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THE

MADRAS JOURNAL OF CO-OPERATION

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1942

THE

Madras Journal of Co-operation

FEBRUARY, 1942.

OFFICE OF THE REGISTRAR ...
2 APR 1942

The Madras Provincial Co-operative Union,
LUZ, MYLAPORE, MADRAS.

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(PHONE No. 8175.)

The Madras Provincial Co-operative Marketing Society, Limited.

582, Pycrofts Road, Triplicane, Madras.

(Registered Under Madras Act VI of 1932.)

Head Office	...	582, Pycrofts Road, Triplicane, Madras.
Fruit Branch	...	38, Bunder Street, G.T., Madras.
Provisions Branches...		327, Mint Street, Madras.
		1/14, Pondy Bazaar, Theagarayanagar.

President: SRI T. A. RAMALINGAM CHETTIAR, B.A., B.L., M.L.C.

The following are the main objects of the society:—

(a) to arrange for the sale of produce of the affiliated societies and other members to the best advantage;

(b) to act as agent of members for the disposal of their produce;

(c) to co-ordinate the activities of the various non-credit societies by getting them into touch with the market, places of production and the prices prevailing in the presidency;

(d) to serve as an information bureau of raw products available in the presidency or elsewhere.

Commodities available in the Head Office at Triplicane and Branch at Mint Street.

Handpounded raw rice, milled raw rice, boiled rice, Ghee, honey, toothpowder, seekai, jaggery, dholl, gingelly oil, turmeric powder, coffee seeds, tea, eucalyptus oil and graded eggs.

Commodities available in the Fruit Depot., at 38, Bunder Street, G. T., Madras.

Kodur sathgudi oranges, limes and sapotas.

The Madras Provincial Co-operative Marketing Society, Ltd., Madras was started in 1936 with the object of eliminating the middlemen as far as possible and bring the producer and the consumer in closer touch by supplying the quality goods of the producers at reasonable rates.

Nine employees' societies in the Madras City and four students' hostels are purchasing goods from us. We earnestly appeal to other societies to avail themselves of this opportunity and extend the benefit to their members.

We also appeal to the co-operative loan and sale societies which have not become members of the Marketing Society to join immediately and send their surplus goods for sale.

We request the various co-operative stores in the province to encourage us by purchasing their requirements from us.

Prompt attention will be paid in executing the orders.

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THE Madras Journal of Co-operation

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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.

Orders on Recommendations.

Elsewhere we have reproduced the orders of Government on the recommendations of the Committee on Co-operation. From a summary of the orders on the main recommendations extracted from the Report of the Registrar of Co-operative Societies given below, it will be seen the orders of Government were available so long ago as November. For some reason they are made available to us only now. Better late than never. We are thankful to Government even for this belated response to co-operative opinion. The recommendations of the Committee were so many and so varied that it is not possible to comment on all the orders in one issue. We shall avail of the opportunity to do so in as many issues and as quickly as possible. We shall in this issue content ourselves to refer to the recommendations on which the Government have yet to pass orders. Meanwhile, we have no doubt co-operators all over the presidency will carefully study the orders of Government and comment on them. We shall be pleased to publish such comments, consistent with the exigencies of space at our disposal.

The Registrar's summary is as follows:

'I mentioned last year that the orders of Government on the report of the Committee on Co-operation would, to some extent, set the course of co-operative in the Province for the future. Government have now passed orders on almost all the recommendations of the Committee. The more revolutionary among the proposals have not been accepted. The fundamental departure from accepted tradition and practice, in altering the basis of the liability in village credit societies, which the Committee recommended, has been rejected; unlimited liability will, as heretofore, continue to govern our primary village societies. The proposal that a voluntary pool of the reserve funds of primary societies in the area of each central bank, to be administered by a committee with the Registrar as trustee, should be created for the benefit of societies which come to grief owing to bad management or other causes, has also been rejected on the ground that the acceptance of it would seriously impair the soundness of village primary societies and put a premium on mismanagement. The suggestions that small village societies should be reorganized on a wider basis by grouping a number of them together into one society, that the functions of agricultural credit societies should be enlarged so as to include all the economic requirements of members by the formation of so-called "multiple purpose" societies; and that village co-operative societies should, as a general rule, be permitted to lend to members on the pledge of gold and jewels, have also not been accepted. As regards central banks, the Committee's recommendations that the banks should be empowered to take coercive steps against defaulters of primary societies in case the latter failed to take suitable action; that they could undertake commercial transactions and banking business of all kinds; that the secretaries of central banks should be appointed liquidators of indebted societies; that it should be open to central banks to relax the individual maximum credit limit of members of affiliated societies; that the central banks should be formed into "pure type banking unions" composed of affiliated societies, individual shareholders being completely eliminated; that they should, on the other hand, be permitted to co-opt individuals to the board of management, all these recommendations have been rejected wholly or in part. So also has the other recommendation, which sought to make the question of the future of local supervising unions a matter entirely for the discretion of the central banks. The proposal to form two apex banks, one for the Andhra districts and the other for the Tamil districts, has also been rejected. The recommendation that there should be separate co-operative societies for the scheduled classes has not also found favour with Government who have held that separate societies for scheduled classes should ordinarily be eschewed unless they are necessary for carrying on any particular activity, such as house-building, colonization, etc., or when local circumstances warranted their formation. The proposal that the Provincial Co-operative Union should cease to exist in its present form, and that four linguistic unions should be created instead,

the Provincial Union being a mere federation of these four unions, has not been accepted. As regards administration, the Committee's proposal that the audit staff of the department should be separately constituted into a distinct branch has not been accepted; nor have the suggestions that the special staff of Deputy Registrars for land mortgage banks should be discontinued, and that Co-operative Sub-Registrars for land mortgage banks should be empowered to recommend loan applications up to Rs. 5,000. The proposal to curtail the Registrar's powers of supersession by making the concurrence of the financing banks obligatory has not been approved. This summary of the more important recommendations will indicate that, so far as the general structure of the movement and the methods of administration are concerned, no radical departure from the existing practice is contemplated for the present.

It may be useful to analyse the decisions of Government with a view to assess properly their response to well-informed opinion reflected in the report of the Committee. The Committee on Co-operation made altogether 340 recommendations besides suggestions for amending the Act. An analysis of the Government orders yield the following results:

(1)	Accepted	...	104
(2)	Under consideration	...	39
(3)	Considered no action necessary	...	34
(4)	Rejected	...	73
(5)	Orders passed	...	90

It is necessary to point out that orders passed on as many as 90 recommendations do not necessarily mean their acceptance as will be evident from the summary of decisions on the main recommendations reproduced from the Administration Report. We have also reproduced all orders to which we invite the attention of our readers. On very vital and important points the Government have thought fit to differ from even the unanimous recommendations of the Committee. In regard to some questions, they are pleased to accept the minority views as expressed in the dissenting minutes. In view of the importance of the questions involved, it is necessary for Government to state the reasons for not accepting the views of the Committee. From what the Registrar observes it looks as though the Government are not in favour of any radical departure from the existing practice in the general structure of the Movement and the methods of administration. But at the same time we are constrained to say that amendments to rules under the Acts which are being published in piecemeal show that they do favour radical departure in providing greater scope for official interference. Anyhow we feel that in fairness to the Committee on Co-operation which was presided over by a distinguished gentleman, which took considerable pains to look into every aspect of the Movement in detail, and its report records the collective wisdom and experience of eminent co-operators, the Government ought to have issued a Resolution, dealing with the recommendations and giving their views at least on important questions. At present it is difficult to understand why even in some cases the Government have not been able to accept the Committee's most reasonable recommendations. While the Committee's point of view is before the public, the Government's view-point is known only to the Department.

Hill Tribes.

Of the recommendations of the Committee under consideration, those dealing with the social and economic improvement of the aborginal and hill tribes are included. It is gratifying to learn that with a view to ascertain the needs of these classes of population living in various parts of the presidency and the measures necessary for their welfare, the Government propose to institute enquiries and issue a report dealing with the economic and social conditions of the people in question, their progress in education, whether they associate with more advanced people, whether they are exploited by other communities, whether their interests are adequately looked after by the officials concerned and whether they have any special needs which ought to be met. We await with interest the publication of this report. Meanwhile we trust the Government will undertake welfare work among these tribes and communities on the lines similar to those adopted in regard to the scheduled classes.

Handloom Weavers.

The Sixth Annual Report of the Madras Handloom Weavers' Provincial Co-operative Society deals with the various aspects of the handloom problem. It redounds to its credit that within a short period the Society has been able to give a fillip to handloom industry and infuse some hope and cheer into the hearts of the unfortunate handloom weavers. If more could not be achieved, it is due to circumstances beyond the Society's control. We congratulate the Society on its well-deserved success. We hope its continued endeavours to rehabilitate the handloom industry will yield fruitful results.

We have had occasion to refer to the handloom industry time and again in this *Journal*. We ventured to offer some proposals calculated to promote the industry and place it on a stable basis. In the Report of the Society mention is made of the representation made to the Fact Finding Committee. It is said the Society represented that there would be practical difficulties in the way of giving effect to the proposal of prohibiting mills from using certain counts and that the imposition of an excise duty on those mill products which directly compete with the principal classes of fabrics woven by handlooms would afford the best solution to the problem. It may be recalled that the Committee on Co-operation considered the question at great length and made the following recommendations which are still under the consideration of the Government. The Committee stated:

(1) Measures should be formulated (by legislation if necessary) for the adjustment of the spheres of the power-loom and the handloom or to restrict the production of mill cloth by fixing quota or otherwise.

(2) Adequate cess should be levied on the sale of mill cloth, Indian and foreign, at a rate sufficient to counteract the effect of competition.

It will be noticed that the Committee was in favour of imposition of a cess on sales of mill cloth with a view to counteract the effect of competition in addition to restriction in production either by adjustment of spheres of production or quota or otherwise. Those who have studied the problem of handloom industry believe that both the measures are necessary in the interests of handloom industry. Therefore, we are somewhat surprised at the attitude of the Provincial Society. How far these views are shared by the affiliated primary societies we are not in a position to say.

There has been complete unanimity of opinion in all quarters (millowners excepted) that the control of yarn prices is absolutely necessary in order to relieve the acute suffering caused by the abnormal rise in the prices of yarn. We find in the Annual Report of the Society reference is made to this all-absorbing topic. The Government of India fight shy of control of prices as is evident from the proposals now under their consideration. It is proposed to arrange for sale of yarn by mills and licensed dealers. The question of fixing the sale price of yarn does not seem to commend itself to them. How their proposed arrangements will relieve the situation, it is not possible to understand. Will the established dealers of yarn only be able to secure licences? Who is to decide who the established dealers of yarn are?

At one time it was suggested that licences should be granted only to such of them as are prepared to sell yarn at the prices fixed. It is not known if this condition holds good. There is the question of wholesale and retail prices and credit and cash sales as well. Will the Government fix the prices for all kinds of transactions allowing a reasonable and fixed margin of profit? In fixing the prices of yarn approximate cost of production for each count of yarn will have to be ascertained. Has this been done? Unless all these measures are carefully thought out and planned the proposed arrangements will fail to bring real relief to the handloom weavers. The measures of relief under the provisions of the Famine Code adopted by the Government of Madras are mere palliatives and are necessarily of a temporary character. It would be difficult to continue them long. Nor can the resources of Government be available to extend these measures of relief for all parts of the presidency though the plight of the handloom weavers is the same everywhere.

We are thankful to the Government of Madras for asking the Surgeon-General to give 10 per cent. preference in price to the articles of the Weavers' Provincial Co-operative Society over and above the lowest tender for articles of similar quality required for Government Hospitals. We do not know how the percentage was fixed. It may be in many cases 10 per cent. preference may not be enough. Anyhow we are grateful for this gesture of good will and realisation of the plight of the handloom industry. We wish the Government had compelled the local bodies also to do likewise instead of merely advising them to follow their lead.

We are not aware if the orders of the Supply Department for handloom products will ever be secured. There are many items in the requirements of that Department which can be easily satisfied by the handloom industry. Even the local Governments seem to be powerless in influencing the Supply Department. Why should not that Department also announce 10 per cent. preference as the Government of Madras have done and thereby release the mills for producing goods of the quality which the handloom industry cannot possibly supply to meet the demand. The adjustment of spheres of production will take place automatically if preference is shown to handloom goods in regard to certain varieties. This necessarily postulates

the formulation of policy and co-ordination of effort of the different departments of the Government of India, both civil and military.

Whatever may be the measures contemplated, let them be given effect to immediately. Endless consultations and conferences may be all right in normal times. But the situation now is serious and demands prompt application of radical measures. It is not wise to allow discontent to grow in any section of the workers.

Foodgrains.

Elsewhere we have reproduced a Press note issued by the Government regarding the supply of foodgrains in the presidency. We are not sanguine at all that the measures proposed are sufficiently adequate to result in increased cultivation of foodgrains. In an address delivered at the Annamalai University, Mr. P.H. Rama Reddy, Director of Agriculture, stated that large areas which were till now under commercial crops especially groundnut are being brought under food crops. We are not quite sure how for the policy of discouraging the growth of commercial crops is a wise one as we understand the next year's groundnut crop will not yield enough even to satisfy internal consumption. However, we would like to know what the alternative crops grown are, the acreage under each crop and how their prices bear comparison with the commercial crops. The Government have also announced some concessions to encourage growth of food crops in waste lands. These concessions should be made known all over the presidency. The Agricultural Department should assist the ryots in choosing the crop suited to the soils of the lands available, arrange for the supply of improved seeds and manure through the Co-operative societies and thus actively assist in increasing acreage under food crops. We would in particular implore Government to announce what special measures for increasing irrigational facilities are at least under contemplation.

Propaganda.

Co-operators all over the world attach great importance to the education of the members of co-operative organisations. Various methods have been adopted to achieve this object. In this country too the need for intensive co-operative education and training for all ranks of co-operative workers, paid and honorary, "as units in the co-operative army able to work intelligently, individually and in groups, for the realisation of co-operative ideals," is being increasingly recognised. The Committee on Co-operation went into this question and made some recommendations. It is gratifying that the establishment of three permanent training institutes and a fourth one to run every alternate year has become an accomplished fact. We await with interest the decision of Government in regard to the Co-operative College. The need for its constitution is the unanimous desire of all. Such differences as are existing relate only to details. It should be possible for Government to reconcile the differing views and assure an honourable place to non-official co-operative opinion in the conduct of the institution.

In his Administration Report, the Registrar of Co-operative Societies refers somewhat sneeringly to what he is pleased to call 'evangelistic propaganda'. May we remind him and all those who think like him that the need for this propaganda will continue to exist till all individuals realise, what he has himself described, 'mutual benefits by collective action.' Language is the medium for conveying ideas; but it should not be employed to attack what is obvious and necessary.

Rationalisation of Agriculture Through Co-operation.

"*There is one side of the problem which specially interests us. No improvement in the social and material position of the peasant is possible without a profound modification of the very conditions of rural life itself. Those conditions are too hard; the application of the Wahlen Plan might render them still more hard if an energetic effort were not made in favour of rationalisation of labour. Now co-operative organisation would make possible a considerable easing of conditions of work (dairying, laundrying, common bakeries; joint purchasing of agricultural machinery, etc.). Further, the problems of intensification of cultivation proper would find a satisfactory solution if Co-operative methods were largely adopted. Even the delicate question of supply and distribution of necessary capital can be satisfactorily dealt with if mutual credit (the Raiffeisen banks) is made use of as much as possible. But let us go beyond the boundary of the villages. If the progressive application of the Wahlen Plan is of a kind to transform the conditions of life of the peasant, its repercussions will be still more profound on the general structure of our country.*"

Co-operation in India.

The Land and the people.

According to the 1931 census, India, with an area of more than 1,800,000 square miles—over 1 million being covered by the British Provinces and the rest by the Indian States—had a population of 353 million—almost three times as large as that of the U. S. A. whose area is only two-thirds that of India. The over-populating of India for its present stage of economic development is still more emphasised by the preliminary census returns for 1941, according to which the population has increased to 389 million, almost 90 per cent being purely rural. While British India covers about two-thirds of the land area, it includes about three-fourths of the population.

Another outstanding feature of India is the prevailing illiteracy. According to the 1931 census, out of 296.3 million * (men 153.8 and women 142.5 million) only 28.1, or less than 10 per cent (24 and 4.1 million, respectively) were able to read and write. Persons with a knowledge of English numbered 3.6 million.†

The Origin and Nature of the Co-operative Movement.

The Indian Co-operative Movement is of fairly recent origin; it was officially launched by the Co-operative Credit Societies Act, 1904, passed by Lord Curzon's Government. The greater severity and frequency of famine towards the close of the last century had emphasised the inadequacy of the existing legislation dealing with loans to agriculturists in times of stress and strain, and the increasing indebtedness of the Indian peasant had shown the urgent need for cheap credit. In two provinces indigenous co-operative credit movements had been developing in the shape of Nidhis or mutual loan associations in the Madras Presidency and Co-operative Credit Societies in the United Provinces; in 1901 the former numbered 200 with 36,000 members; the latter also numberd 200. But it was in pursuance of the recommendations of the Famine Committee of 1901, following two terrible famines, that the State effectively took the matter in hand. A committee of the Legislature in consultation with Henry W. Wolff—the first President of the International Co-operative Alliance—drafted legislation which was embodied in the Co-operative Credit Societies' Act of 1904. As a matter of fact, in 1894, in view of the prevailing conditions of the Indian peasant, Henry Wolff approached the Minister for Indian Affairs, pointing out the necessity of the introduction of a law enabling the formation of Co-operative Societies.

* Excluding children under 5 years of age, and 3 million other.
† Statesman's Year Book, 1941.

The new Act was intended primarily to enable the agriculturists to form themselves into Societies of the Raiffeisen type with unlimited liability, though it also provided for Urban Credit Societies which were free to choose the Schulze-Delitzsch model. The application of the principle of Co-operation to other forms of economic activities was not then contemplated. In addition, the Act aimed at educating the agriculturists in the use of credit and inculcating in him habits of thrift and self-help without undermining the independence of co-operators. The Registrars appointed under the Act in every Province were endowed with considerable powers of discretion as regards registration, liquidation, cancellation, enquiry and inspection, and were also responsible for propaganda and education.

When the Act was revised in 1912, scope was given for the formation of Societies for other purposes than credit, and having registered Co-operative Societies as members. The chief provisions of the new Act were: (1) Any Society may be registered "which has as its object the promotion of the economic interests of its members in accordance with co-operative principles, or a society established with the object of facilitating the operations of such a society"; (2) Unless otherwise directed by the local Government, the liability of Central Societies shall be limited, and that of Rural Credit Societies shall be unlimited; (3) The requirement of an annual audit is retained; (4) Any registered Society may, with the Registrar's sanction, after carrying one-fourth of the annual net profits to reserve, contribute up to 10 per cent of the remainder to a wide range of charitable purposes; (5) Local Governments are given considerable discretion in making rules for the working of Societies under the Act, including conditions of membership, methods of operation, procedure at general meetings, and provisions for arbitration between members, and between members and the committee or officers of the Society, such rules to have the same force in the respective Provinces as the Act itself.

From the first, local Governments were charged with the administration of the Acts of 1904 and 1912, through the Registrars and their appointed assistants. The Government of India Act 1919 made Co-operation one of the "transferred" subjects which come wholly under the control of the Provincial Governments. Consequently some of the Provinces passed their own Co-operative Acts—Bombay in 1925, Burma 1927, Madras 1932. Most of the larger Indian States—first, Mysore in 1905, then Hyderabad and Indore in 1914—and some of the smaller, have adapted the co-operative legislation of British India to their special needs.

The need to "de-officialise" the Movement was recognised at an early date, and, as far as propaganda is concerned, this has been partly achieved during the last twenty years by the creation of separate bodies in different Provinces and States under various names, for example, Co-operative Institute, Co-operative Union, Organisation

Society, etc. But the ideal of an independent self-contained movement is still far from realisation, one of the chief obstacles being illiteracy—which forms almost as great a barrier to building up a sound movement as at the beginning of the century.

With regard to the co-operative structure of the various Provinces and in the Indian States, the basic unit is the village or Rural Credit Society formed by agriculturists on the unlimited liability basis. Its capital consists of members' shares, deposits from members and non-members, and loans from some Central Organisations. In each district, or unit of administrative area, there is a Co-operative Bank—known as Central Bank, District Bank, or Banking Union—which supplies the necessary capital to Rural Societies. These Central Banks also obtain some of their working capital from the share capital of members (Societies and individuals), but the greater part comes from deposits of members and non-members, the latter including local bodies like municipalities, taluk boards, and district boards. The various Central Banks in a Province are members of an apex Provincial Bank. Most of the latter formerly secured overdraft accommodation from the Imperial Bank, and were thus in touch with the money market of the world.

The linking up of the activities of the Provincial and Central Bank with the Indian Reserve Bank—the Central Bank of Issue created in 1934 and entrusted with the special task of rehabilitation of agricultural production, *i. e.*, the direct financing of agricultural producers—has been an outstanding problem in recent years in connection with the reform of co-operative finance.

Urban Credit Societies provide credit for the use of wage-earners, employees of firms, small merchants, and industrialists. Recent developments are the supply of farmers' requirements and the marketing of agricultural produce. With the exception of a few Societies, Consumers' Co-operation is almost non-existent, and the same applies to Co-operative Insurance.

The Numerical Development of Indian Co-operation.

The following statistical information is based on the "Statistical Statements Relating to the Co-operative Movement in India during the Year 1938-1939," published by the Department of Commercial Intelligence and Statistics, India, November, 1940. The report covers the Provinces of Madras, Bombay, Sind, Bengal, Bihar, Orissa, United Provinces, Punjab, Central Provinces and Berar, Assam, North-West Frontier Provinces, Coorg, Ajmer-Merwara, Hyderabad Administrated Areas, Delhi—comprising a total population of 277 million—and the Indian States of Mysore, Baroda, Hyderabad, Bhopal, Gwalior, Indore, Kashmir, Travancore, Cochin, with a total population of 43.6 million, making a grand total of 320.6 million. Burma, with 2,100 Societies and 77,000 members, is not included, as it became an independent State on 1st April 1937. In 1939 the

Movement comprised 122,167 Societies, including 604 Central Banks (Provincial, Central, and Banking Unions), 526 Supervising and Guaranteeing Unions, 105,498 Agricultural Societies (including Cattle Insurance Societies, Land Mortgage Banks and Societies), 15,539 Non-Agricultural Societies (including Insurance Societies). The number of Societies per 100,000 inhabitants was 38.1.

Individual members of Primary Societies numbered 5,374,112 (Agricultural 3.6 million and Non-Agricultural 1.7 million). Impressive as the total is, the figure is still small in relation to the total population of India—1.68 per cent, not taking into account the families of individual members. The percentage of membership in relation to total population is the same for British India and the Indian States; it shows considerable variations from Province to Province, but less from State to State. Coorg, the smallest Province, with a population of only 200,000, shows the highest figure, 10 per cent, Hyderabad Administrated Areas 6.6 per cent, Punjab and Ajmer-Merwara each 3.6 per cent, Orissa 1.4 per cent, North-West Frontier Province 1.2 per cent, United Provinces and Assam each about ½ per cent. In the Indian States Travancore has the highest percentage of 3 per cent (population 6.2 million), all others fluctuating around 2 per cent, except Hyderabad (the largest Province with a population of 16.2 million) with less than 1 per cent.

The following table shows the development of the Movement since its inception as regards Societies, Members, and amount of Total Working Capital :—

PERIOD.	INDIVIDUAL MEMBERS. AGRICULTURAL NON-AGRICULTURAL.				WORKING CAPITAL THOUSAND RUPEES.†
	SOCIETIES.	SOCIETIES.	SOCIETIES.	TOTAL.	
Average for 4 years: 1906-07 to 1909-10 ...	1,936	107,643	54,257	161,910	6,812
Average for 5 years 1910-11 to 1914-15 ...	11,786	459,096	89,157	548,253	54,842
1915-16 to 1919-20 ...	24,477	902,930	226,031	1,128,961	151,847
1920-21 to 1924-25 ...	57,707	1,661,098	493,509	2,154,607	363,626
1925-26 to 1929-30 ...	93,936	2,791,562	897,259	3,668,831	748,913
1930-31 to 1934-35 ...	105,714	3,063,628	1,258,641	4,322,269	946,106
1933-34* ...	102,916	2,950,290	1,293,665	4,243,955	934,106
1938-39* ...	122,167	3,640,074	1,734,038	5,374,112	1,064,722

* Excluding Burma. † 1 Rupee = 1s. 6d.

The numerical development, as shown by the foregoing table, is impressive, a very high rate of increase being maintained until 1930. The increase in Societies during the first quinquennium, as compared with the first 4-year period, was 512 per cent, and for the following quinquenniums 108 per cent, 136 per cent, 63 per cent; from 1930-1931 to 1934 there was a considerable slowing down to

13 per cent. The respective increases in membership were 239 per cent, 106 per cent, 91 per cent, 71 per cent, 17 per cent; and as regards working-capital 705 per cent, 177 per cent, 139 per cent, 106 per cent, and 26 per cent. The increases from 1933-1934 to 1938-1939 were: Societies 19 per cent, membership 27 per cent, and capital 14 per cent. This considerable slowing down of the momentum of the Movement during the last ten years, while it is still far from having reached its optimum development, points to the difficulties which it has faced during the last decade.

As far as the proportion of Agricultural Societies to Non-Agricultural Societies is concerned, the individual membership of the former during 1906-1907 to 1909-1910 accounted for 66.5 per cent. increasing during the subsequent quinquenniums to 83.7, 80, 77, 76, per cent. From 1933-1934 to 1937-1938 the proportion of Agricultural Societies showed a small but steady decline from 69.5 per cent. to 66.5 per cent. but in the last year under review—1938-1939—it rose again to 67.7 per cent.

Composition of the Working Capital.

Although the extent of Government influence on the Movement in India is without parallel in the history of Co-operation, it has not found expression in the financing of the Movement; Government loans and deposits held at the end of each year averaged 8.60 per cent during the first four years of the Movement, and 1.98 per cent, 1.68 per cent, 1.86 per cent, 2.18 per cent, 1.62 per cent, respectively, during the next four quinquenniums. For 1938-1939 it was not more than 1.11 per cent. It was explained right at the beginning by Lord Curzon following the serious warning of Henry W. Wolff that State subsidies were not compatible with the genuine co-operative character of an enterprise. This principle has evidently been permanently maintained.

The chief sources for financing the Movement are Provincial or Central Banks, and "Non-Members and other Sources," which include all loans and deposits held by Central and Provincial Banks from individuals, Joint Stock Banks and others. Their combined contributions amounted to about two-thirds of the total over most of the period under review, but during 1938-39 their relative share decreased to about 50 per cent. On the other hand Reserve and other funds show a steady increase from 2.46 per cent, to nearly 17 per cent. Own capital (Shares and Reserves) has therefore increased from approximately 20 to 30 per cent of total Working Capital. Loans and Deposits from members, however, have decreased from approximately 21 per cent to 10 per cent of the total.

As regards the structure of the total working capital, the following table relates to the whole of India, as no appreciable difference is shown between British India and the Indian States.

	AVERAGE FOR						
	1906-07 TO 1909-10.	1910-11 TO 1914-15.	1915-16 TO 1919-20.	1920-21 TO 1924-25.	1930-31 TO 1934-35.	1933 TO 1934.*	1938 TO 1939.*
	THOUSAND RUPEES.						
Share Capital paid up.	1,319 (19·36%)	8,887 (16·21%)	25,197 (16·59%)	52,566 (14·46%)	129,142 (13·65%)	132,551 (13·12%)	140,175 (13·17%)
Loans and Deposits at end of year from—							
(a) Members ...	1,412 (20·73%)	8,828 (16·10%)	9,635 (6·35%)	25,445 (7·00%)	74,676 (7·89%)	77,136 (8·26%)	105,266 (9·89%)
(b) Societies ...	1,359 (19·95%)	...	4,781 (3·15%)	14,998 (4·12%)	37,972 (4·01%)	40,376 (4·32%)	39,048 (3·67%)
(c) Provincial or Central Banks.	...	19,342 (35·27%)	50,319 (33·14%)	122,988 (33·82%)	269,598 (28·50%)	252,521 (27 03%)	244,581 (22·97%)
(d) Government ...	586 (8·60%)	1,037 (1·98%)	2,558 (1·86%)	6,769 (18·6%)	15,351 (1·62%)	13,455 (1·44%)	11,800 (1·11%)
(e) Non-Members and other sources ...	1,969 (28·90%)	14,198 (25·89%)	47,025 (30·97%)	109,622 (30·15%)	291,206 (30·78%)	294,970 (31·58%)	296,779 (27·87%)
Borrowings of Land and Mortgage Banks	...	...	...	...	...	...	49,079 (4·61%)
Reserve and other funds ...	167 (2·46%)	2,500 (4·55%)	12,332 (8·12%)	31,238 (8·59%)	128,161 (13·55%)	133,107 (14·25%)	177,995 (16·71%)
Total ...	6,812 (100%)	54·842 (100%)	151,847 (100%)	363,626 (100%)	946,106 (100%)	634,106 (100%)	1,064,723 (100%)

* Excluding Burma.

Operations of the Movement during 1938-39.

During 1938-39 ten Provincial Banks (2 in Indian States) and 594 Central Banks (110 in Indian States), including District Banks, Banking Unions and all other Societies constituted with the object of lending to individual Societies and tapping deposits from a larger sphere than that of the Primary Agricultural and non-Agricultural Society, supplied the financial needs of the Movement. Most of the Central Banks also carried on trading activities on a small scale.

	LOANS GRANTED DURING YEAR—		LOANS DUE AT END OF YEAR—		SALES—GOODS TO MEMBERS'	
	INDIVIDUALS.	BANKS AND SOCIETIES.	INDIVIDUALS.	BANKS AND SOCIETIES.	MEMBERS.	PRODUCTS.
	THOUSAND RUPEES.					
Provincial Banks ...	25,737	47,590	3,013	63,392	2	—
Central Banks.	13,607	91,451	7,698	191,551	306	238

The total Working Capital of the Provincial Banks amounted to Rs. 128,512,207, and of the Central Banks to Rs. 294,219,864. All the Banks, with the exception of one Central Bank, closed the year with a surplus; the total for the Provincial Bankswas Rs. 1,098,637, and for the Central Banks Rs. 3,903,190. The "Most Usual Rate of Interest" varied considerably from Province to Province or State to State, on borrowings--Provincial Banks—from 1¼ per cent in Bombay to 5 per cent. in Mysore, Central Banks—from 2 per cent. in Delhi to 7 per cent. in Mysore; on lendings—Provincial Banks—from 3½ per cent. in Madras to 6½ per cent. in Mysore, Central Banks—from 5 per cent. in Madras to 12½ per cent. in Bihar.

The 105,271 Agricultural Societies comprised 93,767 Credit; 459 Purchase and Sale; 4,358 Productive; 4,118 Productive and Sale; and 2,569 other types. Their membership was 3,560,425 against 3,162,162,629 in the previous year.

The overwhelming majority of the Agricultural Societies, 96,878, worked on the basis of unlimited liability, 8,393 limited liability.

The 15,530 Non-Agricultural Societies comprised: 6,699 Credit; 798 Purchase and Purchase and Sale; 18 Productive; 1,326 Productive and Sale; 6,689 other types. Of these 11,779, including 238 of the 6,699 Credit Societies, worked on the basis of limited, 3,751 unlimited liability.

	LOANS GRANTED DURING YEAR—		LOANS DUE AT END OF YEAR—		SALES TO MEMBERS.	PURCHASES OF MEMBERS' PRODUCTS.
	INDIVIDUALS.	BANKS AND SOCIETIES.	INDIVIDUALS.	BANKS AND SOCIETIES.		
	IN THOUSAND RUPEES.					
Agricultural Societies ...	62,883	6,259	211,521	7,410	8,536	9,456
Non-Agricultural Societies ...	135,423	10,694	167,637	5,432	7,680	4,373

A disquieting feature is the amount of loans overdue—loans due for which extension has not been granted by competent authority. Of those due by individuals no less than 46.47 per cent. (48.02 per cent in the previous year) were overdue in the case of the Agricultural Societies, but only 14.53 per cent (15.49 per cent.) in the case of Non-Agricultural Societies, a slight improvement as compared with the previous year. The "Most Usual Rate of Interest" on borrowings varied in the case of the Agricultural Societies from 5½ per cent. (Baroda) to 10½ per cent. (Bihar, Orissa), and in the case of the Non-Agricultural Societies from 3 per cent. (Indore) to 9⅜ per cent.

(Bengal); on lendings, Agricultural Societies from $7\frac{1}{2}$ per cent (Madras, Bhopal) to $12\frac{1}{2}$ per cent. (Bengal, Bihar, Orissa, Assam, North-West-Frontier Province), Non-Agricultural Societies from $6\frac{1}{4}$ per cent (Madras, Baroda) to $12\frac{1}{2}$ per cent. (Bengal).

Land Mortgage Banks in operation, 185 in British India and 41 in the Indian States, granted loans during the year as follows, Rs. 8.2 million to individuals and Rs. 7.4 million to Banks and Societies, the "Most Usual Rate of Interest" on borrowings varying in different Provinces and States from $2\frac{1}{2}$ to 6 per cent, and on lendings from 6 to $9\frac{3}{8}$ per cent.

A mainly quantitative and limited statistical survey like the official "Statistical Statements Relating to the Co-operative Movement in India" cannot reveal the problems and difficulties which the Movement has had to face in recent years. Poverty and indebtedness which the sponsors of the Movement had hoped to eliminate by means of Co-operation are still acute, as is shown by the figures given in the Survey relating to loans overdue, the Agricultural Debt Relief Bill recently introduced by the Bombay Government, and the Report of the Committee on Co-operation appointed by the Madras Government in 1938. In spite of nearly 40 years of effort and its numerical achievements the Movement has reached only a small fraction of the whole population. One of its weaknesses has been its lack of spontaneity but there is surely no greater hope and guarantee for achieving a higher standard of living which is urgently required than a wide spread and sound Co-operative Movement whose fundamental principles are so eminently in harmony with Indian life and conceptions.

(Review of International Co-operation—October 1941.)

Faith and Works.

Sir Walter Scott relates that he once encountered a remarkable ferryman on one of the Firths of Scotland.

Scott noticed that he had two oars, one marked "Faith" and the other "Works". He asked explanation.

"I will show you," replied the boatman. He picked up a single oar, "Faith," and started to row, but the boat only turned round and round Then tried both oars together and the boat went straight ahead.

No further explanation was necessary.

Land Mortgage Banks in Malabar.*

We, the Directors of the Calicut Land Mortgage Bank, are sorry to state that, notwithstanding their best efforts, the Bank has not made much progress after the last three years of its working. All know that the indebtedness in Malabar district is heavier than in other parts of the Presidency, and that owners or holders of land require long term loans to enable them to discharge their debts. It was as a result of very strenuous agitation that the people of the district obtained the land mortgage bank system introduced among them. The Government appointed a special committee to enquire into the possibility of organising land mortgage banks in the district and they reported favourably in June 1937. The Calicut Land Mortgage Bank was started on 19-7-38. Its area of operations consists of three taluks in South Malabar *viz.* Calicut, Ernad and Walluvanad comprising 592 villages. Even after working for a period of three years the number of members is only 143 (A) class and 115 (B) class and the share capital is Rs. 3,575. The total number of applications received till 30-11-1941 was 123 and was for an amount of Rs. 1,71,760. But only 31 applications, for a sum of Rs. 40,325 were sanctioned. 22 applications are pending disposal. The rest were either withdrawn or rejected. The number of applications received during the past two years was only 14 each year. There are no signs of fresh applications coming in. These facts prove that there is something wrong somewhere in the machinery of the land mortgage banks system as is being worked here. The Directors after careful thought are convinced that what check the machinery are the restrictions placed by the Central Land Mortgage Bank on the applications for loans in order that they may be sanctioned by it. The restrictions that obstruct the free inflow of applications for loans are in their order of importance as follows:—

(1) The insistence on the renewal of time expired kanom holdings of garden lands, (2) the refusal to grant loans on the security of jenmam lands when the Jenmies themselves are not in possession (3) the refusal to grant loans to ottidars, (4) the refusal to grant loans on the security of kanom holdings of wet lands under Dewaswoms and Sthanoms, (5) the refusal to grant loans on the security of permanent tenures like Saswathoms, Adimayavana, Anubhavams etc., which are common, but peculiar to Malabar. We have dealt with the first three points in detail in our letter dated 25-2-41 addressed to the Board of the Central Land Mortgage Bank and to the Registrar. We request you to refer to it in this connection. We shall in this memorandum state the arguments for and each of the above points in as brief a manner as possible and our conclusions regarding the same.

* A memorandum submitted to the Central Land Mortgage Bank. The points raised are of interest affecting a large area.

(1) The insistence by the Central Land Mortgage Bank on the renewal of Kanom holdings with *respect to garden lands.*

Lands in Malabar are of three kinds—wet, garden and dry. Dry lands (kanom) are not taken into consideration for the purpose of granting loans by the land mortgage banks and therefore may be omitted here. Wet and garden lands form the bulk of the agricultural area in the district and a large portion of them is held on kanom tenure. Garden lands are lands used principally for growing fruit-bearing trees and there is no difference of opinion that kanom tenants holding garden lands require to be helped; otherwise one of the main purposes for the establishment of land mortgage banks in Malabar will be defeated. It is also agreed that there should be sufficient security for the amounts advanced by the Land Mortgage Banks. The question is whether a known demise of garden land of which the 12 years' period has expired is wanting in sufficiency of security and whether renewal should be insisted upon, in all such cases as a condition precedent to the grant of loans. The property of a kanom tenant in garden lands consists in his right to receive the kanom amount and the cost of improvements effected by him on the property. It is the sufficiency of this property as security that ought to be investigated by the land mortgage banks, for the purpose of advancing loans. An ordinary mortgage transaction in Malabar is based on this right. In valuing the improvements the Land Mortgage Banks in Malabar do not generally value the buildings and certain trees are omitted altogether from valuation though the tenant will be entitled to receive the value of these improvements also. Only 35 per cent. of the value of improvements so cautiously calculated by the Sub-Deputy Registrar is advanced to the tenant as loan. If redemption or eviction of the kanom property takes place through Court, the Land Mortgage Bank is made a party to the suit and the landlord has to deposit the value of improvements as existing on the date of delivery in Court. There is therefore no chance of the Bank losing the amount. The land mortgage banks are careful to issue registered notices with acknowledgments to jenmies when loans are granted to kanom tenants. Therefore, no settlement or payment of the value of improvements without the knowledge of the Bank can take place or even if it takes place will affect the right of the Bank. Eviction by the jenmies of garden lands are also rare because the jenmies are not generally in a position to deposit the large value of improvements belonging to the tenants. The jenmies, therefore, request the tenants to take renewal of garden lands on more favourable terms than those contained in the Malabar Tenancy Act. But when the land mortgage banks drive the tenants to the necessity of taking renewals the Jenmies impose heavier terms than those contained in the Act. Moreover, the effectuation of the renewal of the kanom of a garden land is a prolonged affair because the settlement of the renewal fee under the Act is not so simple a matter as the Central Land Mortgage Bank thinks it to be. Generally applications for loans are presented to the primary bank by the parties when their properties

are about to be sold in court. The courts will not wait for renewals and the subsequent raising of monies by mortgaging the properties to land mortgage banks. Moreover there will be several heirs left to a deceased demiser or demisee. The Marumakkathayam Act has increased the heirs and the heirs under Mohamedan Law are numerous For a proper renewal all heirs on either side have to be parties. The Central Land Mortgage Bank thinks that the cases of heirs being numerous is exceptional. We may be permitted to state that it is not so but is very usual. The Central Land Mortgage Bank states that in granting loans they are not looking to the security of kanom and value of improvements alone but to the security of the applicant's interest in the lands also. They are under a misapprehension in thinking that after the expiry of 12 years from the date of the kanom the right of the kanomdar in the property ceases to be that of a kanomdar and assumes a different character. Lack of renewal does not alter the character of the holding nor diminish the value of the security. The kanomdar's right is a right to be in possession for a period of 12 years in the first instance and thereafter until he is paid the kanom amount and the value of improvements effected by him in the property. It is true that the tenant has been given a right to get a renewal under the Malabar Tenancy Act in certain circumstances but that right is hedged in by conditions. Moreover, the said right is after all a right granted to him and not a liability imposed upon him. Moreover, anybody who knows the conditions in Malabar knows that the majority of kanom demises of garden lands in Malabar (we would even venture to assert that more than 75 per cent) will be time-expired demises. It cannot be contended that these holdings are devoid of or wanting in security and are valueless. The contention that a renewal is easy and that the renewal fee could be determined without difficulty is not correct. A reading of sections 22 to 24 of the Malabar Tenancy Act will show that the tenant cannot compel his landlord to grant a renewal. There are several checks and counter checks placed on the right of a tenant to get a renewal and of a landlord to get an eviction. An adjustments of these rights is a complicated matter. We refer you to our letter dated 12-5-1941 dealing with this aspect of the matter. Even if a renewal is obtained the loan that will be sanctioned by Central Land Mortgage Bank is for 20 years. Within that period the kanom period of 12 years automatically expires. We do not know how the Central Land Mortgage Bank is going to secure the tenure after 12 years. A few moments thought should convince them that it is futile to rest on renewals as any sort of security for the loans advanced. For the reasons mentioned above we request the Central Land Mortgage Bank and the authorities concerned that the restriction of renewals being obtained be removed altogether. It acts as a great obstruction in the way of helping tenants deserving help. The removal of the above restrictions will alone make the Bank useful and self-supporting. We may not be misunderstood if we state that with the insistence of this provision it is impossible to run the Bank successfully.

(2) *The refusal to grant loans to jenmies on the security of jenmam lands when the jenmies themselves are not in possession of the jenmam lands.* A jenmi is the sole proprietor of the soil in Malabar and his right in land is considered the highest and the most valuable in it. There is a general impression that all jenmies are prosperous. It is a wrong impression. There are jenmies of several grades ranging from the Zamorin to proprietors of one or two acres. Few jenmies of the higher or middle class cultivate their lands directly. They give their lands to others on kanom or verumpatom or other tenure. In the case of kanom they enjoy the receipt of what is called michavaram, and in the case of verumpatom they enjoy the receipt of rent. Michavaram is a low rate of rent and therefore the default in the payment of michavaram will be less than in the case of rent. The rent and michavaram are first charges on the property excluding Government revenue and dues to local authorities. The jenmies have in addition to the right to receive michavaram or rent also the right of reducing the properties to possession when they require the same *bona fide* for their own purpose. Therefore, the right of the jenmi consists of his right to receive rent or michavaram and his potential right of reducing the property to possession in certain circumstances. This right of the jenmi is a covetable right which will fetch a decent price in the market. It is not difficult for the officers of the Co-operative department and the Bank to decide the market value of the jenmam right. Most of the middle class jenmies are poor now and are eking out a miserable existence because their lands are heavily involved in debts. They ought to be helped provided the security offered is sound and sufficient. Refusal to help such jenmies would tantamount to a denial of help to the important class of deserving people. The special committee appointed by the Government to enquire into the feasibility of introducing Land Mortgage Banks in Malabar stated "money can be advanced without any fear on the jenmi's right to michavaram or rent." We invite your attention to paras 15 and 24 of the report. We are informed that there are provisions in the Cochin Land Mortgage Banks Regulation to advance loans to jenmies who are not themselves in possession of their lands. Many were the applications that were received from jenmies at the time this Land Mortgage Bank was established at Calicut. All of them had to be rejected for the reason that the Central Land Mortgage Bank thought it fit not to grant loans to persons who are not in possession of their lands. We refer in this connection to our letter dated 2-9-1939 addressed to the Board. No applications from Jenmies are now being considered because of the restriction imposed by the Central Land Mortgage Bank. The preamble of the Madras Co-operative Land Mortgage Banks Act X of 1934 shows that the Legislature intended that long term loans should be granted to all classes of owners of land or immovable property irrespective of possession or no possession. It is pointed out by the Central Land Mortgage Bank that section 9 of the Act provides for distraint and sale of the

produce of the mortgaged land including the standing crops there on and as such a remedy will not be available when jenmies are not in possession of their lands no money should be advanced to them as loan. This position is in our opinion not correct. This provision for distraint is intended only for those cases where the applicant-mortgagors themselves are in possession and it does not apply to these cases where they are not in possession. If there can be no grant of loans in favour of persons not in possession of lands why should there be a provision for symbolical delivery in section 18 (2) of the Act? It provides for a case where the property is sold in the occupancy of a tenant or other persons entitled to occupy, the same. Then it is said that landlords who are not in possession are not given loans in other districts. We are not in a position to judge the condition of the landlords in other districts. We can only state that the jenmies of Malabar especially the middle and lower classes among them require help and there is nothing in the Act which prohibits the Land Mortgage Bank authorities from doing so. Therefore, this restriction imposed by the Central Land Mortgage Bank should be removed.

(3) *Refusal to grant loans to Ottidars.* It is an anamolous position that jenmies and kanamdars with possession can be given loans but not to ottidars with possession. Otti is nothing but kanom up to the hilt *i. e.*, up to the jenmam value. It is the highest right in land after jenmam. It is more valuable than kanom but like kanom it is not redeemable before 12 years. In addition to the kanomdar's right to the kanom amount and the value of improvements there is the additional right of pre-emption which the ottidar possesses in case the jenmi wishes to sell the property to another. The amount of otti secured is generally too large as practically to absorb the whole rent, towards interest. The objection raised to the grant of loans to ottidars by the Central Land Mortgage Bank is that otti is only a usufructuary mortgage and there is no fixity of tenure. Perhaps the objection is also based on the circumstance that though it has some characteristics of kanom it is not kanom because there is no provision for michavaram in an otti deed. Otti is not dealt with in the Act. Is it not more secure for the Bank that there is no the liability of michavaram on the part of the ottidar's right? It is wrong to suppose that otti is a usufructuary mortgage pure and simple and not a customary tenure. The Tenancy Act does not provide for all tenures. Its scope is restricted as its preamble states. Being a tenure and well known mode of holding lands in Malabar it is not correct that the Central Land Mortgage Bank should deprive this class of land-holders from the benefits of the Co-operative Land Mortgage Bank's Act. The Act does not deny such help. Therefore, this restriction also should be removed.

(4) *Refusal to grant loans on the security of kanom holdings of wet lands under Dewaswoms and Stanoms.* Here renewals may be insisted upon but loans should be made available to applicants who renew their time expired demises. There is no likelihood or danger of Dewaswoms and

Stanoms evicting the kanomdars on the ground that they require the holding *bona fide* for their own cultivation because Dewaswoms and Stanoms do not directly cultivate. (See the Committee's report also dealing with this aspect of the matter.) In the case of wet lands the kanom amount will alone be the security for the amount advanced because it is seldom that the tenant effects reclamations. Most of the wet lands in Malabar are ancient. Hence this is a fit case for insisting upon renewals before advancing loans by the land mortgage banks. If that condition is satisfied it should be made the rule that the applicant can be given the loans according to the profits derivable from land and the kanom amount shown in the kanom deed.

(5) *The refusal to grant loans on the security of permanent tenures like Saswathoms, Adimayavana, Anubhavams etc.* They are more or less like ottis, very valuable and extremely secure tenures. We need not state in detail the nature of these tenures here. They are mentioned in the notes appended to the Committee's report and any book on Malabar law, will give a description of their essential qualities. Malabar law as its preamble states, deals only with certain tenures and hence these tenures have not been included therein. Their non-inclusion does not mean they are not tenures. These tenures are counted more valuable than kanom in Malabar. These particular tenures are more prevalent in the Palghat taluk than in the other parts of the district. The Land Mortgage Bank is not proving useful to this deserving class of people even when they are in possession of the property. The arguments in favour of ottis are applicable in the case of this class of tenure holders also. Hence loans should be granted to this class of people also.

We hope that the authorities will make it possible for the primary Banks in Malabar to continue and prove useful to landowners and tenants by making the modifications in the rules for working the Bank as suggested above.

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Progress of the Co-operative Credit Movement in Canada in 1940.

The development of Credit Unions, which originated in Quebec and are associated with the pioneer work of Alphonse Desjardins, has extended to the rest of the Dominion, particularly Nova Scotia, New Brunswick, Saskatchewan and, most recently, to Ontario. Since 1932 each of the nine Provinces has enacted the necessary legislative measures, the latest of which was the Credit Union Act, 1940, of the Province of Ontario. According to data collected by the Economic Division of the Ministry of Agriculture, and published in the *Economic Annalist* for 1940-41, there were in existence in the Dominion on the 1st January, 1940, 1,008 Credit Unions, organised in separate federations, or leagues, mainly on a provincial basis, with a membership of 181,585, a share capital of \$ 4,064,206, total assets of \$ 22,218,840, and deposits amounting to \$ 15,444,319. During 1940 the Movement expanded still further and included 1,037 Credit Unions by the end of the year, of which 340 were to be found in urban areas and 697 in agricultural districts.

It is necessary to bear in mind that though Credit Societies are becoming popular with wage-earners, particularly during the last few years, the bulk of the Movement—556 Unions out of a total of 1,037 are concentrated in the rural districts of Quebec.

Under Canadian law a Credit Union is defined as a Co-operative Credit Society incorporated for the two-fold purpose " of promoting thrift by systematic saving among its members and of creating a source of credit for its members at legitimate rates of interest, exclusively for provident and productive purposes."............" Membership of a Credit Union is limited to groups with common bond of occupation or association, or to groups within a well-defined neighbourhood community, rural or urban district." The share capital is built up of instalment payments of 10 cents, 25 cents or 1 dollar contributed by members at regular intervals, while in Quebec and Ontario the Credit Unions have also attracted considerable deposits in addition to a high share capital per member. Loans are advanced for a variety of purposes, such as consolidation of debts, medical attention, general household needs, harvest expenditure, purchase of livestock, general farm supplies, automobiles, etc. How sound is the financial position of the Movement can be seen from the fact that, for instance, in Quebec the ratio of bad debts to the total amount of loans issued did not exceed one-twentieth of 1 per cent, during the last 40 years, and that even in provinces with fewer years of operating experience the percentage is very small. An additional source of strength of the Movement is the development of the Provincial Federations and Leagues into Central Co-operative Banks, either *de jure* or *de facto*, with the potential possibilities for profitable and provident management of the accumulated reserves of the individual Unions. It is also worth mentioning the connections which are being built up with the Credit Union National Association of the United States.

Thus, during the last few years, and particularly in 1940, the Credit Union Movement developed into an important element of Canadian Co-operation, quite separate from the Farmers' Marketing and Purchasing Societies.

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

Reviews.

The Bengal Agricultural Report for 1940-41.

The aim of every well-equipped Agricultural Department is to augument the agricultural output of the country and its success is measured by the contribution it has made to achieve this objective. Generally, the modern Agricultural Departments are constituted to discharge three primary functions—education, research and propaganda—in pursuit of this aim.

Agricultural education has been a problem like the general arts education in this country. The aim and scope of this education has been the subject of anxious consideration from time to time. In Bengal the only instruction provided till recently was a two years' course at two "Secondary Agricultural Schools" designed for the sons of agriculturists. One of these schools was started in 1920 and the other in 1924. The aim in these schools is to train men who will work their own farms on up-to-date lines. The demonstrators for the department have also been drawn from the students who completed their course in these schools. The Bengal Government have now sanctioned an Agricultural Institute at Dacca. This will teach upto a degree course and the entrance qualification is B.Sc. This is a novel feature. The course is really a Postgraduate course and judging from experience elsewhere, could no doubt be depended upon to supply advance Research workers and perhaps Officers for higher executive posts in the department.

Another feature of agricultural education in the province is the provision of facilities for teaching agriculture in High English and Middle English Schools. 54 such schools offer such facilities and agriculture is taught in these schools by men trained in one of the agricultural schools referred to above. The teaching is supervised by a Special Inspector of Agricultural Schools. The scope of this scheme of education has now been extended to the Junior and Senior Madrassahs in the province.

There are two other agricultural Institutes at Rajshahi and Daulatpur in receipt of advice, assistance and grant from Government.

Research is the basis of all agricultural improvement.

Jute is the most important money crop in Bengal and its prosperity is bound up with it. The acreage and yield of this crop showed a gratifying increase during the year. Experiments were carried out to improve the keeping qualities of the fibre of a good yielder. Experimental work with the imported seed of flax was disappointing. Soil surveys are important especially in connection with irrigation schemes. A beginning is being made just now and a Soil Survey Section was constituted during the year.

Over three lakhs of sugar-cane cuttings were supplied from Government farms. A large number of varieties were under test in the Dacca farm.

Season was unfavourable for tobacco. A new manurial experiment with regard to cigarette tobacco was started at the Rangpur Tobacco Farm. Improved seed of tobacco from various farms amounting to 2020 tolas was distributed.

The Botanical section conducted experiments with pure line strains of paddy to find out heavy yielders. An interesting fact is recorded that from a properly preserved storage, seeds of nearly eight years old were used with satisfactory results. The problem of shortening the period of maturity of the aus paddy crop in areas subject to early floods is under examination and experimental work is in progress at the Charbadna Farm with the strains of salt-resisting paddy obtained from Hongkong and Nigeria. Various varietal and manurial experiments were also continued. Improved seed of "Patnai 23" was supplied and was in great demand owing to its high yield and better price. In six districts, centres for carrying trials in cotton cultivation were opened and the results were on the whole encouraging. Work on oil seeds, especially mustard and linseed, has given promising results.

The mycological and entomological sections contrived measures of control of diseases and pests attacking betel vine, paddy, sugar-cane, cotton, tobacco, bamboos, jute and flax. The engineering section helped in securing a gratifying increase of yield in sugarcane in areas liable to both draught and flood by successfully tackling the irrigation and drainage problems of the areas.

Propaganda:—Research alone will not bring any beneficial results unless a strong organization exists which will be able to translate the results of research into actual agricultural practices on ryot's farm. The Department adopts various ways for this purpose. The demonstrator trained in modern methods is the link between the research workers and tillers of the soil. The Bengal Agricultural Department has a staff of three Deputy Directors, 27 District Agricultural Officers and a large number of demonstrators working under these District Officers.

Practical demonstrations with improved seeds of different crops grown on Departmental farms are held on ryots' lands and on private farms subsidized by Government. In Bengal, the demonstrators run a Union Board farm and three demonstration centres. Union Board farms are not farms run by the Union Board, but by a prominent cultivator within a Union Board. In addition to the growing of different crops, use of implements, cultivation of English vegetables, making of composts, growing of fodder and silage-making, construction of manure pits are all demonstrated. There were 197 private farms, supplementing the efforts of the department in growing and distributing recommended seeds. Agricultural Associations, District and Union Boards, Khas Mahals, Court of Wards' estates are all taking considerable interest and allotting funds for demonstration work.

Shows and Exhibitions are arranged and a considerable amount of literature by way of bulletins, pamphlets, leaflets, posters, is published and widely distributed. Lectures are delivered by Departmental Officers with the aid, in many cases, of magic lantern slides.

Indian agriculture is still dominated by animal labour and India has made very little progress in the substitution of mechanical contrivances for carrying on agricultural operations. Ploughing, thrashing, transport from thrashing floor to storage yards, are all done by animals. Apart from this, the nation with a good proportion of its population abstaining from animal food, depends on milk. The country, therefore, requires strong and healthy animals for the dual purpose of draught and milch. The Bengal Agricultural Department has a well-equipped animal husbandry section presided over by a livestock expert. He is assisted by 14 livestock officers, 27 assistants and 40 stockmen.

2580 approved bulls at stud were directly supervised by the staff of the section. Nearly a lakh of scrub bulls were castrated and 62,672 of the progeny of Government bulls were tattooed. The services of improved bulls numbered 85,203. These figures, striking as they are, have to be considerably improved if real and lasting progress has to be achieved. The Department is alive to this and the cattle owners have shown an appreciation of the good work done by the department. Closely connected with the work on improvement of livestock is the need for improving fodder and grazing. The department is paying attention to the growing of fodder crops and their cultivation is slowly expanding. Ensilage is being popularised and this should prove useful in solving shortage of fodder. Cattle shows are organized and prizes awarded at such shows. Poultry improvement is receiving attention.

The animal nutrition section carried out some interesting experiments on feeding and digestion of different kinds of paddy straw and mustard cake, on the feeding value of aman straw brought from saline tracts, alone and mixed with oil cake and pulses.

There are five Provincial Committees at work in the Province to advise the Department in various matters relating to Agriculture, Veterinary and Animal Husbandry.

Eight schemes are in operation financed by the Imperial Council of Agricultural Research and one by the Indian Central Cotton Committee and controlled by the Department, besides 5 different schemes worked by the Universities of Calcutta and Dacca and by Professor Mahalanabis.

R. R.

The People's Year Books (Great Britain) for 1940 and 1941.

The People's Year Books are prepared by the Publicity Department of the Co-operative Wholesale Society. They are tinged with particulars arising out of abnormal War conditions.

The Growth of the Co-operative Movement.

Year.	Members.	Trade. £.
1881	5,47,212	15,411,185
1906	22,22,256	63,353,772
1931	65,90,020	207,885,385
1938	84,04,688	263,265,306

Co-operative Wholesale Society's Progress.

Year.	Share-holders Members.	Share Capital.	Net Sales.	Net Surplus.
1881 ...	3,67,973	1,56,052	35,74,095	46,850
1906 ...	17,03,654	13,88,338	225,10,035	4,10,680
1931 ...	48,84,090	85,15,097	853,13,018	13,44,218
1938 ...	65,81,337	147,15,179	11,98,51,542	27,99,095

The Co-operative Movement in 1938.

Type of Society.	Members.	Assets.	Sales.	Employees.
		£	£	
Distributive Societies ...	84,04,688	229,285,362	263,265,306	239,919
Distributive Federations...	178	562,841	2,339,677	1,242
Productive Societies ...	18,841	6,739,196	7,120,682	20,993
Special Societies ...	9,250	506,002	1,066,264	572
C.W.S. ...	1,021	140,229,270	125,015,316	59,412
S.C.W.S. ...	230	14,395,312	27,354,272	14,170
Irish C.W.S. ...	373	238,401	648,094	160
E. & S. Jt. C.W.S. ...	2	4,746,749	8,762,085	1,859
C.I.S ...	2	30,920,230	9,058,751	8,434

About the Agricultural Policy for Total War and after, Sir John Boyd Orr says:

In pre-war days, agricultural policy was based in accordance with the old economic system, on the profits of producers and distributors. Whatever food could not be sold at a profit was regarded as an undesirable glut, even though it was known that many poor families had not sufficient of the right kind of food to maintain them in health.

This policy must be changed to meet war conditions, and also the needs of the fuller and broader age which will come after the war. The financial interests of producers and distributors must be secondary to the nutritional needs of the people. The first objective of our food policy, of which our agricultural policy is an important part, is to provide sufficient of the right kind of food to maintain the whole population in health. This involves a levelling up of the diet of the poor. It is of the utmost importance for working efficiency and morale to have the whole population physically fit. An improvement in the diet of the poorer classes should form an important part of our war effort.

Mr. N. S. Beaton, Chairman of the Scottish Co-operative Wholesale Society, speaks about future organisation thus:

As an element in democracy the co-operative movement must demonstrate its ability, within its development, of filling a higher position, or otherwise it will become static and ultimately perish. It must be apparent that the Movement is only in its infancy; that it has only touched the fringe of things. Our various strands of activity must now be gathered together and firmly woven, the next step visualised, and the way mapped out with fixity of purpose and pursued until it is attained, retaining in its essence resiliency, elasticity, and breadth of vision, paving the road to fresh fields to conquer.

In the past there has been evidence of restricted view point. We have limited ourselves in the selection for our service: and we have been rather shy of the specialist and suspicious of the individual possessing directive and constructive power.

Mr. W. E. Bannister, Managing Secretary, Liverpool Co-operative Society, writing about Co-ordination expresses himself thus:

We still work as separate units. One society cares little or nothing for the position of its neighbour; in fact, a successful society, possibly successful not entirely through its own endeavours, will criticise and say many things detrimental to its neighbours who may not be so successful owing to adverse circumstances which they cannot control. We have overlapping, competition between societies, dividend fighting, unnecessary building, and a lack of understanding and co-operation which would not be tolerated even by our most bitter competitors. Many of these problems must be solved to make way for the wider issues. I am of the firm opinion that the Movement must plan on absolute national unity.

Mr. W. Hazell, President of the Ynysybwl Co-operative Society puts in a vigorous plea for unifying the Movement. He says:

We must see that our great task for the co-operative generation of the nineteen-forties is to accelerate the unifying and solidifying of co-operation as a national movement. Retaining those voluntary features and local contacts which have been among the most valuable assets of co-operation in the past, and eliminating sources of division, friction and weakness, we proceed

to organise post-war co-operation as a super-unit of democratic trade, economic and social progress.

And who is to do the organising? A pertinent question this, and on the answer, perhaps, depends the success or failure of the job. Signs are not wanting that wings of the Movement are taking time by the forlock in setting a stage whereon shall strut persons "drest in brief authority" before a regimented audience. Without labouring this aspect, it may be pointed out that co-operators, being practical people, realise that while wings are excellent flying equipment, the bird itself is of the first importance."

Though not directly connected with Co-operation, it is worthwhole to draw attention to what the Editor of the *Economist* Mr. Geoffrey Crowther has to say on Economic Resources and Economic Sacrifices Inescapable.

The only truthful way of describing the economic cost of a year of war would therefore be to compile an endless list of the goods and services we might have enjoyed but had to do without. Money is in no sense an element in the real cost of war. It serves merely as a convenient means of measuring the cost. The methods adopted by the Government to raise the money cost of the war—the taxes imposed and the savings collected—are similarly only a mechanism by which the necessary sacrifices are distributed. It is not the eight—and six-penny incometax or the increased duties on beer and tobacco that compel the public to restrict its consumption. They are merely devices to determine which sort of consumption shall be restricted—that of Incometax payers or of smokers or of drinkers. The Government could finance the war without raising a single tax or issuing a single appeal for savings. But the public would go without just as much of its peace-time consumption; its sacrifices would be imposed by the ever-rising prices that such a policy would bring in its train.

Economic Sacrifices Inescapable.

This basic truth cannot be too often repeated. If we fight the war at all, economic sacrifices will be imposed on the people. Taxes, loans, inflation—none of these are the causes of sacrifice, but only the methods of distributing it.

Writing that Ideals must not be sabotaged by War, Mr. W. J. Sharkey, President, National Co-operative Men's Guild, expresses some fine truths in almost a mystic manner. He says:

Ideas rule the world, and their derivative ideals determine its course. Matter increasingly comes under man's control. Machinery, social or corporeal, neither drives nor directs. Always its motion, steady or erratic, progressive or retrogressive, arises from the behaviour of the men and women behind it. Mental conceptions are the deciding factors in mankind's destiny.

Though the country is in the thick of the war and the problems discussed have a bearing on it, the solutions offered are of universal application.

The publications give a lot of interesting information to the general reader. T.R.R.

Working of Societies.

The Alamuru Co-operative Rural Bank, Ltd., Alamuru.

Half-Yearly Report for 1940-41.

The Alamuru Co-operative Rural Bank was registered on 1-2-38 by the Deputy Registrar of Co-operative Societies, Rajahmundry with the special permission of Government and T. Austin Esq., the Registrar of Co-operative Societies Madras. The Bank was opened on 27-2-38 by T. Prakasam Panthulu garu, Ex-Revenue Minister of Government of Madras. V. N. Kudwa Esq., I.C.S., the then District Collector presided on the occasion.

The Bank was registered as a special type of society on multipurpose basis with limited liability extending over to 10 villages within a radius of 5 miles of Alamuru. The population of these villages is 32,000 consisting mainly of two communities, Kapus and Kammas, the two agricultural classes in this area. Setti Balajees and Harijans form nearly 1/3 of the population and they are the two chief agricultural field labouring classes. All the villages are Deltaic with good water facilities by the Godavary Delta canal system. Paddy is the main crop. Sugarcane and Plantain are the two commercial crops cultivated in this area. Tobacco is also grown. The 10 villages are connected with good road communications maintained by the Panchayats in the area. Each village has a statutory panchayat of its own to look after the sanitary improvement of the villagers.

Prior to 1930, all the villages are served by separate unlimited liability credit societies but on account of economic depression, the transactions in most of the villages fell considerably and many of the societies became defunct owing to heavy overdues. The agriculturists could not find credit even outside owing to the scare of the debt Relief Act. With a view to relieve the helpless agriculturist and create confidence among honest borrowers, this special type of society was started on multi-purpose and limited liability basis. To the agriculturists, it has created confidence by giving credit accommodation on sound securities such as ever-continuity mortgage bonds, standing crop, produce and gold. To the labourer, it has been giving succour by granting him loans in kind in the shape of rice in the season when he could not find employment. The loans are collected in their money value in small instalments by the sale of thrift labels. The appeasement of labour in time of need has increased the security of peace in the Bank area. It has amply justified its existence by rendering useful service both to the ryot and the agricultural labourer.

The Society was first registered for the following ten villages:—

1	Alamuru	6	Thatapudi
2	Ghintaluru	7	Cummileru
3	Modukuru	8	Jonnada
4	Mandapeta	9	Yeditha
5	Kapileswarapuram	10	Valluru

18

Subsequently, the societies were revived in the villages of Modukurru, Kapileswarapuram, Yeditha, and so they are excluded from the area of operations of the Bank. Penikeru, Kalvacherla, Pedapalla and Vudurumudi were included at the request of the villagers. Societies at Gummileru, Kalvacherla and Chintaluru are recently revived and fresh transactions have begun. These villages will be removed from the area of operations of the Bank at the next General Body Meeting. The villagers of Angara and West Khandrika have applied for the inclusion of their villages in the area of operations of the Bank. The Society at West Khandrika was liquidated and the society at Angara was superseded. Both the villages are within a radius of 5 miles of Alamuru.

The defunct unlimited liability Society at Alamuru was amalgamated with the Rural Bank on 1—2—41 with the permission of the Registrar. This has immensely strengthened the financial position of the Rural Bank as the unlimited liability society has share-capital of Rs. 1,600 and a Reserve Fund of Rs. 10,000 and a pucca building and furniture worth Rs. 7,000.

The Maximum Borrowing Capacity of the Bank was fixed at 50 thousand rupees at the time of registration. Subsequently it was raised at one lakh. Later the Registrar passed orders that the Maximum Borrowing Capacity shall in future be 8 times the Share-capital *plus* Reserve Fund. The Rural Bank has a share-capital of Rs. 13,076 and a reserve fund of Rs. 9,911. Hence the Maximum Borrowing Capacity of the Rural Bank now is Rs. 1,83,896.

Progress of share-capital & Membership.

		Share-capital Rs.	Members.
1937-38	...	745	95
1938-39	...	3,146	239
1939-40	...	6,640	491
1940-41	...	11,960	1,297
By 1—1—42	...	13,076	1,604

Number of members Classified According to Community and Profession.

According to community.		According to profession.	
Brahmins ...	127	Agriculturists ...	895
Non-Brahmins ...	858	Merchants ...	19
Mohammadans ...	17	Labourers ...	531
Adi-Andhras ...	602	Salaried Employees ...	18
		Others ...	141
	1,604		1,604

The large increase in membership and share-capital is due to the admission of agricultural labourers who are benefited by sanction of loans in kind, especially rice. Credit was given to the labourers each for half a bag of rice and a member was allowed to repay the amount out of the daily savings by the purchase of thrift labels of small denominations of one anna and two annas.

By the introduction of loans in kind and the collection of the amount by the sale of thrift labels out of the daily savings, the bank has become very popular in this area. Hitherto membership in Co-operative Societies was mainly restricted to agriculturists who own property and the societies served only few people in the villages. Now even the ordinary poor who own no property are admitted freely and loans are restricted to them for small amounts and that too in kind according to the repaying capacity of each. This system created confidence among the agricultural labourers who are joining the institution in large numbers. Landed people are obtaining loans on the security of their immoveable property on ever-continuity bonds and cash credits are given not exceeding Rs. 1,000 on the security of these bonds. They are allowed to operate on their account as and when they required money. This system is working as a sort of controlled credit for various purposes. Tenants are given credit on the pledge of their standing crop and produce. Gold loans are not given freely as hitherto owing to lack of safe custody of the valuables. Surety loans are introduced newly for agricultural purposes repayable in 9 months and not exceeding 12 months in any case. The loans are collected during the harvest.

Progress of Loans.

Year.		Crop and Produce Loans. Rs.	Gold Loans. Rs.
1937-38	...	2,615	6,758
1938-39	...	6,336	17,243
1939-40	...	10,183	6,992
1940-41	...	7,796	1,994
On 1-1-42	...	6,930	260

Year.		Loans on Ever-continuity Bonds. Rs.	Surety Loans. Rs.
1937-38	...	6,693	Nil
1938-39	...	28,657	Nil
1939-40	...	55,276	1,044
1940-41	...	72,991	13,153
On 1-1-42	...	67,332	18,001

Loans issued during the half-year classified according to purpose.

Cultivation	...	8,689
Petty Debts	...	4,143
Domestic expenses	...	3,158
Purchase of cattle	...	1,834
Repair and construction of houses	...	2,453
Purchase of Land	...	1,200
Education	...	250
Petty trade	...	3,651
Purchase of rice	...	5,280
		30,658

Borrowings:—The bank is not able to maintain from its own deposits. It has to borrow from the Central Bank also by repledging its mortgage and surety bonds. The Financing Bank also sanctioned Rs. 3,000/- cash-credit on the security of bonds.

		Rs.	As.
Deposits from members	...	4,917	9
Deposits from Non-members	...	31,888	3
Loans from Central Bank	...	49,988	9
		86,794	5

Non-Credit Activities:—The main non-credit activity of this year is the *opening of rice depot* to agricultural labourers. Nearly 400 bags of rice were distributed among 800 families. The value of rice is Rs. 5,000/-. This amount is realised by the sale of thrift *labels*. Rice is supplied to the labourers after the transplantation season is over when the labourers have no work in the fields. Collections are made out of their daily savings mainly in the harvesting season when the labourers have work.

Progress of sale of thrift labels will show how the labourers are earnest in the repayment of their loans sanctioned in kind by small repayments out of their daily savings. Three cyclist propagandists are employed by the Bank to meet these labourers daily in their *cherries* both in the morning and evening mainly to collect savings out of their daily earnings.

The collections are daily remitted to the Bank and every member is supplied with a pass-book. Regular accounts are maintained for each member to show their daily remittances.

Progress of sale of thrift labels.

As on 1-7-41.	Collection during the half-year.	Refunded by way of adjustment to loan account.	As on 31-12-41.
2,205 12 0	3,282 5 0	2,274 2 0	3,213 15 0

Progress of collection of Thrift labels.

			Rs.	As.
1941	July	...	943	12
	August	...	512	1
	September	...	316	12
	October	...	120	7
	November	...	288	13
	December	...	1,100	8
			3,282	5

Lanka Cultivation:—With a view to help the Harijan members of the Bank in the villages of Jonnada and Thathapudi, loans are advanced to members for lanka cultivation. 60 families in Thathapudi and equal number in Jonnada were employed in joint cultivation. The Rural Bank is sanctioning loans to these members for the payment of Government kist, purchase of cattle, seed and agricultural implements. The produce realised on these lands was collectively sold and the sale proceeds were credited for the discharge of the loans advanced.

The profit were equally divided among the cultivators after payment of Government kist and advances made by the Bank.

This year the season was not favourable in the beginning. There were no rains. Hence there was failure of first crop in lankas. There were rains in November and the 2nd crop especially Javar and Tobacco is very promising. The harvest will be over by the end of February. The members will be able to repay the Bank advances as well as the Government kist in due time out of the sale proceeds of the harvest.

The Agricultural Demonstrator at Ramachendrapuram paid constant visits in the Bank area and gave sound advice for the cultivation of different varieties of paddy suitable in the bank area. He supplied special varieties of seed, 'Bontha Akkulu' and 'Kichilisamba' and the ryots produced this variety of seed for seed multiplication nearly 50 bags of paddy.

Hitherto Parry & Company manures were sold to members. On account of the war, the prices of Chemical manures have enormously risen and the ryots declined to use them. The Bank purchased 400 bags of oil cake for the members and these will be sold in the 2nd crop season.

From the Common Good Fund of the Bank, we are purchasing Homoeo Medicines and newspapers. The medicines are supplied free to the patients and the public are allowed to read the newspapers in the reading room maintained by the Bank.

The Rural Bank opened a Branch of the All India Spinners' Association, Andhra Branch, Masulipatam, for the sale of Khaddar to the members. During this half-year Rs. 800 worth of Khaddar was sold. Members of Harijan families also purchased khaddar largely as facility was given to them to make payments by the purchase of thrift labels.

Our thanks are due to the Department and to the Financing Bank for their hearty co-operation and help in the working of this Institution.

The Progress of the Malabar District Co-operative Bank since the Year 1930.

By the year 1929-30 it was found that the Co-operative Movement in the District had suffered great deterioration. The members of societies were not repaying their loans and the majority of societies had become defaulters to the financing Bank. The Panchayats were not functioning properly and in many societies they had appropriated a considerable portion of the funds for themselves and their relatives. These men manoeuvred and got themselves elected to the local Unions and through the

Unions to the Bank also. Consequently the supervision work and the financial administration of the Bank became very slack and little attention was paid either to check or much less to collect the increasing overdues which had by then assumed alarming proportions. The bad debts were on the increase and a number of societies was placed under liquidation. There were about 24 local Unions and a District Federation which was working at a deficit of Rs. 5,122. The overdues in agricultural societies rose to Rs. 8,78,795 out of a total demand of Rs. 13,55,689 and those from societies to the Bank also increased similarly. The Bank or the Department could not exercise any proper control and general body meetings of the Bank were almost riotous and there was nothing but confusion. Series of articles were published in the local papers against the Bank; deposits were withdrawn which amounted to almost a run and the Bank was on the verge of a total collapse. It was under these circumstances that our President took over the management of the Bank in the year 1930-31.

The new management found the work in no way easy or pleasant but they took it up in right earnest under the able guidance of the President. The first thing they did was to get a Sub-Deputy Registrar of the Co-operative Department who was conversant with the conditions of the district appointed as Secretary of the Bank and to entrust him with the work of supervision. The District Federation, though working with a deficit, was absorbed into the Bank by creating an administrative section and the whole staff of the Bank was placed under the Secretary. Though some of the Unions elected to remain independent, this scheme ensured the Bank a good degree of control over the work of supervision in the district.

The next thing the management did was to reduce the expenditure of the Bank on establishment and contingencies which was found to be top-heavy. All unnecessary posts were abolished and the grades of employees were reduced and revised and during lean years cuts were imposed on their salaries. The rate of T. A. allowed to the Directors was also lowered and in short the overhead charges of the Bank were retrenched wherever possible. Along with this the management took care to increase the income of the Bank by expanding the transactions with necessary safeguards.

But the question of expansion was not as easy as it looked. The condition of most of the rural societies was extremely unsatisfactory and it was found practically impossible to revive them as responsible and influencial men of the locality were scared away by the enforcement of unlimited liability in some of the liquidated societies of the district. Special measures had therefore, to be taken for rectification and in 1934 the post of an Executive Officer for the Bank was created specially for the purpose. Experienced officers of the Department who had thorough local knowledge were appointed to the posts in the successive years and they were entrusted with the important work of rectification and supervision for which the entire administrative section and the executive staff of the Bank were placed under their control. These officers were also given instructions to draw up their plans of work in consultation with the local Deputy Registrar. With all these there was not much progress as the panchayatdars of defaulting societies were reluctant to take necessary action. To place all such societies under liquidation was found to be inexpedient as the liquidation work was already heavy and therefore other schemes had to be tried to check the decay and to collect as much of the overdues as was possible.

The scheme of appointing the Bank staff as agents of bad societies under model bylaw 62 was launched. The scheme was found to be successful as it did put a stop to further deterioration and helped in the collection of long-standing overdues. There was a great demand for such agents even from the societies themselves and also from the Department and we had necessarily to increase our executive staff of three Inspectors to twelve. But the scheme had its own limitations. The agents were not allowed to incur fresh liabilities on behalf of the societies and they could do little to expand the Movement.

For increasing the Bank's transactions other means had to be found. Unlimited liability was very unpopular as mentioned above and even those few remaining good societies were finding it difficult to expand their business. It was therefore decided to organise and work up limited liability societies in all urban centres and also to convert unlimited liability societies already existing in such centres into limited liability ones. Subsequently in the year 1936 a District Sale Society was also got registered and through these it was possible to increase the Bank's loan business.

In other financial matters also the policy of the Bank was guided by one object and that was to strengthen its position which in 1930 was very precarious with only a small amount of Rs. 28,292 as its Reserve fund. Division of profits was restricted to the lowest minimum necessary and the balance amounts were credited to the Reserve fund or the newly created Bad Debt Reserve. Another important point to which the management paid particular attention was to increase the paid up share capital of the Bank. A total amount of Rs. 28,546 was collected during the last 11 years. But a portion of the paid up share capital of societies had, however, to be refunded on their liquidation and yet the Bank's position in this respect to-day is better than that in 1930. In other respects also the Bank's position has been strengthened.

It will be seen that the Reserve fund of the Bank has been increased by an amount of Rs. 28,953. The total on 30-6-40 being Rs. 57,245. A bad debt reserve has been created which has a balance of Rs. 59,838 and a sum of Rs. 27,852 has been written off as bad debts and the deficits of the late District Federation amounting to Rs. 5,122 have all been recouped. Thus the bank's position has been strengthened by an amount of Rs. 1,21,795 which was contributed from the annual profits of the last 11 years and this period, it may be noted, was not altogether very congenial for any financial undertaking.

At this point it may be well to recount in what difficult and unfavourable circumstances the Bank had to pass through during the past 12 years. Economic depression was rampant throughout the period: the fall in the

price of our agricultural produce was unprecedented and the shock caused on the money market by the recent Bank failures was the most severe on this coast. Further, nearly one-fourth of the Bank's assets was locked up in liquidated societies, which was felt to be a heavy obstacle in the progress of the Bank. It was during this period that the Government placed restrictions on local Board investments which, besides shutting out a sure source of the Bank's income, created a sort of uneasiness among the depositors. It was at this time again that the Agriculturists Relief Act was passed and the Central Banks were asked to reduce their lending rates. Besides, we had to spend a heavy amount on the staff employed in rectification work from the general funds of the Bank as the supervision fund of the District was hardly sufficient for the purpose. In spite of all these, it is a matter for gratification that the Bank was able to put by a sum of Rs. 11,000/- or more per annum on an average from out of its profits and strengthen its financial position. However, the one black spot of the Bank is the large number of liquidated societies. The actual collections from these societies for the last several years have been negligibly small. We have made representations to the Registrar more than once on the subject and it is our fervent hope that the needful will be done in this behalf.

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Press Note.

Increase of Production of Food Crops in the Madras Presidency.

No less than $2\frac{3}{4}$ crores of acres, *i.e.*, $\frac{3}{4}$ of the total area are under food crops in the Province of Madras. Of this area, over one crore of acres *i.e.*, about $\frac{1}{3}$ of the cultivated area is under paddy cultivation and the rest of the area under other food crops like jonna, sajja, korra, ragi, arika, sama, bengal gram, green gram, horse gram, etc. But still we are importing every year 7 lakhs tons of rice from Burma and other provinces and large quantities of gram from other provinces in India. Madras in turn exports nearly 3 lakhs tons of rice every year to Ceylon and other places so that if all our exports of rice are stopped we still require 4 lakhs tons of rice from other places. Cochin and Travancore States also import roughly 4 lakhs tons of rice and if they are deprived of these imports they will have to depend upon Madras for rice supply. Taking therefore, the whole of South India into consideration our net deficit is over 8 lakhs tons. Other grains cannot be had from other countries as they are not grown there. Now that the imports of rice from Burma have dwindled due to war and that they are even likely to be stopped altogether if the war extends to Far East it is of vital importance that we should make the Madras province independent of any country in the matter of rice and other food grains supply; otherwise, we may have to suffer. There are two ways of increasing food crops, *viz.*, by expanding the area under cultivation and by increasing the yield per acre by intensive methods of cultivation. As for the expansion of the area all the land that can be profitably cultivated has already been brought under cultivation and most of the cultivable waste which has not been brought under cultivation is too poor for cultivating grain crops, without irrigation and will be useful only for crops like horse gram, castor and similar crops. Government are trying their best to bring more land under irrigation but this cannot be done at a moment's notice and will take time. Every attempt is, however, being made to lessen the area under commercial crops like groundnut, sugarcane, etc. The only other alternative is intensive methods of cultivation. This may not be possible in the case of unirrigated crops as they depend upon rainfall, and rainfall is irregular and sometimes undependable. The only improvements that can be suggested in dry crops is to conserve moisture in the soil and to grow better yielding strains. Every attempt is being made by the Agricultural Department to demonstrate in fields to prevent the run off of rain water in order that more water might get into the soil. Cultivation is another factor which helps better yields. With the local wooden plough the land has to be ploughed as many as 5 to 7 times but with the improved iron plough the same or even better results can be obtained with less number of ploughings. These ploughs are stocked in Agricultural Depots at every taluk head quarters.

22

These ploughs do not cost more than Rs. 6 to Rs. 10 each. If cultivators are too poor to purchase them for cash they can have them under the Takkavi loan system. The Agricultural Demonstrator will arrange this and the cost of the implement may be paid in one or two instalments along with land kist. Cattle manure is better fitted for dry crops such as jonna, korra, sajja, etc., and also for garden crops. It is therefore, more economical to apply this manure to dry and garden lands. If the cultivator has no such lands then he can use it for his paddy fields. Irrigated lands offer, however, better scope of increasing food crops, particularly paddy. The average yield of paddy is estimated at about 1,200 lb. per acre which is certainly low as compared with the yields of paddy in other countries. This low yield is partly due to unirrigated and partially irrigated crops which cannot be expected to yield as heavily as paddy grown under puddled condition. The low yield is also due to absentee landlords who own a fairly large proportion of the irrigated paddy lands. They are concerned only with regular income and are not interested in the improvement of their lands. Better yields cannot be expected from these lands unless the cultivator evinces interest in the land. This can be done only if the minimum period of lease is extended up to about 8 to 10 years and the landlords are made to pay a share of expenditure on any improvement effected in the land. This requires legislation and any reform of this kind requires time and there is no use of looking for any improvement in this direction. The only possible way of increasing yields is to induce the owner cultivators and also the tenant cultivators to adopt better methods of cultivation and use better seed. The Department of Agriculture have produced as many as seventy improved varieties of paddy suitable for different kinds of soils over the province. They yield 8 to 15 per cent more than local paddy besides being superior in quality and their seed is within easy means of almost every cultivator. If every cultivator gives up the local inferior varieties of paddy and takes to the improved strains it is quite possible to increase the average yield of paddy in the whole province up to 8 per cent but not less than 5 per cent. Better seed is always available with the Agricultural Department in limited quantities. They have made arrangements during the current season to produce larger quantities of seed and are likely to be able to supply the requirements to cultivators to a very large extent, if not in full. Cultivators are still in the habit of using a large quantity of seed which results not only in waste of seed but in poor yield. The local seed rate varies from 50 lb. to 100 lb. per acre but if it is reduced to 20 lbs. as recommended by the Agricultural Department the saving effected in seed alone will be several tons while transplanting with less seed rate will result in higher yield depending upon the kind and quantity of manure applied. The best way of increasing paddy yields is by liberal application of suitable manures. A good crop of paddy removes from the soil 48 lb. of nitrogen and about 23 lb. of phosphoric acid besides 41 lb. of potash. Our soils are rich in potash and do not require any potash manure. They are poor in phosphoric acid and nitrogen and unless these two manures are applied in adequate quantities in some form or other it is futile to expect decent yields. Our paddy soils are not receiving enough manure, though they are cropped twice and even thrice a year. They are therefore in a poor condition. Unless therefore their fertility is increased by judicious application of manures it is of no use complaining and comparing our yields with those of other countries where special attention is paid to the problem of manures. Many cultivators are of opinion that manuring paddy fields adequately is beyond their means. Many cultivators are unfortunately of opinion that the manures recommended by the Agricultural Department are beyond their means. This is not true and the Agricultural Department never advocates a thing unless it is within easy reach of an average cultivator. Of the two manures mentioned above as very important for paddy cultivation, viz., nitrogen and phosphoric acid, nitrogen is by far important. It is this manure that helps the plant growth. It can be applied to the soil in a number of ways, in the form of cattle manure, green leaf, oil cakes and nitrogenous fertilizers such as ammonium sulphate, calcium cyanamide, sodium nitrate, etc. The cheapest way of applying nitrogen to paddy crop is in the form of green manure. It costs very little to the cultivator beyond the cost of seed and a little labour. Green manure grown in an acre of land is ordinarily sufficient for two or three acres and quantity required [illegible] does not cost more than Rs. 2 to 4 per acre. This is quite cheap. All that the RYOT has to do is to sow the seed just before the harvest of the standing paddy crop or immediately after the crop is cut and give one or two irrigations. If it is a single crop land water can be had for one or two irrigations free of assessment to grow the green manure crops. To gain knowledge of all the improvements advised by the Agricultural Department in the matter of increase of food crops it is necessary that the RYOTS co-operate with the Demonstrator in his endeavour to arrange local organisation in agricultural associations and have the benefit thereof.

Orders and Circulars.

We are obliged to the Registrar of Co-operative Societies for furnishing the Orders of Government on the recommendations of the Committee on Co-operation. We have published them in extenso for the benefit of our readers. The number and the recommendation given in the summary of recommendations of the Report are also given to facilitate easy reference.

Government have considered the recommendations of the Committee in consultation with the Registrar, and are pleased to accept the following recommendations:

NUMBER

17 Primary land mortgage banks should continue to function as independent organizations with affiliation, as at present, to the Central Land Mortgage Bank instead of being made its branches.

18 The elimination of non-borrowing individual members from the Central Land Mortgage Bank is not favoured.

19 Lending of long-term loans for discharge of prior debts should be done by land mortgage banks direct and not through village credit societies.

21 The technical advice and help of the Agriculture, Industries, Revenue and Engineering Departments should be made available to the Central Land Mortgage Bank and Primary Land Mortgage Banks for issuing such loans.

24 Grant of loans for the purchase of lands by mortgage banks in special cases should be decided on their merits.

26 Loans for periods above seven years may also be given by land mortgage banks for genuine long-term productive purposes, the Central Land Mortgage Bank undertaking to float debentures for 10, 15 or 20 years, as the case may be.

27 Loans for the discharge of prior debts for more than twenty years are not supported.

32 No restriction should be placed on the simultaneous operation both by the Government and land mortgage banks for the supply of long-term money to the agriculturists for paying off their prior debts.

49 Detailed enquiries as regards valuation of lands, etc., should not be dispensed with by land mortgage banks even in regard to the grant of small loans.

52 It is necessary that the Central Land Mortgage Bank should so arrange to do its business that in the long run it may be independent of Government guarantee.

53 The utilization by the bank of its sinking fund for bringing up its debentures and purchasing subsequent issues of debentures which it may float for ensuring their popularity in the money market is recommended.

NUMBER

54 The Bank and the Trustee should be in close touch with the money market through a firm of brokers for estimating the lowest rate of interest on debentures which will be acceptable to the investing public.

62 Primary land mortgage banks must have their own supervisors as at present.

64 A comprehensive plan of reconstruction of bad, moribund or indifferent societies should be taken in hand as early as possible. The methods of treatment of different categories of societies are suggested.

66 Societies beyond the scope of rehabilitation should be liquidated.

71 Propaganda in the principles and objects of co-operation should be undertaken preliminary to the formation of Society in villages.

74 Compulsory membership of eligible villagers in co-operative societies is not favoured.

76 Promotion of subsidiary industries through village co-operatives or through separate co-operative organizations with suitable safeguards should be attempted and pushed through.

77 Village co-operatives should introduce improved methods of agriculture and seed and intensive methods of cultivation in order to ensure uniformity of crops and ultimately, to facilitate consolidation of holdings.

78 Individual maximum credit limits for unproductive but unavoidable expenditure should be fixed by the village co-operatives.

81 No limitation on the term of office of office-bearers and panchayatdars of village co-operatives need be imposed.

84 Honorarium and clerical remuneration to office-bearers for maintenance of accounts of societies or for specific services rendered may be permitted on a definite scale.

85 Future lending by societies to members should be carefully regulated and the members should be effectively prevented from being driven to money lenders, and with this view a policy of full finance is recommended.

91 Loans for domestic expenditure or consumption purposes, while they cannot be eschewed altogether, require stricter scrutiny than has been the case in the past.

92 Loans against produce should be developed through village societies which should provide facilities for storing the produce in the interval between harvest and sale.

94 Loans against standing crops should be given only by agricultural credit societies, and not by sale societies.

97 Members of agricultural credit societies should be provided with capital for their agricultural operations or other needs *with as much promptitude as possible.*

24

NUMBER

98 Sustained efforts should be made in the immediate future for the popularization of the *forecast system.*

101 The present practice of the Executive Committee of the Madras Provincial Co-operative Bank obtaining from the Registrar full information regarding central banks (which apply for loans) before sanctioning them requires modification.

102 Village co-operatives should control unproductive borrowing by their members and create a village public opinion against social extravagance.

103 The scheme of controlled credit may be given a fair trial in suitable localities with necessary modifications.

105 The by-laws of village co-operative societies should be strictly enforced in the matter of recovery of overdues.

108 Extension should be allowed in all deserving cases, particularly when there is a general crop failure and the member is economically disabled from repaying the loan.

109 Section 53 of the Madras Co-operative Societies Act should be invoked in all cases of breach of provision regarding the first charge on produce.

110 A careful loan policy by central banks and constituent societies is called for, to avoid overdues.

111 Village co-operatives should aim at financial self-sufficiency by tapping local deposits and promoting savings among members.

116 Members of scheduled classes, where they are already members of ordinary village co-operatives, may be permitted to join scheduled class societies also for purposes other than borrowing.

120 Subsidiary occupations and suitable cottage industries should be introduced for the members for profitably employing their spare time.

121 Loans in cash should be eliminated as far as possible, and their requirements, domestic and otherwise, should be supplied by the societies in kind.

131 "Urban Banks" as such should be separately dealt with in departmental statistics and reports.

136 A system of retirement of directors by rotation is recommended.

137 A set of rules to regulate elections may be framed by the Registrar for the guidance of banks and societies.

138 Normally no special qualification is necessary for a director, but in special cases a minimum qualification by way of share-holding or deposits may be prescribed.

140 Wherever the banks are operating on a large scale and local condition requires it, paid secretaries may be appointed.

NUMBER

144 Urban banks should be entrusted with the duties of organizing and cautiously financing artisan classes and craftsmen in order to save them from exploitation by middlemen and money-lenders and to promote their economic interests and standard of living.

145 Urban banks should provide greater banking facilities to their customers such as extension of current accounts and cheque transactions, etc., but discounting of bills should not be undertaken.

148 Immediate steps should be taken to reduce the arrears in urban banks and societies and to prevent accumulation in the future.

149 No change in the present standard of fluid resources to be maintained by urban societies is recommended.

152 The direct affiliation of urban banks (with a working capital exceeding Rs. 5 lakhs) to the Madras Provincial Co-operative Banks is opposed.

153 In places where there is a Government servants' co-operative society or an employees' society, Government servants and employees of district boards and municipalities may join such societies only; they should not be entitled to become members of any other *credit* society.

162 The individual maximum credit should be limited to four times the salary of the member provided it will be open to the society to grant loans beyond the limit against jewels or other valuable securities.

166 Employees' societies may attempt a system of joint purchase and sale of members' more common domestic requirements by collecting indents from them.

171 Co-operative Central banks should continue to be independent financing banks for their respective areas and affiliated to the Madras Provincial Co-operative Bank as at present and should not be converted into branches of the Provincial Bank.

172 Central banks should not be split up into small units, popularly known as taluk banking unions.

173 Central banks should be constituted on the basis of one bank for one revenue district without prejudice to any scheme of amalgamation, where local co-operative opinion favours such amalgamation.

179 Central banks should ordinarily rely on their own funds for the return of deposits on due dates; in exceptional cases, the Provincial Bank may also lend to the central banks for this purpose.

182 No change is called for in the present mode of investment of reserve funds of central banks.

184 The method of estimating Bad Debts by actual enquiries with reference to securities, repaying power, etc., is satisfactory and should be done with greater care.

25

NUMBER

185 Overdues both of principal and interest should be separately set out in the balance sheets of central banks as also loans for which extensions have been given.

186 The present standard and form of fluid resources are satisfactory and no change is called for.

189 Central banks should lend only to affiliated societies, and not to individuals.

195 There should be a closer contact with and mutual arrangements between commercial banks and co-operative banks for collection of bills, etc.

197 The present practice of adjustment of share capital of societies in central banks towards loans due by them may continue.

203 The Madras Commercial Crops Markets Act (Act XX of 1933) should be extended to other suitable areas with a view to control and regulate market conditions and standardisation of market practices.

207 Better dissemination of market intelligence should be ensured to the producers and their organisations by all possible means such as rural broadcasting and posters.

210 The system of "controlled credit" should be extended on a large scale and loans given for the supply of improved seed, implements, manure, etc., by village credit societies.

217 Marketing societies should deal only with producers, and persons other than producers, should be strictly prohibited from the operations of these societies.

218 Marketing societies should be formed and encouraged for the benefit of agriculturists in the zamindari areas.

221 Marketing societies should adopt proper safeguards and business principles of the kind described.

233 Primary production societies should be reorganized on a sounder basis.

237 The primary production societies should be affiliated to the Provincial Handloom Weavers' Co-operative Society and the central bank of the district and should obtain their finance only from one of these two sources.

238 The Provincial Handloom Weavers' Society should finance those societies whose requirements do not exceed Rs. 1,000 at any time. The societies whose requirements exceed Rs. 1,000 should be financed by the central bank.

240 The functions of the Provincial Handloom Weavers' Co-operative Society are defined.

243 There are possibilities of development of specific cottage industries, on a co-operative basis, which should receive attention.

248 Poorer and lower middle class women should be encouraged to undertake small home or cottage industries such as hand-spinning, basket-making, mat-weaving, bee-keeping, etc.

NUMBER

251 The Bombay scheme of rural development is not considered suitable for Madras conditions and its adoption is not for the present favoured.

262 The out-put of food crops should be increased through the adoption of a well-planned scheme of distribution of improved seed through co-operative societies and rural reconstruction centres.

268 The formation of cattle insurance societies is not recommended in view of the difficulties involved.

270 Crop insurance on co-operative lines is not possible and is not therefore recommended.

271 Credit societies should tend to transform themselves into savings and banking agencies.

272 Village credit societies should provide for linking up savings with some definite objective or purpose.

273 A sustained thrift campaign should be launched by the introduction of hundi box system among members of agricultural credit societies and petty loans may be granted, if need arises, against these savings to prevent withdrawals of the savings.

275 Village credit societies should induce members to contribute savings in kind out of each harvest.

276 Celebration of 'Thrift day' and vigorous 'Thrift drive' through lantern lectures, *bhajana parties*, etc., are recommended.

277 The transfer of the control of postal savings bank organisation of the Central Government in this Province to the Madras Government is not recommended.

284 The question of the constitution for one or more committees in central bank of the purpose of supervision should be left to them for decision.

286 Appointment of Supervisors as Secretaries of Unions is not recommended.

298 The statutory responsibility of the Registrar in the matter of audit of co-operative societies should be maintained.

302 A high quality of departmental audit should be secured and the audit should be done by inspectors adequately trained in audit.

303 The present system of employing full-time Government auditors should be continued.

304 Audit of urban and central banks by registered accountants and auditors selected from a panel is not recommended.

305 The audit of provincial Co-operative institutions may be entrusted to registered accountants and auditors appointed by the Registrar.

307 The present exemption from audit fees in respect of certain classes of societies should be continued.

NUMBER

311 The Registrar should be empowered to give rebate to any society up to a prescribed limit in cases of hardship.

312 The existing arrangements for the disposal of arbitration references are satisfactory and no change is called for.

313 No change is called for in the existing scale of fees levied on arbitration references.

314 Power should be given to the Co-operative department to give purchasers the delivery of possession of properties sold in execution of decrees or awards.

315 Investing the Secretaries of central banks with sale powers is not recommended.

316 The provision in the Co-operative Societies Act for the supersession of committee of societies is of practical utility and shoud be retained.

321 Removal of one or more members of the committee of a society is not recommended.

322 Measures taken by the Registrar for accelerating liquidation work are endorsed.

330 The present scale of fees for liquidation work is adequate and no change is called for.

331 The lands bought in by liquidators should be disposed of by granting, if necessary, favourable terms to original owners or their next of kin.

333 Provincialization of the services of employees of urban banks and central banks is not recommended.

The following recommendations are still under the consideration of Government.

1 Effective legislation should be enacted (by amending section 14 of the Madras Debt Conciliation Act) for compulsory conciliation of debts, and facilities must be provided for scaling down debts on some principles definitely laid down by legislation.

2 Whenever an application is made by a debtor or a creditor, all the creditors of the debtor should, on receipt of a notice, disclose the debts *due to them* within a prescribed time and all the claims not so presented should be deemed to have been extinguished.

3 Suitable provision may be made to place scaled-down debts on a new footing with instalments for repayments.

4 Debt conciliation proceedings should not be confined to cases where creditors can be satisfied from loans from land mortgage banks.

5 A simple rural insolvency law on the lines recommended by the Royal Commission on Agriculture, the Indian Central Banking Enquiry Committee and other Committees should be enacted and insolvency tribunals should function in villages and promptly administer the law on the spot. If

NUMBER

a separate enactment is not considered necessary, suitable provision relating to rural insolvency may be incorporated in the Debt Conciliation Act.

6 Protection must be given to the debtor not only to ensure to him a fair treatment in the determination and recovery of debts but also to prohibit his eviction without full compensation for improvements made by him if he is a tenant and to exempt his homestead and a minimum agricultural holding from attachment.

7 Legislation restricting alienation of agricultural land (apart from the land assigned to scheduled classes) is not favoured.

8 Existing mortgages of agricultural land in which the mortgagee has enjoyed the fruits of the land for not less than 25 years should be deemed to be extinguished.

9 No usufructuary mortgage of agriculture land should be permitted unless provision is made for automatic redemption within a fixed period of years, of which 20 should be the maximum.

10 Legislation should be undertaken for compulsory licensing of money lenders. It should provide for proper maintenance of accounts by them, periodical inspection and audit of their accounts, fixation of a maximum rate of interest, imposition of an obligation on money lenders to furnish periodical statements of accounts to debtors, prohibition of compound interest and the signing of the contract by borrowers, the contract being in the language of the district to which the borrowers belong.

11 The rate of interest prescribed under the Madras Debtors' Protection Act for other debts are high and require to be lowered.

12 Statutory restriction of credit by way of fixation of total future liability of agriculturists with a view to sterilization of credit is not supported.

36 The operations of land mortgage banks should be co-ordinated with schemes for debt conciliation.

37 Conciliation boards should give notice to the principal long-term agency concerned before they go on with their further proceedings.

38 Either the president or some other office-bearer of the land mortgage bank should be appointed a member of the conciliation board when it operates in a particular area.

44 There should be some machinery to compel creditors and others who have a claim on the properties sought to be mortgaged to appear before the primary bank and to receive payment.

45 The assignment of mortgage bonds by primary banks to the Central Land Mortgage Bank may be dispensed with by suitable legislation.

NUMBER

57 Section 9 of the Madras Land Mortgage Banks Act should be amended so as to provide that the claim of the mortgage bank to the crop should be postponed to the extent of priority of the primary credit society; in other words, it should constitute a second charge.

58 Section 32 of the Madras Land Mortgage Banks Act should be amended so as to make it clear that debts incurred for improvements of lands for the creation of economic holdings should also be made binding on the minors of a joint Hindu family.

95 Primary societies should be given the first charge on the produce of members' holdings raised with the help of loans advanced or other requirements supplied for seasonal productive operations subject to the overriding claims of the State in respect of land revenue, up to the extent of the loan advanced.

123 Propaganda and education among scheduled classes by proper men from their own community should be undertaken.

125 Suitable measures for debt relief should be enacted for the benefit of farm labourers and landless workers.

126 Government should formulate a comprehensive policy and concert measures for the educational, social and economic improvement of the aboriginal and hill tribes based on the results of a detailed survey of their existing conditions.

127 The appointment of a special officer for an enquiry into the conditions of these classes is recommended.

129 Measures should be formulated for relief of existing indebtedness amongst the hill tribes by scaling down and conciliation.

130 Sowcars and merchants should be prevented from coercing the hill men into parting with their produce in settlement of their debts.

147 A continuous and intensive 'drive' by urban banks should be undertaken for the greater encouragement of the habit of thrift through the provision of extended facilities such as thrift certificates and hundi boxes.

170 Provision should be made in the rules for the constitution in big employees' societies of smaller bodies of representatives or delegates in place of the present general body of members, in order to ensure a fuller consideration of the subjects and of proper representation of all sections of opinion.

223 Measures should be formulated (by legislation if necessary) for the adjustment of the spheres of production of the powerloom and the handloom or to restrict the production of mill cloth by fixing quota or otherwise.

224 Adequate cess should be levied on the sale of mill cloth, Indian and foreign, at a rate sufficient to counteract the effect of competition.

NUMBER

228 The present annual subsidy is inadequate and should be increased, the Provincial and Central Governments bearing the increase in equal proportion. Part of the subsidy may be in the form of free services of officers.

291 The starting of a Co-operative College for aspirants for employment in the Co-operative Department and for higher posts in big urban and central banks, etc., is recommended. The College should be a Government college.

292 The courses of study and syllabus should be settled by the academic authorities of the University.

293 The Government should have the help of an advisory council in the administration of the college.

316 Power should be given to the Co-operative department to give purchasers the delivery of possession of properties sold in execution of decrees or awards.

325 To prevent alienation of properties by members, no member of a society ordered to be liquidated should be free to alienate his property to the prejudice of the claim of the society during the pendency of the appeal to the Government and within fifteen days thereafter.

326 Properties of members should be made liable for immediate attachment by a specific application by the liquidator in that behalf.

332 Following the practice in some British Indian Provinces, the Madras Co-operative Societies Act should be suitably amended to provide for the winding up of the affairs of a society before its registration is cancelled.

339 Certain amendments to the Madras Co-operative Societies Act are suggested.

28

Government have not considered any action necessary on the following recommendations of the Committee on Co-operation.

NUMBER

15 Provision should be made for the economic improvement of the ryots in dry tracts through adequate irrigation facilities including the sinking of wells, dry farming and organization of small scale and large scale industries.

29 The present system of making the debentures irredeemable for a definite period of not less than ten years certain and with option to the bank to redeem them thereafter is sound and should continue.

31 The proposal of the Reserve Bank of India that a borrower in a land mortgage bank might serve a period of probation in a primary credit society is considered impractical and is not supported.

73 Alongside of expansion and reorganization, an intensive campaign for increased membership of societies should be launched with a view to replace money-lender's credit by co-operative credit within as short a time as possible.

82 The newly organized village co-operatives should have paid clerical staff with necessary training.

113 The educational and moral tone of the management of societies should be improved.

122 Pawn shops should, wherever possible, be established for the benefit of the scheduled classes.

146 Urban banks should extend cash credit facilities to their members on proper security.

202 The maintenance of canals in an efficient condition is recommended.

204 Market Committees should fix agreed standards and draw up standard contract forms.

205 There should be standardization of grades in the several commodities.

206 Extensive propaganda should be undertaken by societies and market committees through leaflets and talks to educate the grower or the trade to deal in produce of good quality and in the fixing of limits of refraction or moisture and standardization of the produce.

219 *Special crop marketing societies* for single crops, comprising all convenient areas of production, should be started at suitable market centres to provide facilities for the growers to market their produce.

220 Methods of work of special crop marketing societies are indicated and should be observed.

225 Licence fee on mill-cloth dealers should be increased.

226 Differential freight rates for transport by railway of mill and hand-made products should be introduced, so as to give the handloom product an advantage.

227 The subsidy now granted under the Government of India scheme should be extended for another five years.

NUMBER

229 The supervision and inspection of weavers' societies should be done for the next five years at least at the expense of Government through the Co-operative department.

231 The organisation of big societies must be differentiated from that of smaller ones which produce popular cloth largely used by the rural population.

233 The Central Emporium and the local sale depots of the Provincial Handloom Weavers' Co-operative Society should function as central display houses and information bureaus to both producers and consumers.

234 By a co-ordination of the efforts of the Industries, Co-operative and Marketing staffs, the products of the handloom industry should be encouraged by display, advertisement, etc.

253 The appointment of a Development Commissioner for co-ordination of work of "nation-building" departments is not recommended.

256 There should be a redistribution of portfolios among the Ministers so that the Chairman of the Provincial Standing Committee may be in charge of all the development departments which are intimately concerned with rural welfare.

258 The work of rural betterment should be carried on with the help of properly trained rural guides.

261 Steps should be taken to increase food crops by all possible means in order to make the Province self-sufficient in respect of her food supplies.

263 Agricultural over-population from which the Province now suffers should be remedied by a diversification of agriculture and agricultural colonization.

264 Detailed investigations should be made of localities in each district where large tracts of land are available for assignment for purposes of agricultural colonization.

265 Colonization schemes should be undertaken by Government as reclamation for the creation of new agricultural wealth on the lines and conditions recommended.

266 A gradual increase in the number of consolidation societies should be encouraged.

269 The efforts of the department should be directed towards the formation of cattle-breeding societies.

279 There should be compulsory insurance for Government servants and compulsory provident fund for employees of firms.

285 Central banks may nominate one or two individuals to the governing body with the consent of the unions.

293 Government should introduce a book on co-operation and rural uplift for non-detailed study in high schools run by them or with their grants.

297 There should be a greater co-ordination of effort between non-official co-operative agencies and the co-operative department in the matter of co-operative propaganda and education.

Government are unable to accept at present the following recommendations:

NUMBER

13 A five year plan of expansion of land mortgage banks so as to provide for at least 200 banks covering the whole Province is recommended.

14 Special arrangements should be made to enable land mortgage banks to help the ryots with long-term mortgage credit in dry areas by offering the Central Land Mortgage Bank temporary accommodation either from the general revenues of the Province or from the Famine Relief Fund. The Madras Famine Relief Fund Act XVI of 1936 may be amended, if necessary.

16 Legislation on the lines of the 'Torrens system' may be undertaken and, if necessary, incorporated in the Madras Land Mortgage Bank Act (X of 1934.)

22 Grant of loans by Government under the Agricultural Improvement Loans Act for land improvement in areas served by land mortgage banks should be discouraged.

23 Loans for land improvement should be charged a lower rate of interest than loans for other purposes.

33 In all cases of loans to agriculturists by Government the margin between their borrowing and lending rates should not exceed 2 per cent.

35 Ordinarily, a borrower should not be required to buy more than one share compulsorily for each loan if the bank can raise otherwise the required owned capital.

39 The special staff of Land Mortgage Bank Deputy Registrars should be discontinued with a view to avoid delay and secure greater efficiency and co-ordination among the co-operative agencies.

40 For this purpose the District Deputy Registrars should be relieved of a portion of their present work and the number of District Deputy Registrars should be increased if necessary.

41 The co-operative Sub-Registrars in charge of land mortgage banks should be empowered to send all applications for loans not exceeding Rs. 5,000 direct to the Central Land Mortgage Bank.

42 The strength of the Co-operative Sub-Registrars should be increased in areas where there are large number of loan applications.

43 The President of the Central Land Mortgage Bank may be empowered to sanction all loan applications not exceeding Rs. 2,000, such sanction being intimated to the next Executive Committee.

61 The Government should continue the present staff of Co-operative Sub-Registrars at their own cost as heretofore.

63 The audit of primary land mortgage banks should be done by qualified auditors of the rank employed for the audit of central and big urban banks.

NUMBER

65 A voluntary pool of the reserve funds of primary societies in the area of a central bank and of the central bank concerned, with the Registrar as the Trustee is recommended for a temporary period for writing off bad debts in societies which can, through such a measure, be rehabilitated.

67 The problem of disposal of lands should be tackled at once by a scheme of "rent-purchase" on the Burma model or other suitable methods with the help of long-term money to be provided by the Government or the Central Land Mortgage Bank.

80 The liability of rural credit societies should normally be limited but if in the opinion of the Registrar, having regard to local opinion and other circumstances, unlimited liability is more suitable for any societies, liability may be unlimited.

86 It should be open to central banks to relax the individual maximum credit limit of members of affiliated societies.

106 In the event of failure by village societies to take action, central banks should be empowered to take coercive steps against defaulters with a view to recover overdue debts.

114 In order to regulate the normal credits of members and facilitate the system of forecast loans, or crash credit or controlled credit, it is necessary to have the property statements prepared even in the case of societies adopting limited liability, with suitable modifications.

119 Government should undertake a ten-year plan of economic re-organization of scheduled classes and should offer facilities of agricultural colonization by the formation of co-operative societies for the purpose.

124 Compulsory labour among scheduled classes, wherever prevalent, should be abolished.

128 Co-operative societies of a special type to meet the needs of these classes should be organized and financed by Government, and run under Government control and supervision.

132 There should be only one bank for each urban area except in big cities like Madras.

134 Where sub-societies are not or cannot be formed, the election of directors should be arranged on the basis of the ward system or through an electoral Committee.

156 Government should institute a scheme of compulsory life insurance and make subscriptions to the provident fund compulsory.

157 Where Government servants have insured their lives in other companies, provision should be made for deduction of the premia from their pay.

158 In the case of non-Government servants such as employees of local bodies, etc., provision should be made for compulsory insurance.

NUMBER

159 Employees' societies should encourage subsidiary occupations and cottage industries among members of employees' families. Government must render help in this direction by subsidies and lending officers.

163 The Government should take power to permit pay disbursing officers to deduct from the salary of their servants instalments of loans or other contributions due from them towards dues to Government servants' societies and other employees' societies.

164 Where there are transfers of employees from the area of one society to another, the lending society should have the power to require the officers in the latter area to make necessary deductions.

165 Some protection should be given in respect of debts due to co-operative societies and Civil Procedure Code or the rules under the Madras Co-operative Societies Act may be amended so as to provide for the attachment of salaries of Rs. 50 and above.

167 Heads of Departments must be instructed to take interest in the working and welfare of Government servants' co-operative societies and if the members so desire, they may be made also the presidents of the societies concerned.

168 Government should make it obligatory on the part of employers of industrial labour to start and run co-operative societies for their workers.

169 The workers should be paid their wages weekly instead of monthly.

174 In order to make central banks pure type banking unions composed of affiliated societies alone, individual shareholders should be eliminated from central banks.

175 Central banks should co-opt three individuals to their boards of management and provide for such co-optation in their by-laws.

178 The present restriction imposed by Government regarding investment of deposits by local bodies in central banks should be withdrawn.

187 The cash credits given by the Madras Provincial Co-operative Bank to central banks against co-operative paper should also be included for purposes of fluid resource for their *outside* liabilities also.

190 Government should give subsidies and loans to central banks for the construction of godowns, for the provision of storage accommodation and for promoting agricultural marketing.

193 Central banks may be empowered to proceed against individual members of societies if the panchayats neglect to recover the dues from them.

196 The existing concession of free transmission of funds for bona fide co-operative transactions should be continued by Government.

NUMBER

199 Co-optation of five individuals to the Board of Management of the Provincial Bank is recommended.

200 The formation of two apex banks, one for the Andhra districts and another for the Tamil districts working under the Registrar of the Province and with headquarters in the City of Madras with the option for Malabar and South Kanara to determine their own affiliation is recommended

222 For the promotion of agricultural marketing a special marketing department should be created. If such a department cannot for any reason be created immediately, all the marketing officers now working under the Agricultural department should be transferred to the Co-operative Department so as to ensure co-ordination between marketing organization and marketing credit.

232 The production of artificial silk cloth on handlooms should be discouraged.

235 Import of foreign yarn into the country should be controlled.

250 Paid staff should be appointed to give an impetus for the formation of women's societies and to promote home industries in such societies.

260 Separate better living societies are not necessary. Existing societies should be reorganized in such a way that a single organization serves all the economic needs of the villager and promotes village welfare.

267 Arbitration co-operative societies may be started as an experimental measure in select districts.

281 Central banks and urban banks may open small branches in schools to create banking habit in the school children.

282 The question of retention or abolition of local supervising unions should be left to the decision of the central banks concerned.

288 Four linguistic unions should be formed and entrusted with the functions of the present Provincial Union.

289 The Provincial Co-operative Union should have a federal constitution and be composed of the four linguistic unions and be styled as the Provincial Co-operative Federation.

290 The Provincial Co-operative Federation should make provision for co-opting individuals and giving them the rights and privileges of members.

299 The entire audit staff of the departments should be constituted into a distinct branch and differentiated right through from the administrative branch.

300 The audit staff should be placed directly in charge of Circle Audit Officers of the status of Co-operative Sub-Registrars.

301 A qualified auditor of the status of a Deputy Registrar to be styled as the Chief Audit Officer should be attached to the Registrar.

NUMBER

306 The extra expenditure involved in the separation of audit from administration should be met from the provincial revenues.

308 The present scale of audit fees of Rs. 5-8-0 and Rs. 3-8-0 a day should be reduced to Rs. 3-12-0 and Rs. 3 per day respectively.

310 The maximum audit fee levied should not exceed one-fourth of the net profits of societies as declared by the Registrar.

317 The committee of a registered society should not be superseded without the previous concurrence of financing bank.

318 It should be obligatory on the Registrar to convene a meeting of the general body of a society before actually dissolving the committee, except in special cases.

319 The powers vested in the general body of a society should not be affected by the supersession of the committee.

320 An appeal should be specifically provided for against every order of supersession to the Local Government.

323 The appointment of non official liquidators may be tried in urban centres or for a convenient group of societies.

324 The Secretary of a central bank should be made the liquidator when the registration of a society indebted to the central bank is cancelled.

327 Systematic steps should be taken for the early recovery of assets of liquidated societies and contribution orders, wherever necessary, should be passed without any undue delay.

328 No contribution order or execution proceedings for debts due to a liquidated society should be deemed valid six years after the society had been finally ordered to be liquidated.

329 Central banks should be permitted to recover a sum not exceeding 7½ per cent of the collections in liquidated societies for expenditure incurred by them in connection with liquidation proceedings.

334 Assistant Registrar's charges should be raised in to Deputy Registrar's charges.

335 The Province should be split up into four or five divisions and each division should be placed in charge of a Divisional Registrar, starting with the immediate appointment of two Divisional Registrars on a regional basis.

340 Publication of the Report of the Committee in the main languages of the Province is recommended.

NUMBER Report of the Committee on Co-operation.	NUMBER Government Orders.
236. The production of Khadi with the aid of the All-India Spinners' Association through the agency of primary production societies should be promoted.	236. Government wish to leave the question alone for the present.
239. Loans to the primary production societies may be granted upto five times the owned capital including their share capital and their reserve fund. In addition to these loans may also be given against a floating charge up to 50 per cent. of the value of goods taken into stock.	239. Government are of the view that loans must be given on one basis or the other and not on both together.
241. Government must be the main financing agency for the Provincial Weavers' Society by taking shares in the society and by granting loans to it.	241 and 242. Government consider that there is no need for them to take shares in the Provincial Weavers' society as the Madras Provincial Co-operative Bank has been giving cash credit to it.
242. The Madras Provincial Co-operative Bank can be an additional agency for supply of credit only on the pledge of goods on certain conditions.	
244. A Provincial Industrial Society should be established to organize and administer the production societies for industries other than handloom weaving.	244. Government see no reason why the District Central Bank should not finance local industries provided they satisfy the essential criteria of survival value under modern conditions, adaptability to cottage production as opposed to organised mass industry and marketability.
245. A scheme of financing similar to that recommended for the primary weavers' societies and for the Madras Provincial Handloom Weavers' Society is recommended.	245 and 246. Government have said that no action is called for on these recommendations in view of their orders on recommendation 244.
246. If necessary, two provincial societies may be formed; one for the North and the other for the south and the west.	

247. Societies for upper and middle class women should act as centres of culture, propaganda and education and take to small home industries such as preparation of jams, preserves, pickles, etc.	247. Government have already decided that societies need not necessarily and exclusively be for women.
249. An attempt should be made to start societies or organize separate societies in some of the existing co-operative organizations to advance small loans to these women, to recover the advance in driblets day by day and to promote thrift among them.	249. Government have no objection to help being given through the existing organisations, if it can be done with reasonable safety, but feel that separate societies for such women are not justifiable except in very special circumstances.
252. There is need for a greater degree of co-ordination between expert departments particularly those development departments which are immediately concerned with the welfare of the agriculturists.	252. Government have ordered that the officers of the Development Departments should as far as possible co-ordinate their touring.
254. There should be a Provincial Standing Committee and district standing committees for co-ordination of work of development departments.	254, 255 and 257. Government have stated that the Heads of Development Departments are now meeting when necessary, that in the districts, the District Periodical Conferences, if fully utilised is all that is necessary and that no action is necessary on these recommendations.
255. A Provincial Standing Committee consisting of the Heads of Development departments and a certain number of non-officials having as its Chairman the Development Minister and as its Secretary an Under Secretary to Government should be constituted to secure co-ordination between the development departments and to make them related parts of a comprehensive whole.	
257. District standing committees consisting of officers of various departments with the Collector as its ex-officio Chairman should be constituted with the same purpose in view.	

NUMBER	Report of the Committee on Co-operation.	NUMBER	Government Orders.
259.	Rural reconstruction should be brought about by a co-ordination of the activities of the village co-operative societies and the village panchayat. At present co-operative societies should be entrusted with the main burden of this work.	259.	Government have ordered that co-operative societies should confine themselves to the functions laid down in the Act.
280.	Thrift and use of money to be included in the curricula of studies in schools and colleges.	280.	The Director of Public Instruction has stated that as no books are now prescribed for non-detailed study, books on co-operation, rural uplift, thrift and the use of money cannot be prescribed for study. Such books can only be placed in school libraries and a list of suitable books in Indian languages has been communicated to the Director who will bring them to the notice of heads of institutions.
283.	Suggestions for the improved working of unions (wherever retained) are made.	283.	Government have accepted all the suggestions made by the Committee in paragraph 369 of its report to improve the working of the unions, except the one relating to the co-option of individuals to the Governing bodies of unions.
287.	The mode of levy of supervision fund should be left to the discretion of individual central banks.	287.	Government have ordered that the present method of contribution to supervision fund by societies and central banks should be continued and that the rate of contribution should be uniform.
294.	Two co-operative institutes, one for the Northern and the other for the Southern districts should be established and entrusted to non-official management.	294.	Government have sanctioned the establishment of three stationary training institutes to be run annually at Rajahmundry, Tanjore and Coimbatore and a fourth institute at Anantapur to run once in two years.

296.	The University should introduce suitable text-books on co-operation for the college courses for non-detailed study.	296.	The recommendation was remitted to the Madras, the Andhra and the Annamalai Universities for such action as might be considered necessary. The University of Madras has since expressed that it is not in favour of the action suggested.
309.	Sale (marketing) and handloom weavers' societies should be exempted from the levy of audit fees for the first three years and also for a subsequent period of three years, if necessary.	309.	Government have accepted only the first part of this recommendation.
333.	Territorial redistribution of Inspectors is not recommended in view of the proposals for separation of audit from administration.	333.	Government have sanctioned the introduction of the scheme of supervision on a territorial basis in 9 districts.
336.	Rules regarding service conditions of non-official employees should be embodied in the rules framed under the Act.	336 and 337.	Government consider that the need for embodying the service conditions of non-official employees in the statutory Rules remains to be demonstrated. They have asked the Registrar to frame brief rules in this respect for adoption by societies.
337.	General features of service conditions of non-official employees are indicated.		

News and Notes.

Co-operation in Rural Welfare Work.

Mr. H B. Gundappa Gowda, Minister for Local Self-Government and Health, of Mysore Government, who was presented with an address at the model village of Melur in reply paid that the economic prosperity would increase only when there was peace and order in the country. The powerful instrument for achieving peace and order was unity and common enterprise was necessary for the building up of rural economy. He spoke on the immediate needs of the villages and how panchayats could provide the amenities without depending on Government help. He appealed to the people and to their representatives to co-operate with the administration to carry out as effectively and quickly as possible the wise and progressive policy of the Government based upon responsiveness to the needs of the people.

Co-operative Audit.

At a meeting of the Madras District Co-operative Propaganda Committee held at Muthialpet Co-operative Society, Mr. V. M. Gatikachalam, spoke on 'Co-operative Audit'. He observed that the present system of Co-operative Audit, as carried out by the Department was not satisfactory, as it was found that in many cases, heavy and excessive work was allotted to the audit staff, with the result they were obliged to carry out the audit of societies hurriedly even at the risk of overlooking important items of work. There was need, therefore, for the re-organisation of the audit branch with a view to relieving the Registrar of the responsibility of audit, thus enabling him to give more thought to schemes of industrial expansion on co-operative basis and development of the non-credit side of the Movement. To prevent frauds the speaker also suggested the formation of an Intelligence Section as an integral branch of the co-operative movement. He also wanted separate co-operative prosecuting inspectors to conduct prosecutions instead of leaving the work in the hands of the Police.

Registrar in Salem.

Mr. W. R. S. Sathyanadhan, I.C.S., Registrar of Co-operative societies, visited some of the local co-operative societies, including the newly opened hand-loom weavers' yarn supply depots. He performed the opening function of the Mallur Rural society's godown, over which Rao Sahib T. M. Chinnaiya Pillai, President, Salem District Urban Bank, presided.

Agricultural Co-operative Society for Kistna.

An agricultural improvement society for Kistna was opened here in the premises of the Kistna Co-operative Central Bank by Mr. K. Rangaswami Naidu, Joint Registrar of Co-operative Societies. In doing so, he said that the ryots of the district had not been making proper use of co-operative banks and their debts were mounting up. It was proposed by the Co-operative Department to open co-operative sales depots in this district to help the ryot in the sale of his produce, in procuring manure, seeds and other materials at reasonable prices and to instruct him in thrift and self-reliance.

Sir T. V. Acharya on Co-operation.

Sir T. Vijayaraghavacharya, Prime Minister of Udaipur, presided over the Silver Jubilee celebrations of the Srirangam Co-operative Urban Bank, Srirangam. After expressing his sense of pleasure to be associated with the function, he observed that there were certain solid facts by which one could assess the success or otherwise of the Movement in the Presidency. Taking the province as a whole, people would admit that Madras might be congratulated on the success with which it withstood the attacks of the economic depression. Sir T. Vijayaraghavacharya,

after giving advice to official and non-official co-operators, referred to the several ameliorative measures for the agriculturists passed during the Congress regime. Concluding, Sir T. Vijayaraghavacharya observed that the vital thing which made for the success of the Movement was the quality of the directors and shareholders. Vigilant shareholders and men of honesty and enthusiasm and full of public spirit were necessary for piloting the Movement.

To Grow more Food.

In a Press Communique, the Government have sanctioned the following concessions for a period of three years commencing from the current fasli regarding the production of rice and other food grains.

(a) Food grains, including paddy, may be cultivated free of assessment in Fasli 1351, 1352, 1353, on any unoccupied assessed Government land, unassessed land or disafforested land on which crops had not been raised in faslis 1349 or 1350, but previous permission to take water from irrigation sources for wet or irrigated crops must be obtained where such permission has to be obtained under the existing rules.

This concession will not apply to the area benefited by the Cauvery Mettur Project in the Tanjore district and the area irrigated by the Cauvery in the Trichinopoly district for which other concessions have recently been announced in Revenue Department Press Note No. 19, dated January 21, 1942.

(b) Dry food grains may be grown free of charge in back yards during faslis 1351, 1352 and 1353 up to an extent of 25 cents in each case.

(c) Every encouragement and assistance will be given to the ryots to enable them in the event of insufficient supply of water to grow dry food crops on wet lands.

The Mannargudi Land Colonisation Scheme.

The Collector of Tanjore performed the formal inauguration of the Land Colonisation Scheme started by the Government in the village of Karuvakurichi and Tallikottai in Mannargudi Taluk in the presence of a large gathering of ryots and leading officials. The Collector paid a high tribute to the Deputy Collector-in-charge of the Scheme for his efficient work in connection with the Scheme. The District Agricultural Officer explained to the colonists the aspect of the scheme and assured them of his help and advice always. In recognition of the great interest evinced by the District Collector and his wife in regard to the colonies the office-bearers and members of the colonisation co-operative societies named the Nallikottai colony as 'Vijayaraghavapuram' and Mahadevapatnam colony as 'Indirapuram'.

Distributive Side of Co-operative Movement.

Rao Saheb K. Rangaswamy Nayudu, Joint-Registrar of Co-operative Societies, in his tour in the South Kanara District met the leading co-operators of Mangalore and discussed problems of non-credit societies. The Joint-Registrar observed that the South Kanara Agriculturists' Co-operative Wholesale Society, with its 50 branches was working well, and was the most successful venture in the Presidency. If the distributive side was also developed on similar lines great help could be rendered to the middle and the poorer classes and this could be done successfully only by having a strong Central Co-operative Stores with branches at all important centres in the district. In the beginning there might be opposition from the interested parties but if persisted the central store was bound to succeed as was found by experience in other places. He therefore appealed to the workers to raise the present share capital to Rs. 50,000 and get all the mofussil stores affiliated.

Deputy Registrar's Exhortation.

The Deputy Registrar of Co-operative Societies, Cuddappah, in his valedictory address to the Co-operative Inspectors of the Cuddappah District at the refresher course, asked the Inspectors and Supervisors to look ahead and carry out their work with sincerity and if they did so they would have done their duty to themselves and to the posts they filled. He exhorted the Inspectors to work with renewed vigour and sincerity and thus bring credit to themselves and to the movement in the District. He also exhorted them to take up rural reconstruction work and to develop the Co-operative movement by organising stores in villages and towns.

Sericulture Industry in Kashmir.

Sericulture industry in the State of Kashmir has already made great advance. The Kashmir Government have now sanctioned a five-year plan of development of the sericulture industry in the Province of Jammu. The expansion scheme would cost an annual recurring expenditure of about Rs. 17,000. In addition a non-recurring expenditure of Rs. 2,50,000 for machinery and buildings has been sanctioned. A sum of Rupees one lakh is to be provided in the budget for 1,999 (Bikrami).

Increased Demand for Credit.

In inaugurating the refresher course for Supervisors and Inspectors in Kurnool District Mr. Subba Rao of Nandyal said that the Co-operative movement as it is functioning at present was not what it was intended to be. The Movement had not eliminated the middleman to the benefit of the producer and consumer. The people had not been properly and sufficiently educated on the benefits of co-operation. He said some societies function only for the facility of borrowing for the members constituting it. The Assistant Registrar of Co-operative Societies in his speech said that the problem of relief of agricultural indebtedness and supply of capital to agriculturists had become acute. The operation of the Agriculturists Relief Act and the Debt Conciliation Act had given rise to new demands. The need, therefore, was for the consolidation and strengthening of the co-operative financing system to serve the requirements of the agricultural population.

Appeal for Relief for Handloom Weavers.

A meeting of about 7.000 handloom weavers of Melapalayam was held under the presidency of Mr. P. S. Subramania Pillai, Municipal Councillor, Palamcotta, in which many speakers took part. They spoke on the present deplorable state of about 10,000 handloom weavers of Melapalayam due to the market in the Far East having been closed. They appealed to the Government and rich people to help the weavers.

Utilisation of Idle Money.

"I cannot for a moment believe that Japan will win the war in the Far East. She may have got certain advantages on account of her speedy and precipitate action; but it is very doubtful if these advantages can be permanently retained," declared Mr. M. C. Ghia, retiring President of the Indian Merchants' Chamber in the course of his speech at the annual general meeting of the Chamber. He pointed out that the Government would take a direct hand in initiating the employment of moneys "going to cold storage" in long term industrial undertakings. He suggested that the deposits made by the investors in scheduled banks should be utilised for a planned programme of industrial development.

Industrial Development.

Sir C. P. Ramaswami Ayyar, in the course of his address to the first annual meeting of the Kerala Engineers' Association, said that he was envisaging a period when electricity distributed to rural centres would bring into existence small industries side by side with the big industries avoiding too large congregations which had led to the slum problems. The salvation of Cochin and Travancore industrially and agriculturally depended upon the wide distribution of cheap power.

Relief of Cotton Cultivators.

The Government of India announce that they recently decided to create a special fund which would enable the cotton cultivators to undertake measures for the relief of the situation which was created by the breach of trade relations with Japan. They further state that they have in view not merely the immediate steps necessary to study the market by making purchases of raw cotton of the types concerned as suitable occasions arise, but also, in order to improve future prospects, arrangements for the financing, in co-operation with the Governments of the provinces and States concerned of measures designed to assist the cultivators to change over from short staple cotton to other more useful crops, whether cottons of longer staple or entirely different crops, preferably food-grains.

List of Societies Registered and Cancelled.

List of Societies Registered in January 1942.

S. No.	Name of Society.	District.
1	The Seven Wells Division Co-operative Society, Ltd. ...	Madras.
2	Sindupatti Co-operative Society ...	Madura.
3	Jakkampatti Saliar Weavers' Co-operative Sale Society.	"
4	Tiruvedagam Co-operative Society ...	"
5	Uralipatti Co-operative Society ...	"
6	Villur Co-operative Society ...	"
7	The South Kanara Coffee Planters' Co-operative Marketing Society Ltd. ...	S. Kanara.
8	The Nandigama Field Labourers' Co-operative Society.	Kistna.
9	The Palamcotta Field Labourers' Co-operative Society.	"
10	The Damuluru Field Labourers' Co-operative Society.	"
11	Sivadi Co-operative Society ...	Salem.
12	Surampatti Christian Co-operative Society ...	Coimbatore.
13	Tiruppur Handloom Weavers' Co-operative Society ...	"
14	Coimbatore Government Elementary Training School Co-operative Society, Ltd. ...	"
15	Vijayamangalam Weavers' Co-operative Society Ltd.	"
16	The Mundlapalle Co-operative Credit Society ...	Cuddapah.
17	The Pallikona Dinabandhava Co-operative Credit Society ...	Guntur.
18	The Bobbaralanka Co-operative Credit Society ...	"
19	The Kunnagarampundi Co-operative Credit Society ...	North Arcot
20	The Karuvakkuricheli Co-operative Agricultural Colonisation Society	Tanjore.
21	The Talikkottai Co-operative Agricultural Colonisation Society ...	"
22	The Kanumuru Field Labourers' Co-operative Credit Society ...	East Godavary
23	The Ponduru Weavers' Co-operative Production and Sale Society, Ltd. ...	Vizagapatam.
24	The Chittoor Yenadi Charcoal Producers' Co-operative Society, Ltd. ...	Chittoor.
25	The Sri Saravana Vinayagar Weavers' Co-operative Sale Society, Ltd. ...	"
26	The Gangavaram Co-operative Credit Society ...	"
27	The Peddakalagatoor Co-operative Credit Society ...	"
28	No. E. 1453 The Tirukoilur Co-operative Sale Society, Ltd. ...	S. Arcot.
29	" 1454 The Gingee Co-operative Stores, Ltd. ...	"
30	" 1455 The Tittagudi Co-operative Stores, Ltd. ...	"
31	" 1456 The Kallakurichi Co-operative Stores, Ltd. ...	"
32	" 1457 The Ulundurpet Co-operative Stores Ltd.	"

S. No.		Name of Society.	District.
33	No. E. 1458	The Pannapattu Co-operative Credit Society ...	S. Arcot.
34	" 1459	The Ma. Poovilandanallur Co-operative Credit Society ...	"
35	" 1460	The Malavarayanur Co-operative Credit Society ...	"
36	" 1461	The Arur Co-operative Credit Society ...	"
37	" 1462	The Therkuvirathangan Co-operative Credit Society ...	"
38	" 1463	The Adurkuppam Co-operative Credit Society ...	"
39	" 1464	The Maduranthakanallur Co-operative Credit Society ...	"
40	" 1465	The Kuppanguli Laximi Co-operative Credit Society ...	"
41	" 1466	The Kulatheebamangalam Agasthiarmoolai Co-operative Credit Society ...	"
42	" 1467	The Merkanam Charcoal Co-operative Society, Ltd. ...	"
43	" 1468	The Kandadu Charcoal Co-operative Society, Ltd. ...	"
44	" 1469	The Singavaram Co-operative Credit Society ...	"
45	" 1470	The Kalladikuppam Co-operative Credit Society ...	"
46	" 1471	The Sirumsdurai Co-operative Credit Society ...	"

List of Societies Cancelled during January 1942.

S. No.	Name of Society.	District.	Date of Cancellation of Registration.
1	Edaichittoor ...	South Arcot ...	28-12-41
2	Tirumulakuppam ...	Chittoor ...	31-12-41
3	T. Sadam Co-operative thrift society ...	" ...	31-12-41
4	Pudipatlabylu ...	" ...	31-12-41
5	Kotavaipulli thrift society ...	" ...	31-12-41
6	Kayaralam ...	Malabar ...	2-1-42
7	Sembattu F.L.C.S. ...	Trichinopoly ...	10-1-42
8	Kuream ...	Chingleput ...	12-1-42
9	Chintrapalli ...	Ramnad ...	15-1-42
10	Ampalam ...	Vizagapatam ...	15-1-42
11	Mudupalli Uma Mukteswara ...	East Godavary.	15-1-42
12	Vachakarapatti ...	Ramnad ...	17-1-42
13	Guderpalem ...	Kistna ...	21-1-42
14	Tirupati Dholli bearers and Hill coolies ...	Chittoor ...	21-1-42
15	Chirakurapad ...	Nellore ...	21-1-42
16	Nachichatram ...	Chingleput ...	27-1-42
17	Tellimeducheri ...	" ...	27-1-42
18	Naikarapatty Co-operative Stores ...	Madura ...	27-1-42
19	Yadavalli ...	Kurnool ...	27-1-42
20	Badagunta Xian ...	Kistna ...	27-1-42

A list of the orders of Government on the remaining recommendations is given below.

NUMBER	Report of the Committee on Co-operation.	NUMBER	Government Orders.
20.	The Central Land Mortgage Bank should finance on a more intensive scale permanent productive improvements to lands.	20.	Government accept the suggestion contained in this recommendation but wish that moderation should be the keynote and that this must not be made an excuse for injudicious loans.
25.	Loans smaller than Rs. 500 should be encouraged.	25.	Government have stated that there is no bar to the issue of loans for small sums provided they satisfy the test of acceptability. They consider that no special encouraging is necessary.
28.	The Central Land Mortgage Bank should float debentures for a slightly longer period than the period of loans in order to provide for extensions being given in deserving cases. (In the case of twenty-year loans, debentures for twenty-five years may be floated.)	28.	Government consider that the term of the debentures might be left as it is but that the period of the loan might be restricted to 15 or 16 years.
30.	The margin between the borrowing rate of the Central Land Mortgage Bank and the rate at which money is made available to the ultimate borrower should be 2 per cent.	30.	Government are of the view that the margin between the borrowing rate and the lending rate should not be less than 3 per cent. The Central Land Mortgage Bank has since agreed to adopt this increased margin.
34.	Land mortgage credit should be linked up with schemes of insurance.	34.	Government have dropped consideration of the question for the present.
46.	Legal provisions should be made to declare that unless full particulars of claim are furnished, no interest can be claimed by the creditor after the lapse of one week from the date of receipt of notice given by banks or by debtors.	46 to 48.	Government have considered that no action is necessary on these recommendations.
47.	Legislative provision should be made providing that any encumbrance for which documentary evidence of discharge is not available shall be deemed to have been discharged on the non-receipt of a reply within a specified time to a registered notice given by the Bank and that acknowledgments of such notice by parties shall be valid vouchers for satisfaction of encumbrances.		
48.	Provision should be made for the furnishing of information by landholders in zamindari areas.		
50.	The concession as regards registration fees and encumbrance certificates should be continued.	50.	Government have permitted the continuance of the concession for another period of 2 years.
51.	The continuance of the guarantee by Government of the principal of and interest on debentures of the Central Land Mortgage Bank is recommended.	51.	Government have raised the maximum amount of their guarantee of the debentures of the Central Land Mortgage Bank from Rs. 250 lakhs to Rs. 310 lakhs. They would consider the question of a further increase when the occasion arises.
55.	In abnormal times, Government should come to the assistance of the Central Land Mortgage Bank and put it in possession of funds either directly or by floating a loan for the purpose.	55.	Government will consider the question when it arises.
56.	The Reserve Bank of India should give its unstinted support to the Central Land Mortgage Bank either by itself purchasing some of its debentures or by making advances on any such debentures. It is suggested that the Provincial Government may take up the matter with the Reserve Bank of India.	56.	Government have addressed the Reserve Bank of India in the matter.
59.	Legislative provision should be made so as to make all alienations of land to take effect only from the date of registration, at least in the case of mortgages in favour of land mortgage banks.	59.	In view of certain practical difficulties Government do not propose to proceed with the matter.

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60. Provision should be made for all cases of attachments of, or charges on, immovable properties created by orders or decrees of courts to be communicated to the Registration department. If there be any difficulty in the registration of attachments, civil courts may be required to maintain a register of such attachments for the information of land mortgage banks.	60. Government have under consideration a bill to amend section 17 (2) (vi) of the Indian Registration Act so as to make decrees and orders of a court affecting immovable property compulsorily registerable. The High Court has issued instructions to all subordinate courts that where the property attached is immovable property mortgaged to a land mortgage bank the proper course for the court will be to direct the publication of the sale proclamation in the local district Gazettes. Collectors have also been asked to arrange for the free supply of copies of the district Gazette sheets containing such proclamation of sales to land mortgage banks in the districts so that the banks concerned may safeguard their interests.
68. Except those whose loans have proved definitely bad, other deserving defaulters should be given fresh finance.	68. Government have accepted this recommendation but wish to add that even short-term loans should be granted with great caution as otherwise the societies will be throwing good money after the bad.
69. A comprehensive five, seven or ten-year plan of expansion so as to bring every village in the Province within the orbit of village co-operatives should be drawn up and executed. 70. Small village societies should be re-organized on a wider basis by grouping them together into one society. 72. Additional staff should, if necessary, be employed by Government for planned expansion of the movement on sound lines.	69, 70, 72. Government have observed that the expansion and regrouping of societies depend upon local conditions and that no hard and fast rule can be followed in the matter.

75. The functions of agricultural co-operatives should be enlarged so as to include all the economic needs of members.	75. Government do not consider that multipurpose societies should be actively encouraged.
79. The grant of loans in kind and recoveries in kind by the village co-operatives should be encouraged in suitable places to prevent mis-application of money and to train members of societies in co-operative marketing.	79. Government consider that generally loans may be given in kind at fixed prices but that recoveries should be made in cash.
83. The system of group clerks is not recommended.	83. The system of group clerks has been in existence in a few districts. Government are of the view that no hard and fast rule need be laid down to cover all cases.
87. The Madras Provincial Co-operative Bank, central banks and primary credit societies must confine their operations to short-term and medium term loans from the money raised through deposits of suitable duration. 88. Loans for the redemption of prior debts and for long periods are outside the scope of the provincial, or central banks and primary societies. 89. Short-term or working credit should be the first charge on the harvest and repaid out of the sale-proceeds of the next harvest. 90. The medium-term credit should be repaid out of the margin of the member's income, ordinarily from three to five years and in exceptional cases, seven years. 188. The operations of central banks should be limited to short-term and medium-term loans. The medium-term loans should not run normally beyond five years, in exceptional cases five to seven years and in no case beyond seven years.	87, 88, 89, 90 and 188. Government have published a draft rule restricting the period of loans granted by societies and central banks to three years.

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93.	It is desirable that Government should extend financial assistance to village credit societies for the construction of indigenous godowns.	93.	Government have observed that indigenous godowns might include a great variety of time-honoured honesty receptacles and that it is quite unsafe to grant material loans on goods stored in such places. They do not, therefore, accept the recommendation generally.
96.	Village co-operatives may be permitted to give loans to their members on the pledge of jewels.	96.	Government have stated that village societies can lend on the pledge of jewels only in very exceptional cases.
99.	Cash credits may be granted by central banks to select village credit societies to enable them to draw money and disburse it to their members as and when required.	99 and 100.	Government are of the view that it is not practicable to reduce the rate of interest on cash credit.
100.	A lower rate of interest on cash credit loans is commended.		
104.	Rates of interest on new loans should be as low as possible but there should be sufficient margin between borrowing and lending rates so as to ensure the financing stability of societies.	104.	Government have emphasised again that the prosperity and safety of the co-operative banking organisations should be the first consideration in the matter of fixing the rate of interest on loans.
107.	The village co-operatives must adopt a technique of recovery suited to the actual economic and crop condition of the area in which they operate.	107.	Government are of the view that if the provisions in the existing by-laws for the grant of extensions in deserving cases are worked liberally much of the hardship will be mitigated.
112.	All agencies—village credit societies supervising unions, central and land mortgage banks should aim at the segregation of overdue debts and their transfer to land mortgage banks.	112.	Government do not wish that all bad debts should be transferred to land mortgage banks.
115.	In view of the special circumstances of the scheduled classes, there is a necessity to have separate	115.	Government have ordered that separate societies for scheduled castes should be eschewed unless

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	co-operative societies for the benefit of the scheduled classes; option may, however, be given to them to join the existing societies for other communities, wherever they so desire.		they are necessary for carrying on any particular activity e.g. house building, colonisation or when local circumstances warrant it.
117.	The organisation and supervision of the scheduled class societies should be entrusted to co-operative inspectors working under the Labour Commissioner through the District Labour Officers.	117.	Government are of the view that the organisation and supervision of the scheduled castes societies should be the special concern of the co-operative department.
118.	Government must undertake the financing of societies for the scheduled classes in the special circumstances of their present existence.	118.	Government do not propose to take any action on this recommendation as the Registrar has taken steps to induce central banks to finance scheduled castes societies.
133.	Where the area is large, sub-societies may be constituted with due reference to local conditions.	133.	Government are of the view that the formation of sub-societies should be decided on the facts of each case.
135.	The term of office of the directors may be three years. The retiring directors should ordinarily be eligible for re-election; but it should be open to any urban bank or society to bar re-election for a specified period.	135.	Government accept the first part of the recommendation which endorses the existing practice. They do not, however, agree with the second part.
139.	The suggestion that no director of an urban bank should be interested directly or indirectly in any contract made with the bank or any sale or purchase made by it privately or in any auction or in any contract or transaction is commended.	139.	Government have framed the necessary amendments to the rules under the Act.
141.	Urban Banks shall continue to give loans on the security of persons, mortgage of immovable properties, deposits of gold and silver and insurance policies. In the case of loans on gold and agricultural produce, the area may extend up to five miles provided there is no society there doing such business.	141.	Government have accepted the first part of the recommendation which commends the existing practice. As regards the extension of jurisdiction of urban banks they are of the view that no specific rule as suggested by the Committee can be laid down and that each case must be decided on its merits.

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142. Extension of loan business against gold and silver is recommended.	142. Government agree with this recommendation but consider that loan business against gold and silver is not one to be undertaken lightly.
143. Loans against agricultural produce should be permitted only in the absence of sale societies in the area.	143. Government have no objection to urban banks granting loans on the pledge of produce, in the absence of sale societies, provided they command storage facilities, etc.
150. The rates of interest allowed by urban banks should not exceed one half per cent. over and above the rates on their borrowings paid by central banks working in the area.	150. Government are of the view that the question will have to be decided with reference to the circumstances of each bank in relation to the local area.
151. Other suggestions for improved working of urban banks are made.	151. Government have accepted the first two of the six suggestions made in paragraph 235 of the Committee's report. The third suggestion is not accepted. With regard to the fourth, they consider that the existing rules may stand. The fifth suggestion is accepted but no particulars other than the address of members are considered necessary. As for the sixth, Government do not consider that any action is called for now.
154. It should be impressed that employees' societies are primarily intended to promote thrift and savings and that they are providers of emergency credit only.	154, 155, 274, and 278. Government do not approve of the recommendations in regard to thrift certificate.
155. Compulsory savings should be enforced by distributing home safes and hundis to the members of these societies.	
274. Wherever possible, the hundi boxes may be substituted by savings or thrift certificates, which may be made negotiable.	

278. Co-operative urban banks also should institute the system of saving certificates, hundi boxes, etc., to suit their requirements.	
160. A second loan should not ordinarily be issued to a member of a Government servants' or employees' societies before he has repaid a certain portion of the first or before the expiry of a specified time from the date of the last loan.	160 and 161. Government accept the recommendations and add that half a per cent. above the ordinary rate should be charged in respect of loans to members in excess of their contributions to thrift fund.
161. A higher rate of interest may be charged on the sum borrowed in excess of the members' own contributions to the thrift fund.	
176. Representation of depositors on the boards of management of central banks is not recommended.	176. Government have since amended Rule XXVI of the rules under the Act providing representation of depositors on the Boards of Management of central banks.
177. Central banks are advised to encourage deposits for one to three years, and to place themselves in possession of adequate funds for supplying medium-term capital.	177. Government are of the view that this is a matter for the banks concerned to decide.
180. The money advanced by central banks to marketing societies should not be taken into account in arriving at their maximum credit limit fixed at ten times their owned capital.	180. Government have accepted the principle underlying this recommendation and have empowered the Registrar to permit, subject to certain conditions, central banks in deserving cases to borrow up to 12 times their paid-up share capital plus reserve fund. The borrowings in excess of the normal credit limit should be used exclusively for financing sale societies.
181. The present proportion of allocation of net profits of central banks towards reserve funds should be continued.	181. Government have amended Rule XII under the Act.

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183. Bad debts (which have been definitely ascertained) should be written off every year and necessary adjustments made to reduce bad debt reserve and reserve fund once in three years with the approval of the Registrar.	183. Government have held that normally bad debts should be written off annually from revenues and that the reserves are intended to provide against abnormal occasions.
191. Central banks may be permitted to develop a safe custody department and to take a re-pledge of the gold on which societies have lent sums to their members.	191. Government consider that no special action is called for on the recommendation and that individual cases may be dealt with on their merits when they arise.
192. Central banks should interest themselves in all co-operative activities and should finance societies intended for cottage industrialists and artisans.	192 and 194. Government have ordered that central banks should confine themselves to banking and finance and do not agree that the banks may undertake commercial transactions of all kinds.
194. Central banks may continue or undertake commercial transactions and banking business of all kinds (excepting discounting of bills.)	
198. The payment of preferential dividend and issue of preferential shares by central banks may be done away with.	198. Government agree that preference shares are no longer necessary but consider that the banks concerned might be left to move in the matter.
201. The need for regulating or reducing the freight rates should be periodically and forcefully impressed upon the railway authorities.	201. Government are of the view that the question of reducing railway freights can be considered only when the occasion arises.
208. The existing loan and sale societies should be renamed "marketing societies" and they should concentrate their activities rather on marketing and sale than on granting loans against produce. Marketing societies, may, however make advances against commercial produce having concentrated markets and brought to them for sale.	208. Government agree that the existing sale societies may be renamed "marketing societies" and they have no objection to the development of the business on the lines recommended by the Committee. They, however, wish that the societies should individually get their existing business well established before embarking on new developments.

209. Marketing societies may be formed at the headquarters of ea h branches in firkas, and they should deal directly with wholesale merchants and consuming markets for the sale of members' produce.	209. Government consider that the headquarters of marketing societies should be decided with reference to local conditions and that the taluk need not be adopted as the basis.
211. The help given by Government by way of Marketing Inspectors should be extended to a larger number of societies to be formed in future.	211 and 212. Government have noted these recommendations.
212. The new marketing societies to be formed should be given subsidies, in the initial stages, towards meeting the cost of management and methods of processing, etc.	
213. The Provincial Government should continue to give marketing societies subsides of 25 per cent. even if the Government of India grant be discontinued for the construction of godowns.	213. Government have said that the recommendation will be considered when the occasion arises.
214. Marketing societies should be encouraged to issue to growers warehouse receipts on the pledge of produce stocked in their godowns and these certificates should be made negotiable under the guarantee of Government or of Central Banks.	214. Government consider the recommendation to be premature.
215. Loans to the ultimate borrower-producer should not be advanced at a rate 1½ per cent. more than the rate at which the Madras Provincial Bank lends to Central Banks.	215. Government are not prepared to lay down any such prescribed minimum as suggested by the Committee.
216. There should be no maximum credit limit for loans advanced against paddy to individual ryots and for other crops. Rs. 5,000 should ordinarily be the maximum, discretion being given to the Registrar to enhance to limit in special cases.	216. Government do not agree with the recommendation that there should be no maximum credit limit for loans advanced against produce. They are of the view that sale societies might fix an individual maximum credit limit of Rs. 250 or Rs. 500 in their by-laws subject to relaxation in special cases.