

Home (1918) Department.
(Education)

Ordinary SERIES.

G.O. No. 922

DATED 25-7-1818

INDEXED

[Despatch Abstract.]

School Readers.

Recording letter from the Director of Public Instruction stating
that he is taking the requisite action to get a series of graduated
lessons on "co-operation" introduced in English and vernacular

BACK PAPERS.

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Government of Madras

REVENUE (SPECIAL) DEPARTMENT

G.O. No. 335, 25th February 1919

Co-operative Societies

Passing orders on the question of recruitment and training of inspectors and supervisors of —.

READ—the following papers :—

I

G.O. No. 285, Revenue, dated 9th February 1916.

ABSTRACT.— Passing orders on the question of the training to be given to supervisors and inspectors of co-operative societies.

G.O. No. 71, Revenue, dated 10th January 1917.

ABSTRACT.—Reviewing the report on the working of co-operative societies in the Madras Presidency during the year ending 30th June 1916.

II

Telegram—from F. J. RICHARDS, Esq., I.C.S., Deputy Secretary to Government, Revenue Department.

To—the Registrar of Co-operative Societies.

Dated—the 21st April 1917.

No.—114.

Please forward list of trained men maintained under G.O. No. 285, dated February 1916.

III

Letter—from M.R.Ry. Diwan Bahadur L. D. SWAMIKANNU PILLAI Avargal, M.A., B.L., LL.B., Registrar of Co-operative Societies.

To—the Secretary to Government, Revenue Department.

Dated—Madras, the 29th April 1917.

No.—&B. G. 131.

With reference to your telegram, dated 21st April 1917, asking me to submit a list of trained men under G.O. No. 285, Revenue, dated 9th February 1916, I have the honour to append the list required and to state as follows.

2. After the issue of G.O. No. 285, dated 9th February 1916, 67 supervisors were selected and either trained and posted in charge of circles or have been undergoing training. Of these 19 are unpassed men. All these men are to be found in the two Telugu sections. The Assistant Registrar at Anantapur reports that he was not able to secure passed men and he has styled the present men assistant supervisors. The unions in the Cocanada section preferred the unpassed men because of their knowledge of the local conditions and the Assistant Registrar thought that the local unions should have men of their choice provided the men were otherwise suitable. The one unpassed man selected by the Chingleput District Banking Union has not yet been placed in charge of any circle.

3. In addition to the men mentioned in the preceding paragraph, the supervisors employed before the issue of the Government Order are still retained with one or two exceptions, the unions concerned being reluctant to dispense with their services on account of their experience, local knowledge and good work. I am inclined to agree with them, and would insist on educational qualifications only in the case of new selections, exception being made where qualified men are not available. A list of old supervisors still retained is enclosed. In the case of one of them, Swami Govinda Nayudu, the Hon'ble Mr. P. Rajagopala Achariyar who is well acquainted with the co-operative work done by the supervisor advised me to retain him though he is unpassed and does not know English.

ENCLOSURE

List of supervisors trained and undergoing training under G.O. No. 285, Revenue, dated 9th February 1916.

CHINGLEPUT SECTION.

Trained men.

Number and name of supervisor.	Qualification.	Pay.
1. M. Rajagopalachari ...	S.S.L.C. and Typewriting	Rs. 25 plus fixed travelling allowance of Rs. 7.
2. C. Ramapathi ...	Do.	Do.
3. P. Raghavachari ...	S.S.L.C.	Do.
4. M. Sivarama Ayyar ...	Unpassed	Do.
5. P. R. Audisesha Ayyar ...	Matriculation	Do.
6. C. Vijayaraghavalu Reddi.	S.S.L.C.	Do.
7. C. P. Rajagopalachari ...	Do.	Do.
8. A. Krishnaswami Ayyan- gar.	Do.	Do.
9. C. Gajakesari Nayudu ...	Do.	Rs. 20.

SOUTH ARCOT AND TANJORE SECTION.

Trained men.

10. Sivasubramanian ...	S.S.L.C.	Rs. 20 plus fixed travelling allowance of Rs. 12.
11. P. Jagadisa Ayyar ...	Do.	Do.
12. T. V. Kuppuswami ...	Do.	Do.
13. V. Krishna Rao ...	F.A. and English Branch of B.A.	Rs. 25 plus fixed travelling allowance of Rs. 7.
14. S. Balasubramanian ...	S.S.L.C.	Do.
15. N. Kandasami Pillai ...	S.S.L.C. Commercial Correspond- ence (Intermediate) and Book- keeping (Intermediate).	Do.

COCANADA SECTION.

Trained men.

16. T. Ramachandra Rao ...	Unpassed	Rs. 20.
17. Ch. Subba Rao ...	Do.	15.
18. P. Veerarazu ...	S.S.L.C.	25.
19. V. Seshagiri Rao ...	Do.	25.
20. U. Adinarayanamurti ...	Unpassed	20.
21. B. Rajagopala Rao ...	Do.	20.
22. A. Seshachala Sarma ...	S.S.L.C.	25.
23. Ch. Kotayya ...	Unpassed	15.
24. Ch. Venkatapayya ...	Do.	15.

Men under training.

25. K. Venkatanarasimha Razu.	S.S.L.C.	Rs. 25.
26. C. S. Krishnayya ...	Do.	20.

List of supervisors trained and undergoing training under G.O. No. 285, Revenue, dated 9th February 1916—cont.

ANANTAPUR SECTION.

Trained men.

Number and name of supervisor.	Qualification.	Pay.
27. K. Nagesa Rao ...	Unpassed	Rs. 20.
28. C. Venkata Rao ...	Do.	20.
29. O. V. Ramaseshayya ...	Do.	20.
30. D. Lakshminarasimha Sastri ...	Do.	20.
31. C. S. Venkoba Rao ...	Do.	20.
32. P. V. Rama Rao ...	Do.	20.
33. B. Raghavendra Rao ...	Do.	20.
34. T. Srinivasa Rao ...	Do.	20.
35. M. S. Krishna Rao ...	S.S.L.C.	20.
36. B. Krishnamurti Rao ...	Unpassed	20.
37. K. G. Gururaja Rao ...	Do.	20.
38. K. Subbayya ...	Do.	20.

MADURA SECTION.

Trained men.

39. V. Ananthathirtha Rao ...	S.S.L.C. and Diploma in Com- merce.	Rs. 20.
40. M. Sivagurunatha Pillai ...	S.S.L.C.	20.
41. D. S. Narayana Pillai ...	Do.	20.
42. A. Sundaram Ayyar ...	Matriculation, Book-keeping and Theory and Practice of Com- merce (Elementary).	Rs. 20.
43. K. Sundararaja Ayyangar.	Matriculation with Handwriting and Dictation tests, Theory and Practice of Commerce, Advanced Book-keeping and Banking (Intermediate) and Typewriting (Elementary).	Rs. 20.
44. D. R. Tirumalaswami Ayyar	S.S.L.C., Book-keeping (Inter- mediate), first class; Banking, Theory and Practice of Com- merce, Shorthand (first class) and Typewriting (Elementary).	Rs. 20.

Under training.

45. M. E. Veerabahu Pillai ...	S.S.L.C., Theory and Practice of Commerce (Elementary).	Rs. 20.
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CALICUT SECTION.

Trained men.

46. N. Ananda Rao ...	Matriculation	...
47. K. Ramachandra Rao ...	S.S.L.C.	...
48. Ramayya Alwa ...	Do.	...
49. S. Sambanda Mudaliyar ...	Do.	...

Men under training.

50. S. Krishnamurti Rao ...	S.S.L.C., Book-keeping (Inter- mediate), Banking (Interme- diate) Correspondence (Inter- mediate) Shorthand (Inter- mediate) and Typewriting (Elementary).	...
51. S. A. Subrahmanya Ayyar.	S.S.L.C., Typewriting (Inter- mediate), Banking (Inter- mediate) and Book-keeping (Intermediate).	...
52. V. Achutha Panikkar ...	S.S.L.C.	...

SALEM SECTION.

Trained men.

53. Nagappam Chetti ...	S.S.L.C.	Rs. 30, travelling allow- ance according to Civil Service Regula- tions.
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List of supervisors trained and undergoing training under G.O. No. 285, Revenue, dated 9th February 1916—cont.

SALEM SECTION—cont.

Trained men—cont.

Number and name of supervisor.	Qualification.	Pay.
54. Arumuga Mudaliyar ...	S.S.L.C. ...	Rs. 25, travelling allowance according to Civil Service Regulations.
55. Vythianatha Ayyar ...	Do. ...	Rs. 30 to Rs. 40, travelling allowance according to Civil Service Regulations.
56. Somasundara Mudaliyar ...	Do. ...	Rs. 25, travelling allowance according to Civil Service Regulations.
57. Vedanta Desikar ...	Do. ...	Do.
58. Ekambara Ayya ...	Do. ...	Do.
59. Muniswami Ayyar ...	Do. ...	Rs. 20 per mensem.
60. Ramachandra Rao ...	Do. ...	Rs. 15 do.
61. Venkatarama Ayyar ...	Unpassed but passed in Book-keeping and Banking.	Rs. 25, travelling allowance according to Civil Service Regulations.
62. Srinivasa Ayyangar ...	S.S.L.C. ...	Rs. 20.
63. K. Venkatarama Ayyar ...	Do. ...	Rs. 20, travelling allowance according to Civil Service Regulations.
64. Valmikinadha Ayyar ...	Secondary School-leaving Certificate, Book-keeping and Banking.	Rs. 30 to Rs. 40, travelling allowance according to Civil Service Regulations.
65. Balakrishna Ayyar ...	S.S.L.C. ...	Rs. 30, travelling allowance according to Civil Service Regulations.
66. Viraraghava Ayyangar ...	Do. ...	Rs. 25, travelling allowance according to Civil Service Regulations.
67. O. R. Ramachandra Ayyar (under the Trichinopoly District Bank).	Matriculate ...	Rs. 60 to Rs. 100, travelling allowance according to Civil Service Regulations.

List of old supervisors still retained in service.

CHINGLEPUT SECTION.

1. M. Rangaswami Nayudu...	Unpassed	Rs. 21.
2. T. Raghavachari ...	Do.	„ 21.
3. Y. Sundarachari ...	Do.	„ 20
4. Swami Govinda Nayudu ...	Do.	„ 20.

SOUTH ARCOT AND TANJORE SECTIONS.

5. Chokkalinga Odaiyar ...	Unpassed	Rs. 15.
6. Gopalaswami Nayudu ...	Do.	„ 15.

SALEM SECTION.

7. Arunachalam Ayyar, Assistant Supervisor.	Unpassed	Rs. 20 plus travelling allowance of Rs. 5.
8. Krishnaswami Ayyar (Assistant Supervisor).	Unpassed but passed in Book-keeping and Banking.	Rs. 25, travelling allowance according to Civil Service Regulations.
9. Subrahmanya Ayyar ...	Unpassed	Rs. 25 plus Rs. 5, travelling allowance.
10. Ranga Rao ...	Do.	Do. do.
11. Tanappa Reddiyar ...	Do.	Rs. 25 plus Rs. 5.

IV

Letter—from M.R.Ry. Diwan Bahadur L. D. SWAMIKANNU PILLAI Avargal, I.S.O.,
M.A., B.L., LL.B., Registrar of Co-operative Societies.
To—the Secretary to Government, Revenue Department.
Dated— Madras, the 18th June 1917.
No.—R. B & G 59.

Adverting to the concluding portion of paragraph 8 of G.O. No. 71, Revenue, dated 10th January 1917, asking me to submit a set of rules defining the exact functions of the supervising and inspecting staff appointed by societies and Government respectively and also to report upon the existing personnel of both the State and non-official agencies for supervision and audit and the adequacy or otherwise of their training, I have the honour to state that these questions were discussed at some length at my conference with Assistant Registrars and Secretaries of Central Banks and of certain supervising unions, which was held on 3rd and 4th April 1917. In addition to 14 district banking unions and one district supervising union there are now 51 local unions and the number of supervisors employed by them including the old men who are not yet replaced is over 78. Before the close of the year six unions will be registered. A list of unions existing and proposed to be registered before the close of the year is attached to this report. In estimating the number of societies affiliated to unions it is necessary to bear in mind that besides the 1,207 societies already affiliated to local supervising unions there are 463 societies affiliated to District Banking or District Supervising Unions according to the enclosed list. The total is 1,670 societies which is over three-fourths of the total number of societies in the Presidency actually working.

2. It was decided at the conference that each Assistant Registrar should submit a report to the Registrar at the end of the present co-operative year, furnishing information on the following points to enable the Registrar to reply to the Government Order quoted above:—

- (1) the number of supervising agencies created during the year;
- (2) the number of supervisors trained with their qualifications, pay and prospects;
- (3) their distribution, according to the area under the control of each Assistant Registrar;
- (4) strength of Government Inspectors and the work assigned to them;
- (5) work done by the supervising unions.

3. The time when Assistant Registrars pass under review the statistics of their sections for the whole of the co-operative years appears to be the most suitable occasion for dealing with this important question: at the same time, in order not to overburden the Registrar's administration report, I would suggest to my successor that this matter be dealt with by him in a special report but concurrently with the administration report.

4. Among matters to which attention would naturally be devoted in the special report are the two following, which I had just begun to deal with when I was called upon to hand over charge:—

- (1) The extent to which pressure should be brought to bear on town banks to induce them to contribute either for their audit or for their supervision. I adverted to this matter in paragraph 47 of the last administration report, since which time attempts have been made by Assistant Registrars and myself with varying degrees of success to induce more town banks to contribute to their respective district supervision funds. The number of such banks which have agreed to pay contribution will find mention in the special report to be submitted by my successor, but meanwhile I may state that in some cases I succeeded by informing the banks concerned, as I did the Madras Central Urban Bank last year, that unless they either employed a professional auditor recognized by the Registrar or paid a contribution to the supervision fund, their audit and the declaration of dividend would be delayed. In other cases the objection raised was not so much to the payment of a contribution as to the possibility of the District Banking Union making inquisitorial visits to large town banks (which were not being actually financed by them) on the pretext of exercising the function of supervision. In such cases a compromise was effected

by relieving the District Banking Union of the duty of supervising large societies which were not being financed by it but which nevertheless paid it a contribution towards the supervision fund. The contribution of the societies in question is used in the first place for maintaining an adequate supervising establishment for societies that do require supervision and utilizing for the regular audit of the big societies the time and services of Government Inspectors who are set free by the employment of a staff of supervisors. If any societies decline to pay a contribution to the supervision fund, their audit is liable to be taken up later in the year, that is to say, after the audit of contributing societies has been completed. This is the only kind of pressure which I am able to bring to bear on recalcitrant town banks. If any of them nominate a qualified non-Government auditor and agree to pay for his services, I have generally raised no objection to their doing so and in this case I have not insisted on their making any separate contribution to the District Supervision Fund. My object has been to accustom all town banks to making a payment which, when the time is ripe for the levy of an audit fee, may be used for that purpose.

(2) The second point that will have to be dealt with in the special report is the arrangement made for administering the District Supervision fund. In areas financed by the Madras Central Urban Bank, some kind of District Supervising Union is necessary for settling the budget of the supervision fund and co-ordinating the work of the various local supervising unions under the advice of the Assistant Registrar. Even in areas in which there is a District Banking Union for a district, it has been found that the district supervision fund is best administered by a committee of representatives of local supervising unions deliberating under the guidance of the Assistant Registrar. No doubt the directorate of a District Banking Union generally provides ex-officio seats for all the Presidents of Local Supervising Unions in the district but at the present stage of the supervision scheme, the voice of the representatives of local unions is a feeble factor in the meetings of the directorate of a District Banking Union, and there is some risk that under the masque of a régime of representative Government, the duties and functions of Local Supervising Unions and the allocation of the District Supervision fund may be determined by the representatives of individual shareholders on the District Banking Directorate, and that such anomalies as the payment of the travelling allowance of Directors or the purchase of expensive office furniture for the district bank out of the supervision fund may not be impossible. If the controlling voice of the Assistant Registrar can make itself heard at the meetings of the District Banking Directorate, such abuses may be effectually prevented, but neither the Registrar nor the Assistant Registrar is a member of the Directorate and all that these officials can do is to object to resolutions of the District Banking Directorate which they may consider to be detrimental to the interests of supervision. In the by-laws of District Banking Unions, there is a clause that the administration of the District Supervision Fund shall be subject to the advice and the veto of the Registrar, but it is considered by some Assistant Registrars, and rightly, that prevention is better than cure and that it is better, when organizing a District Banking Union, to ensure that the administration of the District Supervision fund shall be directly and as far as possible exclusively in the hands of those most concerned, viz., the Assistant Registrar and the local supervising unions. M.R.Ry. A. Vedachala Ayyar Avargal and M.R.Ry. T. Srinivasa Rao Avargal have organized District Supervision Committees composed and constituted on these lines. In an area financed by the Madras Central Urban Bank or by a pure individual shareholders' bank, of which only one specimen survives at present, viz., the Trichinopoly District Co-operative Bank, such a committee may be registered forthwith as a District Supervising Union and this course was adopted in the South Arcot district: a similar course is likely to be adopted in the Trichinopoly district also. Elsewhere certain arrangements more or less in the nature of a compromise are being tried; and in the special report which will be submitted by my successor it will be necessary to review the measure of success attained by these arrangements.

5. I have not as yet drawn up any formal set of rules for the whole of the department, defining the exact delimitation of duties between inspectors and supervisors. This does not mean that no instructions have been given. On the contrary the definition of the respective duties of these two classes of supervising

agencies has been a subject of frequent personal discussion between me and Assistant Registrars both individually and at conferences. The general plan is to employ inspectors in carrying on throughout the year a regular audit of all societies; especially of Town and District Banks; and they also assist in organizations by making preliminary enquiries and submitting reports on the starting of societies. When loans are applied for by societies, they report on the manner in which previous loans were utilized and as to whether the transactions of the society are such as to inspire confidence. In particular, the services of inspectors are utilized in connexion with bad societies and societies under liquidation. The recovery of dues from bad societies is a matter which, according to the committee's recommendations, should be accomplished by means of pressure brought to bear on them by supervising unions and agencies specially employed ad hoc by central banks. In practice, the organization of supervising unions in this Presidency implies the devolution of both these functions on the supervising union, because, while societies support the union by means of contributions to the supervision fund, the central banks pay a contribution which is not less than As. 4 per cent on amounts advanced by them to primary societies and which is intended as an inducement to unions to look after the interests of the central bank in the repayment of loans due to them from primary societies. When supervising unions are fully equal to the work for which they have been organized, it should be possible to withdraw the Government staff of inspectors altogether from supervision and utilize them solely for carrying on the audit of societies throughout the year. The duties of supervisors will be dealt with fully in the manual on supervision which is one of the manuals to be compiled by me during my period of special duty.

6. *Qualifications and training of supervisors.*—In their Order No. 285, Revenue, dated 9th February 1916, Government were pleased to lay down the rule that persons should not be recruited for employment either as supervisors or as inspectors unless they had passed the School Final Test and were prepared to undergo a course of training under the Registrar at their own expense. The notification inviting applications for training as supervisor mentioned these conditions and a large number of applications was received. The applications were sorted according to the districts where candidates sought employment and Assistant Registrars were requested to select men from these lists in consultation with District Banking Unions where any existed in their sections. The supervisors actually trained were selected in this way and at a conference of the Registrar with the Assistant Registrars dated 25th September 1916, it was resolved that the candidates should be trained for at least two months in the respective sections, after which they should be instructed by the Registrar, Assistant Registrar or a senior Chief Inspector for three or four weeks and that at the end of a year of probation there should be an examination in text-books after which certificates should be issued to passed men. The idea was that during the year of probation there would be ample opportunity for the Assistant Registrar to see the supervisors at work in their ranges and to terminate the probation of such of them as were not found satisfactory. The period of probation was lengthened to one year in order that the Assistant Registrar might be able to watch the men at leisure.

7. It has not been found possible to select passed men for supervisors' posts in all cases. At Anantapur the matter came under my personal notice, because on two occasions when I was there, passed candidates had been sent for, according to the lists of applications, to meet me and the Assistant Registrar on specified dates. Not one candidate turned up, and after waiting for some further time, the Assistant Registrar selected and trained unpassed men. Besides these, there are a number of supervisors who had been appointed in various unions without reference to examination qualifications, before the receipt of G.O. No. 285, dated 9th February 1916. Some of these men had done excellent work and being men with local influence, it was not practicable to replace them by passed men without detriment to the work of unions. One such case was brought to my notice by the Hon'ble Mr. P. Rajagopala Achariyar who had personally known the supervisor in question and had worked with him when he was the Registrar of Co-operative Societies. There are other cases with equally strong claims. Where the men were indifferent, they were replaced by passed candidates without much difficulty.

8. On the whole question of the selection, training and control of supervisors, I think it is my duty to place Government in possession of the conclusions which fuller experience of the working of District Banking Unions and Local Supervising Unions has compelled me to come to. Government are aware that when I took charge of my appointment in March 1911, only one local union was in existence, namely that at Uttaramerur in Chingleput district and there was then no District Banking Union anywhere in the Presidency. Notwithstanding the passing of Act 2 of 1912 which enabled unions to be registered with limited liability and without any restriction as to the number of societies composing them, I found that local unions in the Madras Presidency were being formed very slowly on account of the want of human material to conduct them and I brought this fact to the notice of Government on several occasions. When, therefore, a beginning was made with District Banking Unions in Madura (1912), Tanjore (1913), and South Kanara (1913), I thought this was a partial solution of the difficulty because these Banking Unions undertook the supervision as well as the financing of societies affiliated to them. The Banking Union idea has, I think, taken firm root in the Presidency; and thanks probably to the ideas of Self-Government propagated through this means, and to the importance attached by the Committee on Co-operation as well as by the Local Government to the organisation of Local Supervising Unions, institutions of this class also have within the last three years come into existence in satisfactory numbers.

9. Now the first difficulty presented itself, namely, as to the distribution of supervisory control between the District Banking Union and the Local Supervising Unions. When the Chingleput District Banking Union was organized as an institution in which the membership should be confined mainly to societies, it seemed a good theory to adopt that the District Banking Union, being a superior institution and under a directorate composed largely of men of light and leading, should assume control over Local Supervising Unions. The by-laws of the Chingleput District Banking Union were framed in this sense but with a reservation in favour of powers already enjoyed by existing local unions. The by-laws of the Banking Unions in the Northern Circars were subsequently framed on the same model. It presently became clear, however, that the relations between a District Banking Union and Local Supervising Unions in the same district could not be maintained exactly as they had been conceived in the by-laws of the Chingleput District Banking Union and that the effective supervisory control must for practical purposes reside either in the District Banking Union or in the Local Supervising Union but not in both. The question was raised simultaneously from different parts of the Presidency. Co-operative practice as well as co-operative convenience pointed to the Local Supervising Union as the body which was best capable of conducting supervision at close quarters. But if so, the Local Supervising Union would naturally claim the power of appointing its own supervisor and of directing his movements and work, subject to the advice of the Registrar, but not necessarily subject to the dictation of the District Banking Union. The District Banking Unions, on the other hand, claimed that inasmuch as they were bodies composed of societies as members, they could lawfully assume, by delegation from such members, the control over societies as well as over local unions of societies.

10. This question was threshed out repeatedly at conferences of societies as well as at conferences between the Registrar and the Assistant Registrars individually and together. The conclusion arrived at was that the power of Local Supervising Unions to appoint their supervisors and to exact work from them, subject to the advice of the Registrar, which they were quite willing to abide by, should be maintained, and that the District Banking Unions should confine their supervisory powers to occasional inspection of Unions and societies by directors deputed for the purpose, and to obtaining any information they required regarding the conditions of local unions either through the Assistant Registrar or in direct correspondence with the unions as might suit local convenience. Finance was defined as the main function of a District Banking Union. The District Banking Unions are far from pleased with the arrangement; and this probably is the real reason why Local Supervising Unions are as yet either comparatively few or nil in the areas covered by the Madura-Ramnad, Kumbakonam and Futtur District Banking Unions. However, I have instructed Assistant Registrars to proceed with the registration of local unions even in these

areas as soon as they can get a number of societies to apply for such unions, and the Assistant Registrars are adopting this procedure. I have no doubt a *modus vivendi* will be arrived at in course of time, but I feel it to be my duty to record my conviction that in the matter of supervision, the principal power should reside with the Local Supervising Unions, and this power should include the selection of candidates for supervisors, subject to the advice and certificate of the Registrar. It is true that the District Banking Unions are paying certain contributions to the supervision fund, but the major contribution is that of the primary societies, not of the Banking Unions; and the contribution by the District Banking Unions is fully repaid by the extra care bestowed by the local unions in the collection of District Banking Unions' dues from the societies affiliated to the unions.

11. Incidentally, this solution of the difficulty raises the question whether educational qualifications in the case of candidates for supervisors' appointments can be maintained for long at the high standard prescribed by Government. The man that suits a local union would not always be a passed man. It might be easy enough to secure some knowledge of English, and of course adequate local influence and ability in the supervisor to influence and guide the societies would be insisted on by the Assistant Registrar. I am quite willing, and so are the Assistant Registrars, to carry out the orders of Government, but it does seem hard that the interests of the unions and of the societies should be sacrificed for the sake of educational qualifications. Of course, the Registrar could always refuse his certificate to a person not possessing the qualification prescribed by Government, but it may be questioned whether this would always be the best policy to pursue; I think some power of exemption might be safely vested in the Registrar. So far as the Ceded Districts are concerned, such a power seems absolutely indispensable.

12. The age at which candidates should be selected for supervisors' posts is another point which seems to require consideration. The candidates that one can get, if the school final test is insisted on, are seldom likely to be above 20 years of age, and it seems a pity to entrust such raw young men with the function of advising and correcting the men of mature age and often of considerable worldly means who compose the panchayats of societies. I was confronted with this difficulty in practice even before the present order of Government was given effect to, and now practically the whole array of new supervisors is composed of immature youths. I think that for this reason also some latitude may fairly be allowed to Local Supervising Unions in selecting their supervisors. After all, the business that has to be done does not require high educational qualifications, as it consists mainly in advising panchayats, who are themselves considered very satisfactory if they can read and write their own vernacular and keep accounts in it. Government expect co-operative societies to take more and more into their own hands the supervision and control of their business, and it is not impossible that unless some latitude is given, bad supervision may be imputed to the immaturity of supervisors. A supervisor who is a passed man can hardly be expected to resist the temptation of seeking better prospects under Government or a Local Board, before he has served the co-operative movement for many years. The chief difficulty is in employing in so responsible a position very young men whom it is not possible for Assistant Registrars to control except by means of diaries and tour programmes.

13. *Detailed syllabus of training.*—I have often thought of proposing that co-operative training should be brought within the purview of the examinations held by the Commissioner for Government Examinations. The question was discussed at my last conference with Assistant Registrars and the conclusion come to was that a co-operative test might be instituted, similar to the test in Banking, and that as in Banking there should be two grades only, Elementary and Intermediate. The Elementary grade might be restricted to credit and the Intermediate grade might embrace all kinds of co-operative work. In each grade there might be three papers, the first bearing on the theory and history of co-operation, the second on the practical management and working of co-operative societies, and the third on accounts. Whether candidates for co-operative employment, especially in the capacity of Bank Secretaries, and Managers, should be required to pass, in addition to the proposed co-operative test, the existing tests in Banking and Book-keeping, is a question which

I would answer in the affirmative. If the Commissioner for Government Examinations has no objection, detailed syllabus in co-operation might be drawn up and textbooks recommended.

14. *Enlisting the help of the Education Department in spreading a knowledge of co-operative principles.*—I believe the Director of Public Instruction is not prepared to recommend the introduction of co-operation as a subject in secondary schools: but there can be no harm in his suggesting to those engaged in the preparation or publication of recognized readers whether in English or the Vernacular the desirability of inserting in such readers a graduated series of lessons on co-operation. I have not been able to suggest that regular instruction in co-operative principles or co-operative accounts should be undertaken by any educational institutions as an optional subject for the Secondary School-leaving Certificate Examination, because the adequate teaching of such subjects requires special technical experience which a trained teacher cannot be expected to possess. Moreover the principles and accounts should go together and a knowledge of either would be unsatisfactory without a knowledge of the other. It takes a young man who has nothing else to do and who has finished school studies, from six months to a year to understand co-operative principles and accounts and to become a useful supervisor; and the busy literary atmosphere of school life seems hardly suited to imparting a working knowledge of co-operation. I would be satisfied if the ordinary readers in English and the Vernaculars introduced the ordinary aspects of co-operation, e.g., co-operative borrowing and lending, co-operative production and co-operative trade, so that interest in the great co-operative movement and its immense possibilities might be awakened in the rising generation. I saw a Tamil reader the other day which contained lessons on village economy, and described the system of village Revenue and Criminal Administration. Co-operative societies are now an essential feature in the rural economy of many tracts of the country and the scope of these lessons could be usefully extended by bringing in co-operation.

ENCLOSURE

List of local unions registered with the number of societies affiliated thereto.

Serial number.	Presidency.	Name of union.	Number of societies affiliated.
1	380	Uttiramerur	46
2	630	Kilacheri	39
3	936	Madurantakam	23
4	988	Vijayamangalam	27
5	1148	Kaveripauk	23
6	1217	Jayankondasolapuram	23
7	1228	Kallakurichi	24
8	1385	Tiruvannamalai	35
9	1386	Polur	45
10	1452	Tenali	34
11	1483	Tholasampatti	38
12	1541	Kaikalur	24
13	1556	Sankarapuram	18
14	1572	Lalgudi	22
15	1580	Tiruvallūr	19
16	1599	Salavakkam	18
17	1611	Tirukkōyilūr	15
18	1612	Namakkal	22
19	1613	Karūr	21
20	1649	Tiruppur	17
21	1650	Perundurai	26
22	1766	Amalapuram	27
23	1811	Karamadai	18
24	1815	Peddapuram	26
25	1831	Ponnuru	32
26	1854	Kalavai	15
27	1860	Conjeeveram	24
28	1888	Rettanai	14
29	1950	Poonamallee	19
30	1951	Manimangalam	20

List of local unions registered with the number of societies affiliated thereto.

Serial number.	Presidency.	Name of union.	Number of societies affiliated.
31	1957	Tirukkalkunrum	19
32	1964	Gudiwada	25
33	1983	Ketti	12
34	2042	Bhimavaram	34
35	2153	Kovilpatti	10
36	2180	Penukonda division	70
37	2181	Tanuku	23
38	2182	Sankaranayinarkōyil	7
39	2189	Anantapur division	48
40	2205	Perintalmanna	16
41	2210	North Pennar	15
42	2212	South „	17
43	2215	Anakkavur	17
44	2216	Wandiwash	19
45	2219	Dharmavaram division	29
46	2235	Kambainallur	18
47	2236	Manapparai	13
48	2240	Usilampatti	12
49	2241	Salem	16
50	2257	Royachoti division	14
51	2258	Madanapalle division	19
Total ...			1,207

List of unions proposed to be registered.

- | | |
|-------------|----------------|
| 1. Bellary | 4. Villupuram. |
| 2. Kurnool. | 5. Ponneri. |
| 3. Calicut. | 6. Tinnevely. |

1. North Arcot District Co-operative Banking Union, Limited—Number of societies affiliated, 164.

Societies in North Arcot district affiliated to local Supervising Unions.

Tiruvannamalai	...	...	...	...	...	...	...	...	35
Polur	...	...	...	...	...	...	...	...	45
Wandiwash	...	...	...	...	...	...	...	...	19
Kaveripauk	...	...	...	...	...	...	...	...	23
Kalavai	...	...	...	...	...	...	...	...	15
Anakkavur	...	...	...	...	...	...	...	...	17
								Total	154

2. Chingleput District Co-operative Banking Union, Limited—Number of societies affiliated, 259.

Local Supervising Unions in Chingleput district.

Uttiramerur	...	...	...	...	...	...	...	...	46
Kilacheri	...	...	...	...	...	...	...	...	39
Madurantakam	...	...	...	...	...	...	...	...	23
Salavakkam	...	...	...	...	...	...	...	...	18
Tiruvallur	...	...	...	...	...	...	...	...	19
Conjeeveram	...	...	...	...	...	...	...	...	24
Poonamallee	...	...	...	...	...	...	...	...	19
Manimangalam	...	...	...	...	...	...	...	...	20
Tirukkalkunram	...	...	...	...	...	...	...	...	19
Total									227

3. Ganjam District Co-operative Banking Union, Limited—Number of societies affiliated, 25.

Local Unions—Nil.

4. Guntūr District Co-operative Banking Union, Limited—Number of societies affiliated, 72.

Local Supervising Union, Tenali—34

5. Kistna District Co-operative Bank, Limited—Number of societies affiliated, 94.

Local Supervising Unions in Kistna district.

Kaikalur	...	...	...	...	...	...	...	...	24
Gudivada	...	...	...	...	...	...	...	...	25
Bhimavaram	...	...	...	...	...	...	...	...	34
Tanuku	...	...	...	...	...	...	...	...	23

Total ... 106

6. Coimbatore District Bank, Limited.

Local Supervising Unions in Coimbatore district.

Vijayamangalam	...	...	...	...	...	...	...	...	27
Tiruppur	...	...	...	...	...	...	...	...	17
Perundurai	...	...	...	...	...	...	...	...	26
Karamadai	...	...	...	...	...	...	...	...	18

Total ... 88

7. Salem District Urban Bank, Limited—76 societies.

Local Supervising Unions in Salem district.

Tholasampatti	...	...	...	...	...	...	...	...	38
Kambainallur	...	...	...	...	...	...	...	...	18
Salem	...	...	...	...	...	...	...	...	16

Total ... 72

8. Trichinopoly District Bank, Limited.

Local supervising unions in Trichinopoly district.

Lalgudi	...	...	...	...	...	...	...	...	22
Namakkal	...	...	...	...	...	...	...	...	22
Karūr	...	...	...	...	...	...	...	...	21
Manapparai	...	...	...	...	...	...	...	...	13
Jayankondasōlapuram	...	...	...	...	...	...	...	...	23

Total ... 101

9. Madura-Ramnad Central Co-operative Bank, Limited—158 societies.

Local supervising union in Madura-Ramnad district.

Usilampatti	...	...	...	...	...	...	...	...	12
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10. Vizagapatam District Co-operative Banking Union, Limited—45 societies.

Local unions—Nil.

11. South Kanara Central Co-operative Bank, Limited—69.

Local unions—Nil.

12. Christian Central Co-operative Bank, Limited, Madras—23 societies.

13. South Arcot District Co-operative Union, Limited—83 societies.

Local supervising unions.

Kallakurchi	...	...	...	...	...	...	...	...	24
Sankarapuram	...	...	...	...	...	...	...	...	18
Tirukkōyilūr	...	...	...	...	...	...	...	...	15
Rettanai	...	...	...	...	...	...	...	...	14

Total ... 71

14. Tanjore District Bank, Limited—82 societies.

Local unions—Nil.

Total societies in local unions	...	...	...	...	...	...	...	...	1,207
Number of societies affiliated to district banking or district supervising unions without being affiliated to local supervising unions.	...	...	...	...	...	...	...	...	463

1,670

V

Official Memorandum No. 881-F./17-1, Revenue, dated 11th July 1917.

The Registrar of Co-operative Societies is informed that the Government await the special report referred to in paragraph 3 of his letter R.B. & G. No. 59, dated 18th June 1917, on the subject of inspectors and supervisors, their qualifications and training.

F. J. RICHARDS,
Deputy Secretary to Government.

To the Registrar of Co-operative Societies.

VI

Letter—from the Registrar of Co-operative Societies, Madras.
To—the Secretary to Government, Revenue Department.
Dated—the 22nd August 1917.
No.—R.G. 288.

11. It is true there have been considerable variations of policy and practice in the various steps that have been taken to form a union organization in the districts. And I would not venture to say that the last word has been said. Indeed, if ever the inspection work now done by the Government inspectorate is to be efficiently performed by the unofficial agencies we are creating, it will be necessary, I think, to form an agency over and above the independent union which shall deal with the district as a whole, shall assist unions (when required) with a more highly trained supervision, shall train union supervisors, shall do propaganda work, shall advise unions as to new departures and new activities, and shall endeavour to co-ordinate the work of the independent unions. Such an agency will as a rule in the last resort be directed by the headquarter men and will in personnel be largely identical with the personnel of the district bank. An interesting experiment is being made, with my permission, by Mr. Vedachala Ayyar in Salem, Trichinopoly and North Arcot. He has induced the unions to create along with the district bank and the urban banks a district council of supervision with functions of this nature. This council is democratic in form and its power of interference with unions is strictly limited. It employs a highly paid supervisor and its jurisdiction extends throughout the district. I have discussed the matter with the directors of this district bank and with some members of the union governing bodies; and both classes seem to be satisfied that the constitution is on the right lines and the agency is required. I enclose a copy of the rules prepared by Mr. Vedachala Ayyar and myself which it is proposed to bring into force. There is no suggestion of registering the councils; it is merely proposed to work the scheme as an experiment so as to see how it works and what light it throws on the problems of district and local unofficial supervision.

ENCLOSURE

Rules for the conduct of the district council of supervision of the district of

1. The headquarters of the district council of supervision shall be the same as the headquarters of the district bank, viz., taluk post.
2. The objects of the formation of the district council of supervision shall be
 - (1) to develop the work of the co-operative societies in the district to the utmost of its power,
 - (2) to recommend the grant of loans to rural co-operative societies on unlimited liability basis not affiliated to any local union, from the district bank or banking unions usually financing such societies,
 - (3) to exercise careful and regular supervision over unlimited liability rural co-operative societies not affiliated to a local union,
 - (4) to endeavour to arrange all matters of common interests, to advise and assist co-operative societies and unions and to further their interests in every way and to co-ordinate the work of the several local unions in the district,
 - (5) to organise fresh societies and local unions.
 - (6) to endeavour to settle disputes between co-operative societies and financing banks.

3. Any society or any union working within the district may apply for its general supervision by the district council of supervision and the executive committee of the council may accept such responsibility or refuse to act without assigning any reasons. Such acceptance of responsibility by the council of supervision shall not take effect unless it is sanctioned by the Assistant Registrar and no such responsibility shall be accepted when it can be more effectively discharged by a local union.

4. The supervision over the co-operative societies in the district other than urban banks shall be conducted by the district council of supervision either directly or by the formation of local unions. The district council of supervision shall supervise the rural societies not affiliated to any union. The district council of supervision will cease to exercise any control over such societies as soon as they are affiliated to a local union.

5. The work of supervision over co-operative societies shall be conducted by the formation of a fund known as the district supervision fund composed of the following items:—

(1) Contribution on behalf of primary societies made by the district banks or the district banking unions at $\frac{1}{10}$ th of the interest realised from the primary societies by such banks or banking unions.

(2) Contribution by rural primary societies on unlimited liability basis at half per cent on the entire working capital except share capital, reserve fund, and current deposits.

(3) Contribution by urban primary societies not exceeding one-fourth per cent on the working capital excluding share capital, reserve fund and current deposits.

This sum represents the fee to be paid for the primary audit in the course of the year of urban primary societies as distinguished from the Government audit at the end of the year.

(4) Contributions which may be levied for the primary audit of district banks or banking unions.

6. A local union will be, as soon as it is formed, the sole body responsible for the supervision of rural co-operative societies affiliated to it. It will administer the supervision fund contributed by or on behalf of those rural societies. The local unions will, subject to the sanction and advice of the registrar, entertain such staff as may be found necessary to secure effective supervision with reference to the resources available for expenditure and will also attend to the organisation of more societies and to the expansion of the operations of the unions. The control above specified by the local unions over the affiliated societies may however, when the local union so desires it, be exercised in consultation with the assistant registrar or the district council of supervision. The local unions in a district shall pay as contribution to supplement the income of the district council of supervision such amount as may be fixed by that council as necessary to enable it to carry out its function of supervision, provided, that no local union shall be required to pay any contribution exceeding one-fourth of its receipts. Any dispute as to the amount payable by a local union may be referred to the assistant registrar by the local union or the district council of supervision and the decision of the Assistant Registrar shall be final.

7. The district council of supervision shall administer directly the following items of income from the district supervision fund:—

(1) Contributions by urban primary societies.

(2) Contribution by rural primary societies not affiliated to any local union.

(3) Contributions on account of primary audit by the district banks or banking unions.

(4) Contributions by local unions in the district as provided in rule 6.

The district council of supervision shall maintain such staff as may be required—

(1) for co-ordinating the work of the local unions,

(2) for supervising the rural primary societies not affiliated to a local union,

(3) for providing, when so requested by a local union, a higher form of audit or supervision than can be secured by the local unions themselves,

(4) for carrying on the primary audit of the district banks and urban primary societies in the district,

(5) for the opening of training classes, where necessary, to train supervisors and bank clerks in primary societies,

(6) for arranging for the supply of printed forms, registers, etc., and other general requirements of all the societies in the district.

The inspecting or executive staff to be employed by the district council of supervision shall be persons possessing qualifications in the theory and practice of co-operative banking and in book-keeping and the appointing of such staff shall be subject to the approval of the assistant registrar.

8. The district council of supervision will be composed of—

(1) Representatives of all unions—one for each union to be elected annually by the affiliated unions.

(2) Representatives of all urban banks—one for each urban bank to be elected annually by the affiliated urban banks.

(3) Representatives of district banks or district banking unions—all the directors.

The numbers of the district council of supervision will hold office for a period of one year or with the sanction of the assistant registrar until their successors shall have been appointed.

9. Subject to such resolutions as the general assembly of the district council of supervision may from time to time pass, the management of the affairs of the council shall vest in an executive committee. This committee shall be selected at a general meeting of the district council and shall consist of not more than five members, of whom two shall be selected by the representatives of the district bank present at the meeting, two shall be selected by the representatives of the local unions present at the meeting and one shall be selected by the representatives of the urban banks present at the meeting.

The members of the executive committee shall hold office for a period of one year or with the sanction of the assistant registrar until their successors are elected. Should any vacancy arise in the executive body in the interval between two general elections of office bearers, it may be filled up for that interval by remaining members of the executive committee. The executive committee shall choose from among themselves a president.

The secretary of the district bank or banking union shall be the secretary of the district council of supervision and of the executive committee but shall not have a seat in the executive committee nor shall he have a seat in the district council of supervision unless he is a director of the district bank. The secretary of the district bank shall conduct all the business of the council, subject to the control of the president and in accordance with the resolutions of the executive committee. The executive committee shall meet as often as necessary and at least, once a month. The quorum for a meeting of the executive committee shall be three. Copies of all resolutions of the Executive Committee shall be sent to the Assistant Registrar.

10. The executive committee is competent to admit expenditure as provided for in the budget passed by the district council of supervision under rule 25 below and to sanction the pay and travelling allowance bills of the establishment according to the scale laid down by the district council of supervision.

10. (a) The executive committee may make subsidiary rules for regulating their work. Such rules shall be entered in the minute book of the council and a copy of every such rule shall be submitted to the assistant registrar for approval. A member of the executive committee who fails to attend three consecutive meetings shall be liable to removal.

11. The district council of supervision will not, unless requested by a local union, interfere with the internal management of local unions but will concern itself mainly with the general policy to be adopted in the working of societies and among other things will study the possibilities of future developments of co-operative activity and will discuss freely with local unions the possibilities of such developments.

12. It shall be the duty of the executive committee to control and supervise primary rural societies not affiliated to any local union, by regular and careful inspection, to settle all matters of common interest, to advise and assist such societies and to further their interest in every way. To this end the district council of supervision shall, as far as funds permit, provide the necessary staff of supervisors whose pay and allowances shall be subject to the sanction of the assistant registrar. No supervisor shall be so appointed unless he shall have been certified by the assistant registrar to be fit for such work. No such supervisor shall be suspended or dismissed except with the approval of the assistant registrar.

13. The examination by a supervisor of rural societies not affiliated to a local union shall not be restricted to a mere arithmetical audit of books and balance sheets. The supervisor shall see that the administration of each society entrusted to him is carried on in strict conformity with co-operative principles and with its own by-laws. The supervisor shall assure himself that the members of the panchayat or managing committee of each society work in a spirit of harmony and justice, that they fully understand the principles of co-operative societies and correct method of working them, that the defects pointed out in previous inspection reports have been remedied and that the orders passed from time to time by the assistant registrar have been carried out. The panchayat or managing committee of each affiliated rural society shall give the supervisor every assistance in their power. It shall be an integral part of the duty of the supervisor to teach co-operative principles to the members of such societies.

14. All loans to rural societies not affiliated to local unions shall be sanctioned by the executive committee, but each affiliated rural society shall be at liberty to receive deposits at its discretion, so as not to exceed its borrowing power.

15. The executive committee of the council may sanction loans from the surplus of any rural society affiliated to the council to any other rural society so affiliated.

16. The propriety of any decision arrived at by the general assembly of any rural society affiliated to the district council shall not be called in question by the executive committee of the council except on the motion of another rural society interested either alone or in common with other rural societies in the decision.

17. The executive committee has full powers to depute a member or members of that body or any other person to inspect or to ascertain by enquiry if the by-laws are being carefully observed by its affiliated rural societies, but it shall not interfere with the transactions carried on by the panchayat or the managing committee of any society. It should check annually the credit of its affiliated societies.

18. The executive committee or the persons deputed by it shall have power to convene special meetings of the panchayats or of the general assemblies of affiliated rural societies and to address them but they shall not vote at such meetings.

19. The executive committee shall take steps to arrange for the monthly submission of accounts by its affiliated rural societies and may pass remarks thereon for the information and guidance of the societies concerned.

20. The Executive Committee may call for lists of defaulting borrowers in rural societies affiliated to the District Council and may direct the societies concerned to take proper action and may take steps to see that such orders are carried out. Should a rural society affiliated to the Council be guilty of contumacious conduct or any other offence, the Executive Committee of the Council may, after obtaining the explanation of the society concerned and submitting its order thereon for the approval of the Assistant Registrar, suspend the exercise, for a definite period by the society, of any of the privileges enjoyed by such societies, for example the power to grant loans to members, or the privilege of obtaining loans.

21. The District Council shall also appoint a District Supervisor qualified to conduct higher audit. Such appointment will be subject to the approval of the Assistant Registrar.

22. The District Supervisor appointed under rule 21 shall attend to such work as may be ordered by the Assistant Registrar or the District Council of Supervision, including the following duties:—

(1) Primary audit of all urban banks affiliated to the District Council of Supervision and of the District Bank or Banking Union and of such of the rural primary societies of importance as may be selected by the Assistant Registrar or the District Council of Supervision.

(2) Inspection of societies affiliated to Local Unions when so requested by the Local Unions.

(3) Holding inquiries on proposals for the liquidation of societies recommended by Local Unions.

(4) Training the Supervisors of Local Unions and persons working on probation as Union Supervisors.

(5) Arranging for the supply of printed forms, books, etc., required by all the Local Unions and the societies in the district.

(6) Making special investigations into the working of any society as directed by the District Council of Supervision or the Assistant Registrar.

(7) Organisation of societies and verification of reports regarding societies organized by the Local Union Supervisors or Honorary Organisers.

23. The Executive Committee may allow sitting fees or travelling allowance to its members for attendance at meetings on a scale to be approved by the Assistant Registrar.

24. Except as provided for in Rule 23 the Executive Committee shall work gratuitously but any expenses actually incurred by them in doing the work of the Council may be paid out of the funds of the Council.

25. The ultimate authority in all matters relating to the administration of the District Council shall be the general assembly of the Council which shall be convened from time to time as occasion requires and at least once a year by the Executive Committee of the Council. The Executive Committee shall also convene a meeting of the General Assembly of the Council on the requisition of not less than 4 unions or 20 societies. The following among other matters shall be dealt with by the General Assembly:—

(1) The election of members of the Executive Committee of the Council.

(2) The passing of the Annual budget of estimated receipts and expenditure, and of all alterations in that budget required from time to time, provided that such budget alterations shall not take effect until they shall have been approved by the Assistant Registrar.

(3) The Annual report due to the Registrar.

(4) The Registrar's annual audit order.

(5) The amendment or repeal of any existing rule or the enactment of a new rule.

(6) Any complaint which any affiliated society may prefer against the Executive Committee of the Council.

26. It shall be the duty of every delegate to attend the meetings of the General Assembly of the Council. The quorum for a General Assembly of the Council shall be 10 or one-fourth of the total number of societies affiliated to the Council whichever is less.

27. At each of the meetings of the General Assembly of the Council, a President shall be elected from among the persons present and entitled to attend the same. All questions presented to the meeting shall be decided by a majority of votes of the members present and voting. Every member shall have one and only one vote. When votes are equal, the President shall have a casting vote.

MISCELLANEOUS.

28. Within fifteen days after the close of the co-operative year ending with the 30th June, the District Council shall prepare (a) a statement showing the receipts and disbursements during the past year and (b) a statement showing the assets and liabilities as they stood on the last day of such year. These two statements shall be submitted to the Assistant Registrar without delay.

After the Assistant Registrar has verified these two statements and granted his audit certificate, the District Council shall publish the statements in such manner as may be approved of by the Registrar.

VII

Letter—from F. R. HEMINGWAY, Esq., I.C.S., Registrar of Co-operative Societies.
To—the Secretary to Government, Revenue Department.

Dated—the 19th March 1918.

No.—R.O B & G. 59 of 1917.

Adverting to the concluding sentence of paragraph 4 of G.O. No. 4208, Revenue, dated 26th December 1917, regarding the personnel, training and duties of supervisors and inspectors, I have the honour to submit the following report.

2. There are at present 54 inspectors under my control and over 80 supervisors under the control of supervising unions. Of the inspectors, two are unpassed men and two others are the old Middle School men who have passed in the first-class. The rest either are Matriculates or possess higher qualifications. Of the two unpassed men, one is an Uriya recently entertained and for whom an application has been made to Government for exemption from the Examination rules. The other has proved himself particularly useful and is being kept on Rs. 30. In conformity to G.O. Press No. 285, Revenue, dated 9th February, future recruits of inspectors will be selected only from men who have at least passed the School Final test, preference being given to persons who have qualified themselves in Banking and Book-keeping in addition.

Of the supervisors hitherto employed, the majority are School Final men. As reported in paragraph 7 of my predecessor's letter No. B. & G. 59, dated 18th June 1917, it has not been found possible to select passed men in all cases. Some of the old supervisors entertained by the first unions have not been replaced by new qualified men for the reason that they are doing exceedingly good work and have local influence. Qualified men are not procurable in certain areas, especially in the Ceded Districts. A reference to this office letter No. B. & G. 131, dated 29th April 1917, will show that all the supervisors, except one in the Anantapur section, are unpassed men. The anomaly is being got over by calling them 'assistant supervisors.' In view of the practical difficulties as shown above, I would request Government to relax the rule that only passed men should be eligible for supervisors' posts. The detailed arguments of my predecessor on this point are, I think, absolutely sound.

3. As regards the training to be given to these men, the Imperial Committee on co-operation say in paragraph 95 of their report that the best training at the present stage is practical experience under the guidance of the existing staff. I am inclined to think that for the present this will be sufficient. As regards the nature and period of this practical training, I consulted my assistants and the conclusion arrived at is contained in the following resolution:—

The inspector and the supervisor should have approximately the same initial training. This should consist of—

- (1) at least a fortnight in the Assistant Registrar's office,
- (2) at least a fortnight in writing up the accounts of some large urban or rural society,
- (3) at least six weeks with an inspector, partly watching the inspector, and partly doing work under his supervision,
- (4) at least a fortnight touring with the Assistant Registrar.

An inspector should not be allowed to do 'Final audit' independently until the Registrar is satisfied that he is capable of it; and his ability should be tested by making him audit some societies under supervision. In the case of men with previous experience of co-operative work the above training can be modified.

In the course of this training period, the inspector or the supervisor will acquaint himself with the Act, the by-laws of the several types of societies, the circular orders of the department, etc. It will be seen that the above is a little different from the course recommended by my predecessor.

In paragraph 6 of his letter No. B. & G. 59, dated 18th June 1917, it was stated that supervisors should be trained for at least two months in an Assistant Registrar's section after which they should be instructed by the Registrar, Assistant Registrar or a senior chief inspector for three or four weeks and that at the end of a year of probation there should be an examination in text books after which certificates

should be issued to passed men. I am afraid I cannot agree with the view that there should be an examination in text books, though I do not object to a certificate being given after a year of probation. Book reading may be good but in a subject such as co-operation a man is apt to forget very soon what he learnt in books. It is only when a man actually comes in contact with things that an abiding impression is formed in his mind. It will therefore be unnecessary in my opinion to hold classes and teach the candidates theory of co-operation. Indeed I am not much in love with theory or with 'the principles of co-operation' of which so much is said. I do not deny that in the course of the actual work, a certain amount of instructions both on theory and practice will be found useful. This can be done, as is being done now, by an Assistant Registrar calling together all his inspectors periodically. An Assistant Registrar can, as a matter of fact, easily judge the work of an inspector or a supervisor from his reports and also by making him work in his presence. The probation of an unsuitable or incompetent man can be terminated in this way and not necessarily by an examination.

I have to bring one other point to the notice of Government in this connexion. In their order Press No. 285, Revenue, dated 9th February, the Government were pleased to lay down the rule that persons should not be recruited for employment as supervisors or inspectors unless they were prepared to undergo training under the Registrar *at their own expense*. Agreeably to this direction applications were invited and candidates selected. But in the course of their actual training the District Banks who selected them found it necessary to pay these men. It seems to me that in fairness to the candidates we must at least reimburse them to the extent of the actual money spent by them in the course of their training. I would prefer to give these men pay during the period of training in addition to the usual travelling allowance. This hard condition, hard because the men applying for the post will be generally poor, may debar many deserving candidates from joining the department. I would therefore request the Government to modify the existing order as regards the training of candidates at their own expense.

4. In my letter to Government No. G. 76, dated 26th February 1918, proposing an increase in the number of the subordinate executive staff I have attempted to define at some length the duties of the Government inspectors and the union supervisors. The subject is, as stated therein, a difficult one and I would prefer to deal with it more fully after I gain some more experience. I consider however that for the present the duties therein assigned to inspectors and supervisors respectively should continue to be done by them.

5. In paragraph 4 of his letter No. 59, dated 18th June 1917, my predecessor said that the special report which I am now submitting would deal with, among other matters, the following two points:—

(1) The extent to which pressure should be brought to bear upon town banks to induce them to contribute either for their audit or for their supervision.

(2) The arrangement made for administering the district supervision fund.

For the sake of convenience I will take up the second first. There are at present four agencies to administer the district supervision fund—

(1) The District Banking Union.

(2) The District Union.

(3) The Local Union.

(4) The District Council of supervision (an unregistered organization).

Where there exist District Banking Unions or District Unions and no Local Unions, the administration of the supervision fund is an easy matter. The unions employ the supervisors, place them in charge of small areas and control them. But here and there, there are indications on the part of certain prominent societies not to be lectured and dictated to by a central society at the headquarters. When there is only the local union, it administers the whole fund. In districts in which there are local unions and district banking unions, there is apt to be friction in administering the fund. The local unions wish to be interfered with as little as possible in their affairs and want the finances of their unions to be left entirely in their hands. The district banking unions, where already created, wish on the

other hand, to have the administration of the fund in their hands. Partly to get over this difficulty and partly to bring the urban banks into the supervision scheme, what is called the district council of supervision is being tried in the districts of Trichinopoly, Salem and North Arcot. A description of this council is given in my letter to Government No. R.G. 288, dated 22nd August 1917, and its enclosures. The salient feature of this scheme is that it does not interfere with the administration of the local unions. The local unions are free to appoint their own supervisors and administer their own funds which are separate. The council look after the supervision of societies not affiliated to any union and the primary audit of urban banks including district banks. I may add that in the by-laws of recently constituted banking unions I have drafted the rules about supervision, so as to differentiate the work of the local and district unions somewhat on the above lines. Which of these agencies would ultimately be found suitable, I cannot say now. Without coming to any final decision at this stage, I may perhaps discuss the relative merits of each of the agencies. The considered opinion of the co-operators of the Presidency is that a local union is more suited for the efficient supervision of rural societies than a district union or a district banking union. The district organization is at a considerable distance from the primary societies to be supervised, whereas the governing body of the local union are on the spot or very near neighbours. The directors of the district union are not always tactful in handling the members of societies and have very little influence over the panchayats or the members of those societies who indeed are often more experienced and practical co-operators than the educated visitor from district headquarters. On the other hand, the governing body members of local unions are friends or persons well acquainted with the ways and habits of members of affiliated societies and can bring considerable influence to bear upon them. The directors of district unions again cannot themselves afford to visit primary societies often or as many times as are necessary, whereas the governing body of unions hold their fortnightly or monthly meetings in the villages which require their presence. There are instances where the governing body have revived or rectified indifferent or bad societies when their supervisors fail to do the same. The district union can do what little it should do only through supervisors. The interest of a district banking union is more in the collection of its dues than the rectification of societies in other ways. For these reasons co-operators prefer a local union with a small area to a district union. In the districts in which there are only district banking unions now and in which people show a desire for local Unions, attempts are being made to create them. The pure district union, such as the one at Cuddalore suffers from some of the same weaknesses and it is now proposed to convert it into a banking union and form local unions below it. As I said in my letter to Government No. R.G. 288, dated 22nd August 1917, it is necessary to create an agency over and above the independent local unions which shall deal with the district as a whole, shall assist unions (when required) with a more highly trained supervisor, shall train union supervisors, shall do propaganda work, shall advise unions as to new departures and new activities, and shall endeavour to co-ordinate the work of independent unions. The question now is whether such an agency is the district banking union or the district council of supervision or any other. The scheme of the district council of supervision is being tried in three districts as already said. Some time must elapse before an opinion can be expressed as to its suitability or otherwise. In some other districts the original district banking union scheme is being tried with modifications and, as noted above, provision is being made in the by-laws of the new banking unions such as those at Cocanada, Malabar, and Nellore that in the matter of supervision of affiliated societies, the local unions shall be completely independent and will supervise the societies by supervisors appointed and controlled by them without reference to the district banking unions, although the supervision fund is one for the whole district and each local union gets an allotment at the hands of the district banking union. In the proposed South Arcot district banking union, it is intended to go a step further and allot defined sources of income for the local unions whose funds are separate from that of the district banking union. A copy of by-laws 24 and 25 of the proposed South Arcot district banking union, which deal with this question, is enclosed for the information of Government. At the same time it has to be

recognized that the educated members of the district banking unions can legitimately expect to have an important voice in the policy of the movement; and that a good deal of co-ordinating work can be done by a central district authority. I am constantly remembering these points, and hope that whatever solution transpires, I may be able to do justice to the legitimate claims of district banking unions. The following resolution at the Official Conference held in September last puts many of the points involved with truth and cogency:—

“Recognised that there are obvious uses for a district supervising agency provided that it does not interfere with the autonomy of the local unions; but resolved that the autonomy of the local unions must be defended at all costs.

“The following functions might usefully be assigned to a district supervising agency:—

- (1) To collect and manage a district fund and with it to employ a supervisor of qualifications far superior to those of the union supervisor.
- (2) To assist unions through this district supervisor in matters of supervision and organization when (and only when) so invited by the union.
- (3) To organize new unions.
- (4) To audit urban banks and non-union societies.
- (5) Discuss questions of general policy and offer advice to unions on such and other matters; but to have no power to compel unions to take such advice.

“Resolved that it is essential that all important resolutions should be taken at a meeting of the general body of this district council or supervising agency; and that the executive committee should have no power to take decisions other than routine or quasi-routine decisions in accordance with the policy laid down by the general body.

“Resolved that this district agency must if it is to be of any use be really representative and democratic.

“Recognized that there are certain advantages in using the district banking union where one exists as this supervising agency but there are serious disadvantages—

(a) A bank is apt to look too much to mere financial expediency and not sufficiently to the benefit of co-operation as a whole, e.g., the supervisor might be used too exclusively for collections.

(b) A man eminently fitted to be a bank director may conceivably be unfitted to direct co-operative policy.

(c) It will for some time probably be the case that central banking unions (in spite of their democratic form) will, in effect, be dominated by the minority among the directors who live at headquarters and who are out of touch with the conditions of rural co-operative societies. The advantages of this from a banking point of view are recognized, but it is felt that such a body will not be sufficiently democratic to command the confidence of the local unions in it as a guide in policy and as a supervising agency.

“Resolved at the same time that it is impossible to lay down that district banking unions should not be used for this purpose; but that the experiment of Mr. Vedachala Ayyar will be watched with interest.”

6. As regards the first point, i.e., the extent to which town banks have come into the supervision scheme, I have to state that generally the town banks have either agreed to contribute to the supervision fund or to pay for their audit. The bigger societies in the City of Madras get their audit done by certified public auditors and pay them directly. The town societies in the mufassal have affiliated themselves either to the district banking unions or to the councils of supervision. In the districts in which there are district councils of supervision (Salem, Trichinopoly, and North Arcot) the primary audit of the urban banks is done by the district supervisor, a servant of the council and the banks contribute to the supervision fund administered by the council. In other districts, the banks contribute to the supervision fund in consideration of the fact that it helps the body

administering the district supervision fund to employ more men to supervise rural societies and to set free the Government inspectors to that extent so that they may take up the primary audit of urban banks. Some urban banks also came into the scheme in order to get the benefit of arbitration of disputes. There are a few urban banks still, I believe, which have not come under any of the above schemes. These are the municipal employees' societies, some of the Government servants' societies, stores and building societies. The names of these will be mentioned in the next administration report, if there be any at that time.

7. I do not say that the above is a satisfactory arrangement. It means in effect that most urban banks are paying something directly or indirectly for their audit. But something better ought to be devised. I hope I may be excused the obligation of making other proposals at this stage.

ENCLOSURES

(1)

Extract of letter from the Registrar of Co-operative Societies, Madras, No. G. 76, dated the 26th February 1918.

3. To determine the actual number of inspectors now required it will be necessary to examine the work done by an inspector and by a union supervisor. In an area covered by a tolerably good union the Government inspector attends to the following work:—

- (1) Organization of new societies.
- (2) Starting of societies registered.
- (3) Interim audit of societies.
- (4) Final audit and the preparation of the balance sheet.
- (5) Arranging for settlement of disputes by arbitration, helping the societies to prepare the plaint, nominate arbitrators, issue summons, etc.
- (6) Liquidation—helping the Assistant Registrar and liquidators in serving notices on the parties, collecting arrears of money, and paying dues, keeping accounts, etc.

The union supervisor performs the following duties:—

- (1) Instructing the newly-started societies by frequent visits.
- (2) Inquiring into the loan applications of societies.
- (3) Collection of amounts overdue both to financing banks and to societies themselves.
- (4) Writing up of the accounts of the inexperienced societies and rectifying wrongly-written accounts.
- (5) The preparation of monthly statements of receipts and disbursements and overdue assets and liabilities and the furnishing of any other information called for by the union or the financing bank.
- (6) The mechanical audit of the entries in the books.
- (7) General inspection and attending general or panchayat meetings and helping societies when needed in other ways.

In a non-union area the Government inspector has to do all that is done by himself and by the supervisor in a union area. In areas where the unions have not sufficiently developed, most of these functions fall upon the inspector.

5. The Government will observe that our programme for an inspector's work includes a final and an interim audit. The final audit has to be hurried through after July 1st in order to furnish, in time, audited figures for the Registrar's administration report; and it is not possible for an inspector to overhaul thoroughly the work of a society at this visit. He has to visit the society again and stop there leisurely to do this work. This thorough overhauling which is necessary once a year, is performed at what is called the interim audit, which takes place sometime between December and June and which enables an inspector to form a good opinion as to the whole working of a society. This 'interim audit' constitutes our most efficient method of supervision and it should continue to be done even in a fully developed union area. This is, I suppose, what is meant by the term 'super audit' in the report of the Imperial Committee on co-operation. Perhaps some day when the unions are in a position to take care of themselves and to furnish figures for the Registrar's administration report, what is called the final audit now may be given up and the unions may be required to furnish un-audited figures for the administration report. The profit of each society will be determined by the Government auditor at his yearly visit when he overhauls the work of the

society and consequently the co-operative year of each society will be different or else the profits will have to be calculated up to the end of the previous June which will often involve great delay in the distribution of profits. And in any case I am of opinion that for the present the Government inspector should visit a society in a union area at least twice a year and more than twice in a non-union area.

(2)

*By-laws of the Nellore district Co-operative Banking Union, Limited,
Nellore, No. B. 402.*

22. It shall be the duty of the District Banking Union to control and supervise primary rural societies not affiliated to any local union, by regular and careful inspection, to settle all matters of common interest, to advise and assist such societies and to further their interest in every way. To this end the District Banking Union shall, as far as funds permit, provide the necessary staff of supervisors whose pay and allowances shall be subject to the sanction of the Registrar. No supervisor shall be so appointed unless he shall have been certified by the Registrar to be fit for such work.

23. A supervision fund shall be raised in the manner indicated below:—

- (1) By setting apart $\frac{3}{4}$ per cent out of 8 per cent interest realised on all loan advanced by the Banking Union;
- (2) By setting apart $\frac{1}{2}$ per cent of the interest on the accumulated reserve fund in the hands of the Banking Union; and
- (3) By levying half rupee per cent on all sums borrowed by societies in the district from sources other than the Banking Union subject to a maximum of Rs. 150 for any one society.

(4) By such contribution towards supervision as shall be made by other financing agencies in relation to loans made by them to societies affiliated to the District Banking Union.

(5) By levying an additional contribution, if necessary, from societies with reference to their income and the nature of service rendered in supervision and audit by the supervising agency; such contribution to be determined by the Board of Management at the commencement of each year on the actuals of the previous year, and subject to the approval of the Registrar.

24. The District Banking Union will not, unless requested by a local union, interfere with the internal management of local unions but will concern itself mainly with the general policy to be adopted in the working of societies and among other things will study the possibilities of future developments of co-operative activity and will discuss freely with local unions the possibilities of such developments.

24-B. A detailed budget estimate of receipts and charges of the supervision fund shall be sent by the Board of Management to the Registrar on such date as the latter may prescribe; the budget, after modification, if necessary, and approval by the Registrar, shall not be deviated from without his orders, which should be obtained in respect of each deviation. Allotments shall be made in the budget to the local unions sufficient to meet the cost of supervision of the societies in these unions, and those allotments will as far as possible bear a proportion to the income derived from these unions. These allotments will be entirely at the disposal of the local unions. No part of the supervision fund shall be used for dividend.

(3)

By-laws of the Malabar district Co-operative Bank, Limited, No. F. 110.

24-A. In the case of societies affiliated to a local union, the general supervision and control of such societies shall vest in the local union which shall have power to appoint the necessary staff of supervisors for the purpose. It shall be the duty of the District Bank to control and supervise primary rural societies not affiliated to any local union, by a regular and careful inspection, to settle all matters of common interest, to advise and assist such societies and further their interest in every way. To this end, the District Bank shall, as far as funds permit, provide the necessary staff of supervisors whose pay and allowances shall be subject to the sanction of the Registrar. No supervisor shall be so appointed unless he shall have been certified by the Assistant Registrar to be fit for such work. The District Bank shall however have power to call for statements and returns from local unions in respect of societies affiliated to them.

24-B. The District Bank will not, unless requested by a local union interfere with the internal management of local unions but will concern itself mainly with the general policy

to be adopted in the working of societies and among other things will study the possibilities of future developments of co-operative activity and will discuss freely with local unions the possibilities of such developments.

25. A supervision fund shall be raised in the manner indicated below:—

(1) By levying from societies affiliated to the District Bank but not affiliated to local union, a contribution equivalent to 8 annas or any less sum upon every Rs. 100 of the total outstanding borrowing of each society as it stood on the 30th day of June last preceding.

'Borrowing' in this by-law shall include,

(I) Borrowings from central societies and (II) Deposits and loans from members and non-members; but shall not include share capital, current accounts and reserve funds.

(2) By setting apart not less than $\frac{1}{4}$ per cent out of $7\frac{1}{2}$ per cent realised on all loans advanced by the District Bank to primary societies.

Note.—The rebate at $\frac{1}{4}$ per cent on interest collected from primary societies affiliated to local unions shall be handed over to the respective unions.

(3) By levying additional contributions, if necessary, from societies subject to the approval of the Registrar.

The contribution so determined in respect of each co-operative year shall be paid into the District Bank by every society in the district within three months from the date of the receipt of the audit order for that year.

The amount of contribution from each society in respect of any year shall form part of its ordinary expenditure in the ensuing year.

All contributions for supervision of primary societies paid in the course of a year by primary societies shall, together with contributions to the same end from the District Bank, be constituted into a supervision fund which shall be administered by the District Bank pursuant to the advice and directions of the Registrar of Co-operative Societies.

(4)

*By-laws of the Gōdāvari district Co-operative Banking Union, Limited,
Cocanada, No. 2351.*

22. It shall be the duty of the District Banking union to control and supervise primary societies not affiliated to any local union, by regular and careful inspection, to settle all matters of common interest, to advise and assist such societies and to further their interest in every way. To this end the District Banking union shall, as far as funds permit, provide the necessary staff of supervisors whose pay and allowances shall be subject to the sanction of the Registrar. No supervisor shall be so appointed unless he shall have been certified by the Registrar to be fit for such work.

23. A supervision fund shall be raised in the manner indicated below:—

(i) By setting apart $\frac{3}{4}$ per cent out of 8 per cent interest realised on all loans advanced by District Banking union;

(ii) By setting apart 1 per cent of the interest on the accumulated reserve fund in the hands of the banking union; and

(iii) By levying half rupee per cent on all sums borrowed by societies in the district from sources other than the District Banking union subject to a maximum of Rs. 150 for any one society.

(iv) By such contribution towards supervision as shall be made by other financing agencies in relation to loans made by them to societies affiliated to the District Banking Union.

(v) By levying an additional contribution, if necessary, from societies with reference to their income and the nature of the service rendered in supervision and audit by the supervising agency, such contribution to be determined by the Board of Management at the commencement of each year on the actuals of the previous year, and subject to the approval of the Registrar.

24 (a) The District Banking union will not, unless requested by a local union, interfere with the internal management of local unions but will concern itself mainly with the general policy to be adopted in the working of the societies and among other things will study the possibilities of future developments of co-operative societies and will discuss freely with local unions the possibilities of such developments.

(b) A detailed budget estimate of receipts and charges of the supervision fund shall be sent by the Board of Management to the Registrar on such date as the latter may prescribe; and the budget, after modification if necessary, and approval by the Registrar, shall not be deviated from without his orders, which should be obtained in respect of each deviation.

Allotments shall be made in the budget to the local unions sufficient to meet the cost of supervision of the societies in these unions, and these allotments will as far as possible bear a proportion to the income derived from these unions. These allotments will be entirely at the disposal of the local unions. No part of the supervision fund shall be used for dividend.

(5)

Draft by-laws of the South Arcot district Co-operative Banking Union, Limited, No. 1844.

The South Arcot district Co-operative Banking Union, Limited, No. 1844 shall be registered as a co-operative society under Act II of 1912. Its objects shall be to organize, to finance and arrange for the supervision of co-operative societies established in the South Arcot district and registered either under Act X of 1904 or under Act II of 1912. Its address shall for the present be 'Cuddalore New town Post, Cuddalore taluk, South Arcot district.' Its operations shall extend to the whole of South Arcot district. It may be referred to in these by-laws briefly as 'District Banking union.'

2. A society in these by-laws means a co-operative society registered either under Act X of 1904 or under Act II of 1912 and admitted as a member of the District Banking union. A member includes a society unless the contrary appears from the context.

3. The capital of the District Banking union shall for the present, be Rs. 2,00,000 made up of 4,000 shares of Rs. 50 each. Every co-operative society within the said South Arcot district shall be eligible for admission and also any person over 18 years of age and of sound mind provided that not more than 2,000 shares shall at any time be allotted to applicants other than societies.

4. Every member joining the District Banking Union must take up at least one share, but no individual member can at any time hold more than 20 shares nor can a society invest in share capital more than the share capital held by it from its own members. The limit of a society's borrowing power in the Banking Union, shall be Rs. 1,000 for each share. A society registered as a Supervising union shall not be bound to take more than one share. The duty of admitting members and allotting shares to them subsequent to the conversion of the District Supervising Union into the District Banking Union shall vest in the Board of Management referred to in by-law 18 below, who may reject any application without assigning any reason.

5. The liability of a member shall be limited to the share capital subscribed by such member.

6. No member shall be permitted to transfer any share held by him unless he had held such share for a period of at least two years. No transfer of a share shall be valid, unless the transferee be a member or some person whom the Board of Management is willing to admit as a member and provided in any case that the transfer of a share shall not be operative unless and until it is sanctioned by the Board of Management.

7. (1) If a member dies his membership shall ipso facto cease.

(2) (a)—Every member of the District Banking Union may nominate any person to succeed in the event of his death, to his share or interest in the society. Such nomination shall, in the event of his death, be given effect to by the District Banking Union provided that—

(i) The nomination was signed by the deceased in the presence of at least two witnesses attesting the same;

(ii) the nomination has been registered in the books of the society kept for the purpose;

(iii) the person nominated is or has been admitted by the Board of Management as the member of the society under by-law 4.

(b) In the event of there being no person nominated by the deceased and entitled to succeed to his share or interest in the District Banking Union, the heir or the legal representative of the deceased or any person nominated by such heir or legal representative, within one month of the death of the deceased member, shall be entitled to succeed thereto, provided such heir or legal representative or his nominee is, or has been, admitted by the Board of Management as a member of the District Banking Union under by-law 4.

(c) In the event of there being no person entitled to succeed under clause (a) or (b) of this by-law to the share or interest of the deceased member of the District Banking Union, the District Banking Union shall pay to the nominee of the deceased or to his heir or legal representative, as the case may be, a sum representing the deceased member's share or interest at the time of his death ascertained in accordance with the by-laws of the District Banking Union.

8. A past member shall be liable, as provided in by-law 5, for the debts due by the District Banking Union as they existed on the date when he ceased to be a member for a period of two years from such date. The liability of a member, who has transferred any share or shares shall continue for two years after the date of the transfer. The estate of a deceased member shall be liable, as provided in by-law 5, for the debts due by the District Banking Union as they existed on the date of his decease for a period of one year after his decease.

Funds.

9. The District Banking Union will ordinarily obtain funds from the following sources:—

(1) Share subscriptions;

(2) Deposits;

(3) Other borrowings;

(4) Contributions from other financing banks and societies towards the cost of supervision, collection and audit.

(5) Entrance fees and miscellaneous fees.

10. The value of each share of Rs. 50 may be paid in full or in five calls of ten rupees each, it being left to the discretion of the Board of Management of the District Banking Union when such call should be paid, provided that the first instalment of Rs. 10 shall be treated as a call being paid on allotment, that the interval between any two successive calls shall be at least three months in the case of individual members and six months in the case of societies. Provided also that in the case of shareholding societies the Board of Management may collect the amount of each call in such instalments as they deem fit. Share capital paid in advance shall be reckoned for the purpose of dividend. A member shall be competent to exercise the rights of membership on payment of the first instalment.

11. Any individual member or society not paying a call or an instalment of a call within three months after notice of such call or instalment, shall pay the same with interest at $7\frac{1}{2}$ per cent per annum from the date of the expiry of the period of three months until payment and if the default continues for another period of three months, the Board of Management may remove the defaulter from membership. Any loan outstanding against a member, removed under this by-law, shall become payable at once, without reference to period for which the loan was given. The share capital actually paid by the defaulting member, shall be paid back to him either at once upon his removal or when a purchaser of the share or shares is forthcoming and the latter is one to whom the share can be transferred as laid down in by-law 6.

12. The Board of Management may receive deposits or loans at their discretion either from members or from others and it shall be open to them to settle the terms on which deposits or loans shall be taken, provided that deposits from co-operative societies shall be received in preference to all other kinds of deposits. The reserve fund of co-operative societies shall be received as deposits. The interest on such deposits shall be $6\frac{1}{2}$ per cent per annum of which 6 per cent shall be paid to the societies concerned and the balance half per cent shall be credited to supervision fund.

13. Every member shall, on admission, pay an entrance fee of one rupee per share. Every transferee of a share shall pay a like fee of one rupee per share.

Loans.

14. The funds of the District Banking Union shall be primarily utilised for the purpose of granting loans to co-operative societies registered under India Act X of 1904 or India Act II of 1912. Loans may also be granted to individual members on the security of their deposits in the District Banking Union not exceeding 90 per cent of the amount of such deposits.

15. No society shall at any time be indebted to the District Banking Union by way of principal to the extent of more than its maximum borrowing power as fixed from time to time in the by-laws of the society.

16. It shall be the duty of the Board of Management to deal with all applications for loans received from co-operative societies; to obtain, where necessary from the Registrar full information regarding such societies and to see that loans are granted to them with due care and caution. The Board of Management shall settle all details in regard to the period of repayment of loans granted by them, the instalments of repayments, the rate of interest, etc., provided that the rate of interest charged on loans shall not exceed $7\frac{1}{2}$ per cent per annum. Interest on overdue interest shall be levied at $7\frac{1}{2}$ per cent per annum.

17. It shall be open to the borrower to repay a loan wholly or partially before the due date according to his convenience.

Management.

18. The management of the District Banking Union shall vest in a Board consisting of fifteen members of whom seven shall be members elected by individual shareholders of the District Banking Union; but no member shall be eligible for election who has not taken up five shares and the remaining eight shall be elected by the representatives of shareholding societies from amongst all the members collectively of all such societies, provided that each registered local union of societies in the district shall have on the Board at least one representative being a member of a society affiliated to that union. The members of the Board of Management shall hold office for a period of one year. Should a vacancy occur in the Board of Management during the period of one year it shall be filled up by the remaining members of the Board of

Management until the next annual meeting of the general assembly when it shall be filled by election, provided that the proportion of members of the Board of Management representing share holding societies shall always remain unaffected.

19. A sitting fee not exceeding one rupee may be paid to each member of the Board of Management for each meeting of the members of the Board of Management attended by him. Likewise in the case of members of the Board of Management residing outside Cuddalore Municipality, but within the District of South Arcot, single second-class fare to and from the Railway Station nearest their usual place of residence may be granted, with mileage at three annas for any road journeys performed, in addition to the sitting fee of one rupee.

20. The members of the Board of Management shall elect from among themselves a President, a Vice-President, a Secretary who shall also be Treasurer and an Assistant Secretary.

21. The entire administration of the District Banking Union shall vest in the Board of Management, and subject to the control of and delegation from that Board in an Executive Committee, consisting of the President or the Vice-President, the Secretary and one other member of the Board of Management.

All remittances intended for the District Banking Union shall be addressed to the Secretary.

The President or Secretary may be invested with powers to operate upon any current account or accounts that may be opened in the name of the District Banking Union. Such current account shall be maintained in accordance with the rules and conditions to that end framed by Government.

22. The general assembly of the District Banking Union shall consist of

- (1) The members on the Board of Management;
- (2) Individual shareholders and
- (3) Delegates representing societies.

Each society being a member of the District Banking Union shall at a general meeting appoint a delegate, vacancies among delegates shall be filled up in the same manner. A delegate ceasing to be a member of his society shall cease to be its delegate. Every delegate shall hold office for a period of one year. Each delegate shall have only one vote.

23. The Board of Management shall meet from time to time to conduct the business of the District Banking Union. It shall, however, be open to the Secretary to circulate papers among the members of the Board and to take their decision on any subject. All questions shall be decided by a majority of votes but no resolution of the Board of Management shall be valid unless at least four members vote in favour of it. When the last condition is fulfilled and votes are equal, the opinion of the presiding member shall prevail.

Supervision.

24. It shall be the duty of the District Banking Union to control and supervise primary societies not affiliated to any supervising union, by regular and careful inspection, to settle all matters of common interest, to advise and assist such societies and to further their interest in every way. To this end, the District Banking Union shall, as far as funds permit, provide the necessary staff of supervisors whose pay and allowances shall be subject to the sanction of the Registrar. No supervisor shall be so appointed unless he shall have been certified by the Assistant Registrar to be fit for such work.

25. A supervision fund shall be raised in the manner indicated below :—

- (1) By setting apart one quarter per cent out of the seven and a half per cent interest realized on all loans advanced by the Banking Union;
- (2) By setting apart half per cent out of the interest of six and a half per cent paid on the accumulated reserve funds in the hands of the District Banking Union;
- (3) By levying annually from societies a contribution of half rupee per cent on all sums borrowed by them in the way of deposits or loans either from the Banking Union or otherwise subject to a maximum of Rs. 150 from any one society. Current account deposits, share capital and reserve fund shall not however be included in the borrowings subject to the contribution;
- (4) By such contribution towards supervision as shall be made by other financing agencies in relation to loans made by them to societies affiliated to the District Banking Union;
- (5) By levying an additional contribution, if necessary from societies with reference to their income and the nature of service rendered in supervision and audit by the supervising agency; such contributions should be determined by the Board of Management at the commencement of each year on the actuals of the previous year, and subject to the approval of the Registrar, and
- (6) By affiliation and delegation fees and such other miscellaneous receipts directly received by supervising unions from societies affiliated to them or otherwise according to the stipulations in their by-laws.

In the areas, where there are supervising unions, the entire amount or portions of the above items, as detailed below, shall form the funds of the supervising unions concerned. Such parts of the funds belonging to the supervising unions as may have been realized by the District Banking Union direct or may be payable by it, shall be made over by the Banking Union to the supervising unions concerned as soon as the budget prescribed in by-law 27 is approved by the Registrar.

(a) Out of items 1 and 4, one-thirtieth of the interest realized by or through the District Banking Union on all loans to societies comprised in the supervising unions from financing co-operative institutions.

(b) The entire amount covered by items 3 and 6 from the societies affiliated to the supervising unions concerned.

(c) Half the amount of item (2) earned on reserve funds of societies affiliated to the respective supervising unions.

(d) Such portion of item 3, as may be agreed upon with the approval of the Registrar by the Board of management and the supervising union, to which the society is affiliated.

Provided however that in case the funds of a supervising union thus obtained, should fall short of its minimum requirements, as decided by the Registrar, a contribution equal to the deficiency will have to be set apart at the outset from the general funds at the disposal of the District Banking Union, it being left to the District Banking Union to propose proportionate deductions being made on that amount in the sums due from the fund to the other supervising unions.

26. The District Banking Union will not, unless requested by a supervising union, interfere with the internal management of supervising unions but will concern itself mainly with the general policy to be adopted in the working of the societies and among other things will study the possibilities of future developments of co-operative activity and will discuss freely with supervising unions the possibilities of such developments. The District Banking Unions shall however have power to call for from the supervising unions such statements and returns as are necessary to ascertain the financial condition of the societies affiliated to the unions and to ensure the safety of the sums lent to them.

27. A detailed and consolidated budget estimate of receipts and charges of the supervision fund administered both by the Banking Union and supervising unions, shall be submitted by the Board of Management to the Registrar on such date as the latter may prescribe getting the necessary information from the supervising unions working in the district. The budget, after modification, if necessary, and approval by the Registrar, shall not be deviated from without his order which should be obtained in respect of each deviation. No part of the supervision fund shall be used for dividend. The District Banking Union will however be entitled to propose the debit of a portion of the cost of its office establishment and contingencies and sitting fees and T. A. of the members of the Board of Management from the supervision fund. Provided that the portion, so debited, shall not exceed the ratio of the entire cost of these items as the amount of loans outstanding in favour of other financing banks for which the District Banking Union acts as an agent bears to the loans granted by the District Banking Union itself and shall in no case exceed one-half of the amount received under item (4) of by-law 25.

General meetings.

28. The ultimate authority on all matters relating to the administration of the District Banking Union shall vest in the general assembly. A general assembly of the members of the District Banking Union shall be convened by the Executive Committee once a year or often whenever found necessary for the conduct of business. The following among other matters shall be dealt with by the general assembly.

- (1) Adoption of the Annual Administration report.
- (2) Consideration of Registrar's notes of Audit and Inspection.
- (3) Amendment or repeal of existing by-laws or the enactment of new by-laws.
- (4) The election of the Board of Management and removal of any member thereof.
- (5) Expulsion of or suspension of members and dealing with appeals from members.

29. If not less than 20 members ask for a general assembly, the Executive Committee shall arrange for the holding of the same.

30. The quorum for a general assembly shall be 25. All questions before the meeting shall be decided by a majority of votes. Every person entitled to be present shall have only one vote.

Profits and reserve fund.

31. The net profits of the Banking Union as declared by the Registrar every year shall be divided as follows :—

- (i) One-fourth to the reserve fund.
- (ii) A sum not exceeding one-eighth to the secretary as honorarium subject to a maximum of Rs. 1,200 per annum.

(iii) Out of the remainder a dividend, subject to a maximum of 9 per cent per annum, on the paid-up value of each share may be divided among members existing on the last day of the co-operative year proportionately to the number of months and the amount of paid-up share capital held by each. If, in any year, the sum actually divided as dividend is less than the amount earned at 9 per cent per annum on the paid-up share value, the difference may be carried to dividend equalisation fund for being drawn in any subsequent year when the dividend earned out of the profits of the year may fall short of the rate of 9 per cent per annum.

(iv) If any balance is left after paying items (i) to (iii), a sum not exceeding $7\frac{1}{2}$ per cent of the net profits may be set apart as common good fund for carrying out any of the objects specified in section 2 of the Charitable Endowment Act I of 1890.

(v) The balance, if any, shall be added to the reserve fund.

32. The reserve fund shall be one and indivisible. It belongs to the members of the District Banking Union collectively and it shall not be drawn upon except with the sanction of the Registrar to make losses good. No member can claim a specified share in it. It shall be invested in such manner as the Registrar may direct. Even if the District Banking Union be dissolved, the reserve fund shall not be divided amongst the share-holders, but shall be devoted to some public purpose benefitting co-operative societies at the discretion of the general assembly.

Miscellaneous.

33. Should any doubt arise either in the construction of India Act II of 1912 or of these by-laws, or in regard to any other matter, more especially in regard to the supervision and audit of societies, it shall be the duty of the Board of Management or of the General Assembly of members to obtain the advice of the Registrar and to abide by it.

34. No amendment to, or alteration in, or cancellation of a by-law and no enactment of a new by-law shall be made without the previous sanction of the Registrar of Co-operative Societies.

35. Within fifteen days after the close of the co-operative year ending 30th June, the District Banking Union shall prepare:—

(i) a statement showing the receipts and disbursements during the past year.

(ii) a statement showing the assets and liabilities as they stood on the last day of such year.

(iii) a statement showing the profit and loss on the last day of such year.

These three statements shall be submitted to the Registrar without delay. After the Registrar has verified these three statements and granted his audit certificate, the District Banking Union shall publish the same.

36. If any dispute arises touching the business of the District Banking Union between members or past members or persons claiming through a member or past member or between a member or past member or persons so claiming and the Board of Management, the party or parties concerned may refer the matter in writing to the Registrar. It shall be open to the Registrar to decide the dispute himself or refer it to an arbitrator or arbitrators as provided in clause 2 of Rule III framed under section 43 of the Act by Government. The decision or award of the Registrar or of the arbitrator or arbitrators, as the case may be, shall be final and it shall be presented for execution to the Civil Court having jurisdiction over the District Banking Union.

Order—No. 335, Revenue (Special), dated 25th February 1919.

The Government have been considering the question of the educational qualifications and of training of the inspectors and supervisors employed in the Co-operative department and have decided

Miscellaneous

to issue the following orders on the subject in modification of paragraph 2 of G.O. No. 285, Revenue, dated 9th February 1916:—

(i) No person shall be appointed an inspector on probation unless he possesses a satisfactory secondary school-leaving certificate or higher educational qualification; the Registrar of Co-operative Societies will decide whether a certificate is satisfactory or not for this purpose.

(ii) No person shall be appointed supervisor on probation or confirmed as such without the previous approval of the Registrar of Co-operative Societies.

(iii) No person shall be confirmed as supervisor or inspector unless he has been on probation as such for at least one year. The period of probation may be extended by the Registrar in any particular case.

(iv) The services of a supervisor on probation shall be dispensed with by the union if the Registrar so directs.

(v) Every inspector and supervisor on probation shall begin his service by undergoing training on the lines proposed in paragraph 3 of the Registrar's letter R.O.B. & G. No. 59 of 17, dated 19th March 1918; the period of training may however be extended by the Registrar in any particular case.

(vi) Inspectors on probation shall be included in the lowest grade of inspectors sanctioned in G.O. No. 3995, Revenue, dated 18th December 1918.

(vii) The questions of the salary and allowances to be paid to a supervisor on probation shall be determined by the union which appoints him.

2. The Registrar is requested to submit a further report after more experience has been gained concerning

(a) the duties of inspectors and supervisors;

(b) the distribution of supervising control between local unions, district supervising unions and district councils of supervision; and

(c) the supervision of urban banks.

3. The proposals contained in paragraph 14 of the Registrar's letter R.B. & G. No. 59, dated 18th June 1917, will be remitted to the consideration of the Home (Education) Department.

(True extract)

A. Y. G. CAMPBELL,
Acting Secretary to Government.

To the Registrar of Co-operative Societies.

„ Home (Education) Department, with notes.

Editors' Table (first sub-paragraph of paragraph 3 of Registrar's letter, dated 19th March 1918, and paragraphs 1 and 2 of the Government Order).

Forwarded to the Home (Edu) Dept.

(By order)

C. A. Aul
3. 4. 19
Deputy Collector.

REVENUE DEPARTMENT.

NOTES CONNECTED WITH G.O. No. 335, REVENUE (SPECIAL),
DATED 25TH FEBRUARY 1919.

[SUBJECT.—*Functions of inspectors and supervisors, their qualification and training and the question of introducing Co-operation in schools.*]

Previous papers :

G.O.	1845, Revenue,	20th June 1912	G.O.	71, Revenue,	10th Jan. 1917
"	909 "	28th Mar. 1913	"	1151 "	21st Apr. "
"	3065 "	17th Oct. "	"	1152 "	21st " "
"	1608 "	3rd June 1914	"	1650 "	11th June "
"	233 "	3rd Feb. 1916	"	1987 "	4th July "
"	241 "	4th " "	"	Mis. 2388 "	6th Aug. "
"	285 "	9th " "	"	3471 "	3rd Nov. "
"	1357 "	14th June "	"	4208 "	26th Dec. "
"	2259 "	2nd Oct. "	"	3977 "	16th " 1918
"	2748 "	4th Dec. "	"	3995 "	18th " "

Letter from the Registrar of Co-operative Societies, No. B. & G. 131,
dated 29th April 1917.

Please see Mr. Swamikannu Pillai's report submitted with reference to the last two sentences of paragraph 8 of G.O. No. 71, Revenue, dated 10th January 1917. From a perusal of paragraphs 2 and 3 of the report, it will be observed that he has left it to the present Registrar to submit to Government a further and complete report on receipt of information which the Assistant Registrars have been asked to furnish on 30th June 1917. Submitted that this may be awaited, and the Registrar may be informed to the same effect by an official memorandum, so that he may not lose sight of the question. A draft is submitted.

2. As regards paragraph 14 of the report, it is submitted that the remarks of the Director of Public Instruction called for unofficially on the file dealing with the question of introduction of Co-operation in the School-Final Course may be awaited. After despatch of the official memorandum the file will be printed.

R.P.—5-7-17.

T.S.R.—5-7-17.

Mr. Swamikannu Pillai has furnished an extremely interesting and suggestive survey of a most important subject. Pending receipt of Mr. Hemingway's "special report" the case may be printed.

F. J. RICHARDS—7-7-17.

A. G. C[ARDEW]—9-7-17.

Notes to G.O. Mis. No. 3471, Revenue, dated 3rd November 1917.

7. The Registrar has submitted for the information of Government in paragraph 11 of his letter R.G. No. 288, dated 22nd August 1917 (page 22 of G.O. No. 3471, dated 3rd November 1917), an outline of a scheme for the organization of district councils of supervision. Mr. Swamikannu Pillai made a brief reference to this scheme in paragraph 4 (2) of his letter R.B. & G. No. 59, dated 18th June 1917, and left to his

2 NOTES TO G.O. No. 335, REVENUE, (SPECIAL), 25TH FEBRUARY 1919
successor the submission of a special report on the subject. In Official Memorandum No. 881-F/17-1, Revenue, dated 11th July 1917, the Registrar (Mr. Hemingway) was informed that the special report on the above subject as well as on several other points raised in Mr. Swamikannu Pillai's letter was awaited by the Government. An extract of paragraph 11 (at page 22 of G.O. No. 3471, dated 3rd November 1917) will be taken and filed with Mr. Swamikannu Pillai's letter along with the pamphlet containing rules for the conduct of the district council of supervision. The question will come under examination on receipt of the special report from the Registrar. No action is needed now on this point.

R.P.—11-9-17.

T.S.R.—13-9-17.

F. J. RICHARDS—18-9-17.

Letter from the Registrar of Co-operative Societies, No. 59/17, dated 19th March 1918.

The Registrar of Co-operative Societies has submitted the special report called for in Official Memorandum No. 881-F/17-1, dated 11th July 1917. The report deals with the following five points which will be examined seriatim below:—

- (1) Educational qualification of inspectors and supervisors,
- (2) the training to be given to them,
- (3) their respective duties,
- (4) the agency best suited for conducting supervision of societies and administering the supervision fund, and
- (5) the extent to which town banks contribute to the supervision fund.

2. *Educational qualifications of inspectors and supervisors—Paragraph 2 of Mr. Hemingway's letter and paragraphs 7 and 11 to 12 of Mr. Swamikannu Pillai's letter.*—It was laid down in G.O. No. 285, Revenue, dated 9th February 1916, that candidates for employment as supervisors or inspectors should have passed at least the School-Final Test. Fifty out of the fifty-four Government inspectors are reported to be either matriculates or to possess higher qualification and the Registrar has no objection to conform to the Government Order so far as future recruits of inspectors are concerned. As regards supervisors, the Registrar requests that the rule laid down in the Government Order should be relaxed for the following reasons given by Mr. Swamikannu Pillai and agreed to by the Registrar:—

(a) It has not been possible to select passed men in all cases, especially in the Ceded Districts; eleven out of twelve in the Anantapur section and six out of eleven in the Cocanada section recruited for supervisors' posts (after G.O. No. 285, Revenue, dated 9th February 1916) were unpassed men.

(b) The business that has to be done by supervisors does not require high educational qualifications so much as tact, experience and local knowledge and influence;

(c) Candidates with School-Final Test are seldom likely to be above 20 years of age and it is not desirable to entrust such raw young men with the function of advising and correcting men of mature age and wordly influence composing panchayats of societies;

(d) A supervisor who is a passed man is not likely to stick up to his work but will be seeking better prospects under Government or Local Boards; and

(e) Lastly, the candidate that suits a local union which is to employ and maintain him, may not always be a passed man, and consideration should be given to the wishes of the local union.

In the remarks column of statement D at page 34 of annual report with G.O. No. 4208, dated 26th December 1917, is given the number of supervisors employed by the various local unions together with their pay. It will be seen that the pay is not sufficiently high to attract passed men and to keep them in the posts for a long time especially as there is no graded scale for the Presidency as a whole as in the case of inspectors. It is with a view to remove this stagnation of promotion and want of prospects that the committee on co-operation recommended the formation of a single cadre for the whole province—vide paragraph 94, page 59, of committee's report.

The formation of such a cadre does not appear to be possible at the present stage of non-official supervision in this Presidency. It does not seem to be practicable to insist on all candidates for the post of supervisors possessing the School-Final

I think the Registrar of Co-operative Societies and Unions should have a free hand and the rule may be relaxed. 'Unpassed' is a misnomer.

F.J.R.—7-5-18.

qualification. For orders whether G.O. No. 285, dated 9th February 1916, will be modified to the extent of relaxing this rule, so as to allow unpassed men being entertained when passed men are not available for the post of supervisors.

3. *Training to be given to inspectors and supervisors.*—In paragraph 95, page 59, of the committee's report, the committee on co-operation have stated 'that in time it may be convenient to open classes for the training of auditors or supervisors but that at the present stage no better training can be found than practical experience under the guidance of the existing staff.' In G.O. No. 285, Revenue, dated 9th February 1916, the Government have laid down that the training should include not only a period of actual work under an experienced and selected inspector but also classes held by the Registrar and his assistants. In accordance with this Government Order, Mr. Swamikannu Pillai devised the following course of training in September 1916:—

- (1) training for at least two months in an Assistant Registrar's section,
- (2) instruction by the Registrar, Assistant Registrar or a Senior Chief Inspector for three or four weeks, and
- (3) an examination in text-books after one year's probation.

Mr. Swamikannu Pillai went further and suggested in paragraph 13 of his letter, dated 18th June 1917, that a co-operative test might be instituted as a Government Technical Examination similar to the test in Banking. Mr. Hemingway agrees with the committee on co-operation but not with Mr. Swamikannu Pillai. He states that it is unnecessary to hold classes and teach the candidates theory of co-operation and that it is not necessary to hold an examination in text-books as shown

Mr. Hemingway's views may be accepted.
F.J.R.—7-5-18.

at (3) above. It is for orders whether the Government will agree with Mr. Hemingway and approve of the method of training outlined by him.

4. *Cost of training.*—As regards the cost of training, the Board of Revenue in its Proceedings, dated 3rd January 1916, expressed its doubt whether passed men would be prepared to undergo training at their own expense and considered that it would be necessary to train the men either at Government cost or at the cost of unions and central banks, but the Honourable Member was of opinion that the Board's doubt was "likely to be resolved by practical demonstration" as it was reported to him that a number of applications had been received even under the condition that the training should be at the candidates' own expense—vide bottom of page 6 of notes to G.O. No. 285, dated 9th February 1916. Accordingly, in G.O. No. 285, dated 9th February 1916, the Government laid down that the training should be at the candidates' own expense. Mr. Hemingway reports that although candidates were selected subject to this condition, the banks which selected them found it necessary to pay them in the course of their actual training. He considers that the condition is hard, as the men applying for the post of inspectors or supervisors will be generally poor. He thinks that either the actual 'out of pocket' expenses during training should be paid to them or they should be given their pay and travelling allowance during the period. He would prefer the latter course which, if accepted, would necessitate the appointment of candidates to act in vacant posts before they commence their training and if they should fail to undergo the training successfully, to terminate their appointment, but as observed by Mr. Todd in his note, dated 15th January 1916 at page 6 of G.O. No. 285, Revenue, dated 9th February 1916, such a course has the disadvantage that there will be no reserve

4 NOTES TO G.O. No. 335, REVENUE (SPECIAL), 25TH FEBRUARY 1919

of trained men available to meet a probably rapidly increasing demand. If candidates undergo training at their own expense, a number of men may be trained and a list of them may be kept by the Registrar as laid down in paragraph 3 of G.O. No. 285, Revenue, dated 9th February 1916. The only solution out of the difficulty appears to be to adopt the course at B on the previous page as regards candidates whom it is necessary to pay during training, and at the same time train such candidates for future vacancies as are willing to undergo training at their own expense.

Please see below.

F.J.R.—7-5-18.

For orders whether this suggestion will be approved.

Another question to be considered in this connexion is whether during the period of training for the post of Government Inspectors it is necessary to pay so much as Rs. 30 which is the pay of the last grade inspector. When a man is offered a certain chance of being appointed as an inspector subject to his undergoing training successfully he is not likely to grumble at the pay offered during the period of training. It is therefore suggested that a pay of Rs. 20 or 25 per mensem may be fixed not only for the three months' training proposed by Mr. Hemingway but for one year during which the candidate may be required to be on probation. The candidate may be confirmed in the last grade after this period of one year and a certificate has been given by the Registrar.

This is a matter which I should prefer to discuss personally with Mr. Hemingway before expressing an opinion.

F.J.R.—7-5-18.

A similar procedure may be adopted in the case of supervisors employed by district unions, the consent of the latter being obtained before candidates are trained.

5. *Duties of inspectors and supervisors.*—In G.O. No. 233, Revenue, dated 3rd February 1916, the Registrar was asked to draw up definite rules laying down the exact functions of inspectors and supervisors respectively. The Registrar has not submitted any such rules but in paragraph 3 of his letter G. No. 76, dated 26th February 1918, he has enumerated the respective duties of the two classes of officers. He proposes to deal with the subject more fully after gaining more experience. Meanwhile, the delimitation of duties set forth in paragraph 3 of the letter, dated

F.J.R.—7-5-18.

26th February 1918, referred to above may, it is submitted, be accepted.

6. *Agencies for conducting supervision and administering the supervision fund.*—In paragraph 5 of his letter, Mr. Hemingway discusses at length the relative merits of local supervising unions and district banking unions in the matter of supervision, and has given a description of the scheme of District Councils of Supervision tried in the districts of Trichinopoly, Salem and North Arcot. Submitted that no remarks are called for.

7. *Contribution of town banks to the supervision fund.*—From paragraphs 6 and 7 of his letter it will be seen that most town banks are contributing either directly or indirectly towards their audit. The Registrar states that mention will be made in the next administration report as regards the remaining banks which may not agree to enter the supervision scheme by that time—vide paragraph 41 at page 17 of report appended to G.O. No. 3977, dated 16th December 1918. Submitted that no action is called for at present.

R.P.—12-4-18.

T.S.R.—19-4-18.

Mr. Hemingway's recommendations as to the educational qualifications to be required of supervisors and inspectors may, I think, be accepted. The use of the word 'unpassed' is however misleading as the Secondary School-Leaving Certificate merely certifies that a man has gone through the sixth form course and the question of 'pass' or 'failure' does not arise.

2. (a) Mr. Hemingway's views on training are, I submit, sound and may be approved. He is all against 'text book' knowledge and the abstract 'principles of co-operation' and all from practical apprenticeship.

(b) The question of paying apprentices during training is less simple in the absence of cadres, grades, and information as to strength of staff, terms of service, etc. I should like to discuss these matters with Mr. Hemingway himself. As the prospects of supervisors working under local unions are poor, it might be advisable to recruit some of the Government Inspectors from supervisors in local union employ, but I know too little of the terms of their service and their ability to judge whether such a proposal would be practicable.

3. The duties of supervisors and inspectors have been sketched out by the Registrar of Co-operative Societies who deprecates any rigid prescription till he has gained more experience. There is no need to hustle him.

4. The relations between local unions and district banking unions promise trouble. Or 'Councils of supervision' may solve the difficulty, but it will be sometime before they can be fairly judged. Duplication of machinery is sometimes wasteful of energy. It might be advisable to experiment with each model in each Assistant Registrar's charge and it is quite possible that one type may suit some areas and another type other areas, or both may work smoothly side by side. The Registrar of Co-operative Societies has recently opened four new district banking unions and contemplates opening six more, including a second for Guntūr district and a second for Ganjām. The terminology of these institutions is by the way a little perplexing as the terms district banks, district banking unions, central banks, district supervising unions are used rather indiscriminately and in paragraph 5 of his letter urban banks include district banks. These are matters which I should like to discuss with Mr. Hemingway in person.

5. The relations of town banks to the supervising agency are also somewhat haphazard. The Registrar of Co-operative Societies considers them unsatisfactory but would defer specific recommendations for the present.

There is no particularly urgent need for a decision on the issues discussed in this case. The problems are interesting, but it will be some time before the experiments now in hand can mature. If Honourable Member has no objection, orders may be deferred till I have had an opportunity of discussing the issues with Mr. Hemingway who proposes to visit Ootacamund towards the end of this month.

F. J. RICHARDS—7-5-18.

There is no good in sending me files which are not ready for disposal, especially as co-operation seems unavoidably to lead to an immense amount of writing, not to say diffuseness. When this file is ready, it can be submitted again.

A. G. C[ARDEW]—8-5-18.

To lie over pending Registrar of Co-operative Societies' visit to Ootacamund.

F.J.R.—18-5-18.

Please now draft on items (1), (2) and (3) at page 2 supra, reserving item (4) for separate consideration as it is a matter on which a decision would at present be premature, being still in an experimental stage. Item (5) calls for no action.

F.J.R.—30-5-18.

N.B.—A propos of my remark at A above the Registrar of Co-operative Societies proposes that, in future, all non-supervising banks will be called 'Central' (not district) banks and all supervising unions will be called 'local unions'.

As there may be more than one in a district.

As to 'district supervising unions' there are only two in the Presidency and they are likely to be modified into something else.

The work of supervision is likely to be done by a district federation of local unions, central banks being perhaps excluded and their powers limited to the calling for information and the right of inspection to ascertain whether primary banks are reliable or not. In other words banks will be relieved of supervision.

F.J.R.—30-5-18.

Draft order submitted.

2. Orders passed on the question of paying apprentices—vide paragraph 4 on page 3 and paragraph 2 (b) on page 5 ante—will have to be incorporated in the draft.

R.P.—1-6-18.

T.S.R.—4-6-18.

The draft won't do, but the case may lie over; the Registrar of Co-operative Societies' proposals for reorganizing his inspectorate and clerical establishment may be awaited.

F. J. RICHARDS—8-6-18.

This file relates to the question of recruitment and training of inspectors and supervisors of co-operative societies. Inspectors are employed under the Registrar of Co-operative Societies while supervisors are employed and paid by local unions.

2. Reference is solicited to G.O. No. 285, Revenue, dated 9th December 1916, and the reports of Messrs. Swamikannu Pillai and Hemingway. The points referred to therein have been noted on above. A draft order has been prepared on the lines of Mr. Richard's note at page 5 supra. Mr. Richards has not expressed any views on the question of paying apprentices—vide paragraph 4 at page 3 supra and paragraph 2 (b) on page 5 ante. The Honourable Member has not yet passed orders on the file.

Mr. Richards ordered the file to lie over until the reorganization of the inspectorate and clerical staff in the Co-operative department was disposed of—vide A above. This question having since been disposed of in G.O. No. 3995, Revenue, dated 18th December 1918, the file is now submitted for orders.

S.A.R.—9-1-19.

R.R.—9-1-19.

We must have a definite expression of opinion from the Registrar on the question of paying inspectors and supervisors during training—how much they should get, who is to bear the cost, and what is to be the status of the men under training. Mr. Hemingway had better see the file.

S. WADSWORTH—11-1-19.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES.

I think a supervisor or inspector should be appointed on probation and the period of his training should be treated as part of his service on probation. The cost should, I think, be borne by the union or the Government as the case may be. Unions will not ordinarily object to this; but I should not feel called on to interfere if a union could get a good man to consent to be trained at his own expense or on a pay lower than he will get later. But I think that inspectors and supervisors on training ought to get full pay. Most of their training is done in camp and it is of course expensive.

In practice we have not carried out the policy of training men in advance of our probable requirements, and I don't think it is really necessary to do so. We get a number of local applications when it is known that men will be wanted in any district and we choose the best man available. We probably get a better choice that way, as it is essential to get local men; and there is no very great inconvenience in the men spending the first two months in training. Moreover unions as a rule like to have a considerable voice in the choice of a supervisor and would not, I think, like to have to choose a man from a list in the preparation of which they had no hand.

F. R. HEMINGWAY—18-1-19.

Submitted with reference to under Secretary's note at page 6 supra.
S.A.R.—22-1-19.

R.R.—23-1-19.

S. WADSWORTH—24-1-19.

The subjects with which it was intended originally to deal in this file are apparently the qualifications and training of inspectors and supervisors of Co-operative Societies.

2. The last orders on this subject are contained in paragraph 2 of G.O. No. 285, Revenue, dated 9th February 1916. Both Mr. Swamikannu and Mr. Hemingway object to the orders that persons who have not 'passed the School Final Test' must not be recruited as supervisors. Please see paragraphs 7, 11 and 12 of Mr. Swamikannu's letter R.B. & G. No. 59, dated 18th June 1917, and paragraph 2 of Mr. Hemingway's letter R.O.B. & G. No. 59/17, dated 19th March 1918. I think their arguments are sound. The supervisors are to be employed and paid by the unions and it is undesirable to fetter the unions too much by conditions.

3. I suggest that the following orders may be issued in lieu of paragraph 2 of G.O. No. 285, Revenue, dated 9th February 1916:—

(a) No person shall be appointed an Inspector on probation unless he possesses a satisfactory Secondary School-leaving Certificate;

(b) No person may be appointed as supervisor on probation or confirmed as supervisor without the previous approval of the Registrar;

(c) No person shall be confirmed as supervisor or inspector unless he has been on probation as such for at least one year;

(d) The period of probation may be extended by the Registrar in any particular case;

(e) The services of a supervisor on probation shall be dispensed with by the union if the Registrar so directs;

(f) Every inspector and supervisor on probation shall begin his service by undergoing training on the lines proposed in paragraph 3 of Mr. Hemingway's letter R.O.B. & G. 59/17, dated 19th March 1918; the period of training may be extended by the Registrar in any particular case;

(g) Inspectors on probation shall be included in the inspectors in the lowest grade sanctioned in G.O. No. 3995, Revenue, dated 18th December 1918;

(h) The question of the salary and allowances to be paid to a supervisor on probation should be determined by the union which appoints him.

(With reference to (g) and (h) please see Mr. Hemingway's note on page 6, note file.)

4. The following matters are also discussed in this file:—

(a) The duties of inspectors and supervisors.

(b) The distribution of supervising control between local supervising unions, district supervising unions, district banking unions, and district councils of supervision.

(c) The supervision of urban banks.

(d) Teaching co-operative principles in schools.

5. As regards (a), (b) and (c) Mr. Hemingway does not appear to have any crystallized ideas and I think that the Government may say that before passing final orders they will await a further report from Mr. Hemingway after he has obtained more experience of the working of the present or proposed arrangements for supervision by unofficial agencies.

6. Mr. Hemingway has not dealt with (d). It is dealt with by Mr. Swamikannu in paragraph 14 of his letter No. 59, dated 18th June 1917. His proposals

8 NOTES TO G.O. No. 335, REVENUE (SPECIAL), 25TH FEBRUARY 1919
may be remitted to the Educational Department for consideration.

A. Y. G. CAMPBELL—25-1-19.

Approved. I can't say I have much belief in Mr. Richards' ideas which Mr. Swamikannu more or less adopted in paragraph 14 of his letter dated 8th June 1917 regarding the teaching of co-operation in schools.

A. G. C[ARDEW]—2-2-19.

A draft order is submitted for approval. It may be sent to Home (Education) for acceptance with reference to paragraph 6 of the Secretary's notes above and paragraph 3 of the draft order.

S.A.R.—5-2-19.

G.O. No. 285, Revenue, dated 9th February 1916, which it is now proposed to modify was placed on Editors' Table. It is for consideration whether the proposed orders may also be made available to the public. It seems enough to publish Mr. Hemingway's letter and paragraphs 1 and 2 of the order only.

R.R.—7-2-19.

May the Editors' Table have just paragraphs 1 and 2 of the order?

S. WADSWORTH—8-2-19.

Yes; you must read also first paragraph of paragraph 3 of Registrar's letter of 19th March 1918.

Home (Education) un-officially for acceptance.

A.Y.G.C.—9-2-19.

HOME (EDUCATION) DEPARTMENT.

Please see paragraph 14 of the letter from the Registrar of Co-operative Societies (Mr. Swamikannu Pillai's R.B. & G. No. 59, dated 18th June 1917). The Registrar suggests that, though the Director of Public Instruction is not prepared to recommend the introduction of co-operation as a subject in secondary schools, a graduated series of lessons on co-operation may be introduced in the ordinary readers in English and the vernaculars. The Director of Public Instruction's opinion in regard to the introduction of the teaching of co-operation in schools is expressed in his note on pages 22 to 24 of notes to G.O. No. 2388, Revenue, dated the 6th August 1917. The late Director's view seems to be that boys in secondary schools may not profit much by lessons on co-operation. It is therefore doubtful if he will favour the idea of introducing such lessons in ordinary readers—please see also Honourable Member's note above. A reference may, however, be made to him on receipt of a copy of the proceedings in this case from the Revenue Department. The draft order (paragraph 3) may be accepted in this department and the file returned to Revenue.

S.K.—15-2-19.

N.K.—17-2-19.

C. RAMANUJA ACHARIYAR—18-2-19.

R. RAMACHANDRA RAO—19-2-19.

REVENUE (SPECIAL) DEPARTMENT.

For orders whether the draft order which has been accepted in Home (Education) may now issue.

S.A.R.—21-2-19.

R.R.—21-2-19.

Yes.

S.W.—24-2-19.

[G.O. No. 335, Revenue (Special), dated 25th February 1919.]

~~NOTES~~

Home Edn Dept

Page

38

C No 723 B.

25

Memo. Edn 723 B-28.5.19

A Copy of G.O. No 335
Rev. (Special) dated 25th
February 1919 is communi-
cated to the D. P. J
who is requested to offer
his remarks on the
suggestions contained
in para. 14 of the letter
from the Regr. of Cooperative
Societies No. R. B. 49 59
of 18th June 1917.

IL
284 19

To the D. P. J (L. memo).

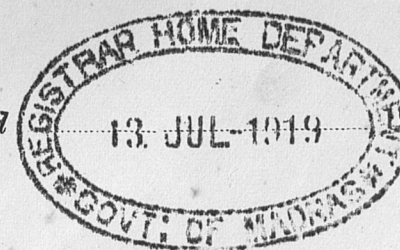
To be reminded after
one month

IL
284 19

HOME (EDUCATION)

DEPARTMENT.

Received



Registered

191

Subject.

Submitting remarks in regard to insertion of books on
Co-operation in English and Vernacular School Readers.

ENCLOSURES.

No.

Ref On C. No. 4227/19

Spare copies

Station Madras, Dated the 11th July 1919.

From (Name) The Hon'ble Mr. R. Littlehales, M.A.

(Designation) Ag. Director of Public Instruction

To The Secretary to the Government of Madras,

Home (Education) Department.

Sir,

With reference to your memo No. 723 B - 2 dated 5th May 1919, I have the honour to inform you that I agree with the positive suggestion made in para 14 of the letter of the Registrar of Co-operative Societies No. R.B & A 59, dated 18th June 1917 as regards the insertion of graduated series of lessons on co-operation in English and Vernacular School Readers and that I am taking action accordingly.

I have the honour to be,
Sir,

Your most obedient servant,

For Director of Public Instruction

27
Letter from the Director of Public Instruction No.4227/19
dated 11th July 1917 to the Secretary to the Government of Madras
Home (Education) Department.

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taking action accordingly.

Memorandum No.Edn.723 B-2 dated 5th May 1919.

• A copy of G.O.No.335 Revenue (Special) dated 25th February 1919 is communicated to the Director of Public Instruction who is requested to offer his remarks on the suggestions contained in paragraph 14 of the letter from the Registrar of Co-operative Societies No.R. B& G 59 dated 18th June 1917

To the Director of Public Instruction.

Home (Education) Dept.

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To the Director of Public Instruction.

32
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To the Director of Public Instruction.

1-5-19
Newell
To Mr. Collier
2 copies of the letter
have been placed in the file
under the file No. 1000

33

(Continuation of routine notes.)

b. 723 B - From the Rev. (spl) Sept. - Geo. No. 335-2 25. 2. 19.

(M)

12.4.19

Submitted that the Rev. (spl) Sept. may be requested to furnish a copy of the above Geo. with notes.

11.4.19

11.4.19

Rev (spl) no.

Home (Edn) no. 539-1

Resp 539-111

Rev (spl) sent.

To Dr. Cole.

6/2. 335-2 25. 2. 19

A proof copy of the notes has been obtained from the Press and

(M)

Resp no. 539-111

at present. The file may be added to Home (Edn).

15/4/19

15/4/19



19.4.19

27/4/19

(Continuation of routine notes.)

Home (Edw) Sep

Please see the office note on p. 8 of the notes with Geo. No. 335 Rev (spl) d. 25. 2. 19. A copy of the Geo. may now be forwarded to the D.P.I. for remarks on the suggestion contained in para 14 of the letter from the Registrar of Cooperative Societies No. R.B. & G. 59 d. 18. 6. 17.

2. A draft memo is submitted for approval

28.4.19

31.5.19

Wm 5/5/19

28.4.19

Memo No. 723/B-2, d. 5.5.19

30.4.19

Le. 1362/B, from the D.P.G., R.O.C.; 4227/19

NK 115745

d. 11.7.19

The D.P.G. reports that he is taking the requisite action to see that a series of lessons on co-operation is introduced in English & vernacular school readers. Suled.: that the papers may be recorded after perusal by Reg. (Special)

p. 2, c. f. Enno 1362-B-1 21.7.19

Resp C. No. 1063-III 19

18.7.19 Enno 1362-B-1

Wm 21/7/19

Do under say

p2 CF

The D.P.S's letter may be

perused and the file returned to Home (Edn)

with thanks.

RR

21-7-19

in 7's

Home (Edn) o.g.

Home (Edn)

Resp no. 1003-III/19-1

A draft recording the

file is subd.

23-7-19.

23-7-19

CR 24-7-19

25/7/19



READ AGAIN G.O. No. 335 (Rev: (Mh:), 25.2 - 1919 (M)

READ ALSO:—

C. No. 1362/B From the D.P. S., R.O., No. 4227/19 dated 11-7-1991

” ” ” ” ” ” 191

” ” ” ” ” ” 191

ORDER.

No. 922, dated 25. 7. 1919

MS.

Recorded.

23.7.49

9.4.7.9

25/7/48

Depd with 8
CR
29-79

To the D.P.G. — (9/10)
copy to the Rev. (Spl.) Depts.
(10)

month
2nd last 1892

When given for copying
When copied
When examined
When signed

191

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191

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When given for copying
When copied
When examined
When signed

191

READ AGAIN G.O. No.
191

DATED

CURRENT No.

ENCLOSURES TO C. No.

ORDER OF GOVERNMENT

A A A A A A A

LETTER OF GOVERNMENT

STATEMENT WITH LITTO.

PAPERS NOT FILED UP, BEING MEANT FOR DESPATCH
IN ORIGINAL.

N.B.—

- A = Copy in full.
- B = Not to be copied.
- P = Copy abstract only.
- Q = Copy heading only.