

284

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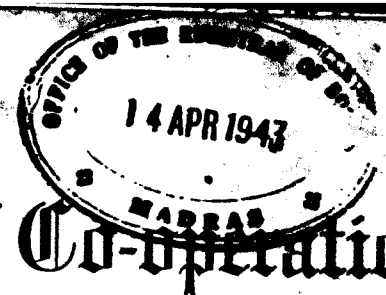
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THE

Madras Journal of Co-operation

EACH FOR ALL, AND ALL FOR EACH

Journal of the Madras Provincial Co-operative Union, Esplanade, Madras.

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Editorial Notes.

Village Panchayats:

At long last the decisions on the main points covered by the Madras Panchayats Bill have been announced. We invite the attention of our readers to the *communiqué* on the subject published elsewhere. It is needless to say that the Bill as proposed to be enacted as an Act is far from satisfactory. Co-operators are as anxious as the Government that the village life should be reorganised so that co-operation may take root and thrive under favourable conditions. The defects in village life, for which it is useless to hold any body responsible, are known to everyone; only the remedies suggested seem to vary dependent on the differing points of view from which the problem is approached. Co-operators believe that the time has arrived to associate the villagers in all that concerns their life and they should be given greater freedom to order their lives suited to their peculiar genius, of course under proper safeguards. Any

THIS ISSUE CONTAINS

Village Panchayats.
Ensiling.
In Search of a Raiffeisen.
Economic Survey of a Village.
Working of Societies.

Reviews.
Village Panchayats Bill.
Recent Utterances.
The XII Andhra Provincial Co-operative
Conference, Tirupatl.

and a summary of the review should form an important part of its annual administration report.

Economic Survey :

Elsewhere we have reproduced the conclusions drawn from the economic survey of a village carried out by the staff of the Coimbatore Co-operative Institute and we request our readers to note them carefully. If similar surveys are carried out in other parts of the Province, we are afraid the conclusions may prove more staggering. But whatever may be the nature of the facts disclosed, it is absolutely necessary to know them. Those of us who talk glibly of 'rural reconstruction' often do so without complete knowledge of the conditions prevailing in villages and measures we adopt to solve rural problems are more quack remedies likely to do more harm than good. No one can afford to frame a plan for rural reconstruction without complete knowledge of the rural conditions. Co-operation forms part of rural reconstruction and the nature of economic assistance a co-operative should give can be determined only by intimate study of the conditions prevailing in the village. We would, therefore, urge that at least a cursory survey of the village should be insisted upon before a co-operative is organised. This step would ensure greater stability and safety for help rendered by the co-operative.

We should congratulate the management of the Coimbatore Institute for setting this necessary task to the staff of the Institute. We wish other Institutes in this presidency to follow this good example. We understand there is a proposal to utilise the staff of the Institutes for conducting classes for panchayatdars and members of rural societies. We are not sure if this is a step in the right direction. The services of the staff could be better utilised in carrying out economic survey of typical villages situated within the area of operations of each Institute. This work, if done in a thorough manner, is far more useful, enriching our knowledge of village conditions than the proposed hectic propaganda tours. Even students can be associated in economic survey thereby enabling them to gain intimate knowledge of the conditions under which they have to live and labour. At present there is very little knowledge regarding the exact cost of production and when loans for cultivation purposes are granted, they often bear no relation to the costs of cultivation, forcing the agriculturist to seek assistance from other sources as well. Economic survey of typical villages would provide the necessary data on this and other matters and enable the co-operatives to follow a policy of

"full finance" and prevent outside borrowing. The Committee on Co-operation observes: "The most serious weakness of co-operative rural credit organisation—as critics often point out—has been that it failed to regulate credit or to insist on loans being utilised for only productive purposes and to finance their members for *all* their legitimate needs." If these weaknesses are to be eradicated, economic survey is very essential as then co-operatives will be basing their measures on known facts and escape avoidable pitfalls.

Under-polished rice :

While the Governments of neighbouring Indian States took timely action to prevent milling of highly polished rice, the Madras Government have just issued an order requiring millers to take out licences and requiring them to process paddy in a manner to produce under-polished rice. We fear the processes described are not easily understood even by millers themselves. At any rate those who have to detect polishing beyond the limits laid down will find their wits tried. Fortunately the punishment provided is cancellation of licence by an executive order, avoiding the necessity to go to law courts. But even to punish by cancellation of licence, the licensing authority must feel satisfied that the conditions of licence have been violated and for that at least *prima facie* evidence is necessary. How the Government propose to detect violation of the processes prescribed by them could have been made known so that the millers themselves may take necessary precautions to avoid violating the order.

Time and again nutrition experts have suggested measures of the kind now proposed in the interests of 'the classes of society whose means limit the variety of their diet and whose reliance on highly polished rice has rendered them susceptible to diseases such as beri-beri.' The Government remained adamant and even now they put forward the above consideration as a secondary reason. What seems to have impelled the Government to take these measures is 'because of the necessity for increasing the quantity of food-stuffs available.' Anyhow we are grateful to Government for taking these necessary steps and we hope they will continue to operate even after the exigencies of war are over. This is also a case of 'Better late than never.'

As the co-operative stores are catering to the needs of a large section of the population, we have no doubt they will assist Government in tracing violation of their instructions, and see the benevolent

intentions of Government are scrupulously carried out in the interests of the community.

Debt Conciliation :

By a *Gazette Extraordinary* issued at the end of January, the Government were pleased to reduce the number of Debt Conciliation Boards to one for each district on the ground that there has been considerable fall in the number of applications received under the Debt Conciliation Act. The fall in number is inexplicable. It must be due either to the fact that the provisions of the Act have failed to afford the necessary relief to debtors or the prosperity of the agriculturists has increased to such an extent as to reduce their indebtedness. We have no hesitation in saying that the latter cannot be the cause for the fall in the number of applications. The need for amending the provisions of the Debt Conciliation Act to ensure compulsory scaling down of debts has been more than once referred to and the Committee on Co-operation emphasised its importance. Certain defects in the working of the Act have also been pointed out by the Honourable Judges of the High Court. Besides this Act, there are the Madras Agriculturists' Relief Act, the Madras Debtors' Protection Act and the Usurious Loans Act, all dealing with the problem of rural indebtedness. They have all been sufficiently long on the Statute Book. It is time a review of the working of these Statutes is undertaken to remove unnecessary hardships and to increase their effectiveness in solving the question of rural indebtedness. We trust the Government will not hesitate to set up a small committee for this purpose. There is no denying the fact that measures taken to promote 'Grow More Food' campaign will be successful only to the extent the cultivators are enabled to secure relief from the burden of their debt which oppresses them so heavily and stifles all incentive for their economic uplift. The psychological factor also cannot be easily brushed aside.

Food Situation :

Mr. Sattianathan, Registrar of Co-operative Societies, spoke wisely when he declared that it was not enough to carry propaganda on the progress of the war without trying effectively to combat the economic problems arising therefrom, such as the shortage of food-stuffs. We are glad the War Committees and the National War Front are giving increasing attention to the problems of food supply. Accustomed as we have been to self-sufficiency in regard to food-stuffs, the public cannot easily realise the gravity of the situation

created by the war which necessitates the adoption of measures like price control and rationing till now unknown in this country. A great deal of propaganda is necessary to educate the public on the measures taken or under contemplation to conserve the available food supplies. What is necessary to impress on the public is that these measures are taken in the general interests of the community and to ensure equitable distribution especially to poorer classes of the population who lead a precarious existence. We hope to publish Mr. Sattianathan's lecture together with Sir Hugh Hood's valuable remarks. Meanwhile, we would like to impress on the authorities the need for utilising co-operative institutions as the main distributive agencies and thereby afford opportunities to them to serve the community in its hour of need.

A matter to which pointed attention was drawn was with reference to prohibition of imports of rice, even in small quantities, for private consumption, by owners of lands. It was stated the concession had been abused which compelled Government to adopt drastic measures. We wish to point out if the quantities and periods are fixed they ought to prove sufficient safeguards. In the absence of this concession the general public, who depend mainly on rice purchased, are put to hardships as supplies are diminished. We hope Government will be pleased to reconsider their decision and thereby augment supplies to the City without in any way forcing up the demand.

Employees' Societies :

In writing on this topic in the November issue of the *Journal*, we ventured to suggest the need to examine if legislation is necessary to legalise the practice of accepting and honouring an agreement arrived at between the borrowing members and their societies in respect of deductions from salaries towards instalments due as Bombay proposed to do. We have since learnt the Bengal Co-operative Societies Act and the Sind Co-operative Societies Act also contain similar provisions. The Madras Circle Postal Co-operative Bank, Ltd., state the cases of repudiation are not infrequent, placing the Society in an awkward situation. The Society gives figures of overdues for the past ten years which have risen from Rs. 45,904 in 1932 to Rs. 2,55,959 in 1942 and a great deal of overdues is deemed to be due to repudiation of agreements on the part of members. We request Government once again to move in the matter and that too quickly.

The Salem Provident Society Limited, Salem.

Established 1935.

FACTS TO NOTE !

1. It is best to represent a Secure Society with Resources and a low expense ratio.
2. The Salem Provident is one such Society. Policy-holders' Reserves exceed Rupees One lakh and fifteen thousands. The Society has disclosed a decent surplus at its very first valuation in 1941.
3. It is one of the big three in the whole of India and the biggest in South India with all round reputation.
4. Commission is hereditary.
5. The Society is also registered under the State Insurance Act, Travancore. It operates in Hyderabad and Mysore States.

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THOSE WHO ARE CONNECTED WITH CO-OPERATIVE SOCIETIES SPECIALLY PREFERRED.

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Retired District Munsiff, Chairman. *Ex-Officio Director and Secretary.*

Village Panchayets.

BY R. SURYANARAYANA RAO.

Writing on the subject soon after the publication of the Bill designed to make better provision for the administration of village affairs, I ventured to point out that times were not propitious for the consideration of a measure of this far-reaching character especially when the legislatures were not functioning. Interim administration set up under section 93 of the Government of India Act is only meant to carry on the Government and undertake legislation only so far as it is necessary for discharging its responsibilities. We doubt very much the Madras Village Panchayets Bill is a measure absolutely necessary and its promulgation imperative to carry on the administration of the province. It could have waited till popular representatives resumed their role. This is all the more necessary in respect of this Bill as it is well known the reform of panchayets engaged the serious attention of the last Ministry and that they had formulated definite views on the various aspects of village administration. We are not sure the AD HOC Committee set up by Government for the consideration of the Bill were apprised of the views of the Ministry and if the draft Bill prepared by them and the opinions they had gathered on the same were made available to them. From the published conclusions of Government it is seen in important respects they have not accepted even the suggestions of the Committee constituted by them. While no one will have hesitation in recognising without demur the capacity, the honesty and fairness of the Service which practically runs the administration now, one cannot help recalling the words of Sir Pherozeshah Mehta uttered on a historic occasion that 'it would be idle to believe that they can be free from the biases, prejudices and defects of their class and position.' The manner in which the decisions of the Committee in important particulars have been dealt with lend weight to Sir Pherozeshah Mehta's opinion expressed long ago.

The Government agree that the post of the Registrar-General of Panchayets should be revived but that his relations with the Collectors of districts in regard to panchayets would be similar to those of the Commissioner of Labour in connection with the work for the scheduled classes and that the District Panchayet Officers would be under the direct control of the Collectors. Those who have carefully

studied the working of the Labour Department since the Collectors were made responsible for the work in the districts feel the present system is far from satisfactory. Either the District Labour Officers should work under the Commissioner of Labour or the Commissioner of Labour should belong to a body like the Board of Revenue which exercises administrative control over the Collectors. It is unfortunate the same anomalous position is proposed to be assigned to the Registrar-General of Panchayets. In the interests of efficient supervision of panchayets, I would earnestly plead that the Collectors of districts should be entirely divorced from panchayet administration placing the District Panchayet Officers directly under the Registrar-General. As an alternative, which is by no means an ideal arrangement, I would suggest that the Registrar-General should be a Member of the Board of Revenue, occupying the same position as the Commissioner of Excise. Otherwise the system of dual control which the decision of Government will impose is not conducive to the healthy development of panchayets.

It is regrettable that for some reason the Government abhor compulsion, evidently feeling it savours fascism and is opposed to principles of democracy. Compulsion imposed by the State in the general interests of the community, especially when such compulsion enables the community to exercise and practise principles of democracy, cannot be considered objectionable as it does not amount to undue State interference. Without entering into a lengthy disquisition on the ethics of State interference, suffice it to say the Government need not have fought shy of compulsory constitution of panchayets instead of leaving it to the executive authority to decide when and where to constitute panchayets. It may take Greek Calends to complete the process unless a time-limit is imposed. 'Shall' will surely be interpreted as 'may' and the process of reorganisation of village life may be unduly postponed.

A point on which the Government could have easily acceded to the decision of the Committee is in regard to membership of the village officers. It is needless to remind ourselves that at one time the village functionaries were paid servants of the village community. With the passage of time, under the British rule, they have almost come to occupy the privileged position of being masters of the community. The panchayets, as reconstituted under the provisions of the Bill, will be required to discharge duties and responsibilities which will require the village officers to carry out

their orders. It is not desirable to associate them with the panchayets. If 'karnam' is considered ineligible for membership of the panchayet, for the same reason, if not on any other ground, the headman should not be eligible for membership. It is not clear from the *Communique* if the headman is at least debarred from occupying the place of the President of the panchayet.

One is surprised that adult franchise and voting by ballot do not appeal to those entrusted with the enactment of this measure. It is not known why they consider that 'adult franchise is not so desirable as the Committee thinks' and what overwhelming considerations make them take this view. Adult franchise was in vogue till 1930 and nothing untoward happened on that account. While all over the world, even in regard to legislative elections, adult franchise is being accepted, it is a matter for deep regret in respect of elections to bodies like the panchayet, which deal with affairs affecting intimately the life of the people, this is considered undesirable. Then again the secrecy of ballot is rejected on the ground of its complexity. If the voters for the panchayets and the Assembly are the same and if in respect of elections to the latter the secrecy of the ballot has been accepted, it is not known how it becomes complicated in respect of elections to panchayets only. The kind of reasoning employed is least convincing unless it be there are some 'unexpressed' reasons for their decision. Let it also be remembered 'open' voting will be a source of trouble in villages leading to factions and incidental repercussions. At least to ward off factions which are inimical to growth of corporate life, secrecy of ballot could have been accepted. But the present Government claim the monopoly of knowledge of village conditions, however divorced from the life of the people they may be.

On the question of transfer of elementary education to panchayets, the decision of the Government is most unfortunate. As the Government themselves mention the transfer was suggested by the Presidents and Ex-Presidents of District Boards on the Committee. But in the opinion of the Government the acceptance of the proposal would have attended with 'serious financial and other difficulties.' What those difficulties are the eminent gentlemen on the Committee who are administering elementary education must certainly be aware of. Are they really insoluble even if they exist at all? Where there is a will, there is a way. After all the Department of Education is already controlling elementary education under the

panchayets as no grants are made by the Inspector of Local Boards except on the recommendation of the inspecting officers of the Education Department. In fact control is much more real and effective than in the case of schools under the District Boards. The Government could have agreed to transfer and place the elementary schools under the panchayets in the same position as those now under the District Boards. The Inspector of Local Boards, or the Registrar-General when he is appointed, may occupy the same position as in the case of District Board schools. If the system of grants governing aided schools, as alleged, is responsible for the efficiency of management schools, the schools under the management of panchayets could have been assigned the same position. This would have proved more conducive to spread of elementary education than the present system of management by district boards. It is beyond one's comprehension to realise how the agency of the district board, situated far away from the village, with hardly any supervising staff, can be more efficient and more in touch with the conditions in villages than the villagers themselves who ought to be more interested in the education of their children. Accounts of working of panchayet schools in the Reports of the Director of Public Instruction, and the facts and figures given therein show the panchayet schools have done fairly well and if they have not fared better it is due to circumstances beyond their control. According to Report for 1940-41, of the 2,033 teachers employed, only 93 were untrained teachers. From a comparative study of the figures of expenditure relating to Board and panchayet schools furnished in the Administration Report, it will be seen that the panchayet schools are run comparatively at less cost producing the same, if not better, results. It is also worthwhile recalling the observations of a former Registrar-General of Panchayets on the interest evinced by the panchayets in regard to spread of education :

“ Nearly all panchayets which have opened schools under the scheme have evinced keen interest in their development and many have taken a pride in providing accommodation and amenities on a generous scale. The first year's experience of these schools has been more than encouraging and furnishes not a little justification for the hopes entertained in some quarters that along the lines of panchayet schools scheme may probably lie the correct solution of the twin problem of proper authority for

managing elementary schools in villages and of the equitable distribution of the financial burden of elementary education ”.

I have said enough to show that failure to transfer elementary education to panchayets is a retrograde step. If ‘ serious financial and other difficulties ’ did not exist prior to 1930 and between the years 1920 and 1930, how they have cropped up now is not understood. The achievements of the panchayets in the field of elementary education, as disclosed in the remarks quoted above, ought to have served as an unanswerable case in favour of transfer.

It is needless to point out that the successful working of any institution, much more a village panchayet, will depend mainly on the resources at its command. In the past the slow progress of the panchayet movement is largely due to inadequate finance. No purpose is served in bringing into existence institutions like the panchayets and entrusting them with onerous duties and responsibilities unless sufficient sinews are provided to discharge their obligations. On the question of compulsory levy of an additional land cess of 3 pies in the rupee, I had some observations to make some time ago which I take leave to reproduce :

“ The land cess is to be levied as an addition to the cess already levied under the local Boards Act. There are many points for consideration in regard to land cess. Whether the incidence of land revenue is not considered already too heavy, especially when agriculture has, for various reasons, come to be a deficit economy that even the Government are forced to recognise the plight of the agriculturists and grant remission, however small it may be, is a matter for consideration. If it is so, is it fair to increase the burden on land even as a cess ? Then again if the panchayets as constituted will take over the duties now performed by the districts boards, why not the panchayets be allowed to receive a greater share of the land cess now collected ? Sanitation and water-supply, falling under the obligatory category, are alone enough to tax the slender resources of the panchayets ”.

It is noted the decision of the Government is that the levy of the additional land cess is to be optional. By refusing to increase the share of the land cess from 6 pies to 9 pies and at the same time imposing on the panchayets additional responsibilities, the Government are indirectly forcing the panchayets to levy the additional land cess of 3 pies. The other sources are so slender and are

not likely to yield enough, what is 'optional' will have to become 'compulsory' if the panchayets are to exist at all. It is argued the allocation of increased share of the land cess to the panchayets would shatter the finances of the district boards. I beg leave to state that this solicitude for the finances of the district boards, though commendable, is not warranted by facts and figures. The public have a right to know the expenditure incurred by district boards in respect of services proposed to be transferred to the panchayets. While receiving the increased cess, the district boards have been spending comparatively very little on those services. They have no right to this increased cess when they are so remiss in discharging their responsibilities. While the villagers are made to pay all kinds of cesses, they practically get very little in return, not even a cart track leading to their places. Then again, it is surprising that the Government abhor the idea of subventions on the ground they would not be justified in casting an unknown liability on the general revenues of the province. A Government, which receives the major portion of its revenues from the rural population, should have adduced this plausible excuse, is, to say the least, to forget conveniently the sources of their own revenues. How are the 'general revenues' referred to, made up of? Even a cursory glance of the budget figures for any year will show that Land Revenue and Excise are the main sources of income and these are mostly derived from the rural areas. In making subventions, they would be giving back only an infinitesimal portion of what they are receiving. If, however, on other grounds the system of subventions is considered objectionable, I would venture to suggest that a certain percentage of revenues collected in the village may be made over to the panchayet of the village. On grounds of equity and justice also this proposal must commend itself to any Government and in addition it possesses the virtue of fixing a known liability.

As regards income from cattle pounds, porumbokes, fisheries, resumed service inams, subventions from the entertainments tax and fines levied under the Nuisances Act, no decision has yet been arrived at. It looks as though this hesitation is also due to the fear that such transfer would make serious inroads on 'general revenues.' So the only source of settled income allocated to the panchayets is the proceeds of the house tax and the vehicles tax. It is a matter of common knowledge these sources are not likely to yield sufficient income to enable the panchayets to discharge their obligations. The result will be that they will soon be condemned as inefficient and lacking in civic sense, only to lend weight to the oft-repeated charges

of die-hards against Indians in general that they are unfit to manage democratic institutions, even those relating to their villages.

The last paragraph of the *Communique* makes it quite clear that there are still many important matters which are under examination and on which the decisions of Government should be awaited. I wish the Government had taken their own time to publish the *Communique* after arriving at their decisions on all matters. The only chance for public criticism which this *Communique* affords will not be available as the next publication will be an Act embodying all the decisions of Government. It is our unfortunate experience that often the Executive Government exercise their enormous power to defeat in detail what they lose or apparently concede in principle. The Government could have easily followed the procedure adopted in respect of the Madras Trades Disputes Bill which has been republished for public criticism. An important measure like the one under examination which, as stated already, is intended to reorganise village life, can wait for some time and the Government are sure to gain rather than lose by the delay.

I have endeavoured to deal only with the points arising out of the *Communique*. There are questions like transfer of judicial functions, which has been entirely left out of consideration. When a piece of legislation is contemplated, the Government ought to have considered all its aspects and made it as comprehensive as possible. In promoting the Madras Panchayets Act of 1920, the Madras Government laid down their policy in the following words and they bear repetition :

"It is believed that this measure may help to rouse the communal spirit and enable the villagers to work together more and more for common purposes, to gather experience in managing affairs affecting their health and prosperity and to fit themselves in course of time to take a more fruitful and active part in promoting the broader interests of their district, province and country."

Judged even by these and other considerations any unprejudiced observer cannot help coming to the conclusion that the present Bill falls short of the ideal set forth by the Royal Commission on Decentralisation. Perhaps it would have been for better to have re-enacted the Act of 1920 instead of attempting a fresh enactment after so many confabulations and producing a measure which is wholly unsatisfactory and is hardly in keeping with the spirit of the times. It only shows the Government of Madras cannot even now think of progressive steps in regard to local self-government and every measure of theirs relating to popular administration breathes suspicion and distrust of the people of the country.

Ensilaging.

BY R. GOPALAN, I.D.D.

Dairy Expert, Co-operative Department Madras.

In an agricultural country like India, where monsoon is not reliable and where famine is common in many areas, it should be the endeavour of every agriculturist to stock grains and fodder, when they are available in abundance, for use in days of scarcity. The former serves as food for the people and the latter for the cattle, which is the mainstay of agriculture. Agriculturists are well acquainted with the preservation of fodders in a dry condition, though the system of drying causes coarseness in the fodders, besides making them less nutritious and palatable. Further, it has been pointed out by different investigators that the present output of fodder is scanty, as a result of which most of our cattle are starving and are deteriorating in condition. To solve this cattle-fodder problem, one of the methods advocated is the preservation of green grass in as fresh a condition as possible by the process of 'ensilaging'. The making of silage is not a new process in India. It has been practised in most of the Military and Government Farms, ever since 1899. The method of ensilaging grass is not only easy but also efficient in stocking green fodder of a high nutritive value. Cattle, especially the milch cattle, relish very much the silage and also respond well at their performances at the pails.

Crops for silage purposes.

Any crop that can be utilised as dry hay or roughage can be made into silage. Among cultivated crops, maize, jawar, and oats are used after chaffing them into suitable lengths. Several grasses of the improved variety such as guinea grass, Napier grass, Rhodes grass, etc., and the monsoon grass are all converted into silage. It may be of interest to learn that the common spear-grass, which, when dry is a very poor cattle-food, proves to be of a silage of a satisfactory quality with its improved palatability and nutritional value. Leaves of trees and strong growing weeds of plants can also be converted profitably into silage. Ensilaging is done both in specially constructed silo-towers and in earthen pits. The latter is preferred by a majority of ryots, as it is cheaper and simpler for adoption.



A GOOD CROP OF GUINEA GRASS, WHICH IS IN THE PROPER STAGE OF CUTTING AND CONVERSION INTO SILAGE.



GRASS BEING CHAFFED INTO SMALL PIECES BEFORE IT IS PACKED IN THE SILO.
—Blocks kindly lent by the Imperial Dairy Institute, Bangalore.

Ensilaging in pits.

Earthen pits should be dug out on elevated hard ground, having water-level at a greater depth. Pits can be dug out to any convenient size. The Royal Commission on Agriculture in India suggest the construction of an earthen pit of the following dimensions. "Ten feet long; eight feet wide at the surface seven feet wide at the bottom and eight feet deep." This would hold about one ton of green fodder and produce about five-sixths of a ton of a good silage. This quantity of silage is likely to meet the purpose of a cultivator in feeding in good condition three or four of his cattle, during the hot season.

Time to cut green fodders and the method of filling silo-pits.

When the seed of the crop is in milk stage, it should be cut. Green grasses should be cut, when they are in full bloom *i. e.*, before the plants begin to turn brown from dry weather or maturity. After cutting the green fodders should be chaffed into small bits, so as to enable an air tight and compact packing in the pits. As the filling of the chaffed green fodder is done in the pit, persons, preferably cattle, should be allowed to trample. This procedure will result in compact packing.

General considerations in silage-making.

In filling a silo-pit, it must be borne in mind that packing so as to exclude air is very essential. Air pockets will cause the silage to be mouldy and dark coloured thereby lowering its feeding value.

The walls of the silo-pit must be rendered smooth. The ensiled material must be moist enough so as to be packed readily and should be distributed evenly in the pit.

After filling the pit with ensiled material, the excavated earth should be spread and packed over it. The closing of the pit should be firm, compact and air tight. It would be profitable to cultivate some creepers over the pits, as they prevent the erosion of the earth due to weather conditions.

Process of fermentation.

The first change, that takes place in silage is the great increase in the temperature which may reach about 100° F. and sometimes more; if the silo-pit is not well packed, air usually gains entrance at the surface, when it is not properly covered with earth. If the air is excluded and the pit is filled rapidly, the temperature seldom rises

above 95° F. At this temperature, fermentation takes place rapidly. The sugar contained in the green feeds is converted into lactic acid and acetic acid and some alcohol is also formed. These acids prevent putrefaction and tend to preserve the silage for a long period. The pit containing this fermented silage can be opened after a period of about 2 months, by which time the necessary changes would have taken place. A well made silage can be preserved in air tight and water tight pits for any length of time but when once a pit is opened for use, it should be emptied as early as possible.

Molasses silage.

Molasses silage is prepared in the same way, as ordinary silage, except that molasses is added to the green fodder. The molasses with or without the dilution of water may be added to the green fodders, just at the time of chaffing. The quantity of cane molasses that may be added varies between 40 and 80 lbs. per ton of silage.

Advantages of molasses silage.

1. The odour of the silage and its palatability increases by the addition of molasses.
2. Addition of molasses may slightly increase the quantity of food nutrients.
3. The proteins, carotene and other nutrients are better preserved.

Government aid.

In order to encourage the preparation of silage and its feeding to the milch cattle, the Government of Madras have permitted the co-operative milk supply societies to cut monsoon grasses free of cost from the Reserve forests and to preserve them in the form of silage. Co-operative milk supply societies will do well to avail themselves of this concession, as it enables them to get at a small cost, a very valuable, succulent and nutritious cattle fodder in the form of silage. It is needless to mention that this will be a boon to co-operative dairy men, especially at a time when scarcity is felt in procuring cattle-fodder, during the present days of economic depression.

Conclusion.

In conclusion it may be said that silage is high in moisture and serves as a succulent feed at all time. The animals relish silage better than dry fodder and yield more milk. Each milch animal may be fed with about 30 to 40 lbs. of silage. Since ensilaging has got the double advantage of not only serving as a food during drought season but also as a nutritive diet to increase the milk yields, co-operative dairymen may take up to its preparation immediately and contribute their part in conserving a reserve food for the live-stock during this war period.

In search of a Raiffeisen.

By K. SUBRAHMANYAM,

Co-operative Supervisor.

Co-operative credit has been established in India—mainly of the Raiffeisen type—and the Viceroy, Lord Curzon, had the grace of passing the Act of 1904 after thorough enquiry and masterly reports of Sir Frederick Nicholson, Mr. Henry Wolff etc.—the unrivalled authorities in the matter. Sri. Rao Bahadur M. Giriappa whose lecture appeared in a previous issue of the *Journal*, in stressing upon the need of 'finding Raiffeisens' summed up the problem in those two words of Sir Frederick Nicholson. Such 'Raiffeisens' may be rarely found in a few personages like Mr. Ramalingam Chettiar—a worthy successor of Hon'ble Mr. V. Ramadoss Pantulu. Mr. Giriappa has dealt at length upon the education of members of societies as it was said that it is the educational, morally elevating efficacy that constitutes the beauty of the Raiffeisen system. As in the words of Sir Daniel Hamilton, the Indian ryot carries on his right shoulder a mountain of debt and on his left a mountain of illiteracy. We learn that under the meticulous care of the Government for agriculture, Japan has become the country par excellence of agricultural societies diffusing knowledge and stimulating common interest. Japan which introduced co-operative law in the interests of agriculture, on the apparent success of the German Co-operative Act of 1889, through its emissaries that noticed the excellent educating effects of pig, beef, poultry, canning, seed and other young folks' clubs in the United States and Canada, urged the organisation of school boys' societies as a first application, for cultivating rice. Every lad joining is expected to cultivate a van (about 1/10 acre) of rice. He is made to report upon the quality of his soil and the atmospheric conditions of his plot. And according to results he is awarded a prize. Under the tuition so given and the experiment so carried out, rice cultivation is said to be promising and that the Japanese would not be the Japanese if that vast host of co-operative organisations had not been systematically co-ordinated in its higher grade by internal connection by means of unions and central institutions. It is also said that those societies are kept under Government surveillance but apparently not in an intrusive or hindering way. This is in regard to agriculture and we can well conceive of their systematic arrangements for other industries. Gauging what co-operative credit has come to be worth to India

apart from the financial results visible to the commercial eye, and though the Government was fortunate in its selection of young men of energy and understanding particularly suited for their work for the created Registrarships and though these Registrars vied with one another in not only pushing the new institution but also in adapting it, on the whole skilfully, to its new environment, it is stated results count far less in the balance sheet of national gain and loss than the secondary effects which help to shape the well-being and character of the people. It was also pointed out that in spite of protestations to the contrary, co-operative credit is only a modernised sort of 'takavi,' in which membership is only an outward form without any acute sense of responsibility having been awakened. Co-operation should powerfully draw people together not only in terms of self-help and mutual help but also to make them actively participate in industries suited to their locality and befitting their resources and ensure a 'happy present and a brilliant future.' The Department which is saddled with the statutory functions of registration, audit, arbitration, execution and liquidation, cannot be expected to deal with an immense mass of untrained, unbusinesslike and on the top of all illiterate humanity. Mr. Giriappa suggests that senior officers of the Department who have ideas, imagination and vision, may be put in charge of two or three districts to throw their ideas to the juniors. But I pray to be excused for asking why the learned former Registrar does not consider the vast staff of the various Co-operative Institutes in the Province, to be useless for the purpose of relieving illiteracy. When Japanese societies educate their lads on the practical side of cultivation, when the State that has ushered the co-operative movement in India observes that the object is to foster a spirit of responsibility and self-reliance without extending prolonged and indiscriminate state aid and when it is admitted that control is the hinge upon which the whole business turns, I submit that the supervisory staff of the Province is the best agency for the said control and education. If any College is contemplated for such trainees, it should be for the interested and industrious staff of the non-officials of the Province on the Japanese model of skilled education. Mr. Henry Wolff observes, 'Are the Central Banks expected to direct local affairs and act as overlords and suzerains to the local societies which in truth it is their mission rather to serve than to domineer over?' He says it is a mistake. For it is the local society which educates and brings home the responsibility which co-operation imposes upon the individual. Control of these essentials

is definitely held to vest in the supervising councils. Supervisors represent the supervising councils. It is these supervisors that should go in search of a Raiffeisen for each society. It is these supervisors that should educate the members of their rights and responsibilities, and see that indifferent directors are not continued from year to year. But have the supervisors of this Province got such personal integrity and urge of supervision to do justice to their jobs? I speak as a martyr without going into details of my suffering as a supervisor-manager of a society on account of reconstitution of its panchayat as per the suggestion of a learned Deputy Registrar, after its revival. I mention this incident here not to plead my innocence, but to state how feeble a co-operative supervisor is to discharge the sacred duties quoted in the by-laws. Controversial as the question of supervision is, however elastic the mental power of a supervisor may be, he is bound to crack if he entertains wrong notions of justice which are not approved by his High Command. The supervising councils cannot claim to be the High Command when supervisors are appointed, transferred or dismissed by the financing banks. I state to my readers that out of experience I realise and wish that none of the supervisors should be misled by any conflicting by-law indicating the supremacy of the supervising councils.

As rightly suggested by Sri G. Srinivasa Raghavachariar (*vide* his article in the January issue of the *Journal*) the area and scope of operations of a society being too limited, it cannot be expected to be a live one, to function properly both as a credit and joint purchase and sale organisation as contemplated in its by-laws. It should be a fairly big one with transactions extending upto Rs. 40,000 yielding an annual income of Rs. 500 from interest. This much income is absolutely needed for providing adequate reserves and establishment. This cannot be achieved unless the existing societies are grouped and reorganised; supervising councils should be reduced at the rate of one per taluk and they should have power to approve the budgets of their affiliated societies and control their staff. As a mere provision in the by-laws—that too at the discretion of the institution concerned—cannot help the service conditions of employees of the Movement. I pray as a humble servant, that the Government of Madras may be pleased to adopt the scheme of the Bombay Government regarding supervision and education. Then I suppose real Raiffeisens at least on remuneration can be secured.

Economic Survey of a Village.

Under the auspices of the Coimbatore Co-operative Institute, the staff of the Institute carried out the economic survey of the village of Pannimadai in Coimbatore taluk. The report prepared with its valuable appendices is interesting reading. We regret very much exigencies of space prevent us from printing the whole report. However, we are reproducing the conclusions hoping thereby the interest of Co-operators in the valuable work done by the Institute in this field will be awakened and similar attempts will be made elsewhere.

Placing the population at 3,636 in 1941 the density of population with reference to cultivated area is

Population	Cultivated area.	Cultivated area per Head.
3,636	1,540 acres	.42

Of this population, the total number of landholders including Inam holders represent only 348. Excluding Inams there are only 326 holders. Of these, only 14 possess holdings over 15 acres, while over 237 have less than 5 acres. Taking an economic holding to mean one which is just sufficient to support a family of five in minimum standard of comfort, we have come to the conclusion that only about 4 per cent. of the holdings could be called economic. Evidences of the presence of fragmentation are not also wanting, which to a certain extent has only been aggravated than otherwise by the system of joint Pattas.

There has been in recent years a switch over from food to non-food crops. While in the fasli year 1349, paddy, cholam, cumbu, ragi, varagu, thenai, samai and wheat accounted for 1509.11 acres and cotton, sugarcane, tobacco, pulimanji and jute only for 85.83, in the fasli year 1351 the former had dwindled to 685.30, while the commercial crops had increased to 868.00 acres. The village has therefore become less and less self-sufficient. Until the fasli year 1350 cholam was the main crop grown and it was also the staple article of diet. Payments were also made in cholam for all village services. With the incursion of commercial crops, particularly cotton, and the preference of the more well-to-do for rice, the village has come to depend more and more on outside market for the satisfaction of its needs.

Irrigational facilities are not much, the only source being wells. There are only 31 good wells and they account only for 163 acres of land out of a total cultivated area of about 1,600 acres. Necessity for more irrigation works of a minor kind is indicated. Well irrigated lands produce two or three times more than unirrigated lands.

But the cost of digging wells is beyond the means of many, as the average income of those who own lands is only Rs. 47. It may also not be paying, as the number of those who own more than 15 acres is only 14, and even they do not hold their land in compact contiguous blocks.

It is difficult to compute the per capita income for each class of the community. The total annual agricultural income of the village for the year 1939-40 is about Rs. 75,733. The total number of landowning families is 320. At the rate of 5 for a family this would give a landowning class of about 1,600, an average per capita income of about Rs. 47. The per capita income of the agricultural labourers who constitute the majority of the population would be very low.

As there are few supplementary sources of income, the total income from land represents roughly the aggregate income of all classes together. On this basis the per capita annual income would not exceed Rs. 22, while the income per head of the agricultural labourers who constitute the majority of the population taken alone would be very much less.

The number of the landowning classes has also undergone steady diminution. From 698 families in 1901 it has dwindled to about 326 in 1939. The number of landless labourers has increased.

There are no developed subsidiary or cottage industries in the village. Owing to the neighbourhood of hills, sheep rearing and cumbli weaving have possibilities. But lack of organisation stands in the way. The nearness to Coimbatore could have been taken advantage of for cattle rearing and milk vending. Mat making engages a few but the additional income from this source to the village is negligible.

In 1891 and 1901 population was distributed more evenly between different occupations. Since then, the balance has become more and more upset and the scales, have tipped heavily in favour of agriculture. The nearness of an industrial centre like Coimbatore must have resulted in constant migrations from the village. This no doubt accounts for the comparative steadiness in the number of the village population. But owing to the languishing of other means of living, the pressure on land, no doubt, has increased.

The village is not without its usual compendium of money lenders and credit institutions of various types. In spite of the existence of a more than usually good co-operative society, money lenders still manage to absorb the larger share of credit business. The society has suffered from factions of late and its activities, which once included the distribution of manure, cotton seeds and rice, are now confined to the supply of credit.

The proximity of Coimbatore town and the existence of two mills nearby have not perceptibly affected the tenor of life, or the standard of

living of the average villager. Millets are still the staple diet, and morning, noon and night meals are distinguished only by variations in quantity. Vegetables are not much in evidence, and backyards to houses where a few home necessities could be grown are not a usual feature of the village lay-out. The consumption of milk, ghee and even buttermilk is confined only to the few well-to-do, while the large majority are content with cooked cholam soaked in water.

The village boasts of two elementary schools, one for boys and the other for girls. But attendance is desultory, and higher education completely neglected, mostly because men, women and children are too much preoccupied with the struggle for making a living. This all-absorbing struggle catches them early, wears them out early, and leaves little respite for the cultivation of social graces, communal recreation or knowledge in learned arts.

Sanitation and the observance of hygienic principles here, as elsewhere, are at a discount. The landscape presents the same unsavoury features! Cluster of too closely packed houses, unrelieved by compounds or even backyards with unlevelled, unlighted streets meandering in between and bordered with open gutters carrying down the filth of the village. The need of a vigorous panchayat board which would attend to the social amenities of village, life and improve its standard of comfort is keenly felt.

The local co-operative society, in spite of the existence of factions, which has sullied its history, is a power for good, and could easily make itself the centre of the economic life of the village, particularly in the trying times like the present.

The village itself is compact and not ill-situated. It is connected by gravel road with the main Coimbatore-Mettupalayam road, and the nearest railway station is only two miles distant. The placid stream of its life is still uncontaminated by the baneful influences of the nearby town, the villagers have managed to maintain their old simple habits of life inviolate; the arduous labour in the field is shared by the rich and the poor alike, and the old community bond is still not altogether without vitality.

What Indian agriculture needs is more brains to be put into the land and more state money to be put into agricultural improvement and research.
—Sir T. Vijayaraghavachariar.

Working of Societies.

(Contributed.)

The Kodur Fruit Growers' Co-operative Society, Ltd., Rajampet, Cuddapah District.

The Kodur Fruit Growers' Co-operative Society, Ltd., was registered on 24-2-1937 and started on work on 17-4-1937 with headquarters at Rajampet in the Cuddapah district with a view to encourage mainly the growers of Sathukudi oranges. The society undertakes sale of Sathukudi oranges, betel leaves, mangoes, limes, sapotas, melons and pine-apples. The growers are given advances for the improvement of gardens and the fruits supplied by them are graded at the three grading stations of the Society at Rajampet, Kodur, and Reddipalle. The fruits are exported with the 'Ag mark' affixed to the baskets. The society sends its fruit to all important places in the Southern districts of the Madras Presidency. There are also representatives at Hyderabad and Bangalore, where also the fruits are popular and find extensive sale. The fruits are graded in sizes between $2\frac{1}{2}$ " to $3\frac{1}{2}$ " with the present maximum and minimum rates of about Rs. 6 and Rs. 12-4-0 according to size.

The Society enjoys the services of a Government Inspector to carry on propaganda and for supervision. It is given a grading machine prepared by the Agricultural Research Engineer, Coimbatore, free of cost which is capable of grading 6,000 fruits per hour without any damage to fruits. The Railway authorities have also granted special concessional rates for fruits consigned to places throughout South India. Co-operative societies purchasing fruits from this Society are charged specially low packing charges at 0-0-6 per basket while others are charged at 0-2-6 per basket.

The Society has during the period of its six years of existence secured a membership of 367 with a paid-up share capital of Rs. 8,610. It is financed by the Cuddapah District Co-operative Central Bank Ltd. During the year 1941-42 the society borrowed to the extent of Rs. 32,000 and issued advances to the extent of Rs. 60,534. During 1941-42, 40,673 baskets of oranges, 2,141 baskets of mangoes, 1,544 baskets of limes, 36,497 baskets of betel leaves and 2,233 baskets of melons to the value of Rs. 2,05,722 were exported and a commission of Rs. 9,758 was realised. On an average the daily export of orange fruits mainly dealt with is 5,300.

The Coimbatore Co-operative Sugar Manufacturing Society, Ltd.

With the announcement of the Government of India in 1934 to subsidise out of the Sugar Excise Fund organisations among canegrowers,

the Coimbatore Sugarcane Growers' Co-operative Union was fostered into existence in January 1936. High yielding varieties of sugarcane sets of Co. 413, 419 and 421 were supplied to the cane growers through the Union and improved methods of cultivation were demonstrated. As a result of the propaganda and efforts of the Union coupled with the favourable price of jaggery before 1940, the area under sugarcane cultivation in Coimbatore district doubled within three years 1938, 1939 and 1940. The average output of jaggery consequently increased considerably, resulting in a glut in the jaggery market and taking advantage of the low prices for jaggery, the factory at Podanur owned by a private company was purchasing at a low price depending upon the price of cane jaggery and not upon the cost of sugar.

2. To help the cane growers out of the impasse, the Coimbatore Co-operative Sugar Manufacturing Society Ltd., was formed in September 1940. Its area of operations extends over the cane growing areas of the revenue district of Coimbatore and revenue taluk of Karur in Trichy. district. It has an authorised share capital of Rs. 12,00,000 made up of 2,500 preference shares of Rs. 100 each and 4,000 ordinary shares of Rs. 250 each. It has at present 146 members with a paid-up share capital of Rs. 1,07,116. The Coimbatore Central Bank has given a cash credit accommodation of Rs. 80,000 and a long term loan of Rs. 70,000.

3. The society purchased the sugar factory owned by the Lakshmi Sugar Mills Ltd., Podanur, as a going concern for Rs. 1,35,000 and commenced manufacture of co-operative sugar from September 1941. It is a 50 ton factory. It had purchased additional machinery from Northern India to increase its present crushing capacity to about 80 tons per day. It produced 16,663 maunds (82 2/7 lbs per. maund) of sugar.

The management vests in a Board of Directors nominated by the Registrar for a period 5 years from 6-9-42. The names of office-bearers are given below :—

1. Sri T. A. Ramalingam Chettiyar, B.A., B.L., M.L.C. (President).
2. „ V. C. Vellingiri Gounder (Vice President)
3. „ V. Rangaswamy Naidu (Honorary Secretary.)
4. „ C. N. Nagappa Gounder, B.A., B.L., (Honorary Assistant Secretary and 10 other Directors.)

The society through its agent arranged for distribution of sugar in small quantities directly to consumers as per instructions of the local Government authorities. At a time of acute sugar scarcity at Coimbatore, the society played a useful role as the producer of sugar and alleviated the distress to a limited extent. It has indirectly contributed to the stirring of public confidence and the society hopes to make itself more useful by increasing the output of sugar after the installation of the additional machinery recently purchased by it.

**The Yemmiganur Weavers' Co-operative Production and Sale Society, Ltd.,
No. Y-298.**

This Society was registered on 27-6-38 and started work on 29-9-38 to provide work to the handloom weavers who were left without employment consequent to the closure of famine weaving Relief centres at Yemmiganur and Nagaladinne in the year 1938. To start with there were only 21 members with a paid up share capital of Rs. 170 and to-day there are 986 members with a paid up share capital of Rs. 7,009. With a small beginning of 15 looms the society is now providing work to 868 looms coming from Yemmiganur, Gudekal and Nandavaram villages that are included in the area of operations of this society. Nagaladinne is also in its area of operation and the Society is now contemplating to restart work at Nagaladinne by opening its own branch and provide work to the weavers who are without employment.

The society is affiliated to the Madras Handloom Weavers' provincial Co-operative Society and the Hospet Co-operative Central Bank, the former for supervision and technical guidance and the latter for finance. It is now enjoying cash credit loan of Rs. 40,000 from the Central Bank. It has created confidence in the general public and it was able to tap the deposits to the extent of Rs. 3,725 and the local yarn merchants allow credit accommodation to the value of Rs. 20,000.

The Society is having 4 sections namely (1) Dye House (2) Sales depot (3) War production Branch and (4) Hand calendering section. The number on rolls of the establishment comes to 43 at a cost of Rs. 630 per mensem against which a monthly subsidy of Rs. 160 only is being paid by the Provincial Society.

This is the fifth year of its working and during the last four years the Society worked at profit and the statement below will show the business turned out and the net profit earned each year :

Year.		Production. Rs.	Sales. Rs.	Net profit. Rs.
1938-39	...	4,472	3,094	645
1939-40	...	21,851	19,068	1,838
1940-41	...	18,239	22,991	2,735
1941-42	...	94,967	1,31,654	14,322 (unaudited)
1-7-42 to 15-12-42	} ...	55,526	93,477	...

By the end of June 1941 the Society had created a reserve fund of Rs. 1,486-11-0, Building Fund of Rs. 571-11-0, price fluctuation fund of Rs. 341-14-0 and Rs. 500-0-0 reserve for establishment charges.

THE MADRAS JOURNAL OF CO-OPERATION

In June last bulk war orders were placed with the society the particulars of which are furnished hereunder :

Kind of cloth.	Quantity.	Production.	No. of looms worked.
Mazri	... 1,20,000 Yds.	66,088 Yds.	174
Bandage	... 1,10,000 "	95,015 "	105
Gauge	... 90,000 "	85,940 "	94
Dasooti	... 30,000 "	11,504 "	55
Plaster of Paris	... 1,00,000 "	40,592 "	95
China Sheetting	... 10,000 "	10,000 "	(Already despatched).

So far 10,000 yards of China sheetting and 41,651 yards of Mazri were delivered. Since a month there is slankness in production as the wages paid for the war materials are not paying and they are much less than the wages paid by the Society for civilian production. Even though the society has given the entire wages fixed, to the weavers without retaining any margin for itself, the weavers are finding very difficult to make both the ends meet on account of abnormal rise in prices of food grains.

All the gauge, bandage and plaster of paris are to be delivered to the Supply Department in bleached state. The Society was asked to get them bleached locally. Necessary instructions were issued to dhobies and with all the care taken the bleached pieces are reported to contain alkali and so no better bleaching can be done here. Hence the Society has stopped further bleaching. For undertaking the war orders the society had to open a separate branch with 2 clerks, 1 appraiser, 5 maistries and 4 servants at a total cost of Rs. 176 per mensem. As explained above the Society will not have any margin from out of the wages and so it is now meeting all the expenditure from the general funds of the Society.

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Reviews.

Factors affecting the success of Farm Mortgage Loans in Western Canada.

"What is the biggest thing in Banking to know?" asked a young clerk in an American bank of his chief. The Chief answered, "To be reasonably certain when you make a loan that you will get the money back". That knowledge comes by experience. This study is intended to provide a guide to that end by presenting the results of an analysis of the loaning experiences of a Farm Loan Board.

2. "This study is based on the belief that there are certain factors associated with each loan which account for its success or failure". That is obvious. The principal measure used to denote the relative success or failure was the percentage of loans made which had been foreclosed.

3. The Saskatchewan Farm Loan Board's (Western Canada) operations were selected for study; that Board was created in 1917 by the Provincial Legislature, for the purpose of lending money to agriculturists, on the security of first mortgages on farm land, with a view to secure a lowering of the rate of interest on farm mortgages throughout the province. At that time, it was found that the principal source of long-term credit for Saskatchewan farmers was the loan and mortgage companies which held 49 per cent. of all loans; private lenders held 28 per cent; Banks 12 per cent; and the Crown 11 per cent. From its organization in 1917 to 31st December 1935, the Board made 6,628 loans for a total of \$. 17,189,149. During the same period, the Board foreclosed 1,126 loans for \$. 2,892,626 which is 16.9 per cent of the total loans made and it is those loans that are the subject of this study.

4. A description of the area under the heads climate, soil, topography, and type of farming, is given. Then follow the themes Agricultural income and farm indebtedness, always a matter of estimation rather than of exact information. Agriculture accounted for over 79 per cent of the value of all production in the province. Receipts from the sale of farm products ranged from \$. 315,214,000 in 1928 to \$. 68,484,000 in 1931. "The greatest single problem with which Saskatchewan agriculture has to contend is that of a highly variable farm income", observes the author. India sails in the same boat. The estimated debt secured by farm lands as of 30th December 1936 was \$. 434,000,000, and unsecured debt was estimated at \$. 91,000,000, making a total agricultural debt of \$. 525,000,000 which is almost \$. 16 per acre of crop land. In the previous paragraph, we have pointed out the agencies that financed the debt and the share of each agency.

5. *Factors affecting the success of loans are.*—Climatic regions, soil; topography; land class; size of farm; appraised value; yield; location of farm; time and method of acquiring farms; age of loans; personal factor of the debtor, whether owner or tenant, his financial character, age of borrower, his marital status, number in borrower's family; qualifications of

Inspectors; loaning Policy, purpose of loan, size of loan, margin of security, and the method of repayment (only the most important factors are here enumerated). Every one of the foreclosed loans was examined from these standpoints for the years 1929 and 1935. The results are exhibited in 52 exceedingly interesting Tables that Americans alone seem to be capable of.

6. *Findings.*—The factors contributing to the success of a mortgage loan may be broadly divided into three classes: Nature of land mortgaged, personal factor of the borrower, and the managements' policy. Some of the important findings are given below:—

Size of farms.—To have any value for loan purposes a farm must exceed a minimum size. Farms below that size may give the family a living, but will yield no surplus income to repay loans. The investigation showed that as the size of the farm increased the percentage of loans foreclosed decreased.

Valuation.—The appraised value per acre of the land mortgaged provides a rough index of the quality, both as regards earning capacity and desirability of location. The higher the appraised value, the lower is the chance of foreclosure—that seems to be general tendency.

Location.—The relation of location of farm with respect to market and Community Centre or Church was studied. "Little significant relationship is shown between distance of farm from market and the proportion of loans in good standing. However, the percentage of loans foreclosed was greater with increased distance from market."

Age of loans.—The relation of age of loans to foreclosures is an interesting study. The smallest proportion of foreclosures occurred among the older loans, which having been in force during several years of good farm income were in a better position than those loans which had been in force for a shorter period. The highest percentage of foreclosures had occurred among loans in force from 5 to 10 years in 1929, and in 1935 among those in force from 5 to 15 years.

The "Personal Factor" in relation to success in farming—"It is generally conceded that the most important single factor determining success in farming is the farmer himself, commonly referred to as the 'personal factor'. In this connection the statement is frequently heard that a large loan may be made to a good farmer on a good farm, but that no loan should be made to a poor farmer on any kind of farm." Such factors, as whether the borrower is an owner or tenant, his financial character, his age, marital status, number in borrower's family, determine the success of a loan. A higher percentage of loans made to absentee owners was foreclosed than that granted to owner operators. A relatively high proportion of the loans made to men under 30 years were foreclosed. The percentage of loans made to married borrowers foreclosed, was about the same as that made to single men or

widowers. But single men were able to reduce their loans somewhat quickly. As the size of the family increased, the percentage of loans in good standing decreased. The cost of supporting a large family apparently left a smaller balance for servicing debts in the case of large families, with the result that a larger proportion of the borrowers failed to meet their instalments when due.

Transfer of loans.—On the basis of those loans for which information was available, 86 per cent. of the farms on which mortgages were held were operated by the original borrowers on November 30, 1935. The percentage of foreclosures was much higher among the loans which had been transferred than among loans where the original borrower continued to operate the farm.

Appraisal Policy.—The percentage of loans foreclosed was three times as great on the poor soils as on those classed as excellent. Same on hilly topography also. The instability of sale value of farms is dealt with, and the principle of appraising farms according to the anticipated long-time income is recommended, as appraisals for loan purposes based on sale values cause overinflation of land values during periods of rising prices.

Purpose of loans.—Of the loans reporting purpose of loans, 90 per cent. of the loans were for the purpose of consolidating debts. A higher proportion of loans classified as having been made for the purpose of purchasing supplies, equipment, and live stock, were foreclosed than those made for consolidating debts.

The report contains a lot of valuable information on topics connected with land mortgage banking. Tables, maps, and graphs are particularly interesting. This study has many valuable lessons for us though the agricultural conditions differ. Our land mortgage banking organization is just about a decade old, and much of its development has taken place only during the last 5 or 6 years. Though it may be too early to make a study on similar lines, we must profit by their experience. T. R. N.

"Economic Studies in Milk Production."

With a view to determine to what extent, the net income from dairying has been affected by the rises of prices in the farm requisites, since the outbreak of war, the Department of Agriculture and Forestry of the Union of South Africa, have instituted a study, with the assistance of a board, called, 'the Division of Economics and Markets.' The results of their investigations have been compiled and published in this bulletin termed, 'Economic Studies in Milk Production.' Very valuable data have been collected by trained investigators, who have surveyed the country by dividing it into five regions. The first region is called 'the Rand' where farmers, specialize in fresh milk production, for direct consumption in the city. Second is termed, 'Outer-Rand,' comprising of places lying, 'along the railway lines, where a large number of farmers are increasingly changing over from cash-crop production to dairy-farming.' 'Natal,' is the third area, where most of the

milk is used for conversion into condensed milk by condenseries. 'East Griqualand,' is the area next in order, 'where a good type of mixed live-stock farming,' is practised by farmers. The fifth area is classified as, 'Eastern O. F. S., where the most diversified form of farming is to be found in South Africa.' A vivid description of the topography of the soil, the habit of the farmers, the method of rearing and feeding cattle, the system of marketing milk, etc., prevailing in the above said five areas are published in part I of this bulletin. The 'main findings' of the investigators are supported by figures, gathered in consultation with different farmers. For example, Table No. 1, shows the 'average net income per farm located in different areas. One noteworthy feature is that enquiries have been made of the actual indebtedness of the farmers, and their net incomes have been properly assessed, after deducting the interest payable both on mortgaged and unmortgaged debts. The net incomes are as follows:—'Rand £ 84; Outer-rand £ 445; Natal £ 458; East Griqualand £ 371, and Eastern O. F. S., £ 637. These figures denote that the system of keeping cattle, in the neighbourhood of cities, is definitely unremunerative, however, easy and quick, it may be to market the milk in urban areas, when compared with the rich income derived in rearing the cattle in the interiors or on good pasture lands. Different tables have been worked out to show the comparative costs of production of milk in farms, located in the five areas. The Table No. 5, provides a valuable data in the costs of production of milk, comprising of items such as labour charges, fertilisers, fuel, transport, etc., incurred by the agriculturists between the years 1938-39 and 1941-42. The estimated cost has gradually increased from 100 to 115 per cent. This may be attributed to the rise in expenditure caused by war. Parts II, III, and IV of this bulletin, contain the results of the survey, carried more or less on similar lines mentioned above by different investigators.

The result of the investigations, carried out by different persons and compiled in this useful and interesting bulletin, 'convey the idea of the importance of the Dairy cow to the farming industry and to the inhabitants to whom she provides with a food of very high nutritive value.' A chapter in this bulletin, on the practice in vogue adopted by the agriculturists in maintaining their milch cattle, calves and dry-stock, during this war time as compared with that of the pre-war period would greatly increase the anxiety of the readers, to judge the factors, brought about by this war. Probably, this has been chalked out for the next issue! In the absence of an economic study of dairy farming in India, this bulletin will furnish to those interested, the lines on which a survey may have to be carried out. R.G.

*Report on the working of Co-operative Societies in Mysore State
for the year 1940-41.*

There were 1,956 Societies in the State on the 30th June, 1941; agricultural societies numbered 1,480, non-agricultural 467, financing banks 7,

and 2 institutes for education. Credit Societies alone were 1,720, forming 88 per cent. of the total: rural credit societies, were 1,339, urban credit societies 328, and Land Mortgage Banks 52. Agricultural societies had a membership of 66,000, and the non-agricultural 74,000.

2. *Working Capital.*—The Mysore Provincial Co-operative Apex Bank is the financing bank for the whole State. The District Central Banks are being wound up as they have not been found successful. Particulars of working capital are given below:—

	Apex Bank. (1) Rs.	Agricultural Societies. (2) Rs.	Non-agri. Societies. (3) Rs.
1. Paid-up Share Capital ...	2.51 lakhs	11.86 lakhs	37.13 lakhs
2. Reserve Fund ...	1.86 "	13.36 "	21.74 "
3. Other Funds ...	1.45 "	4.53 "	6.03 "
4. Deposits ...	24.18 "	6.39 "	86.63 "
5. Other borrowings ...	2.31 "	30.37 "	4.95 "
6. Working Capital ...	32.31 "	66.51 "	156.48 "

The working capital of primary credit societies alone was Rs. 65.27 lakhs for agricultural societies, and Rs. 136.89 lakhs for urban societies.

3. The condition of the agricultural credit societies is not encouraging. The overdues at the end of the year amounted to Rs. 22,34,438, out of the total outstandings of Rs. 36,67,675; the overdues were 61 per cent. of the outstandings, and 67 per cent. of the demand. The position in the financing bank was much the same. The amount due by societies was Rs. 21.51 lakhs and 75.71 per cent. was reported to be in arrears; and a further sum of Rs. 5.5 lakhs was overdue under interest. The Hon'ble Mr. V. Ramadas Pantulu drew pointed attention to those facts in his Presidential Address at the last Mysore Co-operative Conference held on the 16th October, 1942. He said, "However impressive the figures relating to the transactions of your Apex Bank may be from the quantitative standpoint, we cannot overlook the fact that the percentage of overdues to total outstandings was as high as 75.7 at the end of 1940-41. No banking institution can contemplate with equanimity a situation in which such a large percentage of its assets is involved in overdue loans. So far as I am able to see, there are no dependable estimates of bad and doubtful debts, a feature common to other provinces and States". The position appears to have been realized by the authorities and steps taken to bring the overdues under control and arrest their further growth. Perhaps, the report for 1941-42 may throw some light on the progress made.

The urban credit societies have done better, but the overdues were high. Out of Rs. 1 crore due from members, Rs. 27.42 lakhs were overdue.

4. *Land Mortgage Banks*.—There is a financing Central Bank and 52 Primary banks, based on the Madras model. The working capital of the Central Bank was Rs. 41.63 lakhs of which Rs. 12.99 lakhs were debentures. The banks are reported to be working satisfactorily. Delays in the disposal of loan applications occur. The C. L. M. B. appointed a Sub-Committee and they presented their report in 1941 end. A review of the "Delays Sub-Committee Report" was published in the *Journal* for September, 1942.

5. *Non-Credit Work*.—There were 14 marketing societies for the sale of figs, paddy, plantains, oranges, potatoes, ginger, cocoanut, honey, cardamom, jaggery, areca, and eggs. The Government have constituted a marketing department under the Chief Marketing Officer who has been proposed to be given the powers of a Registrar in respect of marketing societies and made responsible for the organization of agricultural marketing societies. The working of societies was satisfactory. The non-agricultural non-credit societies have not shown much improvement during the year. The stores and building societies, however, have done well. Stores were 73 with a membership of 17,547 and had an aggregate working capital of Rs. 26.30 lakhs. The share capital was Rs. 5.24 lakhs, and deposits held amounted to Rs. 12.05 lakhs. They earned a net profit of Rs. 75,903, having effected purchases and sales for Rs. 16.80 lakhs and Rs. 18.28 lakhs respectively. The majority of these institutions which are combined banking and stores institutions, are situated in the cities of Mysore and Bangalore and in the industrial centre of Bhadravathi where they are transacting business on a large scale. Whether banking and trade may be combined is a moot question. Our T. U. C. S. combined banking and trade, but it has now shed the former activity. As long as they are run successfully, there can be no harm in such combination: the temptation to use banking funds in trade should be resisted. There were 26 building societies with a membership of 3,497, and a working capital of about 10 lakhs. The number of houses so far built with the help of these societies was 1,950. The Bangalore City Housing Co-operative Society is the biggest and continued to maintain its premier position.

6. *General*.—The Mysore Co-operative Institute held its training classes at Bangalore and Shimoga. Societies have contributed out of their profits large sums of money for the promotion of charitable objects of local public utility. Many of the important institutions maintain free reading rooms for the benefit of not only their members but also the general public. Scholarships for the poor students, feeding of the moffusil poor candidates at the time of the examinations in the examination centres, contribution to the Red Cross Fund, and the Mysore War Fund, have become a common feature in the working of societies. A few societies have installed radio sets for the benefit of the locality. How beneficently the surplus of Co-operative Societies could be used !!

T.R.N.

Village Panchayats Bill.

Committee's suggestions and Government's final decisions.

The Madras Village Panchayats Bill, 1941 was published for public opinion in the *Fort St. George Gazette* dated 16th September 1941. Various suggestions and criticisms were received. A representative Committee consisting of Presidents and ex-Presidents of District Boards and other persons interested in rural development in general and the panchayat movement in particular was constituted to examine the provisions of the Bill in the light of the criticisms received. This Committee examined the Bill in detail and after full discussion recommended several main changes affecting the scheme of the Bill as published by Government. The Government have carefully examined the various recommendations of the Committee and have come to the conclusions indicated below.

The Government feel that the Committee's proposal that Collectors of districts should be entirely divorced from panchayat administration will not be in the best interests of the panchayats. They consider that as the chief administrative officer of the district, the Collector should be in as close touch as possible with panchayats: if it be found necessary, he can be relieved of a portion of his other work to enable him to devote sufficient attention to them. He should therefore be the chief district authority to supervise and help panchayats, with powers to delegate his functions to the District Panchayat Officer who will be his personal assistant for panchayat work.

The Government agree with the Committee that the status of the District Panchayat Officers should be raised to that of Deputy Collector. These officers will be selected carefully from experienced officers of that grade in the Revenue and other Departments.

The Government agree that the Board of Revenue need have nothing to do with the control of panchayats and that a post bearing the same name and corresponding to the former Registrar-General of Panchayats should be created. His functions will be mainly to lay down general policy and to be responsible for the general supervision of panchayats and distribution of Government grants if any. His relations with Collectors of districts in regard to panchayats would be similar to those of the Commissioner of Labour in connection with work for the Schedule classes and labour matters. He will not necessarily be an I.C.S. Officer nor even a Government servant when first appointed.

The Government hope to be able to accept the Committee's recommendation that the cost of supervision should be met from Provincial Funds and that no recovery should be made from panchayats. The financial implications are being examined by Government in connection with the ensuing budget.

Constitution of Panchayats.

The Government are unable to accept the Committee's recommendation that panchayats should be compulsorily constituted for all villages in the Province in the course of five years. They consider that the provisions contained in the Bill are sufficient. As regards nominations they consider that in special circumstances such as those referred to in the Bill nomination of members should be provided for. They agree that there should be no nomination to panchayats on first constitution. As regards village officers, Government agree that the Karnam should not be eligible for membership. In the case of village headmen, the Committee would only allow them to function as temporary presidents for short periods in the absence of President or Vice-President. After full consideration of the Committee's views, the Government have come to the conclusion that it is undesirable to dissociate the headman from panchayats and that to avoid possible friction it is better that he be a member of the panchayat ex-officio.

Elections.

The Committee has advocated adult franchise for all males and females of over 21 years of age and the extension of the system of ward division and voting by ballot to all panchayats. The Government consider that adult franchise is not so desirable as the Committee thinks and prefer to restrict franchise to residents of the village who are electors for the Madras Legislative Assembly in any constituency, territorial, or otherwise. The proposed division of the panchayat area into wards is accepted. It is considered unnecessary to introduce the complication of the secret ballot into Panchayat elections.

The Committee generally agreed with the proposals in the Bill in regard to the functions to be entrusted to panchayats: it also recommended the transfer to panchayats from the district boards of elementary education at least up to the 5th standard with a contribution from district board funds equal to the past average expenditure; and the constitution of a Central District Committee to deal with such matters as leave, transfers and promotion of teachers. The Government have given due consideration to this proposal of the Committee supported as it is by the opinion of the Presidents and ex-Presidents of District Boards on the Committee but have concluded that the Committee's proposal is attended with such serious financial and other difficulties that they are unable to accept it.

Finance.

The Committee has made several suggestions for placing the finances of panchayats on a stable basis and has also recommended that, where the income of panchayats is below Rs. 500, the Government should give

a grant to make up the deficiency. The Government accept the following suggestions of the Committee :—

That the proposed additional land cess of 3 pies should be levied on an optional basis, that profession tax should be abolished, and that the levy of house tax and vehicle tax should be made compulsory, but maxima should not be laid down in the Act.

The Government are unable to accept the other suggestions namely: That a tax on advertisements should not be provided for, that the panchayats' share of the existing land cess should be increased from 6 pies to 9 pies, and that grants should be given so that every panchayat might have a guaranteed income of Rs. 500 a year.

The second proposal would shatter the finances of the district boards and involve Government in making still larger subventions than they do already, while the last involves an unknown liability which Government do not feel they would be justified in casting on the general revenues of the Province. The other suggestion relating to the vesting in panchayats of the income from cattle pounds, porambores, fisheries, resumed service inams, subventions from entertainments tax and fines levied under the law in nuisances are being further examined and suitable alterations will be made in the Bill if they are accepted.

Executive officers of Panchayats.

The Government accept the Committee's recommendation that only panchayats with a normal income of Rs. 5,000 and more should have whole time paid Executive Officers and that in the case of other panchayats, the President should be the executive authority.

The opinion of the Committee was evenly divided about the constitution of the Joint Committees, i.e., whether such Committees should be formed on a compulsory basis or whether they should be optional. The Committee suggested that if Government decided to constitute such Committees, higher elementary education, dispensaries, etc., should be transferred to their management and the expenditure involved in the performance of their functions should be met from contributions from panchayats and district boards. The Government consider that the existing provision in clause 32 of the Bill for the constitution of such Committees is ample.

A number of detailed amendments in clauses recommended by the Committee have been accepted. Those depending on the fundamental alterations in the Bill which Government have found themselves unable to agree to are not accepted. A few others require further examination in the departments of the Secretariat concerned. It is hoped after the amendments suggested have been embodied soon to publish the Bill as an Act.

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Recent Utterances..

THE BANK AND THE CITIZEN.

By

T. R. NAGARAJA RAO,

Madras Provincial Co-operative Bank, Limited.

2. We are met here to celebrate the Silver Jubilee of the Vizianagram Co-operative Bank. It is indeed a great and happy occasion in the life of an institution. Banking institutions have a long—very long—span of life before them as against man's hundred at the most. The oldest bank, the Bank of England, is about 250 years old (1694) and Englishmen are proud of it. Twenty five years are perhaps nothing in the life of a bank, but the event signifies the attainment of majority and marks a milestone in its long career. Co-operators have special reasons for gratification on such an occasion; for, the infantile mortality among Co-operative Societies has been rather large in our country. To have survived that period of trial and struggle, is an achievement of which we should feel justly proud. The Bank was born in the midst of the Great War and is celebrating the Silver Jubilee in the midst of a Greater War, perhaps the Greatest. That shows of what stuff it is made of. The pioneers have earned the gratitude of the Vizianagram Co-operators. I hope this day will be remembered every year by the celebration of the "Founders' day" along with, say, the Annual General Meeting.

3. The theme of my address is the "Bank and the Citizen". Like many pairs in the world, the Bank and the citizen go together. I do not propose to inflict on you a discourse on banking; but I do wish to give you a few general ideas about the part the banks play in modern economic life. Most of you, I dare say, know what a Bank is and what it does. Banks are institutions for the collection of peoples' savings and putting it to work. They are a sort of money-box. Anyone who has some spare money can drop it into the box and take it out when a need arises. Moneys left by its owners with a bank are called "deposits". Banks get much more money by way of deposits than their share capital. Indeed they are expected to do so. The reason for the banks accepting deposits is their ability to grant loans on a basis useful to the community and profitable to the banks. In banking language, banks accept deposits and grant credit. That is their function. The bank wants the money and the patronage of the citizens, and the citizens require the various services which a bank is capable of rendering. The banks and the citizens are thus mutually and indispensably associated together.

4. A co-operative bank is not very much different from the other kind of bank, called Joint Stock or Commercial Bank. Both do the same kind of work, *viz.*, accepting deposits and granting credit: the co-operatives observe

* Address delivered on the occasion of the Silver Jubilee Celebrations of the Vizianagram Co-operative Bank, held on 20th and 21st February 1943.

RECENT UTTERANCES

certain principles of business and do not lend to persons other than members. I am speaking only on the business aspect of the matter, though they have ideological differences. Co-operative banks and Commercial banks are like branches of a tree or rooms in a house. Each performs some service not done by the other. The co-operatives collect the money of the urban and rural areas and redistribute it to the same people, unlike the commercial banks which generally pass on the money to Headquarters for financing big business. Local money is locally used and that is the great merit of a co-operative bank. Operating in a limited field with known constituents, it cannot go far wrong. Co-operative banks are part of the banking system of the country. They are designed to meet a demand for financial service outside the range of commercial banking.

5. Now, this banking activity has become a sort of public service. Banks are public utility concerns like Railways, Tramways, Electric Companies. They are worked in public interest though for private profit. Let me state a few of the benefits derived from a good banking system. By collecting and pooling individually small sums of money, banks make a large stock of money available for productive and industrial purposes. Before the advent of banks, loan-seekers were dependent on private individuals for financial facilities; and they have their own limitations. Now, any person with a reasonable business proposition can seek such accommodation from banks. Most industrial enterprises and merchants are dependent for working capital on banks. They base their calculations on the availability of such supplemental money; and banks are there ready to supply it. It is the banks that have made England, for instance, a great commercial country. Wolfe, the great Co-operative Writer, writes, "It is the facilities which we command for obtaining the services which a bank can render, the facilities more particularly for obtaining credit, which have raised up the magnificent fabric of our national commerce and industry and placed us economically at the head of nations. Take away banking; take away credit; and that fabric must inevitably come down". Money is mighty, whether in peace or in war.

6. Then, take for instance, the cheque. The cheque has now become the medium of payment in business transactions. It has displaced the coined money and even notes, except in petty transactions. Cheque users know what a great convenience it is to pay by a cheque on bank. The cheque paying banks have built up an immense organization to handle the thousands of cheques that are issued daily. In Madras, for instance, about 25,000 cheques are paid off per week through the clearing house. If we take London, it was a million a day prior to the war.

7. The cost of credit has been very much reduced. Private credit is costly and perhaps sometimes usurious. Bank credit is cheaper though there may be some banks charging quite high rates.

In all the developments that I have sketched, co-operative banks play a part no less important than that played by joint Stock banks. Their sphere of work may be different, but the services rendered are of immense benefit to the people concerned.

8. Consider how greatly banks depend on the co-operation of the citizens in carrying on their multifarious activities. They have mutual obligations. The banks, on their part, have to do nothing that will imperil the depositors' funds. That is their first and foremost obligation. They are lending and investing somebody else's money left with them. Any loss in a bank's operations will ultimately fall on depositors. You are aware how bank failures have ruined many prosperous homes. "Safety first" should be the motto in any operation undertaken.

Banks should acquire and cultivate the confidence of the citizens—whether depositors or not—by sound business administration. Public confidence is the basis of banking and the goodwill of the citizens is a great factor in a bank's growth.

Banks should build up cordial relations with the public. The Executives must make the public like their bank. People must say to themselves and their friends, "I like to do business with that bank". Even competitors must say, "They are a fair and square crowd".

9. The citizens, on their side, must put their monies in the banks and give them their fullest confidence. They must say or do nothing that will injure the good reputation of a bank. To no group of businessmen is an unimpeachable reputation more vital. Banks depend upon depositors for money and upon borrowers for safety.

10. Charles Lamb has an Essay on the Two Races of Men and he writes, "The human species, according to the best theory I can form of it, is composed of two distinct races, *the men who borrow* and *the men who lend*. All the dwellers upon the earth flock hither and do naturally fall in with one or other of these primary distinctions". Much of the prosperity and financial security of those who lend, depends upon the good faith and honesty of those who borrow. So also are the banks. Unless the borrowing section of the citizens faithfully fulfil their obligations and responsibilities to the banks, the banks cannot be hundred per cent. safe. The borrowers are an optimistic lot who will ask the banks to take a rosy view of their affairs. But the banks will look at the seamy side of things. It is easy to get money; difficult to look after it in these difficult days. We, therefore, require reliable borrowers who will honour their obligations to the banks. It has been said, "The value of any credit system depends upon the efficiency of the borrowers".

I trust, I have made it clear to you how the banks depend upon the citizens for carrying on their operations. They are complementary; they are like the prongs of a fork. Banking is a co-operative enterprise of self-help and mutual help of the banks and the citizens.

11. I thank the management for having given me the opportunity to be present on this happy occasion and offer my felicitations and address the gathering of the members of the bank and the citizens of Vizianagram. I thank you, gentlemen, for the patience with which you heard the address. My hobby has been to rouse an interest in banking—particularly co-operative

banking—among the members of co-operative banks. It is easy to learn banking; only its practice is difficult. Even those citizens who may not be members of a co-operative bank will find a knowledge of banking useful. Some years ago, a distinguished citizen of Madras delivered a lecture over the radio on the subject, "What a citizen should know". He said that a citizen should know the history of his country; its geography; how his country is governed; how his Town is governed; how to use the vote" and so on. I wish he had added Banking to that list; for you can't get on without banks nowadays. The banks rule over our economic life.

12. To the chorus of congratulations that the Bank has received, let me add mine. The Bank has indeed done very well and deserves all the support that the citizens of Vizianagram can give to the bank. It has a membership of 3,700 and a working capital of about Rs. 5 lakhs and as time advances, they are bound to increase. There are no limits to its expansion except what is set down by prudence. The bank can also extend the scope of its activities. I hope that when the Bank celebrates its Golden Jubilee, it would have a more glorious record to chronicle.



Circular.

R. C. No. 4526 41-A.

24th February 1943.

CIRCULAR.

Sub :—Loans—development of forecast loans in primary societies.

The importance of popularising the system of forecast loans in rural societies has been stressed from time to time and in Registrar's Circular No. 5160/37-B dated 28-3-38, Deputy Registrars were instructed to take special efforts to give a fillip to this. The issue of loans on a forecast basis was also pressed at the last Conference of Central banks. It is however, observed that nothing tangible has so far been done or achieved. It is stated that the lack of initiative on the part of panchayatdars, coupled with the ignorance of the members to give a forecast of their requirements, has been the chief obstacle in the way. Now that the scheme of territorial distribution of Inspectors has been introduced in many districts, it must be possible to educate the members and office-bearers of societies in the preparation of forecast loans. The Territorial Inspectors and supervisors should be asked to go round the villages and conduct propaganda. The forecast system, if worked properly, and linked up with marketing through sale societies, will ensure a large and quick turnover and bring down the overdues considerably.

2. As recommended by the Committee on Co-operation, the Central Banks should be advised to insist that all loan applications for short-term agricultural needs are prepared on a forecast basis as far as possible. The Deputy Registrars in consultation with Central Banks should draw up a programme for attending to this work promptly and allot supervisors to different areas in the district. The help of the Territorial Inspectors may also be availed of for this purpose, if necessary, in the beginning.

In preparing a forecast loan, careful attention should be paid to the fixation of normal credits of the members with reference to their requirements, total income, expenditure and repaying capacity; particular care should be taken to avoid mistakes of the past such as over-estimating the requirements or giving loans obtained, to members whose names were not included in the original application.

3. Timely credit alone is not enough. The forecast system as observed already, should be linked up with marketing. It should be watched that loans obtained by forecast are utilised for the purposes for which they were sanctioned. Having given money for cultivation expenses, the ryots should be enabled to sell their produce to the best advantage through sale societies and helped to hold up their produce for a better market by giving them loans on the pledge of produce. Societies may also purchase and provide from their general funds a reasonable number of gunny bags for the benefit of their members and charge a nominal commission for their wear and tear.

It has been the sad experience in some societies that the borrowers dispose of clandestinely the produce pledged by them, in cases where they are not stored in godowns owned by the societies. To prevent possibilities of such clandestine removal, societies should be advised to take personal security in addition to produce in cases where the produce is stored in the borrowers' godowns.

4. The Registrar trusts that the Deputy Registrars and Central Banks will introduce the forecast system on a larger and wider scale by steady, systematic and energetic personal attention.

The XII Andhra Provincial Co-operative Conference, Tirupati.

RESOLUTIONS.

Provincial Institutions.

1. This Conference requests various Provincial Co-operative Institutions to make it a convention that either the President or the Vice-President of the Institution may be an Andhra.
2. Whereas the non-credit societies have very largely increased in number, in the Province, this Conference requests the Government to appoint a separate Registrar of Co-operative Societies to the Andhra Districts, as recommended by the Vijayaraghavachari Committee on Co-operation.
3. This Conference requests the Government to bifurcate the Madras Provincial Co-operative Bank into two apex Banks, constituting one for the Andhra Districts, as per the recommendations of the Vijayaraghavachari Committee on Co-operation.
4. This Conference requests the Government to organise committees consisting of non-officials and officials from the Revenue, the Railway, the Co-operative and the Agricultural Departments for arranging transport facilities for food-stuffs from one place to another, so as to help the Provincial Society.

Central Banks.

5. Whereas the Depositors deposit monies in the Central Banks for their own benefit, and, because the interests of the Banks will be jeopardised, if seats are reserved for them on the Board of Management of such Institutions, this Conference recommends to the Government not to reserve any seats to such members. This Conference further requests the Government to cancel the sub-rules therefor.

Urban Banks.

6. This Conference requests the Government to grant sites free of cost for constructing buildings for the big Urban Banks, wherever they are available, since they are also considered as quasi-Governmental bodies.
7. In view of the fact that public servants in all localities are not served by public servants' societies, and that all societies especially, Urban Banks, have already lent monies to such public servants, this Conference earnestly requests the Government to issue a ruling that the G. O. No. 2528 Dev. dated 31-10-40 applies to all co-operative societies, especially Urban Banks, instead of Public Servants' Co-operative Societies only.

Land Mortgage Banks.

8. This Conference, while viewing the resolution passed by the Central Land Mortgage Bank in pursuance of the rules framed for the appointment of Paid Secretaries in the co-operative institutions as impracticable, requests the Government to fix the maximum pay of the Secretaries while leaving the individual banks to fix the scales of pay of secretaries according to their financial resources.
9. As many of the loan applications have to be rejected for want of particulars regarding alienation of the S. Nos. offered by the applicants for mortgage from the time of Block Survey, this Conference requests the Government, through the Registrar of Co-operative Societies, to grant permission for the issue of encumbrance certificates, free of charge, from Block Survey onwards.
10. Whereas the primary land mortgage banks and Urban Banks are financially not in a position to appoint paid secretaries, as many of the loans taken are being repaid on account of the present value of land and produce, and, whereas the business of the institutions is being carried on properly by the honorary secretaries, this Conference requests the Government to cancel the G. O. directing the appointment of the paid secretaries.
11. This Conference requests the Central Land Mortgage Bank and the Government to grant loans to the members of the primary land mortgage banks at the rate of interest not exceeding 2 per cent over and above the debenture rate.
12. This Conference requests the Registrar to permit the amendment of by-laws so as to institute Building Fund and Common Good Fund in every primary land mortgage bank. It further expresses its disapproval of the attitude of the Government for refusing registration of by-laws framed last year, for the institution of Building Fund in the Central Land Mortgage Bank.

13. This Conference requests the Government to make necessary amendments to the Act, the Rules or in the Draft of the Mortgage Bonds to the effect that Trust Deeds and Assignment Deeds need not be registered.

14. This Conference requests that Co-operative Sub-Registrars may be authorised to forward loan applications for Rs. 2,000 or less direct to the Central Land Mortgage Bank.

15. Whereas it is doubtful that, during certain years, especially in dry localities, there will not be fair yield of crops, this Conference requests the Central Land Mortgage Bank to raise the loan period from 20 to 30 years.

Credit Societies.

16. This Conference requests the Government to permit the adjustment of the Reserve Fund of the financially unsound societies towards loans due to the Central Banks and, thereby, rehabilitate the societies.

17. This Conference requests that for the spread of the co-operative movement to every village, multi-purpose societies for groups of villages may be started.

18. Whereas there are no adequate quantities of food-stuffs in the districts due to the unsettled conditions, this Conference requests the Central Banks and Loan & Sale Societies to help in the purchase and stocking of the paddy and pulses etc., by the village societies in those parts.

19. This Conference requests the Government to leave the right of decision to the Central Banks and societies with regard to long-term and short-term loans, working capital and the individual maximum borrowing power.

20. This Conference requests that in the Zamindari areas, where there are no land mortgage banks, the individual maximum borrowing power of the members of the credit societies should be increased to Rs. 1,000, period of loan to 10 years and the borrowing capacity of the society to $\frac{1}{3}$ of the total value of the assets of the members.

Acts and Rules.

21. This Conference requests the Government to amend the Sales Tax Act so as to exempt the co-operative societies from its operation as levy of the said tax is a bar to the happy growth of the co-operative movement.

22. This Conference requests the Government and the Registrar of Co-operative Societies to define the expression "near relative" recently introduced into the amended clause in rule XXVII of the Act.

23. This Conference resolves to request the Government to cancel G. O. No. 1407 L. A. Dated 5th April 1939 regarding investment of funds of local bodies and Municipalities and allow local bodies to deposit in the Co-operative Urban Banks also.

24. This Conference requests the Government to exempt the co-operative building societies and village societies from Rule XXVII (2) (g) from having their offices in the Directors' houses since the margin of the profits on the working capital of the societies is so small that they cannot maintain separate offices in separate houses.

Audit Fees.

25. This Conference requests the Government to give up the idea of collecting audit fees from village primary co-operative societies.

Local Co-operative Unions.

26. This Conference requests the Government and the co-operators to revive the Unions which are very important for the welfare of the village primary societies.

Hand-Loom Weavers' Co-operative Societies.

27. This Andhra Provincial Co-operative Conference requests the Government to arrange for the sale of raw materials, such as yarn, colours etc., at controlled prices, through the handloom weavers' societies and through Government officers and agencies.

28. This Andhra Provincial Co-operative Conference requests the Government to purchase the Standard Cloth approved by the Textile Advisory Panel for the consumption by the poor and arrange sale of the same through the co-operative societies.

29. On account of the unsettled rise in the prices of yarn the handloom industry is slackening, and, as a result of the inadequate wages many workers are becoming unemployed. This conference, therefore, requests the Government to fix rates of yarn in relation to the Cotton Market.

30. This Andhra Provincial Co-operative Conference requests the Government and the Railway authorities to permit the handloom weavers to carry, along with them, yarn and handloom cloth up to the prescribed weight of 25 seers, as, otherwise, they are experiencing untold hardships on account of the withdrawal of transport facilities viz., parcel and luggage, for handloom cloth.

31. This conference while thanking the Government for earmarking a grant of Rs. 24,00,000 towards unemployment relief among the handloom weavers during 1941-42, 1942-43, requests the Government to utilise the amount towards the relief of unemployment among the handloom weavers, as per the following suggestions.

In pursuance of the decision of the Madras Handloom Weavers' Provincial Society, handloom weavers' co-operative societies should be started at centres, where there are, already, 200 looms working, and a sum not less than 5 times the paid-up share capital should be granted as indivisible Reserve Fund, from out of the Rs. 24,00,000.

32. This Conference requests the Registrar of Co-operative Societies to start handloom weavers' societies in all the Telugu districts in the Province, in accordance with the latest scheme of the Government to start co-operative handloom weavers' societies at centres where there are two hundred looms.

Building Societies.

33. This Conference resolves to request the Registrar of Co-operative Societies to encourage the policy of organising house mortgage banks on the lines of the Land Mortgage Banks at all convenient centres all over the Province or include some such provision in the existing co-operative building societies and also to start Central Co-operative Building Societies on the same lines as Land Mortgage Banks.

Stores.

34. As merchants are giving numerous troubles to the general public by not releasing stocks and by selling them at exorbitant prices, taking advantage of the War situation, this Conference requests the Registrar to register stores societies in central villages all over the Province.

35. This Conference requests Government to grant representation to the stores societies on the Taluk and District Price Advisory Committees.

36. This Conference requests the Central Banks to grant loans to the stores societies at the same rate as is allowed to the Crop Loan and Sale societies.

37. The Government and the Madras Provincial Co-operative Bank are requested to accept the proposal of this Conference that if the Central Bank and the Marketing Society, under joint responsibility agree one lock will do for the godowns.

Industrial Societies.

38. Industrial Co-operatives in China have been very progressive because there is State Aid even in these critical times. Therefore, the Government are requested to start a few industrial co-operatives under State Aid to Industries Act and thus help the Industrial prosperity; and to arrange for sale of articles produced by such societies, through co-operative societies.

39. There are many facilities for starting industries in the Andhra Desa. Therefore, Government is requested that co-operative industrial societies and cottage industrial societies may be started in large numbers. As the existing Deputy Registrars are engaged in audit and supervision of the credit societies this Conference requests the Government to appoint Regional Officers, with special knowledge and experience, for circles composed of some districts, for starting industrial societies and to give suggestions for the efficient running of the same.

(To be continued.)

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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 RAO BAHADUR M. GIRIAPPA, B.A.

The following are the main objects of the society:—

- to arrange for the sale of produce of the affiliated societies and other members to the best advantage;
- to act as agent of members for the disposal of their produce;
- 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;
- to serve as an information bureau of raw products available in the presidency or elsewhere.

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MYLAPORE BRANCH: Luz Church Road, Mylapore " 3334.
EGMORE " Ebrahim Colony, Egmore " 8510.
TRIPPLICANE " 111, Big Street, Triplicane " 86196.

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

Secretary: T. RAGHAVENDRA RAO.

The Bank is the chief organisation for providing credit to the agriculturists of the Province.

The Bank acts as Bankers to the Madras Corporation, University of Madras, Andhra University, Annamalai University and the various Local Boards and District Municipalities.

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

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Secretary.

Dated, 18-2-1943.