sri G. Harisarvothama Rao.
8. Sri R. Suryanarayana Rao.
9. Sri Kala Venkata Rao
10. Rao Bahadur C. Gopala Menon.
11. Diwan Bahadur C. S. Ratnasabapathi Mudaliar.
12. Sri K. L. Narasimha Rao.
13. Sri W. P. A. Soundarapandian.
14. Sri V. V. Ramaswamy.
15. Sri M. Muthia Pillai.
16. Sir K. V. Reddy Naidu.
17. Sri K. Bhashyam.
18. Rao Bahadur P. N. Marthandam Pillai.
19. Sri M. C. Raja.
20. Sri G. P. Somasundara Gounder.

2. Election of office bearers as per by-law No. XVIII (i).

The Hon. Mr. V. Ramadas Pantulu expressed his inability to continue as President and proposed that Mr. T. M. Chinniah Pillai be elected as President. This was seconded. The name of Mr. T. A. Ramalingam Chettiar was also proposed and seconded. Votes were taken by ballot. Mr. T. A. Ramalingam Chettiar got 116 and Mr. T. M. Chinniah Pillai got 49.

The President then declared Mr. T. A. Ramalingam Chettiar as duly elected and requested him to take the chair and conduct the proceedings. Mr. T. A. Ramalingam Chettiar then occupied the chair.

Mr. Ramalingam Chettiar himself proposed that Dr. P. Gurumurti and Rao Sahib T. M. Chinniah Pillai be requested to be Vice-Presidents and the proposition was carried by acclamation.

The names of Messrs. N. Satyanarayana, D. Mahalingam Pillai, M. S. Narasimha Rao of Nellore and Chockalingam Chettiar were proposed as organising secretaries for North and South. Messrs. M. S. Narasimha Rao and Chockalingam Chettiar withdrew and the Chairman declared Mr. N. Satyanarayana and D. Mahalingam Pillai duly elected. He then called for nomination of the Secretary representing the City. He proposed that Mr. K. Bhashyam be elected. The name of Prof. S. K. Yegnanarayana Iyer was proposed by the Hon. Mr. V. Ramadas Pantulu. Prof. S. K. Yegnanarayana Iyer withdrew and then Mr. K. Bhashyam was declared duly elected.

3. Election of 8 members to the Board from Central Banks as per by-law No. XX (2) (*a*).

The representatives of the Central Banks of the Tamil and Telugu districts met separately and the following members were elected to the Board of Management.

1.	Mr. P. Allapichai	...	Tamil Districts.
2.	Sri K. Venugopala Mudaliar	...	Tamil Districts.
3.	Sri S. C. Venkatappa Chettiar	...	Tamil Districts.
4.	Sri L. Gangadhara Sastri	...	Telugu Districts.
5.	Sri B. Venkataratnam	...	Telugu Districts.
6.	Sri M. S. Narasimha Rao	...	Telugu Districts.
7.	Sri M. Shiva Rau	...	South Kanara.
8.		...	Malabar.

President announced that as soon as the name of the representative from Malabar district is communicated, he will be included as a member of the Board representing Malabar.

4. Recommendations of the Executive Committee to write off Rs. 126–11–0 being the cost of publications which were a fictitious asset.

The recommendations of the Executive Committee to write off Rs. 126-11-0 being the cost of publications were accepted and the General Body resolved to write off that amount.

Mr. T. A. Ramalingam Chettiar expressed his gratitude to the General Body for electing him as President and appealed for co-operation. With a vote of thanks to the chair the meeting terminated.

T. A. RAMALINGAM CHETTIAR,
President.

Proceedings of the Meeting of the Board of Management held on Saturday, the 21st December 1940, immediately after the General Body Meeting in the premises of the Union.

Present :—

1. Sri T. A. Ramalingam Chettiar ...	*President.*	
2. Dr. P. Gurumurti	*Vice-Presidents.*	
3. Rao Sahib T. M. Chinnaiah Pillai		
4. Sri N Satyanarayana	*Hony. Joint Secretaries.*	
5. Sri D. Mahalingam Pillai		
6. Sri K. Bhashyam		
7. The Hon. Mr. V. Ramadas Pantulu ...	The Madras Provincial Co-operative Bank, Ltd.	
8. Rao Saheb C. S. Srinivasa Mudaliar.	The Madras Central Co-operative Land Mortgage Bank, Ltd.	
9. Sri V. Venkatachalam ...	The South India Co-operative Insurance Society Ltd.	
10. Rao Bahadur C. Tadulinga Mudaliar.	The Madras Provincial Co-operative Marketing Society Ltd.	
11. Sri P. S. Subba Raja ...	Bhupathiraja Co-operative Credit Bank, Ltd.	
12. Sri V. Chinnikrishna Naidu ...	Madura Urban Co-operative Bank, Ltd.	
13. Rao Bahadur K. Raghavendra Rao ...	Coimbatore City Co-operative Bank, Ltd.	
14. Janab D. K. Yusuf Mohideen Ansari	Dharapuram Co-operative Urban Bank, Ltd.	
15. Sri M. Satyanarayanamurti Naidu ...	Veeravasaram Co-operative Society.	
16. Sri S. Venkata Rao ...	The Kurnool House Co-operative Building Society.	
17. Sri T. S. Muthukumaraswami	Tiruvannamalai Co-operative Land Mortgage Bank, Ltd.	
18. Sri Vadrevu Jaggaraju ...	Amalapuram Co-operative Land Mortgage Bank, Ltd.	
19. Sri L. Gangadhara Sastri ...	Hindupur, L.C.U. ...	Anantapur
20. Sri N. Varadaraja Reddiar.	Chengam, L.C.U. ...	N. Arcot.
21. Sri M. Krishnaswami Ayyangar ...	Madurantakam, L.C.U. ...	Chingleput Dt.
22. Sri N.K. Palani Gounder ...	Gopichettipalayam L.C.U.	Coimbatore
23. Sri G. Simhachalam Pantulu.	Narasaraopet L.C.U.	Guntur.

24. Sri T. Purushottam ...	Palivela, L.C.U. ...	E. Godavari
25. Sri S. V. Seshagiri Rao ...	Attili, L.C.U. ...	W. Godavari.
26. Sri K. Ramanathan ...	Nandikotkur. L.C.U.	Kurnool.
27. Dr. K. Subbaramiah ...	Kavali, L.C.U. ...	Nellore.
28. Sri K. Belli Gowder ...	Kotagiri, L.C.U. ...	Nilgiris.
29. Sri A. Athiratnam Pillai ...	Mudukalathur, L.C.U.	Ramnad.
30. Sri B. Narayana Bhat ...	Kasargod, L.C.U. ...	S. Kanara.
31. Sri P.S. Nanjayya Gounder.	Mohanur, L.C.U. ...	Salem.
32. Rao Bahadur N.R. Samiappa Mudaliar ...	Tiruturaipundi, L.C.U. ...	Tanjore.
33. Sri M. A. Reddi ...	Vizagapatam, L.C.U.	Vizag.
34. Rao Bahadur S. V. Narasimha Rao	Co-opted.	
35. Sri S. K. Yegnanaranayana Iyer		

1. Co-option of three honorary members to the Board as per bye-law No. XX (1) (*h*).

The following names were proposed.

1. Rao Bahadur S. V. Narasimha Rao
2. Sri V. V. Ramaswamy
3. Sri S. K. Yegnanarayana Iyer
4. Sri V. Viyyanna Pantulu
5. Sri R. Suryanarayana Rao

Vote by ballot was taken and Messrs. S. V. Narasimha Rao, S. K. Yegnanarayana Iyer and R. Suryanarayana Rao were declared elected to the Board.

2. Election of three members to the Executive Committee as per by-law No. XXI (2) (*g*).

The following 10 names were proposed : –

1. Rao Bahadur S. V. Narasimha Rao
2. Rao Bahadur N. R. Samiappa Mudaliar
3. Sri K. Ramanathan
4. Sri P. S. Nanjayya Gounder
5. Sri V. Jaggaraju
6. Rao Bahadur K. Raghavendra Rao
7. Sri M. S. Narasimha Rao
8. Sri S. K. Yegnanarayana Iyer
9. Sri M. Satyanarayanamurty Naidu
10. Mr. P. Allapichai

Vote by ballot was taken and the following were declared duly elected.

1. Sri S. K. Yegnanarayana Iyer
2. Rao Bahadur N. R. Samiappa Mudaliar
3. Mr. P. Allapichai

3. Consideration of the Budget for 1940–41.

The draft of the budget which was submitted by Sri S.K. Yegnanarayana Iyer, Acting Hon. Secretary, was unanimously passed; the proposition was proposed by Sri G. Simhachalam Pantulu and seconded by Rao Bahadur N. R. Samiappa Mudaliar.

T. A. RAMALINGAM CHETTIAR,
President.

Proceedings of the meeting of the Executive Committee held on 5-1-1941 at 9 a.m. in the premises of the Union.

PRESENT.

Sri T. A. Ramalingam Chettiar—*President.*
2. Rao Saheb T. M. Chinniah Pillai.
3. Dr. P. Gurumurti.
4. Sri N. Satyanarayana.
5. „ D. Mahalingam Pillai.
6. „ K. Bhashyam.
7. The Hon. Mr. V. Ramadas Pantulu.
8. Sri S. K. Yegnanarayana Iyer.
9. Rao Bahadur N. R. Samiappa Mudaliar.
10. Mr. P. Allapichai.

Sri S. A. Venkataraman, M.A., I.C.S., Registrar of Co-operative Societies and his Personal Assistant and the Deputy Registrar of Co-operative Societies were present by invitation.

1. (i) Appointment of Editor.

Sri T. A. Ramalingam Chettiar proposed Mr. R. Suryanarayana Rao for the Editorship, while Dr. P. Gurumurti proposed Mr. V. Ramadas Pantulu for the place. Mr. Ramadas Pantulu withdrew and Mr. R. Suryanarayana Rao was elected as Editor.

(ii) Editorial Committee ;

The following were constituted as the Editorial Committee :—

1. The President.
2. „ Two *Vice-Presidents*
3. „ Editor.
4. „ Secretary in the City.
5. Sri K. C. Ramakrishnan.
6. „ K. L. Narasimha Rao.

2. Appointment of Treasurer.

Rao Bahadur N. R. Samiappa Mudaliar proposed that Rao Bahadur P. N. Marthandam Pillai be appointed as Treasurer. He was declared elected as Treasurer.

3. Writing off the following amounts :

(i) Rs. 550 Advance given to the Ramadas Co-operative Institute for the training of supervisors as per resolution of the Executive Committee dated 24-5-1936,

(ii) Rs. 1,249-8-4 Advance given to the Ramadas Co-operative Institution for the training of supervisors as per E. C. resolution dated 18-4-1937.

"Resolved that a note on the point be circulated to the members of the Committee before the next meeting."

4. Authorisation for issuing receipts on behalf of the P.C.U. Office and also to receive money orders, V. P. Ps'. etc.

"Resolved that the Manager be asked either to give a cash security or a Fidelity Bond for Rs. 300, and that on furnishing the security he be authorised to issue the receipts etc."

5. Letter from Tiruvannamalai Co-operative Union saying that the Central Bank has not provided annual contribution and hence they could not pay the arrears of affiliation fees to the extent of Rs. 5, but assures us that it would re-appropriate the sum and pay our current dues.

"Resolved that the sum of Rs. 5, being the arrears of dues from the Tiruvannamalai Co-operative Union be written off on payment of the current subscription."

6. Affiliation :—The Pithapuram Co-operative Crop Loan and Sale Society Ltd.

"Affiliate."

7. Disaffiliation :—

1. Gooty Co-operative Union : (inability to pay contribution as the Dt. Bank has not provided.)

2. Vaniyambadi Co-operative Union : (inability to pay contribution as the Dt. Bank has not provided.)

"Adjourned."

8. Ratification of transfer of Rs. 800, from account No. 2 to account No. 1 in order to meet the office expenses.

"Ratified"

9. Ratification of the closing of the Provident Fund account of the Manager.

"Ratified." The Manager will begin to contribute for the Provident Fund account from this month."

10. Receipts and Charges.

"Recorded."

11. Bills Paid.

"Ratified."

12. Continuance of subscription for the "Hindu" and 'Madras Mail.'

"Resolved that subcriptions for the "Hindu" & "Madras Mail" be continued."

13. Letter from Sri S. K. Yegnanarayana Iyer recommending allowance to the typist for doing extra work.

"Resolved that a sum of Rs. 5, be sanctioned to Mr. Rajagopalan the Stenographer for doing extra work in the absence of the Manager on leave for one month."

14. Consideration of T. A. Rules.

"Resolved that definite proposals be placed at the next meeting."

15. Ratification of loan of Rs. 25, given to Ellappan (office peon.)

"Ratified."

16. Ratification of the closing of the Provident Fund account of Senapathy (Library Attender) whose services were dispensed with.

"Ratified"

17. Application for M.P.C. Bank grant.

"Resolved that the President be authorised to apply for necessary grants."

18. Livery for office peons.

"Resolved that livery for office peons may be supplied at a cost not exceeding Rs. 25."

The Registrar spoke about the Journal and the necessity to improve it. He hoped that it would be possible to increase the circulation considerably and the Department will render all help for getting increase in circulation.

T. A. RAMALINGAM CHETTIAR,
President.

List of Societies Registered in December 1940.

S. No.	Name of the Society.	District.
1	The Kakangarai Co-operative Jaggery Society ...	N. Arcot
2	„ Thondumanatham Co-operative Credit Society ...	S. Arcot
3	„ Valicheripalayam Co-operative Credit Society ...	„
4	„ Pallavaram Co-operative Stores Ltd. ...	Chingleput
5	„ Pallavaram Co-operative Labour Contract Society Ltd. ...	„
6	„ Erumaickeranpudur Co-op. Credit Society ...	Coimbatore
7	„ Vasantha Mills Co-operative Stores Ltd. ...	„
8	„ Perumanallur Agricultural Improvement Co-operative Society Ltd. ...	„
9	„ Palaniandavar Mills Co-op. Stores Ltd. ...	„
10	Sri Palamalai Ranganathar Mill Co-operative Stores Ltd. ...	„
11	The Patcharpalayam Co-operative Credit Society ...	„
12	„ Vadachittoor Handloom Weavers' Co-operative Sale Society Ltd. ...	„
13	„ Ganolur Sri Channakesavar Co-op. Society ...	Cuddapah
14	„ Tadipudi Co-operative Credlt Society ...	East Godavary
15	„ Sree Rama Hukumpeta Co-op. Credit Society ...	„
16	„ Kollur A B. Mission Tenants' Co-operative Society ...	Guntur
17	„ Chilumurlanka C. B. Mission Tenants' Co-op. Society ...	„
18	„ Nilakottai Co-operative Sale Society Ltd. ...	Madura
19	„ Upparpatti Co-operative Stores Ltd. ...	„
20	„ Arakudi Co-operative Society ...	Ramnad
21	„ Schwartz High School Students' Co-operative Stores Ltd. ...	„
22	„ Kattukuthagai Karisalkulam Sevalpatti Co-operative Society ...	„
23	„ Valdasampatti Moopar Co-op. Society ...	Salem
24	„ Melatherumathikunnam Co-op. Credit Society ...	Tanjore
25	„ Tirukattupalli Co-operative Stores Ltd. ...	„
26	„ Kumbakonam Town Extension Co-operative Stores Ltd. ...	„
27	„ Adaikkalapuram Co-operative Stores Ltd. ...	Tinnevelly
28	„ Tinnevally Municipal Employees' Co-operative Credit Society Ltd. ...	„
29	„ Srikrishna Co-op. Milk Producers' Society Ltd.	Vizagapatam
30	„ Sikkal Co-op. Society ...	Ramnad
31	„ Presidency Transport Employees' Co-operative Credit Society ...	Madras

List of Societies Cancelled in November 1940.

Serial No.	Name of Society.	District.	Date of Cancellation of Registration.
1	Guruvanikere Local Co-operative Union Ltd. ...	South Kanara	... 6-11-40
2	Sullia Local Co-op. Union Ltd.... ...	,,	... 6-11-40
3	Green Villa Women's Cottage Industrial Co-operative Society Ltd. ...	Madras	... 6-11-40
4	Bimilipatam Co-operative Building Society Ltd. ...	Vizagapatam	... 7-11-40
5	Moodabidri Local Co-op. Union Ltd ..	South Kanara	... 7-11-40
6	Sempalli Labour Co-op. Society ...	North Arcot	... 7-11-40
7	Kilkarippur Co-op. Society ...	,,	... 7-11-40
8	Tiruppapuliyur Co-op. Stores Ltd. ...	South Arcot	... 9-11-40
9	Gootamuaripalli Co-op. Thrift Society.	Chittoor	... 9-11-40
10	Kondapuram Co-operative Society ...	Kurnool	... 11-11-40
11	Komarru Weavers' Co-op. Purchase and Sale Society Ltd. ...	West Godavari	... 12-11-40
12	Vadamalaipatti Co-op. Society ...	Trichinopoly	... 16-11-40
13	Kalahasti Sri Lakshmi Metal Factory Workers' Co-op. Thrift Society Ltd...	Chittoor	... 17-11-40
14	Chandragiri Yenadi Labourers' Co-op Thrift Society Ltd. ...	,,	... ,,
15	Mamandur Yenadis' Thrift Co-op. Society Ltd. ...	,,	... ,,
16	Kalahasti Weaver Labourers' Co-op Thrift Society Ltd. ...	,,	... ,,
17	Mamandur Co-op. Thrift Society Ltd.	,,	... ,,
18	Vernon Land Reclamation Co-op. Society Ltd.—Edayathimangalam ...	Trichinopoly	... 19-11-40
19	Palghat Taluk Spinning and Weaving Co-op. Sale Society Ltd. ...	Malabar	... 20-11-40
20	Panayur Co-operative Society ...	Malabar	... 20-11-40
21	Kurusilapet Co-operative Society ...	North Arcot	... ,,
22	Sengunram Co-operative Society ...	,,	... ,,
23	Chockanathampudur Co-op. Society ...	Ramnad	... ,,
24	Uttangi Co-operative Society ...	Bellary	... ,,
25	Mundlapadu Better Living Co-operative Society ...	Kurnool	... 21-11-40
26	Srivilliputtur Roman Catholic Christian Co-operative Society ...	Ramnad	... ,,
27	Bhimavaram Swadeshi Co-operative Stores Ltd. ...	West Godavari	... 22-11-40
28	Vinukonda Taluk Educational Public Servants' Co-operative Society Ltd ...	Guntur	... ,,

REPORT

OF THE

SUB-COMMITTEE ON HANDLOOM INDUSTRY IN MADRAS PRESIDENCY ON CO-OPERATIVE LINES.

The Executive Committee of the Madras Handloom Weavers' Provincial Co-operative Society at its meeting held on 3rd January, 1941 appointed a Committee to examine and report on the working of the weavers' societies and the steps to be taken to improve them. In pursuance of this resolution, the Committee consisting of S. A. Venkataraman Esq., I.C.S., Registrar of Co-operative Societies, Sri Dewan Bahadur C. S. Ratnasabapathi Mudaliar, President, Madras Handloom Weavers' Provincial Co-operative Society, Ltd., and Sri V. Seshiah, President, Venkatagiri Weavers' Co-operative Society, Ltd. met at the office of the Registrar of Co-operative Societies on the 6th January, 1941, and adopted the following report.

The Government of India Scheme.

The handloom industry in this Presidency received an impetus under the Government of India Subvention scheme introduced in the year 1935. Prior to the introduction of the scheme, there were only 39 weavers' societies in this Presidency. All of them except two (Coimbatore and Salem) were merely credit societies and even these two survived on account of the subsidies placed at their disposal by the Government of Madras. With the help of the subsidy granted, the Provincial society has organised production and sale and the progress made during the quinquennium is given below:—

	1935-36	1936-37	1937-38	1938-39	1939-40
1. No. of primary societies affiliated to the Provincial society at the end of the year.	43	62	97	143	165
2. No of members ...	2,538	3,735	6,253	9,054	10,935
3. Paid-up share Capital Rs.	40,394	47,009	73,934	1,04,095	1,27,400
4. Value of finished goods sold Rs.	1,00,074	2,44,245	5,65,216	8,39,063	10,33,026
5. (a) Net profits earned by some societies Rs.	2,320	3,172	10,672	18,554	34,321
(b) Net loss incurred by other societies Rs.	7,012	7,431	10,270	32,856	33,584

Progress not satisfactory.

2. The progress, though steady, cannot be considered to be satisfactory. A sum of Rs. 3.25 lakhs was spent from the Government of India grant up to 1st January, 1941 but the number of looms

benefited was only 5,257, an insignificant fraction of the total looms in the Presidency, which number 2,50,000. Judged by the sale of cloth manufactured and sold, the results cannot also be said to be encouraging. The total value of cloth sold up to 1st January, 1941, *viz.*, Rs. 33·61 lakhs, is hardly 10 times the subsidy spent. A glance at the statement showing the financial position of the societies reveals the drawbacks in the working of the societies. The balance sheets of 72 societies disclose a loss aggregating to Rs. 33.584 at the end of 1939-40. The share capital of 98 societies is still below Rs. 500 and only 17 societies have built up reserve fund exceeding Rs. 100. In 73 societies the number of looms is less than 25.

Revival.

3. We are of the opinion that any attempt to revive the decaying societies will not meet with success unless radical changes are introduced in their constitution and management. A paid Secretary is the desideratum. In order to maintain him, the transactions should be sufficiently large and the income derived adequate. In the case of societies which have 60 looms and more, we suggest that a Junior Inspector of the Co-operative Department may be deputed to work as Secretary. This arrangement will not only ensure proper management but also create confidence in the investing public. The cost of each Inspector (revised scale) is about Rs. 60 per mensem and it can be met from the subsidy of Rs. 60 granted to these bigger societies. 20 societies of this class are in a position to employ Junior Inspectors as paid Secretaries. Into the next category fall 23 societies with looms between 40 and 60. Since these societies cannot afford the cost of Junior Inspectors, competent non-officials may be appointed as paid Secretaries on a salary ranging from Rs. 40 to Rs. 50 per mensem. As regards the societies working with looms between 25 and 40, whose number is 47, Managers may be appointed on a salary of Rs. 25 to Rs. 30. We feel that the paid Secretaries and Managers should have an effective voice in the internal administration of the societies in their charge.

Organisation of new societies.

4. In view of the fact that a considerable number of big weaving centres are not served by Co-operative societies, we recommend that fresh societies may be organised wherever possible. The following statement gives an idea of the looms in each district and also the No. of centres with 200 or more looms where there are no societies :—

S. No.	Name of district.	No. of looms.	No. of societies at present working.	No. of centres where there are no societies.
1	Salem ..	39,310	10	7
2	North Arcot ...	23,784	13	16
3	Coimbatore ...	22,938	5	11
4	Chingleput ...	22,144	10	11
5	Guntur ...	20,992	15	3
6	Ramnad ...	15,120	3	7
7	Tinnevelly ...	14,702	4	9
8	East Godavari ..	12,308	12	3
9	Kurnool ...	12,274	7	—
10	Cuddapah ...	11,289	3	8
11	South Arcot ...	10,654	1	5
12	Nellore ...	10,499	8	—
13	Anantapur ..	10,384	4	1
14	Malabar ..	9,270	13	8
15	Tanjore ...	8.240	5	2
16	Bellary ...	8,219	5	5
17	Vizagapatam ...	8,061	11	2
18	Madura ...	7,957	3	3
19	Trichinopoly ..	7,902	8	6
20	Chittoor ...	7,688	7	3
21	Kistna ..	6,200	4	2
22	West Godavari .	4,799	6	1
23	South Kanara ...	2,495	6	1
	Total ...	2,97,229	163	114

Conditions to be fulfilled.

5. We are of the opinion that as a rule no new society should be organised with less than 50 looms in urban areas and 25 in rural areas; a minimum share capital of Rs. 750 in urban and Rs. 375 in rural areas should be forthcoming before starting societies. To begin with, fresh organisation should be confined to a limited number of districts and gradually extended to other districts. Salem, Coimbatore, Ramnad and Tinnevelly districts in the south and Cuddapah, Guntur, Chittoor and East Godavari districts in the north may be taken up first. Organisation in the beginning should be confined to areas where easily marketable goods are produced.

FINANCE.

6. A careful examination of the problem forces on us the conclusion that want of finance is to a large extent responsible for the present unsatisfactory state of production. A loom on an average produces goods worth Rs. 30 per mensem and the 5,257 looms at work in the societies during the year 1939-40 should have, therefere, produced goods worth about Rs. 19 lakhs, while actually the value of goods produced was only Rs. 10.03 lakhs. It is for this reason that a member now generally gets work only for about 16 days in a month. Even this would not have been possible, but for the assistance given by the mills which supply yarn on 60 days credit. The process of

converting yarn into finished goods and selling the stuff ordinarily takes 4 months. A weaver with one loom, therefore, requires on an average an advance of Rs. 120 during the 4 months in the shape of yarn and wages. In other words, even the limited number of 5,257 looms now at work, require a minimum capital of about Rs. 6.30 lakhs. As against this, the Provincial society and the primaries have been able to mobilise only about Rs. 3.08 lakhs, including the loans given by the Central Banks to the primaries as shown below:—

		Rs.
1.	Paid-up share capital of the Provincial society	... 41,930
2.	Advances from Government	... 30,000
3.	Loans due to the Central Banks	... 1,34,294
4.	Paid-up share capital of primaries, after deducting the share capital invested outside	... 1,02,504
	Total	... 3,08,728

It is mainly for want of adequate finance that the weaver starves for a fortnight in a month.

Share Capital.

7. The paid-up share capital of the Provincial society and of primaries should be increased. Although the authorised share capital of the Provincial society is Rs. 5 lakhs, it could collect so far only Rs. 42,535. The Provincial society should, therefore, raise its share capital to Rs. 2 lakhs within a period of 6 months. In order to achieve this, the support of the spinning mills should be enlisted. There are to-day about 30 spinning mills in South India, and if they subscribe on an average Rs. 3,000 each, Rs. 90,000 will be available. The Central Banks in the Presidency may each subscribe Rs. 1,000. Individuals interested in the welfare of the handloom weaver may also be persuaded to subscribe to the shares of the Provincial society.

In the case of primary societies, the present paid-up share capital of Rs. 1,27,400 is not adequate. At the rate of Rs. 25, which will entitle a weaver to borrow the money required to work a loom, *i.e.*, Rs. 120, the share capital of the nearly 11,000 members of the societies should be about Rs. 2,75,000. The present paid-up share capital in societies should, therefore, be doubled and steps taken to collect more share capital. Members should also be required to contribute thrift deposits at the rate of one anna for every rupee of wages earned, wherever they cannot pay in one lump sum. We consider that it is not all the members that are unable to pay the required share capital. A fair number of weavers can contribute the required share capital in one lump or in two or three monthly instalments, if they are assured of continuous work.

Borrowings.

8. The Madras Provincial Co-operative Bank has given to the Provincial society an advance of only Rs. 25,000 and even this on the charge of the floating assets. According to the by-laws of the Provincial society, however, it can borrow up to a limit of 5 times its owned capital. The Provincial Bank should, therefore, be persuaded to grant loans up to this limit. On this basis, the Provincial society is even now eligible to borrow more than 2 lakhs of rupees. Similarly, the Central Banks should also finance the weavers' societies to a reasonable extent. Financial assistance from the mills should be obtained in the shape of yarn on a much larger scale.

The financial needs of the handloom industry may be summed up under 3 heads :—

(*a*) money required for raw material,

(*b*) wages,

(*c*) financial accommodation till the goods are marketed. As a rule, weavers' societies should look to the local Central Banks for finance. There is at present some justifiable nervousness on the part of the Central Banks. The Central Banks will, however, sanction loans to societies on the basis of their owned capital up to the limit laid down in their by-laws, if they are run on proper lines.

PRODUCTION

Standardisation.

9. We are of the opinion that production should be regulated by the Provincial society in order to ensure uniformity regarding texture, colour, etc. This will, to a large extent, facilitate standardisation and in addition enable the Provincial society to regulate the supply in relation to demand. Without this close supervision and control, the business side of the enterprise can hardly succeed. The Provincial society should be alive to the fact that it is a business organisation and rigorously enforce business principles.

One of the obstacles in the way of efficient marketing is, in our opinion, the absence of established standards of the goods produced. It is no doubt difficult in the case of hand-made goods to expect any high degree of standardisation but the excessive variation now noticed should disappear if marketing on a large scale is to be attempted. If production is regulated and a society or a group of societies specialises in particular varieties, cost of production can also be minimised. We suggest that an Officer of the Provincial society may be entrusted with this branch of work. It will be his duty to issue suitable instructions and enforce proper standards.

Cost of production.

10. The Government of India scheme aims at bringing down the cost of production to facilitate the marketing of handloom fabrics. Raw material should be purchased at wholesale rates. The weavers should be paid reasonable wages, with due regard to local rates, workmanship, etc. Payment of daily wages should be discouraged and wages on a piece-work basis should be paid. Care should be taken to prevent wastage and pilfering.

We are inclined to think that there should be some uniformity in charging profits on the cost price. The instructions already issued by the Provincial society in the matter, which specify that a profit of 3⅛ per cent. charged, may generally be followed. Variations may however be permitted, where necessary, by the Provincial society, as it is desirable to sell goods at the market price. A price fluctuation fund should be created.

Finishing.

11. We are of opinion that handloom cloth requires finishing if it is to penetrate markets and compete with mill products. Some varieties like shirtings, coatings and dhoties in particular require bleaching and calendering. The weavers at some centres in the Province, particularly in the West Coast, have shown commendable skill in producing certain varieties of shirtings, coatings, bed sheets, etc., which can hold their own against mill varieties. They are also able to give even "fire-fly" effects with considerable skill. Large quantities of hand-woven greys are now bleached before marketing. The two calendering plants now working at Cannanore and Papinnisseri have done well and we understand that the one at Cannanore alone was responsible for calendering 2,386,870 yards of hand-woven shirtings, coatings, and bed sheets during the year 1939-40, at rates varying from 1½ annas to 2½ annas per piece of 24 yards.

The Madras Calendering Plant.

12. The finishing and calendering plant in our Province installed in October, 1939, is capable of finishing 4,500 yards of cloth a day. At this rate, in a month of 25 working days of 9 hours, as many as 112,500 yards of goods can be treated by the plant. Actually, only 16,359 yards of goods produced by primary societies and 5,656 yards of goods of private merchants were received for treatment at the plant from October 1939 to November 1940. In other words, the entire quantity of cloth received during the year is sufficient to keep this plant fully engaged only for 5 days. This naturally raises the question as to why the plant at Madras failed to attract enough custom. One reason is that mill varieties of goods are not produced in large quantities round about Madras. It does not pay to bring all the way to Madras, goods from distant places like Tinnevelly, Coimbatore and Malabar and take them back after calendering. We suggest that the Provincial society may endeavour to arrange for the production of mill varieties also in districts close to Madras. In the case of societies in the West Coast and near by, their goods may be got calendered either at Cannanore or Papinnisseri.

Purchase of raw material.

13. As cotton yarn constitutes the bulk of the requirements of the handloom weaver, its purchase should be regulated with great care. At present, the Madura, Pankaja and Pandalapaka mills have been supplying yarn to the societies and allowing credit up to 60 days. The purchases made from the mills for the last 5 years are given below:—

Year.		Rs.
1935-36	...	12,364
1936-37	...	27,298
1937-38	...	24,090
1938-39	...	44,997
1939-40	...	74,639

Since the mills in Madras do not spin yarn of finer counts on a large scale, it may be necessary to import finer counts from the mills in Bombay. The system of purchasing this variety of yarn should also be studied and supplies obtained at the cheapest possible rate. As

regards transport of yarn from the mills to different places in the province, full advantage should be taken of the reduced rates quoted for supplies in bulk. The Provincial Society should, therefore, arrange to supply yarn as far as possible in bales. When the total purchases made from a mill reach the limit of ½ a lakh of rupees, the mill should be asked to allow a higher percentage of discount.

Sometimes the societies have to pay a higher price for the yarn purchased direct from the mills on account of the reduction effected by yarn merchants. In order to remedy this, the markets should be closely watched and the requirements of the societies purchased from the yarn merchants themselves when they sell at cheaper rates.

Dyeing Factories.

14. One of the defects noticed in the co-operative handloom industry to-day is in regard to the colours used. In some cases, colour fades quickly and this creates a very unenviable position in the market for the products of the weavers' societies. In their scheme the Government of India have provided for starting a dyeing factory in this presidency. This difficulty was also experienced in the Bombay Presidency and the Government of Bombay, therefore, set up a dye-house and gave a non-recurring grant of Rs. 2,000 for the purpose. In Bengal also a fully equipped dyeing shed was opened with a Government grant, and the societies were benefited by getting fast-dyed yarn at a comparatively low price. We recommend that dyeing factories on a small scale should be started at suitable centres in this Presidency. A beginning may be made at Madura and Coimbatore and later on at Nellore and Chirala. We understand that dyeing of 600 bundles of 10 lbs. yarn every month will be an economic unit, and that it will require about Rs. 500 for non-recurring expenditure and Rs. 320 for the monthly recurring expenditure as shown below:—

Details of Non-recurring Expenditure.

		Rs.
Balance for weighing chemicals, dyes, etc	...	30
Zinc sheet tubes—small and big—9	...	120
Furnace supporters—4	...	20
Furnace	...	40
Other materials	...	90
Bundling Machine	...	200
Total	...	500

Details of Recurring Expenditure.

Pay of the Accountant	...	30
Clerk	...	15
Office boy	...	5
Cooly for dyeing, cleaning, drying, etc. at 6 annas per bundle for 600 bundles	...	225
Other contingencies	...	45
Total	...	320

The services of the dyeing supervisor of the Provincial society may be used. We are convinced that the recurring expenditure can easily be met from the income derived from the proposed factory. The factory will require grey yarn to the value of Rs. 4,000 and dye stuffs and chemicals to the extent of Rs. 2,500 a month. The yarn required for dyeing may be got from the mills on 60 days' credit and the demand of the mills, if any, together with the cost of dye stuff and chemicals may be met from the loan of Rs. 15,000 sanctioned by the Provincial Bank, as nothing has so far been drawn from this account. The capital expenditure can be met from the non-recurring grant of Rs. 975 already sanctioned under the head 'machinery' making suitable re-appropriation with the sanction of the Government.

Subsidies

15. We find that the present method of distribution of subsidies is defective in many ways. The payment of subsidy should in future be regulated solely with a view to increase production. We are of the opinion that a society with less than 25 looms is not an economic unit and that any assistance given to it is a waste. At present, there are 22 societies in which no looms are at work, while in 51 societies the number of looms is less than 25. These societies should be weeded out if they do not increase their looms at least to the minimum standard namely 25, in 3 months: there should be no sentimental hesitation in this respect. We recommend that the subsidy granted to societies may ordinarily be utilised to meet the cost of the staff. In their order communicated with G. O. No. 368 dated 8th March, 1935, the Government of India have stated that "the primary weavers' societies will be given a subsidy to cover the cost of their staff and to purchase appliances." The other expenditure such as rent, travelling allowance, etc., should be met from the gross profits of the societies. We are also of the opinion that the subsidy granted to societies may range from Rs. 25 to Rs 60. Societies with 25 looms will be entitled to a monthly subsidy of Rs. 25 and for every additional loom, they will receive Re. 1 if they have been in receipt of subsidy for 3 years or less, and at annas 12, if they have been in receipt of subsidy for more than three years, and in any case subject to a maximum of Rs. 60 per mensem: provided that the monthly average sales in a society are not less than Rs. 15 per loom. The subsidy payable should be fixed half-yearly on the basis of the number of looms at work.

MARKETING.

Emporiums.

16. The Provincial Society has in the past made some attempts to market the cloth produced by primaries, and has opened 8 sales emporiums, 2 in Madras and one each at Calicut, Trichinopoly, Rajahmundry. Vellore, Bezwada and Bellary. They sold goods during the last 4 years ending on 30th June, 1940 to the value of Rs 3,14,805 and incurred a total expenditure of Rs. 27,296. For every rupee worth of cloth sold, the Provincial society incurred an expenditure of 1 anna 5 pies, excluding the commission allowed to emporiums on their sales. The marketing of cloth through the emporiums has thus been a very costly affair. They should, therefore, be reorganised as stated in paragraph 20. The primary weavers' societies have also been permitted in G. O. No. 2775 dated 13th December, 1937 to run sales emporiums, to sell the goods of the affiliated primary societies on the condition that half of the expenditure on such emporiums should be met from the subsidy. Accordingly, sales emporiums were opened at Mangalore, Nellore, Coimbatore, Sholinghur, Dharmapuri and Tenali. They sold goods to the extent of Rs. 22,206 during the Co-operative year 1939-40, while the cost incurred by the Provincial Society on this account was Rs. 1,603. In other words, the Provincial Society spent 1 anna 2 pies and the primary society concerned another 1 anna 2 pies to sell Re. 1 worth of goods. The working of the emporiums run by primary societies has been, on the whole, a failure and we do not recommend their continuance.

Sales through merchants.

17. It is needless for us to observe that the Provincial society should have an efficient marketing organisation. The question to be considered in this connection is whether the Provincial society should undertake the marketing of goods through its branches and agents or requisition the services of wholesale merchants to market finished products. That our present methods have not been a great success is explained in the preceding paragraphs. The Government of India scheme does not exclude dealings with wholesale dealers of cloth. In fact the figures for the year 1939-40 disclose that cloth to the value of Rs. 2,37,238, or roughly 25% of the total production, was actually sold to merchants in this Presidency. We are told that there is some difficulty in entering into a suitable working agreement with business houses. Any wholesale dealer of repute would insist on regular supplies of goods and it is to ensure this that we have suggested that the entire production should be controlled by the Provincial society. When the business of the society remodelled on the lines indicated in this report, we do not anticipate any great difficulty in meeting the reasonable demands of merchants.

Terms of Agency.

18. We recommend that wholesale merchants may be approached to market the handloom cloth on the following conditions:—

(1) The wholesale dealer should guarantee the sale of cloth to a specified extent;

(2) He should be paid a reasonable commission;

(3) He should also be given an office allowance in proportion to the business guaranteed:

(4) He should offer adequate tangible security or banker's guarantee:

(5) The accounts of merchants in so far as they relate to the sale of cloth should be open to inspection by the officers of the Provincial society and of the Co-operative Department.

With regard to the office allowanee, a scale may be fixed, say 1% of the sales effected. The Provincial society spent last year Rs. 12,180 to run the sales depots. This figure might be taken as the starting point and the merchants paid, say Rs. 12,000, and asked to guarantee sales to the value of Rs. 12,00,000. This subvention should be paid out of the Government of India grant for office allowance. On the actual sales effected, the merchants will be entitled to receive a commission of 3⅛%, in other words, half an anna per rupee. The labelled price should include this 3⅛% besides 1 9/16% on the sales effected through the wholesale merchants, payable to the Provincial society.

The merchants should not be allowed to sell the goods at a price higher than that fixed by the Provincial society; to prevent a breach of this condition, we have suggested that their accounts relating to the sale of cloth sent by societies should be open to inspection by the officers of the Provincial society and of the Co-operative department. We hope that merchants will be forthcoming to market handloom cloth produced by Co-operative societies on the conditions referred to above.

It is not only the merchants that should be offered these facilities; the sales societies, stores and big Urban Banks should also be invited to market the goods of Co-operative societies on similar conditions. An office allowance at the rate of 1% should be paid to Co-operative institutions also, if they can guarantee sales up to a proportionate limit, *i.e.*, 1% of the sales effected.

Outright purchases.

19. In this connection it is necessary to refer to the question of making outright purchases. The present method of sale on a consignment basis has in several cases proved to be extremely unsatisfactory. The indenting institutions place their orders without a due sense of responsibility, merely because there is no obligation on their part to sell the goods indented. This is not in itself a serious irregularity, but the goods thus obtained are often unnecessarily retained for long periods and returned in a damaged condition, with the result that societies have been put to heavy loss. Further, prices fluctuate and the price ruling the market at the time of production may sometimes go down when it is actually sold by the consignees. The profit and loss accounts of some of the primary weavers' societies have been adversely affected on this account.

At the same time, the problem of permitting outright purchases also bristles with difficulties. The by-laws of the Provincial society provide for outright purchase and the society may attempt this when it enters into forward contracts with wholesale dealers. The District Industrial Co operative Societies in Bombay purchase handloom products outright. There must, however, be a limit to these outright purchases. In the first place, unless the circumstances warrant it, such outright purchases should not be encouraged. When it is proposed to embark on large-scale business, goods have to be supplied to wholesale merchants, local bodies and other institutions according to their requirements, previously agreed upon. The primaries which manufacture cloth may sometimes find it a hardship to sell their stuff on a consignment basis when they are able to find a ready market. In order to ensure a regular supply, we are inclined to think that the Provincial society may sometimes have to make outright purchases. Such outright purchases should not, however, exceed 50% of the paid-up share capital of the Provincial society.

Marketing in Urban areas.

20. We are not satisfied with the work turned out by the Supervising and Marketing officers of the Provincial society. Under the re-organisation scheme suggested, these posts will be abolished and the money spent under this head will be utilised to carry on concentrated marketing in urban areas and to help the weavers in the matter of designs, etc. We recommend that 8 depots which will deal with both the distribution of yarn and the marketing of cloth should be opened, to start with, at the following important urban centres :—

Salem	Madras
Madura	Bellary
Coimbatore	Bezwada
Calicut	Rajahmundry

As a result of the experience gained in running the depots. more depots may be opened; the idea is that in 5 years every district should have at least one emporium. The cost of running these emporiums should be met from their gross profits. A competent person with a practical knowledge of marketing, etc., should be placed in charge of each of these depots and called a Marketing Officer. In order to attract suitable men, a reasonable salary, not exceeding Rs. 100, should be paid to the Marketing Officer and he should be asked to guarantee sales to the value of on an average Rs. 10,000 per mensem. The Marketing Officer should also be the Manager of the depot and he should be assisted by one or two salesmen.

Designers.

Designing is an exceedingly important item, and to strengthen the co-operative handloom enterprise the Provincial society should make satisfactory arrangements to impart the necessary technical advice in this direction. We recommend the appointment of 8 designers with their headquarters at the places mentioned above, on a salary not exceeding Rs. 40.

Marketing in Rural areas.

21. Large quantities of handloom cloth are sold in 'shandies' and it is, therefore, necessary to market the finished products of societies at such 'shandies.' Even assuming that on an average fifty rupees' worth of goods are sold at each of the weekly 'shandies.' whose number in the Presidency is at least 250, the total sales would amount to Rs. 6½ lakhs. The services of the sale societies may be requisitioned for this. Arrangements may also be made in rural areas with the help of the local co-operative societies to distribute cloth on the indent system. Rural co-operative stores may be asked to stock and sell cloth. Co-operative stores for labourers can with advantage undertake the sale of cloth, as has been successfully done at Madura.

Sample and trade marks.

22. We do not think that adequate steps have been taken to market the goods on scientific lines, particularly with regard to the distribution of samples. An attempt has, however, been made very recently to prepare sample books. We suggest that more effective

propaganda should be carried on to popularise handloom cloth through sample books. Another important suggestion we have decided to make relates to the initiation of a special brand to distinguish the goods manufactured by the weavers' societies and we hope that this suggestion will receive the importance it deserves. A suitable trade mark may, with advantage, be patented.

Subvention to assist marketing.

23. We have considered the suggestion that a portion of the subvention may be applied to subsidise societies which sell cloth on a large scale from approved societies and that a percentage of the Government of India subvention may be ear-marked to reduce the selling price, if necessary, of standard (or to-be-standardised) lines. A similar arrangement is in vogue in the Bombay Presidency; under the Government of India scheme, a provision of Rs. 2,000 a year is made for each of the bigger Industrial Associations to meet losses in working on account of bad debts, depreciation, etc. We are of the opinion that this proposal can with advantage be given effect to. This is one of the most successful ways in which business has been developed in European countries as well as in India by big business houses. The amount set apart for this will, of course, depend upon the availability of funds.

SUPERVISION AND CONTROL

24. In order to run the scheme on sound lines, a large measure of control should be vested in the Provincial society. The employees in the primary societies should be appointed with the previous approval of the Provincial society, which should be competent to transfer, suspend or dismiss them, except in respect of Government servants. The Depots should be directly controlled by the Provincial society, which will also regulate production. It should not hesitate to refuse a subsidy to a primary society which does not carry out its instructions. As the Secretary is now confined to his office and is not touring, no effective control is exercised over the work of the subordinates. He should go round on inspection duty for ten or twelve days in a month. In his absence a responsible subordinate should be in charge of the office. We suggest the appointment of a suitable Junior Inspector of the Co-operative Department as a manager of the Provincial society.

25. We have already recommended the abolition of the posts of supervising officers who are now entrusted with the supervision and inspection of societies. We would request the Registrar to instruct his Deputy Registrars and Assistant Registrars to attend to the supervision and inspection of weavers' societies in their charge and satisfactorily regulate the work of the departmental and non official paid Secretaries and Managers of societies. In districts where prohibition is in force, the Special Development Officers may be entrusted with the supervision and development of weavers' societies. In fact, after the introduction of prohibition there is a special need to carry on intensive work among weavers. Special Development Officers, Deputy Registrars and Assistant Registrars may be asked to arrange for the periodical inspection of these societies and send copies of their inspection reports to the Provincial society.

SPECIAL VARIETIES—LUNGIES AND HANDKERCHIEFS

Lungies.

26. Lungies made from coloured warp and weft yarn are chiefly produced in the districts of Tinnevelly, Trichinopoly, Tanjore, South Arcot, Chingleput, Chittoor and Kistna. They are exported in large quantities to the Straits Settlements, Ceylon, the Federated Malay States, Java, Sumatra and Burma. The number of looms engaged in this Presidency in the manufacture of lungies or Kailies is calculated to be over 15,000. There are violent fluctuations in exports. The exports amounted to 35 million yards in 1923-24, but fell to 6.6 million yards in 1934-35; it has again risen to 28.6 million yards in the year 1939-40, as shown below :—

	Yards.	Rs.
1935-36	10,262,570	48,14,177
1936-37	13,912,398	61,25,758
1937-38	27,196,764	1,18,73,758
1938-39	26,563,394	1,12,94,289
1939-40	28,661,540	1,23,58,563

The chief cause for the decline in the export trade has been the competition of cheap Japanese power-woven lungies; it has also partly been due to heavy taxes on textile goods imported into the countries referred to above. The following figures give an idea of the exports under this head during the year 1934-35 :—

	Yards.	Rs.
To Aden and Dependencies ...	525,747	2,34,800
,, Ceylon	5,250,828	24,60,989
,, Straits Settlements	3,716,521	18,16,688
,, F.M.S.	606,271	2,25,292
,, Union of South Africa	6,028	2,993
,, Fiji Islands	21,100	10,800
,, Sumatra	13,860	7,180
,, Java	66,100	29,960
,, Siam	42,475	18,795

The merchants have agencies at important places of manufacture and supply yarn (including coloured yarn) to the weavers through agencies. In some places the raw material is distributed through the master-weavers. Wages are paid to them in advance and cloth is delivered to the agencies or merchants. These merchants at Madras export the goods to different places.

Madras Handkerchiefs.

27. Madras Handkerchiefs are produced from grey and coloured warp and weft yarns. These are chiefly produced in the districts of Madras, Chingleput, Nellore and Chittoor. They are first exported to London and from there re-exported to West Africa and the West Indies. The exports during the past five years are given below :—

	No. of pieces of 8 yards each.	Value Rs.
1935-36	801,828	29,65,787
1936-37	1,179,473	44,76,106
1937-38	1,412,949	51,31,247
1938-39	646,236	18,19,293
1939-40	778,634	28,17,048

The following figures will also give an idea of the exports to different places during the year 1934-35 :—

	Yards.	Rs.
To United Kingdom, Aden and Dependencies	517,007	5,19,026
„ Siorra Leone-Gold Coast ...	73,261	95,497
„ Nigeria	617,856	5,60,341
„ France	5,152	3,920
„ Union of South Africa ...	93,744	54,592
„ Commonwealth of Australia ...	1,518	6,3(8
„ French West Africa ...	1,496	5,784

A few firms in Madras have in recent years established direct business relations with firms in Africa. The fabrics are very popular among the Indians in West Africa, who use them as dhoties and headwear.

28. The European and Indian exporting houses in Madras do not carry on direct business with the weaver. They employ dubashes, who in their turn engage middlemen having much influence over weavers in a particular locality. The middlemen in the mofussil receive yarn and some cash as advance from the exporting houses on the security of dubashes and it is these people that arrange for the dyeing of yarns, warp preparation and weaving. With the exception of Turkey-red, all other colours are dyed locally by indigenous methods.

29. The firms in Madras which deal in handkerchiefs employ specialists as designers. The exporting houses do not afford continuous employment to the weavers throughout the year. During the slack season, the weavers are forced to drift for themselves or take to the production of some other varieties of cloth saleable in the local market.

Power-loom competition

30. The principal exporting firms get their goods made through their agents who supply yarn to sowcars (middlemen). These middlemen undertake dyeing, warping, etc. and supply the warps to the weavers and take back the cloths by paying them wages for piece-work. There are also individual weavers who take the yarn direct from the exporters and supply the goods at certain contract rates. At present, Madras Handkerchiefs, plain, are supplied by the middlemen at rates ranging from Rs. 2-10 to Rs. 3 per piece of 8 yards x 36". The wages required for winding, warping and sizing paid to the weavers are Rs. 2 to 2-8 for 2 pieces of 8 yards each.

Indent System.

31. We have considered how the goods produced by the Co-operative societies may be marketed and the best method we would recommend is the indent system. The Provincial Weavers' Society should arrange for the supply of goods on the strength of indents received from merchants. On receiving the orders of the exporting firms, the Provincial society will have to arrange for production within the prescribed time. Against possible losses which might arise on account of the fluctuations in the price of yarn, the Provincial society may, on receipt of orders, enter into an agreement with yarn dealers for the supply of the required quantity at a specified rate. As soon as an indent is received, the Provincial society should purchase yarn and distribute it among the weavers, who would be required to produce cloth according to specification and receive wages for their labour. Before accepting the offer, the Provincial society should of course work out the cost of production and add a reasonable profit. Under the scheme there can be no over-production and the risk is comparatively negligible.

EDUCATION

32. We consider that the work of bringing the younger generation of weavers under the influence of modern methods and of initiating them early into the use of improved appliances is of vital importance. The Industries Department with a view to disseminate a knowledge of improved methods of appliances started peripatetic weaving parties in 1913. These parties carried to the homes of the weavers the successful experiments conducted in the Textile Institute; but as the parties were subsequently disbanded, there is none at present to carry on propaganda among the weavers. Even now fly-shuttle sleys have not been introduced in some places. The technical staff employed by the Provincial Weavers' Society should, therefore, bring home to the weavers the advantages of fly-shuttle sleys, warp beams, hand-power machinery for the different preparatory processes, hand-power beam warping mills, beaming machines for winding grey or coloured yarn warps on weavers' beam, hand-power doubling machines for twisting 12 or more threads at a time, dobbies and *jacquards* for weaving figured garments, etc. The members of societies may be encouraged to introduce modern appliances so that there may be a greater and a quicker out-turn. Where improved varieties of looms are to be introduced, they should generally be purchased and supplied on the hire-purchase system; but in the case of poor members, the cost of appliances may be met from the Government of India subsidy as contemplated under the scheme. The paid staff of the weavers' societies should be given the proper training in regard to the technique of handloom weaving. Intensive propaganda should be carried on among the weavers to make them give up drink and extravagance. They must be made to realise the benefits derived through co-operative societies, the advantages of producing standard goods and selling them collectively; and thrift should be encouraged among them.

EXPERTS ON THE BOARD OF MANAGEMENT

33. We have very carefully considered a suggestion made regarding the inclusion of experts in the Board of Management of the Provincial society. It has been pointed out that the business side of the Provincial society has not been properly developed and that one of the causes for this is the absence of a sufficient number of suitable businessmen and experts on the Board of Management. We entirely agree with this view and feel that a change in this direction is imperative. As already explained, the Provincial society is above all a business organisation and if it should survive competition it must run the several concerns under its management on

sound business lines. We have no doubt that able businessmen and experts will be coming forward to serve the cause of the unfortunate weaver. The following persons, we suggest, may be on the Board of Management:

1. The manager of a spinning mill.
2. The manager of a firm exporting lungis and Madras handkerchiefs.
3. The manager of a firm importing finer yarns.
4. The manager of a handloom factory.
5. One yarn merchant with experience of merchants of the Presidency.

BUDGET

34. To give effect to the proposals outlined above, the following variations in the budget will be necessary.

Including the unspent portion of the subsidy, the balance available will be Rs. 1,23,153 as shown below :—

Year	Receipts Rs.	Expenditure Rs.
1934–35	26,500	
1935–36	59,500	...
1936–37	68,800	18,456
Prov. Govt. grant	675	40,139
1937–38	68,800	
1938–39	68,800	54,098
Prov. Govt. grant	342	70,159
1939–40	71,210	98,895
Prov. Govt. grant	699	
1941–42	70,700	99,926 (Estimate)
	4,36,026	3,81,673
Balance of grant available		54,353
Govt. grant expected in 1941–42. ...		68,800
Total Rs. ...		1,23,153

The following expenditure is provided for :—

PARTICULARS	Rs.	Budget proposals for 1941-42 Rs.	Sanctioned budget for 1940 41 Rs.
1. Direct help to societies ...	..	50,000	50,000
2. Calendering plant and sizing machines	...	4,000	6,574
3. Dyeing factories—Non-recurring.	...	975	...
4. Subvention for marketing ...	...	12,000	19,500
5. Sales Subsidy	...	20,000	...
6. Advertisement and exhibition ...	...	3,500	6,000

PARTICULARS.		Budget proposals for 1941-42	Sanctioned budget for 1940-41
7. Staff of the Provincial Society.			
Executive Staff-Pay.			
1 Secretary Co-op. (Sub. Regr.) ..	2,100	...	...
8 Marketing Officers at Rs. 100 p.m. ...	9,600	...	...
8 Designers at Rs. 40 p.m. ...	3,840	...	...
2 Dyeing Supervisors at Rs. 40 p.m. ...	960	...	...
Office Staff-Pay.			
1 Manager (Junior Inspector) ...	780	...	...
1 Standardisation Assistant ...	900	...	...
6 Clerks (2 at Rs. 45, 3 at Rs. 40, 1 at Rs. 30)	2,880	...	...
3 Peons (2 at Rs 15 and 1 at Rs. 12)	504	...	...
		21,564	21,059
8. Travelling Allowances.			
1 Secretary at Rs. 40 p.m. ...	480	...	...
8 Marketing Officers at Rs. 20 p.m.	1,920	...	...
8 Designers at Rs 20 p.m. ...	1,920	...	...
1 Peon at 20 p.m. ...	244	...	...
		4,564	9,700
9. T. A. of Directors		2,500	2,500
10. Miscellaneous expenditure of the Provincial Society		4,000	3,400
Total		123,153	1,18,733

CONCLUSION

35. We have during the limited time at our disposal endeavoured to give a bird's eye view of the present position of the weavers' societies in this Presidency and indicated the lines on which the weavers' problems can be effectively tackled within the frame work of the Government of India scheme. If it is necessary to obtain the approval of the Government of India to give effect to any of our recommendations, they may be addressed to accord their approval. In a concise report of this type into which are compressed an analysis of the present position and an examination of the problems confronting the handloom industry, it has not been possible to deal with each point in detail. We have, in making these proposals borne in mind the principle that the weavers' societies should not for all time look up to Government for financial assistance but so organise their business as to stand on their own legs within a reasonable time.

S. A. VENKATARAMAN.
C. S. RATNASABAPATHY.
V. SESHIAH.

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