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THE

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

Editorial Notes.

Agriculture and Co-operative Credit.

Mr. G. Srinivasa Raghavachariar, retired Deputy Collector and Assistant Registrar of Co-operative Societies, has tried to show in an article published recently in the *Hindu* that according to the calculations of Re-settlement officers made in 1921 applied to the present prices of paddy, the cultivation of wet lands in Tanjore district leaves very little *plus* margin in good years and only *minus* margin on the average. When that is so in Tanjore, popularly considered 'the Garden of Eden and the Granary of South India' and according to officers who never err on the side of the ryots, it is much more so, he argues, in other districts and in dry and Zamindari areas. Unless the land revenue collected by Government is reduced by at least 50 per cent, he contends, land cannot be made worth holding and a return of even 3 per cent. on the outlay would not be available.

He has a fling at 'our professional co-operators and theoretical enthusiasts (who) would continue to be saying *ad nauseum* that the failure (of co-operative credit societies) is due to faulty organisation, dishonesty or indifference or want of education of Panchayatdars, inadequate supervision and control and the like, which are true but only to a very infinitesimal extent.' This sounds particularly ungracious from one who was himself a 'professional co-operator' some years ago. But we shall pass over it as a piece of rhetoric employed by him to give added force to his plea for the reduction of land revenue. We are all agreed that our land revenue system is very unsatisfactory and that it entails an excessive burden on land and on the agriculturist. Its reform with a view to lessen this burden will be welcomed by all. It is however not a simple question and is presumably receiving the earnest attention of the present Government.

What we wish to point out here is that Mr. Srinivasa Raghavachariar—like some others who have characterised agriculture in our country as an occupation of deficit economy—has tried to prove rather too much. If he had contented himself with observing that land was not nowadays a means of profitable investment, or that the cultivation of poor lands was not remunerative, or that an agriculturist was unable to make a satisfactory living out of agriculture by present methods—we should all have perfectly agreed with him. But his contention is very much more than that. He presses the view that in the best of our lands the yield on the average is not sufficient to cover the cultivation expenses and the assessment—not including even the cesses. One naturally asks, If it be so, why does anyone become an agriculturist and why has land any value as property? Mr. Srinivasa Raghavachariar relies upon certain calculations. To get at all the factors of income and expenditure of anyone is very difficult and of an agriculturist proverbially so. Sometimes calculations land us in absurdities. The Agricultural Department sometimes shows by calculations that the net result of cultivating a field by present methods is *minus* so many rupees, whereas by the methods recommended by it, it would be *plus* so many rupees. The agriculturist does not perhaps argue with the representative of the Agricultural Department, but he certainly smiles to himself that he should be supposed to be cultivating his fields at a loss. The Department assumes payment of wages at certain rates and the incurring of a certain amount of expenditure on the maintenance of cattle, etc., which have not been paid or incurred. Therefore too much reliance should not be placed on calculations. It is far better to rely on facts than on calculations. Co-operators have been able, by the methods ridiculed by Mr. Srinivasa Raghavachariar, to reduce steadily overdues both under principal and interest over the whole Presidency during the last three years, and members of land mortgage banks have been meeting their obligations very satisfactorily indeed. This shows that agriculture is not such a bad business as is supposed by him. If the net result of agriculture be a deficit to the agriculturist, as stated by

Mr. Srinivasa Raghavachariar, that is, if he be unable to get back even his expenses after paying Government assessment, it would be wrong to give him even short-term loans for cultivation expenses, and co-operative societies and all other institutions providing him with credit should cease to exist. We are sure that such is not the case with our agriculture. It may not be very attractive from a business point of view, but is still a way of life highly valued by most of our people.

Employees' Societies.

It is well known that the success of employees' societies depends upon their ability to collect dues directly from the salaries of their members before they reach the hands of the latter. Therefore the societies generally require their members to authorise the paying authorities to deduct and pay direct to the societies from their salaries the instalment amounts due by them. A malpractice has now crept into some of the societies. After some time the members withdraw the authorisation and also fail to make the payments themselves. On account of this malpractice the overdues under principal and interest in the well-conducted Government Telegraph Employees' Co-operative Society, Madras, rose from Rs. 5,540 and Rs. 818 on 30—6—1936 to Rs. 10,357 and Rs. 1,258 respectively on 30—6—1937. Against members who break faith in this manner the society and public opinion should show their displeasure in an effective way not only in business but also in social relations. At the same time the assistance of the State should be sought for any amendment of the law that may be necessary.

In the Jamshedpur area where there are 27 employees' societies, according to a writer in the "Bihar and Orissa Co-operative Journal," a new kind of trouble has cropped up, viz., an epidemic of insolvencies. As the loans given are suretyship loans, when the faithless borrowers declare themselves insolvent the sureties become liable for their debts. These insolvencies are not the accidents of circumstances but appear to be planned to entrap innocent sureties. It is certainly a very reprehensible practice and should be put down with a firm hand. As a remedy it is suggested that some special provision should be made in law to safeguard a co-operative society against an insolvent debtor, or that, 'any settlement absolving an insolvent member of a co-operative society from his debts to such society should be considered as invalid without the previous approval in writing of the Registrar of Co-operative Societies.' Members of employees' societies are generally educated men and it is disgraceful that they should practise these frauds against their trustful fellows. Apart from law and by-laws, the only effective safeguard is public opinion which can and ought to express itself in various effective ways.

Income-Tax Act and Co-operative Banks.

Co-operators are very much indebted to the Hon'ble Mr. V. Ramadas Pantulu for having exposed, as he done in the article which we have published in this number, the outrageous exploitation of Co-operative Central and Provincial Banks by the Income-tax authorities. Here is an example of a department of Government being able to defeat the policy of the Government itself. In the table which Mr. Pantulu has given in his article he has shown that the Madras Provincial Co-operative Bank has had to pay as supertax during the last three years two to three times the amount it would have had to pay, if instead of being a co-operative bank it were merely a joint stock bank. Whereas it is Government's policy to show concessions to co-operative institutions, the Income-tax department is penalising them! Apart from the supertax, even in the assessment of the ordinary income-tax the co-operative banks are treated unfavourably on account of the lack of explicit provisions in the Income-tax Act relating to co-operative societies. For the removal of these anamolies alone co-operators would be justified in pressing the Government and the legislature to amend the Income-tax Act. But now a general amendment of the Act is under contemplation for quite other reasons. All that co-operators have to do is to press on the attention of the Government and of the members of the legislature the inclusion of the provisions relating to co-operative institutions suggested by Mr. Pantulu. We hope the Madras Government will make a suitable representation to the Government of India on this subject.

Philanthrophy and the Ryot.

The Hon'ble Mr. K. M. Munshi, Minister for Law and Order, Bombay, has been able to get two munificent donations for the benefit of the ryot in Gujarat. One is of Rs. 9 lakhs from Mrs. Iriwanti Mansuklal, wife of the late Mr. Mansuklal Chaganlal who left nearly 20 lakhs for charities. From this donation is to be started a school of animal husbandry, dairying and agriculture which will have a short course of one year for peasant's sons and a longer course of four years for a diploma. At this institution research work for the improvement of village conditions will also be carried on. Along side of it

is to be an institute of animal genetics and nutrition for which Mr. Munshi has obtained a donation of Rs. 6 lakhs from Seth Mungalal Goenka. The object of this institution is to breed good milch cows and to carry on research in animal breeding and nutrition. The two institutions will be located at Anand in Kaira district which is famous for its milch cattle. They are to work under the auspices of Government, the direct management being in the hands of trustees. It is expected that about 1000 acres of land will be acquired for the use of these institutions and that the work of cattle-breeding and dairying done at Chharodi and Surat by Government agencies will be transferred here.

We congratulate and also envy Gujarat for possessing in abundance leaders of commerce and industry who have not only learnt to make money but to spend it for the good of the country. Though we do not have communities in our province corresponding to the Parsis, the Hindu and Muslim Seths, and the Marwadis we have been donating lakhs for various objects, we still have men who can give thousands, if only they imbibe the right spirit. We hope their philanthrophy will be turned to channels which will directly benefit the ryot and the agricultural labourer.

Devadhar Malabar Reconstruction Trust.

The Devadhar Malabar Reconstruction Trust, the report of which for the year ending 31st March last is published elsewhere, was created in 1923 with the balance of funds collected and spent for the relief of the victims of the Moplah rebellion. The object of the Trust is the reconciliation of Moplahs and Hindus and the economic and social improvement of the villages. The work of the Trust is carried on by the Servants of India Society through a member who is stationed at Calicut and who is the Secretary of the Trust. It conducts a number of day and night schools, the latter of which follow a special curriculum in which instruction in hygiene, sanitation and citizenship is given a prominent place. By attending these night schools, hundreds of illiterate Moplahs have become literates and intelligent citizens. Co-operative propaganda and the organisation of special types of co-operative societies are important items in the programme of the Trust. Mr. V. R. Narayanar, its Secretary, is looking after a weavers' society at Tanur and by promoting the sale of its products is helping about 50 families of weavers to have regular work throughout the year. He has also started a Rickshawallas' co-operative society which has enabled a number of its members to become the owners of their rickshaws. We believe this is the only society of its kind in the province. Its successful working should inspire other workers to start similar societies. As Secretary of the Calicut Supervising Union, editor of the Malayali monthly co-operative journal, '*The Sahakari*' and honorary instructor of training classes for members and panchayatdars of societies, Mr. Nayanar is doing very valuable co-operative propaganda, including the popularisation of co-operative life insurance. All this entitles the Trust to financial support from the co-operative institutions of the district and from public bodies--financial support which it is badly in need of. The mere fact that the Trust bears the beloved name of the late Mr. Devadhar, to whom Malabar district and the co-operative movement in our country are so much indebted, should secure for it every assistance from co-operative institutions. The capital and current expenses of the Trust during the last few years, when interest on investments fell and grants from Government were reduced, have largely depleted its corpus and therefore its need for help is greater than ever. We heartily endorse Mr. Nayanar's appeal for funds and hope it will be liberally responded to.

Success of Prohibition.

We have referred before to the interesting periodical reports of Mr. Dixon, I.C.S., Collector of Salem, on the working of the Prohibition Act in that district. In his latest report, which reviews it for the whole period of nine months since its introduction, he expresses the opinion that the success of the prohibition campaign has exceeded the expectations even of some of the most ardent supporters of the movement. One of the arguments generally urged against Prohibition is that liquor addicts, if they are deprived of their accustomed drink, will take to drugs. Mr. Dixon, however, reports that 'there is little sign of former drinkers taking to drugs as a substitute.' He also gives some quite surprising comparative figures regarding liquor crime. He compares the figures for the nine months of 1937—38 with the corresponding period of the previous, that is, pre-Prohibition year.

Nature of Offence.	1936—37	1937—38.
Tapping without license for fermented toddy	574	121
Illicit distillation	196	85
Possession of illicit arrack	123	69
Possession of liquor	183	66

Where one would expect a large increase in liquor offences the very opposite has been the case. Is it due to less crime being really committed or to detection having become very inefficient? Mr. Dixon says that less crime is committed than before, because there is much greater vigilance now exercised by a number of agencies, and consequently much greater fear of being found out than before. Formerly, only the Excise staff was concerned with the detection of this kind of crime, but now the ordinary police, the village officials, Congress workers, village Prohibition committee members, the general public and the womenfolk of the former drinkers are all concerned with it. Formerly licit liquor being permitted, the manufacture and sale of illicit liquor was profitable and tempting, and a number of people naturally engaged themselves in it, especially as they had to fear only the Excise staff. But now it is all different. This is a straight forward explanation which we do not see any reason to discount as some anti-Prohibitionist newspapers are inclined to do.

Where India Differs from the West.

The favourable factors which have made Prohibition a success in Salem these nine months and which distinguish India from Europe and America, are correctly described by Mr. Dixon in the following passage:

"First of all the character and customs of the people themselves. For generations in the past they had been accustomed to having things ordered for them from above and were content to accept what was ordered. In recent years political movements have aroused the people from a condition bordering on apathy, and one party and its leader succeeded to a large extent in capturing their imagination. On the introducing of Prohibition, the position was that both officialdom and that party and its leader exerted considerable influence over the masses; so, when officialdom proceeded energetically to carry out a policy strongly sponsored by Mr. Gandhi himself, the effect on the public was very great. When to this are added the facts that large sections of the population were traditionally strongly averse to drink and the drinking classes themselves generally felt that their habit was one to be ashamed of, it is evident conditions in Salem were altogether different to those obtaining, for example, in the United States of America."

The numerous reports which Mr. Dixon has received from officers of different departments and from non-official sources, though a few of them may be exaggerated, all confirm that 'prohibition has proved a real boon to that large class of the population which lives on the borderline of want, ' most members of which were being tempted to drink at the expense of the health and happiness of their wives and children. Those who have most benefited by Prohibitoin and who are therefore its staunchest supporters are the women of this class. It is not surprising to read that they are determined that there shall be no question of bringing back the drink shop and no return to the days of insufficient food, domestic quarrels and uncertainty about the future. '

Thrift Campaign.

In connection with the thrift campaign which has been started from February last Mr. Dixon writes appreciatively of the work done to promote it by the official and non-official staff of the co-operative movement. A large number of hundi books have been distributed and the amount saved up to the end of June was Rs. 9,858-12-0. Mr. Dixon observes: " This figure is not spectacular, but it has to be remembered that it represents the saving of 2,413 poor people, people who have probably never thought of saving money before, nor their ancestors before them. From these small beginnings it is possible that a great and strong movement may grow. Even if it has done nothing else the movement has, at least, good propaganda value. Borrowing is almost universal, the idea of saving must be introduced sooner or later to remedy this soul-destroying condition of habitual indebtedness, which saddens the lives of crores of villagers". Salem is not different from other districts of this province and Prohibition should succeed as well in them as in Salem, provided, however, the enthusiasm of the officials and the public is roused to the same degree as in Salem.

The Late Sir K. P. Puthanna Chetty.

In the death of Dewan Bahadur Sir K. P. Puttanna Chetty, C.I.E., albeit at the ripe age of 81, Mysore has lost a public leader of eminence and very varied activity. Joining the State service as a humble clerk, he rose to a position which was next only to that of the Dewan. But it was in the period of 25 years after retirement that he rendered the most valuable service to the State. He was connected with the Mysore Legislative Council, the Mysore University, the Mysore Bank, the Bangalore City Municipality, the Civic and Social Progress Association and many other institutions in important capacities and was known for his sweet temper, sound judgment, optimistic nature and moderation. Many are his benefactions to the public, the most notable being the gift of a splendid well-equipped Town Hall to Bangalore City. He was president of the Bangalore Central Co-operative Bank for some years and honoured the last All-India Co-operative Conference by welcoming its delegates in his Town Hall in July last year. He enjoyed the highest esteem of both the Government and the people. We offer our respectful sympathy to Lady Puttanna Chetty.

The Proposed College of Co-operation.

I

By The Hon'ble Mr. V. Ramadas Pantulu.

The idea of a co-operative college in which interest is now revived by Mr. Varkey's scheme is not a new one. The Madras Provincial Co-operative Union appointed in 1933 a committee to formulate proposals for the establishment of a central co-operative college for the Province. That Committee prepared a scheme and placed it before the Executive Committee of the Provincial Co-operative Union, which approved it.* Mr. D. N. Strathie, then Registrar of Co-operative Societies, also gave his approval to it. Mr. Varkey's scheme is more or less conceived on the same lines and the course is of two years' duration in both schemes. The subjects of study are given below in parallel columns:

P. C. U. Scheme.

Part I. Economics.

1 Economic Theory.
2 Rural Economics.
3 Industrial Organisation.
4 Statistical Methods.

Part II. Co-operation.

1 History of the Movement.
2 Principles of Co-operation: credit and non-credit.
3 Co-operative Law.

Part III. Technical Subjects.

1 Banking.
2 Book-keeping.
3 Auditing.
4 Commercial Law (Indian Companies Act, Negotiable Instruments Act.)

Part IV. Practical Training.

Including lectures on Rural Sanitation and Village Panchayat Organisations and Village administration.

Part V. Essay.

English or Vernacular.

Mr. Varkey's Scheme.

1 Co-operation—History and Principles.
2 Co-operative Law.
3 Banking.
4 Book-keeping.
5 Auditing.
6 Secretarial Practice.
(3–6: With special reference to Co-operation.)
7 Rural Economics.
8 General Economics.
9 Economic History of India and England from 1750 onwards.
10 Essay.

* *Vide* the " Madras Journal of Co-operation " Vol. XXV. pages 39 to 41.

On the whole both the schemes aim at making the course as full and useful as possible. But, if I may say so, the Provincial Union syllabus appears to be better, specially in parts I and IV. Provision for shorter courses to train persons for jobs like the supervisors of unions or the subordinate staff of the societies should not be attempted in a college like this. It should be left to local training institutes organised by Central Banks or Language Federations. I am also unable to agree with the view that the education given in the college should be such as to enable one who obtains a Degree in Co-operation to be fit for a diversity of functions such as those now discharged by a revenue inspector, a sanitary overseer, a co-operative inspector, a panchayat officer, an agricultural demonstrator and an irrigation overseer. The idea of replacing these various services by a combined service is, to my mind, impracticable and not conducive to the efficient discharge of any one function. At the one end the villager must be helped to get into touch with the several local officers by properly trained rural guides, and at the other the activities of the several development departments must be co-ordinated by an officer like a Development Commissioner.

Mr. Varkey's scheme, however, contemplates not only that the college should be a Government college subject to the normal control of the State Department of Education and the Director of Public Instruction, but it should also, to use his own words, "remain under the control of the head of the concerned department, i.e., the Registrar of Co-operative Societies." The principal of the college and the staff will be Government servants in a college established and maintained by the Government and they are subject to the discipline and control of the Department of Education. Why the college should further remain under the control of the head of the Department of Co-operation, is not easy for me to see. Mr. Varkey's idea that a college of co-operation is just a technical college like the Veterinary or Agricultural College and that it should therefore remain under the control of the departmental head is, to my mind, entirely erroneous. It ignores the fact that co-operation is a socio-economic movement of the people and has an ideology and idealism of its own. Again, while candidates passing out of an Agricultural or Veterinary College can mainly find employment only in those departments and will not be in requisition to any large extent to serve a wide-spread movement composed of thousands of popular institutions, persons trained in a genuine co-operative college are mainly expected to render various kinds of services to the Co-operative Movement and through it to the

millions who are its members. The proportion of those who obtain a degree in co-operation that will be absorbed in Government service must be comparatively insignificant compared with those who can be and ought to be absorbed in the Movement as a whole, which is essentially non-official in character. Mr. Varkey's hope that those who are trained in his college of co-operation will be able to acquire adequate knowledge of the science of co-operation and sufficient training in the methods of co-operation may be realised; but his other hope that such men will be "imbued with a right co-operative spirit" cannot, in my opinion, be realised. Teachers in a Government college, run under the control of a departmental head, do not enjoy the independence of thought and action, which teachers of co-operation enjoy elsewhere in the world and should enjoy if they are to be true teachers of co-operation. Indeed, they cannot be even mildly critical of the head or even the sub-heads of the department and cannot attempt to reform the principles and methods on which the movement is run by the department, even when they feel that those principles and methods are wrong and not conducive to the healthy growth of co-operation. Instruction from such a source is more harmful than useful. If the idea of the sponsors of the scheme is that persons should be trained in a Government institution under the direct control of the co-operative department mainly for recruitment into the departmental service and only incidentally to provide employees for non-official institutions, who will carry out the policy of the department even in those institutions, it will be more advantageous to run a school like the Police School at Vellore, where inspectors, sub-inspectors and head constables are trained for the efficient discharge of the duties in the police department. To give a school, controlled and conducted by a departmental head, the appellation of a "college of co-operation" is to advertise a misnomer. The college run by the Registrar under Mr. Varkey's scheme will hardly be different in status or usefulness from the present Central Co-operative Institute. I am, therefore, definitely against the idea of the creation of a college for the manufacture of "B. Cop"s. (Bachelors of Co-operation) on the analogy of "B Com"s. if such a college is to be no more than a mere branch of the Registrar's office, functioning in a departmental atmosphere and environment. It will hardly be different under Mr. Varkey's scheme.

The association of a committee to advise the Registrar in regard to selection of candidates and the like does not improve matters.

Non-official advisory committees were tried in various Government colleges in this province and have now been abandoned, as they not only failed to fulfil the expectations of the Government but also gave rise to some abuses. To revive the system in the case of the co-operative college is a curious anachronism. But if a committee is to be thought of, it may be on the lines suggested by the Provincial Co-operative Union and should be composed of representatives of the P. C. U., the Provincial Union of Village Panchayats, besides one or two officials nominated by the Government preferably of the Agricultural and Revenue Departments, with the Registrar of Co-operative Societies and the principal of the college as ex-officio members.

My objection is not merely to the Registrar's control over the college. I am not in favour of the college being a Government institution. It may be affiliated to and controlled by the University. In most countries, so far as my knowledge goes, it is a federation of co-operative institutions or a co-operative foundation or trust that is in charge of co-operative education of all grades. In a few countries, the Universities have taken upon themselves or are entrusted with the task of organising the more advanced courses in co-operation; but nowhere is co-operative education imparted under direct Government aegis and control. The policies and programmes of a Government, for the time being in office, may not and ordinarily will not be in conformity with those of co-operation. It is obviously an untenable position to expect co-operative education of the highest kind to be formulated and imparted always in conformity with the ideology and idealism of co-operation, by every government in power, whatever its political colour and economic programmes may be. I feel that if co-operative education is to be of any use, it must be conducted by co-operators themselves. I explained my reasons for this view at some length in the article on "Co-operative Education in India" which I contributed to the *Indian Co-operative Review*, July 1935. If we propose to create a right type of educational institution, we must aim at the ideals which have inspired co-operators elsewhere in the world in shaping their co-operative educational institutions. It is not education that trains men and women in competitive profiteering business and fit them up merely to subserve the needs of the employer that co-operators elsewhere aimed at. And most Governments have not yet emerged from these capitalistic trammels. As Thomas Hodgskin said so long ago as 1823, "it would be better for men to be deprived of education than to receive their education from their

masters; for education in that sense is no better than the training of the cattle to the yoke." This spirit has been maintained all through by western co-operators in conducting their educational institutions, and this is as much in evidence in 1938 as it was in 1823. I am, therefore, definitely against the idea of establishing a college under Government aegis, further controlled by the head of the co-operative department. The Government must aid and encourage a college of co-operation established and conducted by a genuine co-operative organisation. The Madras Provincial Co-operative Union, or some other co-operative foundation or trust to be constituted, must be entrusted with the task. The Bombay Government have proceeded on right lines in reconstructing the Bombay Provincial Co-operative Institute and entrusting the whole field of co-operative education to it. The recommendations of the Royal Commission on Agriculture and the Townsend Committee on Co-operation in Madras were conceived in the same spirit. The Movement itself should devise a scheme for imparting co-operative education of the right kind through teachers who enjoy necessary freedom to teach and practise the principles and methods of co-operation and to train men who will be properly equipped to guide the co-operative movement along proper channels.

Finance.

Both the Madras Provincial Co-operative Union's scheme of 1933 and Mr. Varkey's scheme deal with the question of finance in some detail. In this respect also, both the schemes agree more or less. The P. C. U. scheme provided for a staff consisting of a principal on Rs. 250—15—400, 3 lecturers on Rs. 150—10—250 each and a tutor on Rs. 75, besides clerical and other subordinate staff. Mr. Varkey's scheme provides for a principal on Rs. 200—20/2—400—25/2—450, 3 lecturers on Rs. 150—10/2—210—20/2—250 and a Vice-Principal with an additional allowance of Rs. 20 over the pay of the lecturers. The scheme also provides for a tutor on Rs. 55—5/2—75. In calculating the financial results of the scheme, leave allowance, acting appointments, relieving staff, provident fund contribution and the like must be provided for. The question of buildings for the college and other details do not at this stage call for any special comment. Both the schemes involve an annual recurring expenditure of about Rs. 15,000 going up to about Rs. 30,000 in course of time. But no college can be stationary. With expansion, which is inevitable, the cost will go up. But in any case, a recurring annual expenditure of

Rs. 50,000 will enable us to have a good college when it is developed to its full stature in due course.

The sources from which funds for the college are to be derived, the fees to be charged to the students and other allied matters are matters of detail which can wait till the form of the main scheme is settled. But I must say that a co-operative college should not be looked upon as a commercial concern, and in finally determining its form, we need not start with the idea of making it self-supporting. A co-operative college is seldom self-supporting anywhere. If we can make it self-supporting, it should be all the more easy for the Provincial Co-operative Union or some other non-official co-operative organisation to run it without State subsidy. If there is any small deficit, the Provincial Co-operative Bank, which sets apart a fairly large sum every year for the promotion of co-operative education from out of its common good fund, may be approached. But it should be the privilege of the Movement to run a co-operative college even at some sacrifice of funds, if necessary.

II

By Mr. T. A. Ramalingam Chettiar, B.A., B.L.

I am very glad to find that the Government and the Registrar of Co-operative Societies have made proposals for the establishment of a college of co-operation affiliated to the Madras University. It is proposed to have a separate college under the control of the head of the co-operative department and provide a course of instruction for two years in co-operation, economics and commercial subjects like banking, auditing, book-keeping and secretarial practice. The college has to provide a course, preparing for a degree to be conferred by the University. As in other colleges, only persons who have passed the Intermediate course will be admitted.

The scheme is good so far it goes. It will serve to bring into existence a number of young men of status and equipment for work in the co-operative field, which is wanting at present. But various questions arise in connection with this scheme, which have to be considered before the Government takes its decision. I take it that the young men who are going to be educated in this college are not to be trained only for service in the co-operative department under the Government. In establishing a college like the one proposed, we have to take into consideration the circumstances of the country, the sort of equipment needed by students who pass through the

course, and the expectation of employment at least to a large number of those who pass through the course.

Ideas of life have changed considerably in recent times. We are not thinking now of advance in water-tight compartments; especially in rural progress, we are thinking of all-sided improvement and we have come to realise that unless there is improvement on all sides, no progress of a permanent character can be achieved. We have also come to realise that facile credit alone will not help the agriculturist very much, even though it is necessary to give him a start as well as to sustain him and his occupation. We have found that agriculture by itself does not pay and that unless the agriculturist is helped to start subsidiary occupation, he cannot repay the debts he has borrowed. Agriculture must be made to pay better and provision has to be made for marketing and for supplying the things the agriculturist needs. Not only this, the life of the agriculturist cannot be divided so as to separate his occupational life from the others. For, the value of sanitation and nutritive food on his condition and surroundings is as great as that of credit facilities. His social habits have a lot to do with his improvement in all directions including the economical. For all these purposes, the value of village administration managed by the villagers themselves, is great, as it is only through them the village roads, sanitation and other things can be secured, apart from the mental satisfaction he obtains and the spirit of self-reliance he acquires. So it seems to me that we can no longer think of persons dealing with only one aspect of village life or village uplift. Any person who is going to work in the village has to deal with all aspects of village life and has to be the guide, philosopher and friend of the villager. The experience of the Punjab has proved this. So it seems to me that there is a greater need for a college dealing with all subjects touching rural life, rather than one confined to co-operation alone, if it is our idea to educate and equip proper men for work in the rural parts.

We are now having Supervisors, one for about 20 villages. The area covered by a Supervisor is large and he is not able to do intensive work in the villages. The cost of supervision is already very large and the Central Banks are finding it difficult to provide the necessary amount. On the other hand, the constitution of a compulsory village panchayat is almost a certainty in the near future. We will require men to supervise and guide the village panchayats. Here again, if separate supervisors are going to be appointed, they will have to cover large areas. There is nobody in the villages at present to help and guide the villagers for agricultural improvements and to help organised improvements in social habits and better living. For all these purposes, village guides will be necessary. A person for 5 or 6 villages is, in my opinion, necessary if any improvement in our village conditions is to be obtained permanently and if our village institutions like the co-operative banks and the village panchayats are to be run efficiently and for the benefit of the ryots. The persons who are now working in the villages are the Revenue Inspector employed by the Government and the Supervisor appointed by the Co-operative organisation. It will not be possible for the Government or for the village organisations to bring into existence another set of workers, as the cost of the two sets of officers already existing is already heavy and it will not be possible to find any large funds, except as contribution from village panchayats. The work that is being done by the Revenue Inspector at present, *viz.*, the checking of the village accounts and the supervision of the village officers can very well be done by the village guide I am contemplating. The village guide in future will have to do the work that is being done by the Revenue Inspector, the co-operative supervisor, and serve as the supervisor of the village panchayats and also organise village work by improving agriculture, calling in agricultural and veterinary departmental help and otherwise making the villager take advantage of departments of Government intended for his benefit, and also organise better living societies and contribute for a change in the social and other habits of the people. So a college intended for training people to work in the villages in the future, will have to take note of all the requirements of the villager and provide him with the necessary instruction and equipment. The work of a supervisor or guide will then be confined to a compact area and he will be able to work intensively in that area, and see to the efficient working of all the institutions including the co-operative societies and village panchayats. Village service will have to be organised on the lines above stated and it is only then that the students passing through the college can have any chance of getting employment. So the change in the circumstances of the country, the needs of the immediate future and the possibility of finding employment for those trained in the college, all point to the same conclusion that the training given in the college should be for rural service generally and not be confined to co-operation.

If the training is to be confined to the subjects mentioned in the communication sent by the Registrar, the graduates who will pass out of the college will have to be employed only for co-operative work. The co-operative institutions will not be able to absorb all the boys graduating from the college and I think, it will be a waste of time and money to confine the training of the boys to co-operation alone. I also fear that unless a comprehensive view is taken, as I have suggested, the village panchayats will not be able to function properly and there will be a break down in their administration. As those who have knowledge of village conditions know, in many villages it will be difficult to form a panchayat capable of looking after itself without outside help. While in all rural work, for obtaining permanent results, it is necessary to make the villagers themselves do things, it is necessary, as found by the experience in the Punjab and elsewhere, that there should be guidance and supervision from outside at least for some considerable time until the villagers are able to look after themselves and provide for supervision themselves. My suggestion will involve pooling of all resources and efforts available for rural service. This will require adjustments elsewhere also.

If my idea is accepted, the college should be under a management in which the several interests are represented. I would ask, in addition to the Registrar of Co-operative Societies, a revenue officer, a public health officer and an agricultural officer to be associated in it. Non-official element should be strongly represented on the management. It is in view of this that the resolution of the Executive Committee of the Provincial Union was passed. Agricultural, co-operative and administrative sides of the training to be given in the college, will all have to be attended to.

A Professor of Economics who has done some rural work will have to be appointed as a full time Principal. Part time lecturers from the Co-operative, Revenue, Public Health and Agricultural Departments will be able to deal with their subjects, like Professors in the various subjects in the Medical College. Each of these part time lecturers will have, probably, an hour's work in the college. A couple of junior lecturers to supplement the work of the Principal and the Professors will probably be all that will be necessary, at any rate, in the beginning. So the cost of the new college may not be very much, if services to be rendered by the part time lecturers is not to be calculated. But I do not think that we can work the institution as a self-supporting institution from the beginning. While a portion of the cost may be collected from the students by way of tuition fees, there will be a deficit, which will have to be met by the Government. I do not think that the cost can be considered unreasonable or unnecessary when we consider the importance of the service the graduates from the college are expected to do.

III

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To students of co-operative theory and history, a state-run co-operative college would be a paradox. The consumers' movement in every country where it is well spread does not entrust the work of co-operative education to other bodies—state or university but takes it upon itself and the highest courses are given by the National Union of Consumers—like the British Co-operative Union in its Co-operative College at Manchester. It is an article of faith with them that the movement must control its own education. Even universities are suspect as catering to the *bourgeoisie* and treating co-operation, at best, as a subsidiary economic organisation and not as one which should dominate the whole field of economic activity. A patronising attitude is resented by the leaders of the consumers' movement who think that co-operative education can only be given in a co-operative atmosphere.

The leaders of agricultural co-operation have not been so uncompromising in their ideals; they do not look for a silent transformation of the whole economic organisation. While a number of National, Provincial or Racial Unions of agricultural co-operators have organised courses of their own, some of them have also sought the help of the universities in the provision of advanced teaching and research in co-operation, *e.g.*, the Welsh Agricultural Organisation Society has sought the aid of the University College at Aberyswyth. Instances of such collaboration between the movement and the universities may be found all over Europe, America and British Dominions. But generally the universities treat the study of co-operation as a part of economics or agricultural course, and not as an independent or self-contained course, leading to a degree in co-operation.

The movement in this country is far from well-developed even on the agricultural side, not to speak of consumers'. But the lack of an essentially co-operative outlook at the top is even more regrettable than the lack of material resources. It should be the task of the co-operative college to develop a co-operative ideology among would be

leaders in addition to promoting technical efficiency among employees. Normally, it should be the duty and the privelege of the Provincial Co-operative Union to undertake all grades of instruction in co-operation without any state aid or control. If that be the will of the leaders of the movement, it will not be difficult to find the ways and means for running a college. We have even now sufficiently prosperous financing and trading institutions, which could spare enough from their common good funds to meet the deficit that might result in running a college as per the scheme formulated by a former committee of the P.C.U. If our co-operative institutions had any regard for the voluntary character of the movement, they should prefer the men trained by their own federal educational agency, as co-operative institutions do in almost every other country of the world.

The Government of this Province has been generally sympathetic in its attitude to the co-operative movement which it has helped to organise, but it has not always followed its professions to de-officialise the control of institutions. The attempt to officialise education is a move in the opposite direction, for which it is difficult to find a parallel outside our country. In spite of its goodwill to co-operation, the Government has sometimes in the past been embarrassed by the pressure of vested interests and foiled in its attempts, for instance, to set up regulated markets and foster co-operative marketing. One is not sure whether such embarrassment will not recur. It would be a delicate task for the teaching staff of a state-run college to say, even when occasion compels, anything critical of the Government's policy which is in contravention of co-operative doctrines or to comment on the administrative acts of co-operative officials. The Government is also committed to the policy of discriminating against communities, in turns, in the selection of even the teaching staff, which is opposed to all canons of equality and efficiency, preached by co-operation.

If our leaders of co-operation fight shy of running a co-operative school or college, unaided by Government, they may request the authorities of the Madras University to institute a Diploma in Co-operation even as it has recently done in Public Administration. In fact, most of the subjects included in the draft schemes of the P. C. U. and the Registrar's communication are already taught by the University in its Diploma Classes in Economics and Public Administration. The only subject not provided for is Co-operative Law for which a part-time Lecturer may be secured as for Commercial Law and Accountancy. Provision may also be made for further specialisation in a few subjects like the Store Movement, Co-operative Insurance and Agricultural Marketing, just as in Rural Reconstruction. The University may be relied upon to impart a high standard of instruction in a scientific spirit, untrammelled by administrative or political considerations. Practical training in co-operative institutions suited to the students concerned may be arranged for by the Provincial Co-operative Union. The only element that the University may not be expected to provide for is the co-operative atmosphere, outside the classroom: in the boarding, lodging and general living arrangements for students and teachers and the opportunity for co-operative experiments in rural and urban settlements which an avowedly co-operative organisation can best provide.

IV

By Mr. S. K. Yegnanarayana Aiyer, M.A.

1. *Need for a College.*—Experienced co-operators of the province have long felt the need for an educational institution of the college rank to impart full instruction on co-operation and allied topics to recruits for co-operative services. The adjoining States of Mysore, Travancore and Cochin are likely to co-operate with the Government of Madras if a college is started. The need therefore is there and it has long been recognized.

2. *Management and Finance.*—It would be in the fitness of things if the Provincial Co-operative Union, the highest non-official federation of co-operative societies in the Province, were to undertake to run the college under its own auspicies; but its financial resources being limited, it may not be able to undertake this stupendous responsibility, and the main burden of finance, capital as well as recurring expenditure, will have to be borne by the Government. I therefore agree to the view that an *Ad hoc* Board of Management be constituted consisting of representatives of various provincial bodies interested in the growth of genuine co-operation. But the Board should be sure of the financial support by the Government which will have to meet the net cost of running the institution. The need for the Government support would be felt more intensively if the University be approached to institute a Degree in co-operation and to have the college affiliated to it. The authorities of the University would insist upon there being a permanent capital of at least Rs. 50,000 before they think of giving recognition to the institute.

But if the Government gives the guarantee to meet the net cost this difficulty can easily be overcome.

3. *Students.*—I would prefer to recruit graduates as students of the institute. The proposed college should be on a par with the Law College and the Training College for Teachers, taking only graduates with necessary general qualifications as its students. It is true that the Medical College and the Engineering College take Intermediate students and qualify them for the degree courses in their respective branches. But it must also be remembered the Engineering course runs practically for 5 years and the medical course over 7 years. The proposed course of 2 years would be enough only if we take graduates.

4. *Courses of Study.*—I would suggest that after the first year during which general economics and co-operation would be taught there be specialisation in the second year when the majority can be advised to take up Rural Co-operation and a few students may be told off to specalise in Urban Co-operation. Even in the Economics department of the University the Reader specialises in Urban Economics and the Lecturer specalises in Rural Economics and something corresponding to that may be done in the College of Co-operation, as well.

5. *Staff.*—I would prefer the arrangement wherein there will be a permanent staff who would be expected to take the students through the regular course of instruction, but opportunities should be given for honorary workers with necessary experience to come and give definite courses of lectures on their own special subjects.

6. *Fees.*—The fees from students should not be looked upon as a main item of income. They may be fixed at Rs. 100 per year, but there should be opportunities given for deserving students of ability and poverty to prosecute their studies when the help of free scholarships or by the grants of stipends.

The Takkolam Co-operative Consolidation of Holdings Society.

BY MR. K. NARAYANASWAMY MUDALIAR, M.R.A.S.,
Retired Deputy Registrar of Co-operative Societies.

The society was registered on 7-4-1938 and it started work on 14-4-1938. There are 39 members on the roll. Its area of operations extends over the village of Takkolam and the adjoining village of Pichivakkam. The consolidation work was taken up first in Pichivakkam village where the scattered and small holdings are more numerous than at Takkolam and where the members desire to have it completed as early as possible.

The disadvantages of fragmented and scattered holdings are many. A part of the cultivable land is wasted, owing to the fragmentation in unnecessary bunds and boundaries, and this can be avoided by consolidation. Small and scattered holdings increase the cost of cultivation to the ryot, involve more labour and more supervision, and create wastage of irrigation water, by diversion here and there, wastage of time, wastage of money and wastage of efforts. Fragmentation restrains the ryot from attempting improvements to his land and discourages him from carrying out intensive cultivation and adopting scientific methods of cultivation. If the holdings are scattered here and there, the ryot has to commence and complete the agricultural operations from field to field one after another. These operations therefore get delayed and the yield is adversely affected. These were explained to the members in detail. Intensive propaganda was made about the benefits of consolidation and the members were effectively convinced of these benefits.

There are 178 holdings of 5 cents and below, and 282 holdings of above 5 cents but below 10 cents in Pichivakkam village. The dry fields do not require consolidation as they are not piecemeal and scattered. The wet fields of Pichivakkam cover an area of 329 acres and 54 cents. The chief crops grown in the village are paddy, ragi and groundnut. There are two irrigation sources for the village (1) the spring channel and (2) the Pichivakkam Eri (tank), fed by the spring channel and the river Vradhaksharanadhi. The villagers can raise two crops in a year in their wet fields, if the spring channel is kept under good and timely repairs by Kudimaramet. Each one has scattered and small holdings here and there. As such, the ryots did not feel a common interest to repair and clear the silt in the channel then and there. As a result, they did not have enough supply of water by the channel for the fields. Moreover, the holdings being

fragmented and scattered, the cost of cultivation became heavy and the labour and the efforts of the ryots limited to their means, were spread over and wasted, with the result that on an average 20 to 30 per cent of the area of wet fields of the village was allowed to lie waste even though assessment on them was paid to Government year after year at Rs. 6 to Rs. 8 per acre.

After knowing the benefits of consolidating their scattered holdings full well, the ryots jump up with joy. But they are conservative, as is usual with them. All the wet fields in the village are not of the same quality and fertility. They differ in the quality of the soil, sources of irrigation as some of them have wells dug in them, facilities for irrigation, nearness to the village site etc. Therefore, the ryots of the village did not consent to consolidate all the fields together and rearrange them according to their present extent of their holdings. The matter was considered deeply and with the agreement of one and all of the members of the Society, the entire wet fields of the village were grouped into nine convenient blocks, for the purpose of consolidation and re-arrangement. The consolidation work was taken up and completed in the first block, covering an extent of 41 acres and 46 cents.

Eighteen pattadars own lands in the block, of whom four own only single fields. These four fields covering an extent of 1 acre and 10 cents are left as they were. The remaining fields were consolidated and rearranged according to the extent of the holdings of the members concerned. Every member is now having all his piecemeal and scattered holdings consolidated into one single field in the block, though comprising of different survey numbers, as survey numbers should not be clubbed together. The scheme of consolidation was so carefully prepared as not to involve many sub-divisions of the fields and many adjustments of the cost of additional or deficit area allotted to members. Four of the members had to be given one cent each in excess of their holdings in the block and a fifth member, 2 cents. These 6 cents had to be cut short in the allotment made to another holder. The value of a cent is fixed at Rs. 4 and the cost of the 6 cents will be collected in cash from the five members who have excess allotment and paid to the member who has a deficit allotment. The scheme of consolidation was approved by the Directors in their meeting held on 27-5-1938 and confirmed by the general body in its meeting held on 31-5-1938. The consolidated holdings were identified to the members on the ground and they have commenced agricultural operations in them. The draft agreement form for the consolidation and rearrangement made has been drawn and sent up to the Government Pleader, Vellore, for scrutiny and approval. Soon after its receipt, it will be got executed and registered by the members concerned. The Revenue Department will be addressed thereafter to incorporate the changes effected in the fields in the revenue accounts. The consolidation scheme for the other eight blocks is under preparation and the work will be completed soon.

The Hindu Joint Family as a Member of a Society.

BY P. K. SRINIVASARAGHAVACHARYA.

(*The Villupuram Co-operative Urban Bank*,
versus
Balasubramanya Mudali.)

The question as to whether a Hindu joint family as such can be a Member of the society has not been decided in the case under reference. No doubt, Mr. Justice Horwill referred to 1933 Nagpur 211 with approval but it is to be regretted that the point was not expressly decided by His Lordship. The decision of the case turned on the question as to whether it is within the jurisdiction of a Court that executes a decree to conduct enquiries to ascertain as to whether the decree was properly passed. It appears that it was brought to His Lordship's notice that the joint family as such was not a Member of the society. His Lordship was pleased to observe 'that the question is not whether the decree shows that the whole family was a Member of the society ; but whether there is anything in the decree which shows that the whole family was not a Member. The award set out the names of all the Members of the family and therefore it would seem that all the Members of the family were liable because the family and not only the Manager was a Member of the society'.

With great respect it has to be observed that His Lordship's attention was not drawn to one important fact. The awards in all cases set out the names of persons who are sued against. Against the names of Members their roll numbers are given and against the names of persons who are not Members, no roll numbers are given. This fact enables one to find out as to who were Members of the society and who were not. There is nothing in the judgment that shows that this fact was noticed by the learned advocate and arguments were addressed on this point or that His Lordship's attention was in any way drawn to this fact.

There is no case of the Madras High Court in which it has been decided as to whether a corporate body other than a co-operative society or a joint Hindu family as such can be a Member of a society. There is also nothing expressly to be found either in the Act or in the rules framed thereunder which shows that a joint family can or cannot become a Member of a society. But an examination of the provisions of this Act clearly indicates that it was never the intention of the legislature that a Hindu joint family as such should be admitted as Member.

Under Section 36 of the Friendly Societies Act, it is permitted that the rules of a registered society or branch may provide for the admission of a person under 21 years of age as a Member from birth (Pratt's Friendly Societies and Industrial and Provident Societies, 15th Edition, page 41). The Industrial and Provident Societies Act 1893 provides that 'a person under the age of 21 but above the age of 16 may be a Member of a society unless provision be made in the rules to the contrary' (page 161 of the same book). No such provision has been made in Madras Act VI of 1932 for admission of minors as Members of Societies.

The definition of the term 'Member' as was found in Act X of 1904 (The Co-operative Credit Societies Act) is indentical with the definition of that term in Act II of 1912 and Madras Act VI of 1932. Section 3 of Act X of 1904 refers to constitution of societies. It says that 'A society shall consist of ten or more persons above the age of eighteen years' and section 4 says that the Members of a society shall be persons qualified in accordance with the requirements of section 3 and admitted by the society in accordance with the provisions of the Act and with the bylaws of the society. That Act never contemplated the admission of one society or a corporate body as a Member. All Members according to that Act should have attained majority. Even though there is no express provision permitting the admission of societies as Members of other societies, Section 4, 5 and 6 countenance such admissions. Sections 4, 6 and 7 of Madras Act VI of 1932 which are similar to sections 4, 5, and 6 respectively of Act II of 1912 by implication contemplate admission of societies as Members of other societies. Nowhere in the Acts under consideration is there any indication that other corporate bodies, especially those which consist of minors, can be admitted as Members of societies. In construing the provisions of the Co-operative Societies Act and Similar Acts it should be remembered that what is not permitted should be deemed to have been prohibited xxi M. L. J. 790. It can thus be urged that there is no provision in the Madras Co-operative Societies Act or the rules framed thereunder which enables a co-operative society to admit any corporate body other than a registered society as its Member.

The admission to membership of a society is the result of a contract between the society on the one hand and the Member on the other.

There can be no valid contract where one of the parties is a minor (section 11 of the Indian Contract Act). It is also to be seen that even a major cannot be made a Member without his consent especially when it is to be noted that admission to membership involves certain responsibilities which otherwise he could not be fixed with. The case M. A. Koyal *vs.* Bhondlal and others in 1931 Nag. 48 lays down this principle. At page 49(2) the learned Judicial Commissioner observes 'I have little to add to the judgments of the two lower courts on the question of the obvious illegality and irregularity of making the present plaintiffs Members of the society without their consent thereto being asked.' The judgment also seems to imply that the Manager of a Joint Hindu family cannot as such get himself admitted as a Member of a society and make the other members liable without their consent. The learned Judicial Commissioner also approves of the proposition laid down by the first court that the 'plaintiffs could not be considered to be the Members of the society even if Munda—had purported to represent them. At page 49 the learned Judge observes: 'The provisions of the Co-operative Societies Act make it clear that stringent safeguards are provided to prevent the society from having dealings with strangers. The money involved therefore could not be lent to a stranger, and if a joint family as such had not been mentioned explicitly with its various Members having been brought on the list of the membership of the society, it seems to me clear that no order of contribution could be passed against the plaintiff. As I read the various apposite provisions of the Act including that of section 43(2) (*d*) the admission of a member to such a society cannot be unilateral on the part of the society as purported to have been done in this case'. The observation of Mr. Justice Horwill that 'in certain circumstances a family can be a Member of the society is also recognised in 1931 Nag. 48' evidently refers to the passage cited above.

The case in 1933 Nag. 211 no doubt supports the view that a joint family as such can become the Member of a society even though there are minor co-parceners. The reasoning given in that decision is this. The definition of a 'Member' includes a *person* joining in the application for the registration of a society and a person admitted to membership after registration in accordance with the by-law and any rules. The word 'person' has been defined in the section 3 of the General Clauses Act as inclusive of any Company or association or body of individuals whether incorporated or not. The term 'Member' is thus elastic to embrace a joint family within the ambit

of its meaning. Their Lordships also found that the membership of a joint family is not repugnant to law. They distinguish 1931 Nag. 48 on the ground that the award was impeached on the original side of the Civil Court and not in execution. Their Lordships' attention does not seem to have been drawn to the fact that the Co-operative Societies Act while contemplating admission of registered societies as Members does not expressly or by implication contemplate admission of other bodies of persons and that an application for registration can be made only by persons who have attained the age of majority. The decision in 1933 Nagpore should not be taken to have overruled the principle enunciated in 1931 Nag. 48 that the Manager of a joint family cannot by becoming the Member of a society make the other co-parceners liable as Members even without their consent and that the admission of a Member to a society cannot be unilateral on the part of the society.

The latest pronouncement on the point has been made by a full Bench of the Patna High Court. In Bundeswari Prasad—Liquidator *vs.* Shiva Butt Singh and others, 1938 P. 315 (F.B.) the question arose as to whether one Lakshmi Narain who was the manager of a joint Hindu family became a member of a society in his capacity as the manager and whether a contribution order passed against him could be executed against the shares of the other Members of the joint family as well even though they were not Members of the society. It was contended on behalf of the plaintiffs who were the undivided brothers of the member 'that under bylaws of the society a joint family can in no event become a Member of the society.' Their Lordships observed that the contention was untenable, 'because there is also no provision in the bylaws to preclude a joint family from becoming a member of the society through one of its members and indeed if the contention is upheld, the very object with which the Co-operative Societies have been started in this part of the country where the majority of the population consists of Hindu joint families will be frustrated.' Then their Lordships proceed to observe that 'it must however be pointed out that a good deal of unnecessary litigation may be avoided if the co-operative societies functioning in this province insert in their bylaws an express provision that a Hindu joint family may join a society through one of its Members chosen by all the other adult members of the family and that loans to such a family will be granted only on clear and complete proof that the money is required for some legal necessity of the family.' In this case it should be noted that their Lordships "business" of these banks and interest realised on such deposits is distinguished from the normal business of a co-operative bank. The Central Banks are also under an obligation to maintain fluid resources on a fairly stiff standard in Government securities and also to invest their reserve funds in the Madras Provincial Co-operative Bank or in debentures of the Madras Co-operative Central Land Mortgage Bank. Nevertheless no note is taken of these compulsory modes of investment when assessing their income to income-tax.

Among the classes of assessees mentioned in the Income-tax Act, the Co-operative Societies do not find a place and accordingly by an executive order they are classed as "associations of individuals". One curious effect of this classification is that Co-operative Banks are in a worse position than joint stock banks in regard to assessment for supertax; joint stock banks which carry on banking business on a wider sphere than co-operative banks pay supertax at a flat rate of one anna one pie in the rupee, while co-operative banks have to pay such tax on a graduated scale ranging from 9¾ pies to 7 annas in the rupee. The financial results on this classification of co-operative societies under the head of "associations of individuals" for purposes of payment of supertax can be seen from the following figures relating to the assessment of the Madras Provincial Co-operative Bank for the last three years :—

Year of assessment.	Profit as per Balance Sheet.	Profit assessed by the Income-tax Department.	Income-tax paid.	Supertax paid.	Supertax payable if it were a Joint Stock Company.
	Rs.	Rs.	Rs.	Rs.	Rs.
1935–36 ...	2 30,516	3,23,935	48,801	48,654	17,121
1936–37 ...	2,04,461	2,49,007	36,453	27,915	12,438
1937–38 ...	2,02,267	2,58,260	34,207	29,916	14,101

It will be thus seen that the Madras Provincial Co-operative Bank pays much larger supertax than the joint stock banks do on the same amount of profit. In other words, the Provincial Bank pays a considerably large sum as income-tax plus supertax than joint stock banks doing similar volume of business. The other Provincial Banks in India are also in the same position in regard to the levy of income-tax and supertax.

The co-operative banking organisation in this province has not adopted the system of branch banking and is therefore decentralised in structure. Except the provincial institutions, no other society is permitted to lend to another society beyond its jurisdiction, and hence the surplus funds of one society have mainly to be deposited in another co-operative society for mobilising capital. This aspect of the business of co-operative institutions is entirely lost sight of by the Income-tax department, and it seeks to tax the interest earned on such deposits and investments in debenture of land mortgage banks, as if they are entirely outside their business, on the same footing as Government Securities. This mode of assessment and the classification of co-operative banks as "associations of individuals" simply because there is no other head of assessees under which they can be classified virtually nullifies the exemption given in favour of co-operative societies by the Governor-General. The expression "association of individuals" is changed into "association of persons" in the new Income-tax Bill and in the absence of any specific mention of co-operative societies as a class of assessees, they will be association of persons under the new Act. The defects in the Income-tax Act have practically resulted in subjecting co-operative banks to heavier burdens than joint stock banks, a result which could not have been contemplated when the exemption under section 60 of the Act was granted. The need for rectifying these defects in the Income-tax Act is therefore clear. The Income-tax Enquiry Committee has not, however, made any specific recommendations regarding co-operative societies. The Committee simply mentions that co-operative societies are enjoying certain exemptions granted under section 60 of the Act. The Income-tax Bill which is now pending in the Central Legislature for amending the Act of 1922, does not affect or improve the position of co-operative societies, and does not take note of the anamolies pointed out above.

It is therefore necessary that co-operative societies should be classified as a separate class of assessees and their business activities defined for purposes of assessment on the following lines :—

(1) Co-operative Societies should be defined separately and enumerated as a special class of assessees in section 3.

(2) The business of co-operative societies should be explicitly defined as including deposits and investments of one co-operative institution in another.

(3) In parts I & II of schedule 2 of the Income-tax Act, the rate of tax applicable to co-operative societies should be specified under a separate class, *i.e.*, the income-tax on a graduated scale and super-tax at a flat rate.

The Helpless Position of Central Banks.

By Diwan Bahadur K. Deivasikhamani Mudaliar.

After the Madras Co-operative Societies Act of 1932 came into force, the Central Banks in Madras are at a great disadvantage in the matter of recovering the loans given by them to their affiliated primary societies. Although opinion was divided among the Judges of the highest Courts in India, the Central Banks in Madras were able to get decisions or awards against defaulting societies executed against individual members of such societies. At least the decisions or awards were used to induce a prominent member of a society to take interest and collect the dues from the borrowers and pay the amount due to the Central Bank concerned. After the enactment of the aforesaid Act no decision or award can be executed against any individual member unless the society is liquidated. The liquidator alone can proceed against an individual member to enforce unlimited liability. This is not a happy situation for a Central Bank. I do not mean, however, to say that the Central Bank should have power to enforce unlimited liability at any stage but there must be some means by which it should, as a creditor, be able to take its own action against a defaulting society without being placed in the unfortunate position of entirely depending upon others, however willing the latter may be to help the Bank. If a society does not pay its dues the only course left open for a Central Bank is to ask for the supersession or liquidation of the society. Our experience in the matter of liquidating a society is well known. Liquidation has not produced the desired results. The Central Bank lends money to a society and waits for its return voluntarily. If the money is not paid it can take no effective action.

It is true that in recent years the Central Bank has undertaken supervision, but this does not help the Bank very much. There are several societies which are not influenced by supervision. The Central Bank feels helpless in such cases. The societies would not take any action and if a recommendation for supersession or liquidation is made, it is but natural that the authorities may have a different opinion about it and there may be delay in the ultimate action. In the meanwhile the interest of the Central Bank will suffer. The fact remains that the Central Bank has to sit with folded hands doing nothing, till supersession or liquidation is ordered. Supersession may

be more effective than liquidation, but objections are always raised in the matter of superseding the panchayat of a society. This helpless position of Central Banks should be set right very soon. A Central Bank should have power to proceed against a defaulting society, the moment it feels that its interest will not be safe in the hands of the defaulting society. It can no doubt get an award or decision and execute it against the common assets of the society. If the defaulting society has any building or other properties they can be proceeded against. The bonds of the borrowers of the society can be attached, but action can be taken in regard to them only by a person duly appointed by a Court. The claim of a Central Bank for its debts due by a society is a dispute under Sec. 51 of the Madras Co-operative Societies Act of 1932. Such a dispute can only be referred to the Registrar for decision. The Central Bank cannot therefore go to the Civil Court and get a receiver appointed. The Co-operative Societies Act does not provide for the appointment of a Receiver. It is therefore very essential that the Act should be amended in such a way as to enable the Central Bank to proceed against a defaulting society effectively. The Central Bank may be invested with power to proceed against individual defaulters in primary societies if the latter neglects or fails to take suitable action against them. The Bank may also have power to appoint a receiver who can take action. Such powers have been given to the Central Land Mortgage Bank. Please see sections 20 and 25 of the Madras Co-operative Land Mortgage Banks Act.

I would request co-operators and Government to examine this matter and get the provisions of the Madras Co-operative Societies Act of 1932 amended suitably.

Correspondence.

I

A CORRECTION.

To

The Editor,

The Madras Journal of Co-operation.

Dear Sir,

I am afraid that your statement appearing on page 699 of the Madras Journal of Co-operation for June 1938 that large areas of land, about 20,000 acres have come into the hands of societies in the Presidency *as a result of the scheme devised and recommended by me*—the Registrar's scheme of rectification—*is not correct.* The coming into the hands of the societies of these large areas of land was not the result of my scheme of rectification, but of a different one. Under the Registrar's scheme of rectification, large amounts were collected in cash, additional securities were obtained in a very large number of cases and an appreciable amount of irrecoverable debts were written off, as has been referred to by the Registrar in his successive annual administration reports. The scheme which has brought, and is still likely to bring large extents of lands into the hands of societies is the one which transferred the power of executing the awards relating to co-operative societies from the civil court to the officers of the co-operative department. Owing to the *abnormally* large number of awards of societies which could not be speedily executed through the civil court, the Madras Co-operative Societies' Act, when it was enacted in 1932, provided for the execution of such awards through the officers of the co-operative department. With a view to give effect to the provisions of this Act the Government appointed a large number of sale officers all over the Presidency. When action was taken by these officers large extents of land had to be purchased by societies for want of outside bidders. It should be noted that the Registrar's scheme of rectification will not apply to the worst societies where only one kind of action, viz., execution of awards against all defaulters is possible.

Yours sincerely,

K. DEIVASIKAMANY.

II

AGRICULTURAL COLONIZATION IN SIRUMANGALAM VILLAGE.

To

The Editor,

The Madras Journal of Co-operation.

Dear Sir,

Rao Bahadur M. R. Ramaswami Sivan is very keen on agricultural colonization for relieving unemployment among the graduates. He

visited the Punjab and studied the question of colonization and other allied means for relieving the educated unemployed. Mr. Sivan, as a man of action, has put into practice what he has felt to be a necessity. With his influence as a member of the Syndicate in the Annamalai University, he has secured about 100 acres and distributed them to some graduates, who work it on a co-operative basis.

I have also great faith in agricultural colonization, by bringing vast extent of waste lands into cultivation by co-operative methods. The agricultural population has multiplied enourmously during the last three centuries. It was 100 millions in 1600 A. D; it was 150 millions in 1850 and it was now about 380 millions in India. The increasing dependence on agriculture and the multiplication of uneconomic holdings aggravated the difficulties of intensive farming and food shortage; which is now deficient by 12 p. c. of the population. So it becomes apparent that waste lands should be brought into cultivation and food supply increased.

I understand the Hon'ble Minister for Co-operation has called for statistics of waste lands for being brought into cultivation and collective farming for relieving unemployment. The Administrative Inspectors of co-operative societies may be directed to organise such societies and the Agricultural Demonstrators may be asked to co-ordinate their activities by giving the necessary advice and suggestions.

I may be pardoned for giving you a concrete example of an agricultural colony in the Sirumangalam village in the Mannargudi Taluk of the Tanjore District and the practical difficulties that have cropped up.

In the year 1924, when I was an Honorary Assistant Registrar of co-operative societies, I met on the roadside at Sirumangalam, 5 miles from Mannargudi, about 34 families stranded from the Silathur Zamin of Pattukottai Taluk, without any work. The alleged oppressions of the agents of the Zamindar and the poverty of the soil, were said to be the real cause of their exodus to this place. They are honest and industrious agriculturists, free from the vice of drink. The Collector assigned R. S. 514 of the Edangankottai Kilayur village. This field which was over grown with shrubs, such as Kasan, is about 180 acres. This had to be cleared and made fit for cultivation. I thought they required some financial assistance and organised a Land Reclamation co-operative society, with a maximum borrowing power of Rs. 2,000.

The society was registered and started on its work in December 1924. Before the end of June 1925, they had reclaimed about 50 acres with the financial assistance of the co-operative central bank. There are now about 17 houses and the families resident in them have brought about 60 acres into cultivation.

Vested interests threw all sorts of obstacles in the way of my realizing my object. During the year 1927, the villagers received an order that they would be evicted, on account of the Mettur Irrigation system coming that way; and penal assessment also would be collected.

On receipt of this they came to me for help. I spoke to the Tahsildar and the Divisional Officer of Mannargudi and explained that there was very little probability of recovering their dues to the Central Bank, if they were evicted.

At the Ryots' Conference held at Mannargudi on 8-6-29 I appeared before the Collector of Tanjore and fully explained their case. There are at present 30 families solely depending upon this land for livelihood, and they fully deserve the help which the Government and the Co-operative Department can render them.

The Collectors of Tanjore, Messrs. Thorn and Boulton, moved the Government very strongly not to evict the tenants, but on the other hand to render further help to them to reclaim the remaining 120 acres of waste land. Permission has been given by the Government in G. O. Misc. 1830 Revenue, dated 29-6-1930. Extension of cultivation has been permitted and they are asked to pay double the assessment as B. 1. lands. Still they hold that no vested interest will accrue to the tenants.

On this order, I moved the Co-operative Department for the assignment of the lands to them, the patta being in the name of the society, and I appeal to the Honourable Minister for Agriculture to have it effected, so that this agricultural colony on co-operative basis may fructify and be an example to other colonies that may be started in future.

Similar instances will not be wanting if only one takes pains to go through the statistics of waste acres and study the agricultural population of the tract. Efforts should be made in this direction to find out how much of waste lands like this are available to support unemployed agriculturists and numerous societies of this type may be started.

Yours truly,
A. SETHURAMA AIYER,
Secretary, Tanjore Dt. Co-operative Manure Society, Ltd., Nidamangalam.

Reports.

I

THE DEVADHAR MALABAR RE-CONSTRUCTION TRUST.

REPORT OF RURAL UPLIFT WORK.

Mr. V. R. Nayanar, member of the Servants of India Society, has, as Honorary Secretary of the Devadhar Malabar Reconstruction Trust, Calicut, published the following report for the year ending 31st March, 1938.

The Devadhar Malabar Reconstruction Trust has been carrying on Rural Uplift work in selected centres in Malabar from 1923. During the Mopla rebellion, the Servants of India Society organised relief work for the large number of refugees. The late Mr. Devadhar, the then President of the Society, collected about 3 lakhs of rupees. After the administration of relief a balance of Rs. 30,000 was left, which was set apart for doing reconstruction work, and a Trust was constituted for the purpose. A short account of its activities for the year 1937--38 carried on in its 10 centres is given below :—

Education—General and Vocational:—The Trust conducts three Higher Elementary and four Lower Elementary Schools. The strength is as follows: Boys 536; girls 222; total 758. Among these 157 boys and 80 girls belong to the Mopla community and 99 boys and 31 girls to the Adi-Dravida community.

Arrangements to teach weaving and agriculture are provided at Tanur, Tirthala and Gopalapuram Centres. Midday meals, slates, books and clothes are given to the depressed class pupils of Gopalapuram and Nediyirip.

A District Educational Conference was conducted at Calicut by the Trust. It was opened by the Hon. Dr. Subbaroyan, Minister for Education. Several important questions for the improvement of education in the district were then discussed.

The Hon. Secretary of the Trust in his capacity as a member of the Standing Committee of the Malabar District Board visited a large number of schools and suggested ways and means of improving them.

Adult Education.—Five night schools were conducted. 333 adults attended these classes. Most of them were Moplas and Harijans. Books, slates and newspapers were supplied to the schools. A series of lectures on rural uplift, some of them with the aid of magic lantern, were delivered. A rural exhibition was conducted at Tirthala. Weekly meetings were conducted in all these schools when rural problems were discussed and the adults were trained in the art of public speaking.

Co-operation.—The Trust supervised the Calicut Co-operative Union, having 50 rural societies affiliated to it. A weavers' co-operative society was conducted at Tanur, providing regular work to nearly 50 families. Sales of handloom cloth were pushed on and a handloom weavers' section was arranged at the Calicut Exhibition. A representative conference of all the weavers' co-operative societies was arranged at Calicut and ways and means to expand the work of the societies were discussed.

A Rikshawalas' Co-operative Society, started last year by the Trust, distributed 16 rikshas on easy instalments system, thereby helping the poor riksha men to own their rikshs. They were paying as rent every year an amount that was sufficient to purchase a new riksha.

The Trust edited the *Co-operator*, the only Malayalam monthly devoted to rural uplift.

Propaganda was done on behalf of the Loan and Sale Society, which helped the agriculturists with loans on the pledge of their produce to meet their immediate requirements and saved them from the cruel necessity of selling their produce at very low rates.

A co-operative hand-book was published for the benefit of the co-operative training classes arranged by the Provincial Union and the District Co-operative Bank.

Cottage Industries.—Poultry farms were maintained at Tanur and Tirthala. A large quantity of eggs was sold for hatching purposes in both these localities and people have begun to evince interest in the systematic rearing of an improved breed of fowls. The fowls exhibited by the Trust at the Tirthala and Calicut Exhibitions won prizes.

Weaving sections were maintained at Tanur and Gopalapuram and a spinning and weaving section was organised at Tirthala. Cheap and improved looms for cloth, mat and tap weaving were invented and popularised. They won certificates of merit at the Exhibitions at Calicut and Tirthala. Weaving is compulsory in the Higher Elementary Schools at Tanur and Gopalapuram.

Agricultural Farms.—The Trust farms at Gopalapuram, Tanur and Tirthala made considerable progress. At Tanur it was demonstrated that cashew trees if properly cared for would yield fruits within three years. Pineapples, Mauritius plantains and sapotas were introduced in the farm and adopted by the people in the neighbourhood. A landlord at Wandur gave the Trust a gift of six acres of land, and a farm is being planned there also.

Medical Relief.—The Trust maintained a Child Welfare Centre at Malappuram till December, when it was shifted to Wandur. Its work during the year is given below :—

Children given hot water bath	6,832
Do. „ cold water bath	1,325
Do. „ milk conji	7,846
Do. „ cold liver oil	1,634
Do. treated for petty ailments	294
Do. sent to Hospital	95
Number of labour cases attended by the mid wife	75
ante-natal care	415
post-natal	463
Number of houses visited by the midwife	1,123

Arrangements were made to distribute quinine free at Wandur and Nadiyirip Centres.

A Health Week was celebrated in all Centres when sports and Baby Shows were conducted and prizes awarded to the winners. The workers of the Trust helped the Health Department whenever epidemics broke out. Poor patients were taken to dispensaries and help was rendered to get them treated.

Scouting.—The Trust arranged two training classes for scoutmasters under the Seva Samiti. 120 scoutmasters were given training and they have organised in different parts of Malabar 34 troops containing 235 rovers, 592 scouts, 32 cubs and 50 girl guides.

The scouts undertook the cutting of the Chamravattam trench to provide a footpath in summer across the burning river sands. This was the first time in Malabar that the scouts undertook such public work. It effected a saving of nearly Rs. 400 to the Malabar District Board.

Harijan Uplift.—The Harijan Colony at Gopalapuram in North Malabar conducted by the Trust provided huts and plots of land for 10 families. The total population of the Colony was 28 males and 24 females. The Gray Boarding House had 20 inmates, out of whom 4 were studying in the High School and the rest in the Gokhale Elementary School in the Colony. Two students appeared for the School Final Examination. A new building for the boarding home costing about Rs. 2,000 was constructed It was opened by the Collector of Malabar. The Hon. Mr. V. V. Giri, Minister for Labour, with his Parliamentary Secretary visited the Colony, presided over its anniversary and was very pleased with the work that was conducted there. This is the only Harijan settlement in the District which provides educational and housing facilities for Harijans.

Meetings were arranged in several parts of the District to arouse public sympathy for the Harijans and to improve their lot.

The Junior Red Cross Work.—The Trust organised Junior Red Cross Groups in schools in different parts of Malabar. 15 groups were organised during the year. The Honorary Secretary of the Trust attended the Conference of Junior Red Cross Councillors in the Presidency and read a paper on Junior Red Cross Work in Elementary Schools. A series of lectures on health and sanitation were arranged in schools.

Co-operative Insurance.—As a representative of the South India Co-operative Insurance Society, the Trust tried to popularise the scheme of co-operative insurance in rural areas for the benefit of the small wage-earners.

Distress Relief.—The Malabar Distress Relief Fund under the auspices of the Trust rendered help to 10 Moplas of Areacode, whose huts were destroyed by fire. Rs..95 were distributed among them to re construct their huts.

The Trust has schemes to start more Centres and develop rural welfare work in Malabar, but lack of funds and of sufficient encouragement from the public and the Government stands in the way. It is hoped that as the Government are beginning to take more interest in rural uplift the Trust will be able to secure better help in future.

II

RASIPURAM RURAL UPLIFT SCHOOL AND ITS EFFECTS.

Extracts from the Collector's Report to Government.

Soon after prohibition was introduced in the Salem District, Mr. H. C. Buck, the principal of the Y. M. C. A. College of Physical Education and his assistant, Mr. P. M. Joseph, offered their assistauce in organising rural recreation in the district as a part of the ameliorative work connected with prohibition. The Collector of Salem, visited the College of Physical Education at Saidapet and saw demonstrations of games and exercises suited to rural areas and considered that a useful form of counter attraction to drink would be the training of young men in rural areas in indigenous games and exercises so that they would organise rural sports on an extensive scale. The Conference of the Collector with important officials and non-officials held at Salem on 24—1—38 was of the same opinion and welcomed the assistance of the instructors of the Y. M. C. A. College. It was then considered that the opportunity might be taken to add instruction in subjects of rural interest like co-operation, agriculture, cattle-rearing, bee-keeping, poultry-farming etc., and the Special Development Officer, Salem, drew up a scheme for a summer school at Resipuram which was approved by Government in their G. O. No. 1084 Mis., Development Department, dated 25th April 1938. In pursuance of this Government Order, a Rural Uplift School was conducted in May 1938 at Rasipur by a school Committee comprised of Sri. T. M. Chinnaya Pillai, President of the Salem District Urban Bank, Sri. K. A. Nachiappa Goundar, President, Salem District Board, Sri. P. V. Krishna Ayyar, Deputy Registrar of Co-operative Societies, Salem,

Mr. P. M. Joseph of the Y. M. C. A. College of Physical Education at Madras, and Mr. J. C. Ryan, Special Development Officer, Salem. The President of the Salem District Board agreed to accommodate the Rural Uplift School in the Board High School Rasipuram and also permitted them to make use of the play-grounds belonging to the school.

Strength. Recruitment to the School was restricted to 20 Elementary school masters, 20 young men belonging to Rural Co-operative Credit Societies and 20 young men belonging to Youths' Associations. The Committee was careful to see that the candidates selected were not those who wished to add a fresh certificate to those they already possessed so as to enable them to obtain employment, but were candidates who were likely to return to their villages and take to rural uplift work. Most of the students recruited were drawn from the Namakkal Revenue Division. Two students, however, were admitted from the Shevapet Physical Culture Centre and two more from the Omalur Youths' League.

Physical Education. As the primary object of the school was to impart physical training, a good part of the time at the disposal of the School was devoted to this purpose. Physical exercises and games constituted the first item in every day's programme and lasted from 6-30 to 8 a.m. When the students met again at 9-30 a.m. they attended lectures on Physical Education for three-quarters of an hour nearly every day. The school was fortunate in having the voluntary services of Mr. P. M. Joseph of the Y. M. C. A. College of Physical Education and of Messrs Victor David and Victor Chelliah, two former pupils of the same institution. These instructors trained the pupils of the School with enthusiasm and energy. The Rural games they taught were mostly of the indigenous variety costing almost nothing, e. g., chudugudu, pillayarpauthu, gilli etc. Scores of such games were taught and easily picked up by the pupils. Simple western games like rounders, basket ball and badminton etc., which do not entail much expense and which are in demand in quasi-urban areas like Rasipuram were also taught. When the Government of Madras passed orders in G. O. No. 2245 Home Department, dated 28—4—38 that village sports should be organised with the help of the Police Sub-Inspectors in at least three villages in each District and should be kept up permanently with the help of local Sports Committees conducting the games on at least three days per week, the District Superintendent of Police, Salem, deputed 5 of his Sub-Inspectors and 9 Police Constables to attend the school for about 5 days. In the short time available the police staff learnt a number of new games and at the same time they imparted an additional zest to the activities of the regular students of the school.

Instruction in Rural Uplift. The opportunity afforded by the gathering together of nearly 60 young men for a course in rural recreation was taken to give instruction in a variety of rural uplift subjects.

Instruction was given in such subjects as agriculture, co-operative credit, land mortgage banking, co-operative marketing, co-operative production, bee-keeping, cattle-rearing, poultry-farming, debt relief legislation etc. Persons most competent to deal with these subjects lectured and gave practical demonstrations to the classes for three-quarters of an hour a day from 10-15 to 11 a.m.

Excursions to adjacent villages. The evening hours of the School were occupied in excursions to adjacent villages such as Pudupalayam, Pattanam, Kakkeveri, Kovunderpalayam, Pillanallur, Pachal, Singalandapuram, Muthugalipatti, Mallur and Rasipuram. The students marched in column of fours with the instructors from their headquarters to one of these villages at 4-30 p.m. carrying banners with captions on thrift. Sometimes they were led by a cornet and a drum or some Indian music which played in the crowded parts of the road. When they reached their destination, the students were lined up in a row, and at a given signal, presented hundi boxes to the village with one foot forward and a raised arm. They thus carried the message of Thrift in the wake of prohibition while providing at the same time counter-attractions to drink which many villagers need. When the message was delivered, the pupils re-formed into five or six lines for physical drill or ran into circles and ran out of them. They then settled down to rural games. They played these games for about an hour. The local youngsters who looked on at the games felt impelled to join in. In Singalandapuram, the local youths challenged the school pupils to a match in Chudugudu and a very exciting game was played in which all the thousand spectators of the village cheered their own team. Ultimately, the school pupils were vanquished, which revealed that what was wanted in the village was just a little fillip to rouse their natural aptitude for games which lay dormant. The games usually ended as it became dark. The opportunity of the presence of a large crowd was availed of by the Special Development Officer to speak to those assembled on the "Hundi box" scheme. It was gratifying to see that in each village 20 to 25 hundi boxes were taken on the spot and new members were enlisted for depositing their savings in hundi boxes under the aegis of the local co-operative societies. At about 7 p.m. a cinema or a magic lantern showed pictures on public health or agriculture or rural reconstruction. The District Board very kindly placed its cinema set at the disposal of the School and the District Health Officer spared the services of the Head clerk of his office to operate the cinema and provide entertainment. The Salem District Bank was good enough to spare its magic lantern set and slides.

Intensive work in Villages. Visits to villages were made by the entire school on sixteen days. On the other days batches of three or four students went to select villages, sometimes accompained by physical instructors, and organised rural games with the local youths. These

games were witnessed by large crowds and eventually sports Clubs were formed in the seven villages of Pattanam, Pudupalayam, Rasipuram, Mattukadu, Kakkavari, Singalandapuram and Guruswamipalayam. These villages sent their teams for inter-village tournaments and sports on the closing days of the School. An account of the sports is given later in report.

Rural Exhibition. For the first time in the history of Rasipuram, a Rural Exhibition was organised. It was held in the premises of the Rural Uplift School, and was opened on the 18th May by the Collector. It attracted large crowds of ryots. The Agricultural Department, the Health Department, and the Co-operative Department took a section each in the Exhibition. The Co-operative Department displayed woven goods produced by the new Rasipuram Handloom Weavers' Co-operative Society and by the weavers of the Guruswamipalayam Co-operative Credit Society. The ghee produced and sold by the Rasipuram Co-operative Sale Society attracted much attention because it had already earned a name for quality at Madras where it is being sold on a large scale by the Provincial Co-operative Marketing Society. The cocoanut jaggery sent by the Salem Co-operative Sale society was of particular interest because it is the product of an industry which has grown up as a result of Prohibition. Other exhibits in the co-operative section were indigenous products like metal ware, pottery, leather goods etc. The agricultural section had many items of interest such as superior seeds, improved ploughs, manure pits etc. Large graft mangoes, big cocoanuts, and tall sugarcane attracted attention. Leghorn and Rhode Island Fowls were also on show; but bee-keeping interested most visitors partly because two inhabited hives were among the exhibits and partly because an agriculturist, Sri R. Komaravelu Goundar of Ananthakrishnarayasamudram, explained to the visitors how he was *deriving a handsome subsidiary income out of his 40 hives.* The Health Department displayed posters on health subjects like Cholera, Maternity welfare, Child welfare, Plague, Malaria etc. Models of mosquitoes and germs carrying infection, rat proof godowns to avoid plague, and implements for boring borehole latrines were on view; while a large silver cup which had been won three times as a trophy by the Salem District set people enquiring into methods of baby welfare.

Inter-village sports and Chudugudu Tournament. The activities of the School were brought to a close on the 3rd June 1938 when the Hon'ble the Premier, the Hon'ble the Minister for Public Information and the 1st member of the Board of Revenue were pleased to visit the School. The principal items were the finals of the inter-village sports and the Chudugudu tournament which were organised on the closing day. As teams from seven villages (Pattanam, Pudupalayam, Rasipur, Mettukadu, Kakkaveri, Singalandapu and Gurusamipalayam) were competing in the

Chudugudu tournament and as young men from several villages were competing for the inter-village sports, people from these villages mustered strong to cheer their respective teams and sportsmen. The crowds exceeded 5000. In the Chudugudu tournament, the teams from Patnam and Pudupalayam played the finals. At the start, both teams were inclined to be cautious but by degrees the game became exciting and the Pudupalayam team came off victorious. In the rural sports which included items like sack race, obstacle race, sack fight, musical chair, shuttle relay, 220 yards race etc., Mettukadu village scored the largest number of points and Guruswamipalayam and Patnam came second with an equal number of points. The Hon' ble the Premier gave away one rolling silver shield instituted by Sri K. A. Nachiappa Gounder, M.L.A. to Mettukadu village which scored most at the Sports and another rolling silver shield instituted by Sri Sethuramalingam, Mittadar, of Kavandampalayam to the Pudupalayam team which won the Chudugudu tournament. The two winning villages carried away their shields to their villages in procession accompanied by music and cheered by men, women and children. The Collector spoke on the various activities of the school, referred to the entertainment the students had provided for the surrounding villages and hoped that many of them would turn into village guides or local leaders providing entertainment and helping in rural uplift and in making the villagers generally happy. The Hon'ble the Premier gave away the certificates to the 56 students who completed the course at the School and informed them that he regarded these certificates as more valuable that University degrees for the reason that while the latter delighted the recipient and his parents, the former brought good cheer to villagers in general. He congratulated those connected with the School on the solid and useful work turned out during the course of a month. The function was brought to a close with a very well organised campfire.

Effects of the School. The main object of the School was to train "local leaders" or "village guides" who would organise rural games in their villages and their neighbourhood and guide the villagers in matters of rural uplift. To ensure this object, the Special Development Officer instructed the students to post him every month with a report of their activities on the recreation side as well as on the side of economic development. It is gratifying to observe that 42 students out of the 56 that underwent training have sent very encouraging reports for the month of June. All of them have conducted rural games in their respective villages nearly every day. Their reports show that school boys as well as young men have participated in the games which attracted large crowds and amused the country folk.

By laying special emphasis on sports and games it has aroused an enthusiasm among the students and the villagers which what might be

called "straight" uplift work could never hope to do. It is not easy to get a young man to tackle with enthusiasm, the task of teaching such subjects as Sanitation, Thrift, Co-operative work and bee-keeping to the villagers, and the response, unless the teacher has a remarkable personality or is very well known locally, is not likely to be enthusiastic either. If, however, the uplift worker starts by organising interesting sports and games, he will attract the young and interest the older people. Once interest and some enthusiasm is aroused, his task will be much easier. I therefore consider that Schools of this type will produce village guides who have a good chance of succeeding in their task of creating better villages.

Review.

Annual Report on the Working of the Co-operative Societies & Banks in the Gwalior State for the year 1936—37.

The general impression left on the mind of the reader who peruses the thoughtful and accurate report of the Director of Co-operative Societies is that the crisis is passed and that the movement has turned the corner. The following table gives at a glance the essential details about the movement, though there has been a slight decrease in deposits and in working capital.

S. No.	Name of Head.		1936	1937
1	Number of Members :—			
	Individuals	...	2,729	2,728
	Societies	...	3,981	3,968
2	Share Capital	...	6,07,699	6,08,519
3	Deposits	...	44,89,288	43,95,803
4	Working Capital	...	62,28,511	62,24,629
5	Reserve Fund	...	4,16,573	4,29,290
6	Profits	...	95,471	31,821
7	Loans Overdue	...	24,66,301	22,38,345
8	Loans Outstanding	...	9,04,170	11,62,375
9	Total Loans due	...	33,70,470	34,00,720

The share capital, reserve fund and overdue loans show improvement. There is a considerable disparity in the profits which is explained by the Director as due to some inflation in the year 1936. The most outstanding event in the co-operative world of the State for the year was the investigation of the whole movement by Prof. V. G. Kale at Bombay, and it is very satisfactory to note that some of his recommendations, costing large sums to the Government, have been immediately given effect to and the District Bank of Bhilsa which was almost threatened with extinction has been resuscitated.

The report proper deals only with main features and the details are conveniently relegated to appendices. Appendix (B) dealing with the Rural Uplift in the model village Purani Chhaoni affords very interesting reading and it is hoped that the good example set by the authorities and the good work carried on in this area will be followed elsewhere. The authorities in charge of the co-operative movement in Gwalior deserve to be congratulated on the steady work they have been doing in the year under review and the good foundation they have laid for the future improvement in the years to come.

S. K. Y.

II

The Board of Economic Inquiry, Punjab, Publication No. 55. Cost of Milk Production (1931—32 to 1934—35) at Lyallpur & Punjab.

This exhaustive report, full of useful details, tables and statistics, would be found to be above the head of the average reader. But the main ideas discussed in the report are not at all beyond his comprehension, and they deserve to be emphasised.

There are two sets of accounts—one maintained by the Punjab Agricultural College Dairy at Lyallpur and the other by professional milk sellers. The latter is not so reliable nor so exhaustive as the former.

The most effective method of lessening the cost of production seems to be to improve the yield of the milk, and among the various methods for getting this done, increasing the quantity of green fodder given to the cattle seems to be the most efficient. These are general principles which are applicable all over India and it is hoped agriculturists in our province would remember these facts and profit by them.

S. K. Y.

III

The Ramayana of Thulsi Das: Seventh Edition. (Translated from the original Hindi by Mr. F. S. Growse, B. C. S., M. A. (OXON), C. I. E.) published by Mr. Ram Narain Lal, Bookseller and Publisher, Allahabad.

In these days, when there is a genuine attempt on the part of the Congress Ministry to make the study of Hindustani compulsory in the first three forms in the middle schools of this province, it is a welcome sign that Mr. F. S. Growse's translation has become so popular that the 7th edition has been called for. Even though the South may become Hindustani-minded it will not be able to comprehend the archaic language of Thulsi Das which is like Chaucer's English to Englishmen. It is somewhat unfamiliar even to North Indians whose mother tongue is Hindustani. We are sure the Northerners would welcome Growse's translation. We in the South would welcome it all the more as it enables us to gain an insight into the most popular poet of North India the great Thulsi Das.

S. K. Y.

News and Notes.

The Malabar District Board has sanctioned Rs. 200 for introducing bee-keeping in eight Board Schools in Wynad taluk and in one school in each of the other taluks.

* * *

A co-operative society for the consolidation of holdings has been started at Tirupachanur near Villupuram in South Arcot district and another at Narukur in Nellore District.

* * *

The Government have directed that the designation of the Sub-Deputy Registrars of Co-operative Societies in independent charge of districts be henceforth changed to "Assistant Registrar of Co-operative Societies" and that the designation of other Sub-Deputy Registrars be changed to "Co-operative Sub-Registrars."

* * *

The Government are pleased to cancel the supersession of the Trichinopoly Co-operative Credit Bank Ltd., which was under supersession for 18 months and to restore the management to a board from July 31st.

* * *

With the introduction of Prohibition in Etah and Manipuri Districts the question of the manufacture of "Gur" is engaging the attention of the U. P. Government. In this connection it proposes to borrow the services of a few expert jaggery makers from Bengal to do propaganda and give training from October next.

* * *

In the budget of the Cochin State a special grant of Rs. 20,000 has been placed at the disposal of the Minister for rural development. This is in addition to the provision of Rs. 17,500 made for the Rural Development centre at Cherpu.

* * *

"Lift up your heads and look straight at the rising sun. Do not take lying down your crushing poverty as decree of Fate. Your *Kismat* is in your own hands. Stand up on your own legs and assert your rights boldly and as human beings. You are the builders of your own fortune.' This striking message, given recently by Srimati Sarojini Naidu to Calcutta workers, is even more apt for our villagers.

* * *

At a conference of tobacco growers held at Guntur on the 24th July, which was attended by the Deputy Registrar of Co-operative Societies and about 1,000 ryots, it was resolved to start a co-operative tobacco marketing society in order to eliminate middlemen who are making large profits.

"The people of Chittoor and Cuddapah are jubilant over the decision of the Government of Madras to extend Prohibition to those two districts and are preparing actively for the introduction of the reform" said Mr. Ramanathan, Minister of public information, interviewed on his tour of Chittoor and Ceded Districts.

* * *

While replying to a deputation of co-operators at Hospet in Bellary District, the Hon. Mr. Giri announced that the Government had decided to constitute immediately a Committee 'to go into the working of the whole co-operative system and to find ways and means to make the movement more useful and more efficacious.'

* * *

Speaking at the Institute of Radio Engineering Technology, Mambalam, the Hon. Mr. Giri said that in Japan and some other countries radio sets were made and installed at comparatively cheap rates. The experts of the Madras Government were examining the question of making radio sets cheap, and he thought it should be possible to supply a set to a village for Rs. 25.

* * *

When Premier Rajagopalachariar visited Bellary recently, the grain merchants closed their shops as a kind of demonstration against the Agriculturists' Debt Relief Act. Referring to this incident in his speech, Mr. Rajagopalachariar said that merchants had generally protested against that Act and the merchants of Bellary had always done so. But not merchants from all places. Those who were not lending money while dealing in grain had welcomed the Act. It had really increased trade. He appealed to the merchants not to give advances to ryots and thus burden them with debt.

* * *

"The weaver in our country is really a wonder of the world. It is our duty to protect him and the Government is bound to do it even though it is to fight a very hard battle with Japan, England and the mill-owners in India," said Mr. Rajagopalachariar, amidst cheers, at Guntur while opening the Andhra Provincial Weavers' conference.

* * *

During Mr. Austin's visit to the Women's Welfare Co-operative Society, Tirupati, he advised its members to have a B class membership for the benefit of those who were unable to pay Re. 1 at once towards the value of the share and to encourage them to supply chutney powder and hand-pounded rice, for which a market could be found easily. We are not told how this advice was received, but we are told that the members requested the Registrar to provide funds for a building for the soeicty and for a reading room and library.

* * *

The Krishna Rural Reconstruction Committee has requested the Deputy Registrar of Co-operative Societies to select suitable sites for the construction of godowns in seven centres for the co-operative sale of paddy and to draw up a scheme for an agricultural colony of Harijans in the Kolleru lake area.

* * *

The Deputy Registrar of Co-operative Societies, Cuddapah, has suggested the organisation of co-operative ghee sale societies in Proddutur Taluk and linking them with the Provincial Marketing Society at Madras. He has recommended to the District Conference, which meets periodically with the Collector of the district in the chair, that a grant of Rs. 500 may be made for the supply of a thermometer, a heating aspiral, a water pressure regulator, etc., for the use of these societies.

* * *

In connection with the debate on the Punjab Money-lenders' Bill, Sir Sikandar Hyat Khan, the Premier, stated that there were in the Punjab 55,000 professional money-lenders, that they had on an average 300 clients each whose happiness and lives they could make or mar, and that in no other province were there so many professional money-lenders.

* * *

With a view to encouraging the establishment of small industries in rural areas by the students trained in industrial schools, the Government of Mysore have ordered the granting of small loans in deserving cases to purchase the necessary tools and appliances and raw materials. These loans will be granted up to a maximum of Rs. 250.

* * *

At a conference of officials and elected members of the legislature of Salem district held recently, it was resolved to adopt a scheme of rural reconstruction in 50 villages in the district at the rate of 5 in each taluk. The work will be in charge of either the village panchayat, the co-operative society or an *ad hoc* committee whichever is most suitable. The items attended to will be sanitation, communications, getting children to school, cottage industries, improved methods of cultivation, games, cinema shows and women's clubs. There will be annual exhibitions of agricultural produce and cottage industries. A tree-planting week will also be organised. This is a sensible programme which we should recommend to every village.

* * *

It is reported that the Government of Bombay are sponsoring a Rural Reconstruction Corporation for affording cheap short-term credit for small agriculturists and for the partial liquidation of their debts. If the Government of India should give their sanction and approval, the Bombay Government would appear to be prepared to subscribe Rs. 5 crores to this Corporation. Its objects are identical with those of co-operative societies, including land mortgage banks. Perhaps it is thought of in this form in order to escape from the restriction imposed by the Co-operative Societtes Act and Rules, and to benefit the classes for whom

the Co-operative Societies Act is not intended. At first sight it appears, however, to conflict with co-operative societies, for promoting which the Government is taking so much pains.

* * *

A correspondent in the ***Manchester Guardian*** estimates that the Danish farmer is saving about 15 per cent. of the value of goods purchased or sold by him through the co-operative organisation of which, as is well known, he is a staunch member. In that small country there are, according to the correspondent 1400 dairies, 61 pig factories, 800 egg societies 11 export societies and 1500 stores for the supply of feeding stuffs, conducted on co-operative lines besides others for credit, insuancer, etc.

* * *

In memory of the late Mr. T. L. R. Chandran, I.C.S., an amateur dramatic party has been formed with the object of staging his play "Sadhyama" in important towns of this province for the instruction and amusement of co-operators. The members of the Party are mostly the staff of the Co-operative Department. Mr. T. Austin, I.C.S., has consented to be its Patron and Rao Bahadur M. Giriappa its President. In June last the Party staged the play at Vellore and gave over the proceeds to the Chandran Memorial Committee there. Early this month (August) it staged it at Cuddalore. At both places it was much appreciated and attended by a large number of village co-operators. We congratulate the Party on its choice of this apt means for cherishing Mr. Chandran's memory and for educating co-operators on the possibilities of co-operation.

* * *

In connection with the International Co-operators' Day which was celebrated in England and other countries on Saturday the 2nd July but which will be celebrated in India on the first Saturday in November—the London Co-operative Society which is the largest in the world, arranged a grand festival at the Wembley Stadium of which the chief feature was a pagent depecting the industrial revolution, the rise and evils of capitalism and tne benefits of Co-operation. More than 60,000 people thoroughly enjoyed themselves on the occasion, about 7,000 persons were concerned in the days' programme which lasted about eight hours and a sum of £15,000 was spent on the arrangements by the London Society. This is the first time that an entertainment on such a scale was provided by any society.

The following resolution was passed in many places from many platforms on that day:

The Co-operators of the world organised in the International Co-operative Alliance and assembled in Celebration of the Sixteenth Annual Co-operative Day—

Renew the declaration of their unshakable faith in the Principles of Democracy, Freedom and Peace ;

Manifest their abhorrence of all interference with the rights and liberties of free peoples, and of any abrogation of their opportunities of Voluntary Association and Free Development;

Proclaim their conviction that the economic principles and social ideals which lie at the basis of their World Movement constitute the best hope for the Regeneration of Society and the surest guarantee of universal peace through association;

Pledge themselves, and their respective Co-operative Organisations, to redouble their efforts for the defence of freedom and to intensify their support of every means which afford the possibility of a peaceful and equitable solution to the present world conflicts.

Extracts.

OUR FLAG.

The following poem, descriptive of the Rainbow Flag of the International Co-operative Alliance, was written in French by A. *Karaliitchev*, editor of the Bulgarian co-operative paper, "Kooperativna Prosveta," and distributed at the school of the Alliance recently held at Nancy, France. It was translated into English by Lionel Perkins, an American student at the school, who thinks "it is indicative of the idealism of the Bulgarian movement, which is of about the same age as that of the U.S."

You shine as the rainbow
Which tints the horizon
After cool summer rain
Has refreshed the parched earth.

You are the wonderful sheaf of colours,
Sacred spring of living water,
Under your light and under your shade
Is born the immortal seed of life.

You are our guardian angel
Who may will human destiny.
You lead the blind toward the light;
To orphaned souls you give bread
Even as merciful children scatter crumbs
To birds that are cold.

You dry the tears of solitude.
You are our guardian angel
With a sword of fire.
You break the chains of an old world;
Over millions of heads in a black ant hill
Of labour, you float on high.

You murmur and you sing
And your song tells of:
—Some poor weavers of Rochdale
  Who turned the wheel of history;
—Of the bee hive
  Where each of his own free will stores honey;
—Of that sublime star
Which announces to humanity
The Gospel of Justice,

And of peace between all peoples;
—Of those birds, though weak of wing.
Which together attack the plunderer;
—Of the little flake of snow,
Fallen from the sky with
Millions of other flakes,
To warm again the wheatfields and
To moisten the living seed;
—Of the drop of rain which adds herself
To millions of her sisters,
(Weak rain drops) and becoming powerful,
Makes the mills turn,
Moistens gardens where
Fruits ripen and flowers flourish;
Transforms its force into electricity
And repels the dark of night.
Flag of seven colours,
You are our dove which comes to us
From over the river, bearing an olive branch.
A strong hand set you in flight.
A voice of steel now calls:
"Come to us!
To our fields,
To our factories,
To our lost villages,
To our cities of stone.
Give us your love
And your creative flame
To light the star of the future.

The Co-operative News.

II

COLLATERAL SECURITY FOR COMMERCIAL LOANS.

(By Thomas F. Ford).

Loans secured by field warehouse receipts covering currently salable merchandise are now being made by most large commercial banks. The bank cannot take physical charge of the goods offered as collateral, so some device is needed to give the bank the protection of the value of the merchandise. Field warehousing provides the means of getting this protection by providing a way of placing the goods in the hands of a disinterested and independent third party. The third party in this case is the warehouse company operating what is known as "field warehouses."

The field warehouseman takes physical charge of the collateral goods. The bank retains control. At first thought it may seem that

there is no opportunity for such loans in some banks—especially smaller banks—because no borrowers actually have stock in warehouses. However, when the method of warehousing and the making of warehouse loans is understood it is soon discovered that there are possibilities in every community.

The opportunity for making field warehouse loans is much broader than most bankers realize. Most of the loans of this nature have been made in the larger cities where the bankers have understood this type of business for years. In communities where the field warehouse type of loan is not understood, it is quite common for local industries to finance with banks in nearby cities rather than at home. Sometimes this is due to the fact that the local bank is too small to provide all the money needed by the local industry.

I have questioned many city bankers on this point and find that, in every case, the city bank is not only willing but rather eager to have a part of such loans taken care of in the local banks—that part which can legally be handled by the local institution. The chief point is that warehoused staple commodities with a ready market, provide what is probably the best security for commercial loans.

The " Warehouse" may be a shed, tanks, or a fence surrounding piles of goods.

What constitutes a field warehouse, depends on the type of goods stored. In the case of canned commodities, it would be a building on the cannery premises. It may be a lumber yard adjacent to the mill, or oil tanks in a field at the refinery. The property involved is under the control of the field warehouse company. Goods and chattels are in the possession and charge of the warehouse company, which maintains a custodian on the premises where the goods are stored. This custodian is properly bonded and supervised by the warehouse company.

Warehouse receipts are issued by the field warehouse company for goods stored in their space. Receipts may be issued in either negotiable or non-negotiable form, whichever is preferred by the banker.

The control of the goods is in the hands of the holder of the receipts —the banker. The banker does not release the goods until he received payment to satisfy the release or is given receipts for other merchandise, satisfactory to him, in substitution.

Those who are not familiar with field warehousing might be misles into taking receipts of a subsidiary company organised by the company owing to the goods stored. This does not constitute a third party bailment.

A Means of Aiding Sound Recovery.

Recovery loans are of two kinds—public and private. For the time being, most long-time lending is a government function. Private loans should, I think, be in the direction of speedier distribution. They should bridge the gap—a gap that is narrowing all the time—between finished supply and effective demand. They should carry on during the lag between finishing goods and finishing sales. They should be loans on commodities in process of turn-over.

A mild remark such as " We're carrying quite a lot of your company's paper," suggests uncomfortable thoughts to the borrower. A proposal for personal indorsement of the directors, brings forth all the stock objections and, after the flood of embarrassed stammerings from the borrower, the interview is likely to end by his being asked for some collateral or some sort of " security that won't burn with the plant."

Ordinary offerings are assigned accounts, customers' notes and acceptances, and even chattels. The purpose of each of these is to give some security that is specific, pledged definitely for the loan, so that the bank gets out of the class of " general creditors " of the borrower.

For such a purpose, the field warehouse receipt is worth consideration. It stands without a rival as a device for financing a manufacturer or a distributor whose ratio of loans to quick assets looks bad.

By field warehousing the good, the bank controls the security behind its loan. From time to time, as needed for distribution through sales outlets, portions of the warehoused stock are released through an order from the bank to the warehouse—not from the borrower, because he has urrendered to the bank all control of the goods. As goods are thuss withdrawn from the total represented by warehouse receipts, bills of lading may be substituted. If the sale is on the usual terms of the trade rather than against sight draft, the borrower has at once an account receivable for the face value of the goods taken out of store. In difficult cases this account or its evidences may be hypothecated directly to the bank.

The loaning officer should know the commodity and ask the warehouseman to keep him posted on all changes. There are, of course, some hazards in such loans to which attention should be called. One hazard is the reliability of the warehouse company. The bank must make sure that a reliable company is employed, and that the proper bonding is arranged for, together with all necessary insurance.

Another hazard is the possible deterioration of the goods. This can be avoided only by making sure that the warehouse company's custodian knows how to take care of the goods and is on the job constantly to make sure that no deterioration takes place.

Still another hazarad is the market price of the goods. By allowing a liberal current margin between the loan and the current market price, there ought to be leeway to take care of this hazarad, but the market fluctuates, and the loan officer must consider that it is important to keep in

touch with the market when he has a loan on warehoused goods. On this point a well-informed field warehouseman can be of great assistance. Through his many varied contacts with people in all lines of commodities and continuual contact with different materials, he can easily supply technical and valuable market information to the banker.

Filed Warhouse Receipts Have Stood All Legal Tests.

Bankers have found that Crooks Terminal Field Warehousing plan profitable. With colleteralized merchandise in custody of a warehouseman whose physical assets exceed £1,000,000, Crooks Terminal Receipts are especially attractive. Self-liquidating collateral and negotiable receipt that may be discounted if the banker should desire, provides a high degree of fortified security. A field warehouse receipt is " actual security " as defined and required by the Federal Reserve Bank. The validity of the field warehouse receipt has long been established by the United States Supreme Court. The following quotation illustrates the recognition, approval, and endorsement given this service :

> The System of " field storage " has much to commend it. It is both convenient and economical. It is productive of the welfare of manufacturing and commercial industries. It avoids all necessity for unreasonably moving from place to place, heavy and bulky material. Sound industrial policy required that when conducted with reasonable safeguards for the public, it should be encouraged and not discountenanced.
>
> Philadelphia Warehousing Company *vs.* Manchester Winchester—156 Fed. 600 1907.

Because of the wide range of uses yet to be made of field warehousing' any progressive banker can seek and secure satisfactory loans merly by explaining to his customers the sound, simple and inexpensive procedure for inventory financing.

From Personal Experience One Prominent Banker Said.

" Warehouse receipts for grain, or anything else that finally becomes human food, are, in my opinion, the best possible collateral for bank loans.

I have seen the time more than once when high class stocks and bonds, and even government bonds could not readily be sold, but I have never seen the time, nor do I ever expect to see it, when anything that has to be eaten could not be sold.

" Warehouse receipts constitute a collateral which is always available for the payment of debts.

" Further more, if the grain or provisions represented by the warehouse receipts are already sold for future delivery, that fact adds a great element of strength to the loan, because there is a third party obligated to take the grain at a certain time for a given price.

"The present method, therefore, of carriers of grain of provisions selling them for future delivery, is a highly satisfactory one to the banks whose money is loaned to the carriers.

"The sale of future delivery is the best final link in the chain that makes such loans best in the world."

Thus did the late David R. Forgan, vice-chairman of the National Bank of the Republic of Chicago, express his opinion of commodity loans secured by field warehouse receipts.

The Essence of Preference for Commodity Paper.

Goods stored at the factory, or in the private warehouse of the wholesaier or other distributor, or goods sold on consignment or goods sold on open account, do not fall within the regulations for commodity paper. It is required that the loan shall be "accompanied and secured by shipping documents or by a warehouse terminal, or other similar receipt."

Some third party, either a warehouseman or carrier, must be made bailee and trustee for the safeguarding of the merchandise. The owner-borrower must relinquish his control to some disinterested person who will guarantee that the merchandise is where it is claimed to be, untouched, undiminished, and untampered with.

And so, the next time a customer comes into your bank requesting a loan for which the financial statement presented does not justify the extension asked for, you may very tactfully suggest that he acquaints himself with the principle of field warehousing and returns again to present his proposition supported by a field warehouse receipt. In this manner, you can be of service in many circumstances where the credit risk might be too great were it not for the assurance provided by the field warehouse receipt.

The Bankers' Magazine.

List of Societies Registered in July 1938.

Serial No.	Name of the Societies.	District.
1	The Sree Chandrasekhara Co-operative Society, Silagam ...	Vizagapatam.
2	The Belgam Co-operative Society ...	"
3	The Balliputtuga Co-operative Society ...	"
4	The Pasi Co-operative Society ...	"
5	The Barlingi Co-operative Society ...	"
6	The Jonnada Co-operative Society ...	"
7	The Bhyrivani-peta Co-operative Society ...	"
8	The Thampa Co-operative Society ...	"
9	The Manikayapuram Co-operative Society ...	"
10	The Hamsa Co-operative Society ...	"
11	The Vizagapatam Women Cottage Industries Co-operative Society ...	"
12	The Kondapavuluru Co-operative Society ...	Kistna District.
13	The Bapatala Co-operative Land Mortgage Bank, Ltd. ...	Guntur Dist.
14	The Yepilagunta Co-operative Credit Society	Nellore.
15	The Thinnelapudi Co-operative Credit Society	"
16	The Kampasamudram Co-operative Credit Society ...	"
17	The Sullurpet Co-operative Loan and Sale Society Ltd. ...	"
18	The Samundrapalle Co-operative Credit Society ...	Chittoor.
19	The Raganipallee Co-operative Credit Society	"
20	The Karadimadugu Co-operative Credit Society ...	"
21	The Neluballi Co-operative Credit Society ...	"
22	The Thamballapallee Co-operative Credit Society ...	"
23	The Kumaramangalam Co-operative Society	Trichinopoly.
24	The Kattucheri Sri Chelliamman Co-operative Credit Society ...	Tanjore.
25	The Sirudayur Kulandai Co-operative Agricultural Lease Society Ltd. ...	Trichinopoly.
26	The Krishnapuram Egg production and Sale Society Ltd. ...	"
27	The Guruvarajapalayam A. D. C. S. ...	N. Arcot.

Serial No.	Names of the Societies.	District.
28	The Doddadhanahalli Co-operative Credit Society ...	Salem District.
29	The Sennathur Co-operative Society ...	"
30	The Kelamangalam Co-operative Sale Society	"
31	The Kempathipalle Co-operative Society ...	"
32	The Tiruchengode Weavers Co-operative Sale Society Ltd. ...	"
33	The Elavampatti Konga Mooper Co-operative Credit Society ...	"
34	The Bodichipalli Co-operative Credit Society	"
35	The Madarahalli Tappers' Co-operative Society	"
36	The Kempanaickenpalayam Co-operative Credit Society ...	Coimbatore.
37	The Chinnaputhur Co-operative Credit Society	"
38	The Sevoor Co-operative Credit Society ...	"
39	The Puliamerathupalayam Co-operative Credit Society ...	"
40	The Alangiam Co-operative Credit Society ...	"
41	The Varapalayam Co-operative Society ...	"
42	The Panikkampatty Venkitapuram Co-operative Credit Society ...	"
43	The South Kanara Handloom Weavers' District Co-operative Society Ltd. ...	S. Kanara Dt.

List of Societies Cancelled in July 1938.

Serial No.	Names of the Societies.	District.	Date of Cancellation.
1	Cheruvaloor Co-operative Society ...	Malabar ...	6-7-38
2	Nuzvid Panchama C. S. ...	Kistna ...	11-7-38
3	Wesley College Staff C. S. ...	Madras ...	13-7-38
4	Sarvoi Hindu C. S. ...	Salem ...	13-7-38
5	Perambur Telegu Christian C. S. ...	Madras ...	14-7-38
6	Konathalapalli C. S. ...	Kistna ...	16-7-38
7	Harur Public Servants C. S. ...	Salem ...	"
8	Vinjam Co-operative Society ...	Chittoor ...	19-7-38
9	Etur Co-operative Society ...	Cuddappah	"
10	Kadirivaripalli Co-operative Society ...	" ...	"
11	Gudivada sugarcane growers' C. S. ...	Kistna ...	23-7-38
12	Allardaddi Co-operative Society ...	Kurnool ...	31-7-38
13	Eguvanelatur Kammavaripalli C.S. ...	Cudappah	"

The Tiruppur Co-operative Sale Society, Ltd.

Sale of (Co2) Cambodia cotton seeds for sowing purpose.

Pure, guaranteed, tested and well sieved (Co2) Cambodia cotton seeds for sowing purpose, prepared under the direct supervision of the Agricultural Department are available for sale at the following rates :

Including the price of gunny F.O.R. Tiruppur :—

Cost of one Full bag containing 98 lbs. of seeds	Rs. 5-0-0
Cost of one Half bag containing 98 lbs of seeds	Rs. 2-8-0
Cost of one Quarter bag containing 24½ lbs of seeds	Rs. 1-4-0

The name of the society is stencilled on the bag and the lead seals bear the mark **T. C. S. S.** to indicate the genuineness of the seeds.

By using the seeds prepared by this society, not only the quality of cotton is improved but also the yield per acre is increased. The increased yield per acre is calculated by the Government to be more than Rs 15 over and above what is obtained by sowing the ordinary bazaar seeds.

As there is a heavy demand for this strain of (Co2) Cambodia cotton seeds, the cotton Growing Agriculturists are requested to place their orders for their requirements at an early date so as to avoid disappointment.

K. S. RAMASWAMY GOUNDER,
Secretary.

Insurance Society, Ltd.

(Registered under the Co-operative Societies Act.)

HEAD OFFICE:
CHARTERED BANK BUILDINGS, MADRAS.

President.
HON'BLE MR. V. RAMADAS PANTULU, B.A., B.L.

GROWTH.

Year.	Proposals No.	Received Amount. Rs.	Policies No.	Issued. Amount. Rs.
1932-33 (15 months)	909	8,74,100	637	6,33,500
1933-34 „	1,072	8,96,950	816	6,66,850
1934-35 „	1,439	11,77,100	1,067	8,62,350
1935-36 „	1,753	14,16,750	1,357	10,99,150
1936-37 „	1,935	15,92,450	1,477	12,04,375
1937-38 „	2,866	25,03,575	2,276	19,75,225
TOTAL	9,974	84,60,925	7,630	64,41,450

The above figures indicate clearly the confidence of the public in **Co-operative Insurance.**

The Society is growing from stength to strength and is making great headway.

Very attractive agency terms are offered to persons who are earnest in representing our Society.

Kindly call for Particulars.

V. VENKATACHALAM, M.A., B.L.,
Secretary.