

PROVINCIAL CO-OPERATIVE CONFERENCE

HELD IN

POONA

SEPTEMBER 1--2, 1910.



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REPORT ON THE PROCEEDINGS OF THE PROVINCIAL CO-OPERATIVE CONFERENCE HELD IN POONA ON THE 1ST AND 2ND SEPTEMBER 1910.

The Conference (composed of Officials and non-officials), met first at 11 a. m. on Thursday the 1st September 1910, at the Council Hall, Poona.

Present.

His Excellency the Right Hon'ble Sir George Sydenham Clarke, G.C.M.G., G.C.I.E., Governor of Bombay (presiding).

The Hon'ble Mr. R. A. Lamb, C.S.I., C.I.E., I. C. S., Member of Council.

The Hon'ble Mr. M. B. Chaubal, B.A., LL.B., Member of Council.

The Hon'ble Mr. G. Carmichael, I. C. S., Chief Secretary to Government.

The Hon'ble Mr. G. S. Curtis, I. C. S., Commissioner, Central Division.

The Hon'ble Mr. F. G. Pratt, Director of Land Records and Inspector General of Registration, etc.

G. F. Keatinge, Esquire, I. C. S., Director of Agriculture and of Co-operative Credit Societies, Bombay Presidency.

J. McNeill, Esquire, I. C. S., Collector of Ahmednagar.

A. L. M. Wood, Esquire, Collector of Salt Revenue, Bombay Presidency.

The Hon'ble Sir Vithaldas Thakersey, Bombay.

The Hon'ble Mr. Lallubhai Samaldas, Bombay.

The Hon'ble Ráo Bahádur Sirdar Motilal Chunilal, Honorary Organizer of Co-operative Credit Societies, Guzerát.

W. T. Pomfret, Esquire, Acting Principal, Victoria Technical Institute, Bombay.

Dr. Harold H. Mann, Principal, Agricultural College, Poona.

J. B. Knight, Esquire, Professor of Agriculture, Poona.

L. F. Main, Esquire, B.Sc., Deputy Director of Agriculture, Poona.

A. A. Musto, Esquire, Agricultural Engineer, Poona.

R. M. Sane, Esquire, Pleader, Barsi.

Khán Bahádur B. E. Modi, Honorary Manager, Surat Union.

J. E. Vaz, Esquire, T. and T. Inspector, Dhond-Manmád Railway, Manmád.

V. M. Herlekar, Esquire, B.A., LL.B., Pleader, Dhárwár.

W. G. Chirmule, Esquire, B.A., LL.B., Pleader, Sátára.

R. R. Kale, Esquire, B.A., LL.B., Pleader, Sátára.

G. K. Devadhar, Esquire, M.A., Poona.

Ráo Bahádur K. N. Bhangaonkar, Honorary Organizer of Co-operative Credit Societies, Khándesh.

Ráo Bahádur A. B. Desai, Honorary Organizer of Co-operative Credit Societies, Southern Division.

G. K. Chitale, Esquire, B.A., LL.B., Honorary Organizer of Co-operative Credit Societies, Ahmednagar.

A. J. Deshpande, Esquire, Pleader, Muddebihál, and Honorary Organiser of Co-operative Credit Societies, Bijapur.

R. P. Karandikar, Esquire, Pleader, Satara.

B. S. Kamat, Esquire, Poona.

The Registrar, and Auditors, Co-operative Credit Societies, for the three Divisions.

Subjects for discussion.

1. Short Review (by Registrar) of decisions of the three "Divisional" Conferences just held.
2. Advisability, or otherwise, of amending the Co-operative Credit Societies Act so as to open the door to "Co-operative" Societies generally, and to exceptions (to general principles) in particular.
3. Desirability, or otherwise, of the total exemption of Co-operative Credit Societies from the Deccan Agriculturists Relief Act.
4. How far might Societies registered and audited by Government be exempted from the ordinary laws of registration.
5. Facilities or disabilities of Co-operative Credit Societies in litigation; under Indian law, as it stands.
6. Questions of State-help:—
 1. How far is supervision (or may become so) of Societies by District Officers necessary or advisable.
 2. How far (and on what conditions) may loans from Government continue to be safely made.
7. Are Societies ready yet for forming Unions. Are they in a position to pay for regular and frequent "inspection"?
8. How far is lending on "land" safe and sound business for Co-operative Credit Societies.
9. How far should Societies of artisans be kept to one class of industry in each case.
10. How far may Schools and Schoolmasters be used to forward "Co-operative" education.

I His Excellency the Governor in opening the Conference said :—

Gentlemen,—In 1908, I had the honour of opening the last Provincial Conference assembled to discuss the most important questions relating to the co-operative movement. I am very glad to be again able to open your deliberations, which cannot fail to clear our ideas and to promote progress. The co-operative movement throughout India shows remarkable growth within the short period of 5 years. In March, 1905, there were only 41 Societies. In June, 1909, the number was 2,008, and the increase since the previous year was 651. Between 1908 and 1909, the membership rose to 184,889, an increase of no less than 35,729 in one year. In the same period, the capital of the Societies increased by £243,403 and stood at over half a million sterling in the latter year. It is to be noted that this large increase was not due to Government loans, which show only a small advance. Having regard to the vast extent of India and the enormous numbers of people who could be benefited and raised by co-operation, these figures are evidently small. But, if we reflect on the extreme conservatism of our agricultural classes, and the large amount of spade work which must be undertaken to convince them of the advantages to be derived from methods quite unfamiliar, we may fairly believe that the results attained in 5 years are full of encouragement.

Since our last Conference there has been a distinct advance in this Presidency. We can point to an increase in the number of Societies, of honorary organizers, of localities attracted by the movement, and of Indians of every degree who have become interested in the co-operative movement. And further there has been a development of the Conference system in the form of three Divisional conferences, one for each of the divisions of the Presidency Proper. Such conferences not only serve to spread knowledge and create fresh interest; but are valuable on account of the experience they bring together in the form of local proposals, some of which will come up for consideration at this Provincial Conference. In yet another direction I am happy to know that there has been progress. The crowning of all successful co-operative systems requires the establishment of Banks to consolidate and expand the lending machinery and bring outside capital to the aid of the worker. There are already such Banks in other Provinces. We have none in Bombay; but thanks to the Honourable Sir Vithaldas Thackersey and the Honourable Mr. Lallubhai Samaldas, an excellent project has been drawn up, which Government have strenuously supported. Sanction for the commencement of an experiment of the highest importance has not yet been obtained; but I am in hopes that it will not long be delayed. Equipped with a Central Bank, the co-operative movement in this Presidency may confidently be expected to take a fresh leap in advance.

As all movements grow in strength and come more under the public eye, they become liable to criticism which, if reasoned and reasonable, may be wholly beneficial. I hope that you will bear this in mind in your deliberations. It is essential that our progress should be directed on sound lines and you must therefore consider carefully the questions laid before you, anticipating criticism, and seeking to base your decisions upon broad principles which cannot be controverted. I may remind you that you have to fulfil the requirements of the people of this Presidency—requirements which may and do differ materially from those of other parts of this great country. In all highly centralized Governments there is an inevitable tendency towards uniformity of methods and procedure which can only result in retarding healthy progress. You cannot, by administrative order, bring a backward Province into line with one that is well advanced, and is still advancing. You have no right to attempt to delay the advance of the latter while the former is slowly making up leeway. As time goes on, it will be found necessary to decentralize the functions of Government in India to an extent now inadequately recognized, and the logical results of building up the Provincial Councils into important bodies for influencing local politics will have to be accepted. Meanwhile, as I have said, I trust that you will view the questions before you in the light of the needs of our Presidency.

I have looked through the list of subjects for decision which are both weighty and difficult. I propose only to offer a few brief remarks upon some of them. Subject No. 2 opens up the question of an extension of the co-operative system

to other than the agricultural classes to whom it is mainly confined. Co-operative movements may roughly be divided under two heads—the provision of co-operative credit, and the promotion of co-operative trade. At present we have concerned ourselves with the former, and it is clear that great further development in the direction of credit pure and simple is possible. The recent investigation ordered by Government into the position of the hand-loom weavers shows that there is no reason to suppose that this industry need disappear in India, as it has in highly industrialized Western Countries. The peculiar needs of India are such that there will long remain work which the hand-loom weaver can perform with advantage. On the other hand, it appears that the poor weavers are mostly burdened with debt and that, unless their trade is organized on a co-operative basis their position may become desperate. I was greatly interested to find a Weavers' Guild in operation at Sholapur the other day. It was started after the famine. It has done much to ameliorate the condition of the weavers, and it only needs more capital to develop its beneficent activities. In England, there are plenty of banks ready to lend to the agriculturists at moderate rates, and special means of obtaining loans—the most crying need of India—are not required. But in late years co-operation for trade purposes has come into play alike in the direction of organized transport and in creating markets and methods of distribution. I imagine that in India, as the advantages of the co-operative principle become understood and appreciated by the people, it will not be possible to stop short at the provision of credit whether to the agricultural or to other industrial classes. That time may not have arrived and we must learn to walk before we can expect to run, but at least we may hope to see an extension of the credit system to other than agriculturists.

Subjects 3 and 4, which relate to the Deccan Agriculturists Relief Act, and to the laws of Registration, are very important. Government will be glad to know your views based upon experience as to the working of these laws in relation to the Co-operative Societies. I need hardly say that the success of the co-operative movement might in time prove a remedy for the evils which the Deccan Agriculturists Relief Act was intended to prevent. As to subject 4 also—the facilities and disabilities of the Societies in matters of litigation—Government may learn from such experience as you are able to produce. The questions of State help introduce other considerations which will occur to you. It is in my opinion the duty of the State to give any assistance that may be necessary in the early stages of such movements, to do in fact what private enterprise cannot accomplish, so that there may be no check to progress. At the same time, it is clearly undesirable that the Societies should become accustomed to lean helplessly on Government, by which their educative value as teaching self-help and self-dependence to the people of India would be minimized.

I think I have now touched upon the salient points which are engaging your attention, and I must not detain you longer from deliberations from which I anticipate much benefit. The problem of the indebtedness of the people of India is one which must be faced, in spite of its magnitude. For reasons which are easily understood the great mass of our poorer classes are in a chronic state of debt, and when a good year, as I trust this will be, is granted to them the effect is largely neutralized by the payment of accumulated arrears of interests, and the cultivator does not benefit as he should. The process of getting into debt has become an ingrained habit to which the customs of the people and their ways of thought unfortunately lend strength and persistency. In the extension of the co-operative movement, I see the only practical means of extricating the people, gradually, but certainly, from the morass into which they have sunk. Though the scale of operations is at present almost insignificant, we have learned that the people can be brought to understand the benefit of co-operation of the purpose of obtaining loans on reasonable terms. That is something, and what we need now is an abundance of patriotic workers in every district who will explain to the people the benefits of the co-operative system. I do not know any object more urgent or more worthy of the efforts of all Indians who really desire to raise the condition of the masses. Much more than economic advantage is involved. Co-operation inculcates, in the most practical way, the great virtues of self-help and of mutual trust which are lacking in India. I have only now to say that I heard with much regret of the death of

Mr. Chimanlal Maganlal Trivedi, a valuable official and a keen worker in the cause of co-operation whose place it will be difficult to fill. I leave you to the transaction of your business with an earnest hope that good will come of your deliberations. I trust that the effect of this important Conference will be to focus experience, to elucidate matters in doubt, and to give fresh impetus to a movement which, more than any other, should conduce to the laying of the foundations of Indian nationhood."

The Hon'ble Sir Vithaldas in moving a vote of thanks to His Excellency for presiding on the occasion said that it was certainly a great encouragement to see the head of Government presiding on an occasion like this and taking a practical interest in their affairs. His Excellency had pointed out the great progress made by the co-operative movement in this presidency during the past five years and they recognised with gratitude the part His Excellency had played in bringing about its success and progress. The remarks made by His Excellency about extending the scope of the co-operative movement beyond its work amongst agriculturists were such as to encourage them to work in other directions when the present Act was amended. They had a large field before them in this direction and he believed that this co-operative movement was one which was destined to do the greatest amount of good for the greatest number of people. Their first consideration was to see how they could give financial help to the agriculturists and the small industrial class that existed. The great difficulty of the agriculturists and weavers was the want of facilities in obtaining money. Sir Vithaldas thanked His Excellency for the great help he had given to the scheme of a central bank which he thought would go a great way in providing these facilities. He assured them that they were ready with their money and the capital was as good as already subscribed; they were only waiting for the sanction of the Government of India and the Secretary of State to commence work. The motion was carried.

His Excellency replying said:—

"I can only say as to the vote of thanks just passed that there is no subject on which I feel so strongly as I do on that of agriculture. As to the co-operative movement I do feel sure that it is making a sure and steady progress and when the Central Bank which the Honourable Sir Vithaldas and the Honourable Mr. Lallubhai are promoting is established, I think that will be a step in the advance. Sir Vithaldas put the matter well when he said that what the workers want in this country is money on reasonable terms. That is the prime need at the present time and that is what these Co-operative Credit Societies try to get, and until that is done for the poor agricultural classes we cannot ensure progress, prosperity and general happiness. I thank you for the kind vote of thanks."

His Excellency then left the hall and the Hon'ble Mr. Lamb occupied the chair.

II

Mr. Campbell then introduced for discussion subject No. 2.

(1) The first point in amendment of the Act (X of 1904) was whether the title and preamble should omit the word "credit"; and the preamble refer merely to the "economic" side of societies.

The Hon'ble Mr. Lallubhai Samaldas—while supporting the amendment explained its objects and mentioned the considerations that guided the Registrars' Conference at Calcutta in supporting the same.

Mr. Chitale—suggested that the preamble of the Act should be so amended as to cover thereby societies other than Credit Societies.

Mr. McNeill—The question was whether it was advisable to amend the Act so as to recognize other forms of genuine Co-operation than Credit. They had found that societies like weavers' could not limit themselves to mere credit transactions. He thought they should ask Government for modification so as to bring in societies which though not credit societies were money societies.

Mr. Herlekar—gave his experiences *re* the weavers' society at Dhárwár and explained how weavers and others reap advantages from resorting to co-operative

distribution in addition to credit. He therefore thought that any legal difficulties that stood in the way should be removed.

Mr. Chitale—while supporting the amendment, gave his experiences about the weavers of the Sangamner Taluka where there were about 2,000 looms and where the weavers lost much of their money in different ways only because they were not afforded facilities of distribution.

Khán Bahádur B. E. Modi—read out rules of the Surat Union and pointed out that there was provision made for lending money to start local manufactures and to establish stores. This was under the law as it already stood; without any amendment.

Mr. Pomfret—in supporting the amendment, referred to the failure in the experiment in which yarn had been advanced to weavers in the Dhárwár district. Merchants of the place knowing that sarees made from it were the product of the Society's yarn refused to buy from the weavers till such time as the weavers had no money: and as the latter were unable to sell elsewhere, they had eventually to sell at a loss to the former. He considered a system to meet the case would require a large amount of capital, and expert management; to prevent fraud.

Mr. Deshpande—in supporting the amendment, said that the efforts of the Department of Agriculture might not be crowned with success unless measures were taken to facilitate sale of the products of agriculturists through Co-operative Credit Societies.

Mr. Devadhar—in supporting the amendment, narrated his experiences concerning the Hadapsar Society. He said that that was a very good field for putting into operation the other two elements of agricultural co-operation viz. Co-operative purchase and Co-operative sale. If the operations of the Act be extended to these two elements, the improvement of agriculture and agriculturists would be greatly facilitated.

Mr. Keatinge—in supporting the amendment, endorsed what fell from Messrs. Deshpande and Devadhar; and stated how necessary it was for the advancement of agriculture that full scope should be given to these two important functions. In fact, he said, Agricultural Associations should be Co-operative Credit Societies and Co-operative Credit Societies should be Agricultural Associations.

Mr. Kamat—explained the necessity of subsidiary occupation to agriculturists; and how in that case it was necessary to extend the operation of the Act.

Sir Vithaldas then proposed the following resolution:—

“This Conference supports the amendment suggested in the preamble of the existing Act by the Conference of Registrars, held in 1909.”

It was seconded by the Hon'ble Mr. Lallubhai Samaldas and carried.

(2) Mr. McNeill then read an amendment of section 3 of the Act suggested by the said Conference to the effect that when an agriculturist lived in a village other than that in which he had his principle holding and where there was a Co-operative Credit Society, it should not be a bar to his being a member thereof.

The President then put the following resolution before the Conference:—

“This Conference approves of the amendments embodied in sub-clauses (2), (3) and (4) of section 3 of the Act as proposed to be amended by the Conference of Registrars, held at Calcutta in 1909; and also of the abolition of the distinction between ‘Rural’ and ‘Urban’ societies.”

The resolution was carried unanimously.

The following further resolution was then put and carried unanimously:—

“This Conference resolves that section 3 clause 1 (a) be amended by inserting the words ‘or holding immoveable property’ after the word ‘residing’.”

III. At this stage the Hon'ble Mr. Lamb retired and the Hon'ble Mr. Carmichael took the chair.

The next question discussed was No. 3—the desirability of the total exemption of Co-operative Credit Societies from the Deccan Agriculturists Relief Act.

Mr. Bhangonkar read out a paper on the subject (Appendix I) and advocated exemption from the whole of the Act or at least from Chapter III.

The Hon'ble Mr. Pratt—The difficulties seem to arise mainly from the special procedure prescribed in Chapter III for the protection of agriculturists. The whole procedure went on the assumption that agriculturists were on unequal terms with unscrupulous money-lenders who took undue advantage of their necessities. He thought this chapter involved a reflection on these societies which was perhaps unfair. Agriculturists did not require to be protected from the societies and that was recognized in the legislation on the subject passed at the beginning of the year. If exemption was not given the result would be that Societies would be discouraged and hampered in their legitimate proceedings in courts by obstacles which ought never to be put in their way.

The Hon'ble Mr. Curtis—endorsed what had fallen from the Hon'ble Mr. Pratt but questioned whether it altogether went far enough. His recollection of working decrees before the Deccan Agriculturists Relief Act became law was that the period required for execution of decrees very often ran into eight or nine months or even twelve months. It seemed to him that the mere exemption of the Society from Chapter III of the Act might not be sufficient. He suggested that a procedure similar to that adopted in Germany consisting in the production of a court certificate by an agriculturist wanting a loan from his Society might be better.

Mr. Chitale—the Deccan Agriculturists Relief Act has already been amended in some respects and if the Act is primarily intended to relieve agriculturists from their present position and if Societies are intended to help in that direction it would be better to abolish it altogether or at least those provisions which were likely to be against the best interests of Societies. With that object in view if an amendment were moved it should be acceptable to them all.

Mr. Sane—It would not do for the present to ask Government to do away with all the provisions of the Deccan Agriculturists Relief Act. The question of future interest on capital (amount awarded by the Court) should not be left to the discretion of the Court and the real property of agriculturists should be made liable for the bond-debts due to Societies. If these improvements were carried out the rest of the Act might be allowed for the present to remain as it was.

The Hon'ble Mr. Pratt moved the following resolution :—

“Nothing in Chapter III of the Deccan Agriculturists Relief Act should apply to suits and proceedings to which any Co-operative Credit Society is a party.”

The resolution was carried unanimously.

The Conference next passed a resolution on the same subject moved by Ráo Bahádur A. B. Desai—“This Conference is of opinion that Government Resolution No. 1279 of 21st February 1898 may be cancelled so far as Co-operative Credit Societies are concerned.”

IV. The Chairman then put question No. 4 before the Conference for discussion.

The Hon'ble Mr. Pratt—read out a note (Appendix II) on the registration of documents in regard to Societies; and said it was necessary to approach Government with a request for an alteration in the ordinary Law of Registration.

Mr. Chitale—The present Law of Registration was suitable enough and when entries in the Record-of-Rights became accurate there would be no necessity of any further facilities.

Mr. Deshpande—As the Hon'ble Mr. Pratt said that the law of Registration was for the good of the people and it was the law of the Government of India, it would be of little use to approach Government for exemption from the law on some minor grounds.

The Hon'ble Mr. Curtis—had important proposals to make (Appendix III) as to how Societies might meet the laws of Registration.

The following resolution was placed by the Chairman before the Conference:—

“This Conference requests the Registrar of Co-operative Credit Societies to obtain detailed information as to the methods adopted in England, Germany and Australia for the clear and accurate registration of title in lands and to draw up a Memorandum before the next Conference.”

It was unanimously passed.

V. Question No. 5—“Facilities or disabilities of Co-operative Credit Societies in litigation under Indian law, as it stands”, was then taken up for discussion.

Mr. Campbell—read out some passages (Appendix IV) from the proceedings of the 2nd Provincial Conference of the United Provinces on the subject of litigation in respect to the recovery of arrears. It was stated in the report that the process of executing decrees was very expensive and dilatory.

Mr. Herlekar—said that except the admissibility of copies of accounts certified by the Society there was at present very little difference between Co-operative Societies and other people. There were various difficulties experienced by the Societies in litigation. One of them was the service of summons through the agency of bailiffs. That difficulty he thought might easily be met if the service of summonses were entrusted to the Societies themselves. They might do it through their peons. That had been suggested by Mr. Campbell and he felt the desirability of it. A Circular from the High Court in that respect might do. Secondly the Society or its pleader had to appear in Court like other parties; otherwise the suit was liable to be dismissed. The attendance of Societies' representatives in Court was expensive and troublesome. Societies might be exempted in that respect, except in contested cases. The work could go on as work in chambers. Even the Nazir might be authorized to dispose of such matters except in cases where there was a dispute. When once decree was given recovery would easily be made either from the debtor himself or his sureties bringing social influence to bear on them. He had heard of no case instituted by a Co-operative Credit Society where the claim of the Society was contested by the defendant except as regards penal interest. He also advocated the reduction of Court fees and processes.

The Hon'ble Ráo Bahádúr Motilál—emphasised the great inconvenience which the Societies experienced in going to Civil Courts.

Messrs. Karandikar, Deshpande and Chitale thought there would be no necessity of going to Court, if a by-law were adopted by Societies to the effect that their suits should be decided by arbitration.

The Hon'ble Mr. Pratt—suggested that they should first ascertain what their difficulties were and how they proposed to remove them. When that was done it could be considered whether the difficulties should be removed by amending the law or by issuing executive orders.

Mr. Deshpande—Litigation was an undesirable thing. It required great patience, much money and time. Co-operative Credit Societies could not afford any of them. As suggested by Mr. Bhangaonkar yesterday, mortgage instalments might be decreed by Mámlatdárs in suits for assistance under the Land Revenue Code. Other claims must be decided by means of arbitration.

Mr. McNeill—said that they had been to the Government of India for powers to recover money summarily, and suggested a detailed form of procedure. But the procedure was considered to be very summary and quick.

and the Government of India refused to accept it. He proposed a resolution to the effect that :—

“A Committee consisting of Messrs. Herlekar, Chitale and Sane be appointed to draw up a memorandum as to the difficulties experienced by the Co-operative Credit Societies in the present legal procedure for the recovery of their debts and as to the remedies they would suggest to minimize those difficulties.”

The resolution was carried.

Friday, the 2nd September 1910.

The Conference resumed its sitting at 11-30 A. M. The Hon'ble Mr. Carmichael took the chair.

Mr. Campbell read a resumé of the business done at the Divisional Conferences (of Co-operative Credit Societies) held during the year at Belgaum, Ahmedabad and Poona (Appendix V). One of the questions discussed at these Conferences was how the Reserve Fund of Societies should be invested. There had been a difference of opinion on the subject. The Registrar submitted it for the consideration of the present Conference.

Sir Vithaldas—thought that until the financial position of the Societies was such that they could afford to invest their Reserve Funds in other Societies, it would be better to invest them in their own loaning business. It would not be businesslike to invest the Reserve Fund in Promissory notes at $3\frac{1}{2}$ per cent. and to borrow money at the same time from elsewhere at 7 per cent. Even big banks did not invest their Reserve Funds in Government paper. Supposing a Society had a capital of Rs. 10,000 and it had a Reserve Fund of Rs. 5,000, it would derive better profit by lending the whole Rs. 15,000 to its members. In the case of mills—they invested their 'Reserves' in machinery.

Mr. Keatinge—inquired if it would not be objectionable to lend the Reserve Fund to members, for by so doing there would be nothing left to the credit of the Society.

Sir Vithaldas—It was true that the credit would be so much less, but at the same time in the alternative they would have to borrow loans.

Messrs. Devadhar and Sane were of opinion that investment of Reserve Fund in Promissory notes or such other safe investments would no doubt be unprofitable to the Society in comparison to its investment among the Society's members but apart from that point of view it would inspire confidence among the public and would draw in deposits at a cheaper rate of interest. The investment of such Fund in loans to members on the security of land would be preferable to personal security.

Sir Vithaldas—pointed out that it was found difficult to recover easily money advanced on landed property; and sometimes it might become necessary for the Society to become the proprietor of the land; and thus the money would be locked up.

Mr. Chitale—pointed out that under section 8 of the Co-operative Credit Societies' Act, the legislature made a distinction between loan transactions and Reserve Funds.

The Hon'ble Mr. Lallubhai Samaldas—It was as safe to lend the amount of the Reserve Fund to the members of the Society as to invest it in Government paper.

Mr. Chitale—contended that the fact of there being a Reserve Fund would inspire public confidence in the Society.

Sir Vithaldas then moved the following resolution :—

“This Conference is of opinion that at present no restriction is necessary on the utilization of the Reserve Funds by Societies.”

Khán Bahádur Modi seconded. And it was carried.

VI. Question No. 6.—“Questions of *State-help*:—(1) How far is supervision (or may become so) of Societies by District Officers necessary or advisable; (2) How far (and on what conditions) may loans from Government continue to be safely made”—was then introduced for discussion.

(1) The Hon'ble Ráo Bahádur Motilal said—He would make it compulsory on all Mámlatdárs to inspect the accounts of Societies at least twice a week.

Khán Bahádur Modi—Direct supervision by District Officers (as a Collector and his Assistants) over the working of Societies was not advisable; because it interfered with self-help which we desired to see springing up. It was necessary that Societies should have the guidance of officers who are conversant with the principles of Co-operative work. It was advisable to require Auditors to supervise closely the working of Societies. It might become necessary to increase the number of Auditors as more Societies came into existence. Mám-latdárs and their assistants would carry out their work too mechanically. The District Officers could render great assistance to organizers in establishing new Societies and explaining the objects and benefits of such Societies.

Mr. Herlekar—thought the present system of audit by the staff of the Registrar was all right. He would deprecate the direct supervision by District Officers but would welcome an account clerk from the Collector's office to help the Society with audit and good counsel. Government should strengthen the audit staff of the Registrar while the Societies should contribute towards the expense.

Messrs. Chitale and Sane—opined that supervision by District Officers might tend to confirm the existing misunderstanding that Co-operative Credit Societies were no more than Government shops for distributing Government money.

Mr. Devadhar—read out the opinion of the third Conference of Registrars in support of his argument that direct supervision by District Officers was undesirable.

Mr. Campbell—quoted from Mr. Wolff's "People's Banks", and said that official audit (by the Registrar) was necessary by law and circumstances; but other things such as explaining advantages from Co-operative Societies and pointing out that Societies were not Government banks &c., might be done without the intervention of Government.

The Hon'ble Mr. Lallubhai Samaldas moved:—

“This Conference is of opinion that the present system of audit under the supervision of the Registrar be maintained.”

The Hon'ble Sir Vitaldas moved a rider that “Any formal arrangements for securing supervision by District Officers are not necessary.” The rider was accepted by the Hon'ble Mr. Lallubhai Samaldas.

Khán Bahádur Modi seconded the resolution.

The resolution was carried.

(2) The second part of the subject (No. 6) was then taken, namely—“How far may loans from Government continue to be safely made.”

Mr. Campbell pointed out that it was not inherently necessary that Government money should come to the help of Societies. What was wanted was money on equitable terms whether from Government or from other sources. At present, people who were rich enough to deposit and form Co-operative Credit Societies were able, under existing rules, to claim a Government advance: but, on the other hand, those who had a will to co-operate but could not deposit owing to their poverty were unable to obtain any loan from Government. The difficulty arose out of the Rule laid down by the Government of India that Government would lend money (up to a total of Rs. 2,000 in each case) where members themselves deposited an equal amount to that asked from Government. The Rule was too absolute and encouraged the rich to claim while it deterred the poor from asking. He thought more definite discretion should be given to the Registrar in respect of these deposits.

Ráo Bahádur Bhangaonkar—did not think that the time had arrived for Government to withdraw the concession it gave to Societies. The Co-operative system had not yet come into use in all parts of the Presidency.

Messrs. Sane, Chitale and Herlekar were of the same opinion.

Hon'ble Sir Vithaldas said—Mr. Campbell did not say that Government help should be withdrawn but that the present restriction to equal deposits should be removed.

Mr. McNeill—The Registrar should have wider discretion of granting Government loans, considering the circumstances of individual cases.

The Hon'ble Mr. Lallubhai Samaldas moved :—“ This Conference is of opinion that in cases of Societies that are started hereafter the Registrar should be given wider discretion as regards conditions under which Government loans may be granted.”

Khán Bahádur Modi seconded the resolution ; which was carried.

The Hon'ble Mr. Lamb returned to the chair.

VII. Question No. 7.—“ Are Societies ready yet for forming Unions. Are they in a position to pay for regular and frequent inspection ”—was then taken up for discussion.

Mr. Campbell—quoted again from Wolff's “ People's Banks ” and pointed out that the Registrar might for some time to come take the place of these ‘ Unions.’

Mr. Herlekar—thought that Dhárwár was ready for a union as the Dhárwár Southern Marátha Society had advanced to many Rural Societies in the District. It was desirable that efforts should be made to bring them nearer and nearer ; and mutual interest should be created by compelling the borrowing Societies to deposit their Reserve Fund in the lending Society. As things at present stood they advanced on the recommendation of the Registrar and they remained completely in the dark as to the working of the borrowing Society. This could be remedied by forming unions of Societies in a district. The Union should also give an opportunity for the exchange of experiences between representatives of the Societies forming it. It might tend in many cases to facilitate the mobilizing of surplus capital from one Society to another. Such unions would also facilitate audit work and in course of time Auditors of the union could be safely entrusted with the audit work as in the case of Europe. Societies too had to be educated gradually to do the work themselves. He was for regular and thorough inspection once a year.

Mr. Devadhar—thought that the subject should first be discussed in the Divisional Conferences before a decision was arrived at in the Provincial Conference.

Hon'ble Sir Vithaldas and Mr. Karandikar were of Mr. Devadhar's opinion.

The Hon'ble Sirdár Motilal Chunilal moved that—“ In the opinion of this Conference the time has not yet arrived for forming Unions ; and that Societies are not in a position to pay for regular and frequent inspection.”

Khán Bahádur B. E. Modi seconded the resolution ; which was carried.

VIII. Question No. 8.—“ How far is lending on ‘ land ’ safe and sound business for Co-operative Credit Societies ”—was then taken up for discussion.

Hon'ble Mr. Pratt and Messrs. Karandikar and Chirmule pointed out the difficulties that were experienced in recovering money advanced on the security of land.

Mr. McNeill moved.—“ In present circumstances and conditions lending on land is reasonably safe.”

The resolution was carried.

IX. Question No. 9.—“ How far should Societies of *artisans* be kept to one class of industry in each case ”—was then discussed.

Mr. Campbell—read Mr. Wolff's opinion on the point; and said Mr. Wolff was unable to give a definite answer for India. Local opinion was therefore solicited. He pointed out that separate industries were asking out here for separate Societies; even where their trade was minute.

Mr. Sane—When Societies were money-lending, the question of forming a separate Society of a particular trade did not arise. This question could only arise where Societies dealt in kind; that is where they dealt in materials used for the particular trade and that material formed the capital of the Society.

Messrs. Chitale, Karandikar and Devadhar opined that where there was a large population representing a certain class of industry a Society should be formed for its interests, but where there was a number of classes with a small population there should be a joint Society.

It was resolved to leave the subject, for the present.

X. The last question No. 10—"How far may schools and school-masters be used to forward 'Co-operative' education"—was then approached.

The Hon'ble Sirdar Motilal Chunilal.—quoted an instance of a school-master working as the Secretary of a Society and said it was undesirable to use the services of a school-master.

Ráo Bahádur A. B. Desai said—His experience was that a school-master was very useful.

Mr. Chitale—If he had to make a choice between a Kulkarni and a school-master, he would prefer the latter. He thought the Conference should not commit itself in such a matter.

Mr. Karandikar.—The question was not whether school-masters should be employed as officers of Societies but whether they should be employed to forward co-operative education; and he thought that they should.

Mr. Devadhar—It was to be seen whether school-masters who were already burdened with work would be able to take on this additional work. He suggested that the Educational Department should introduce, in the school text-books, lessons on the co-operative system.

The Hon'ble Sirdar Motilal Chunilal—He did not object to school-masters giving co-operative education.

Dr. Mann—The principles of Co-operation should be explained in any Agricultural Schools that might be opened. Their new vernacular Agricultural School was teaching subjects relating to 'tagái' and other money transactions.

Mr. Campbell—said that he introduced the question as Mr. Shastri, the Deputy Educational Inspector of the Surat District, had already issued a circular to school-masters under him to forward the cause of Co-operation. If Mr. Shastri had been able to be present (as invited) he might have himself explained the question in detail.

The Conference then passed a resolution.—"It is desirable to utilize the services of school-masters to explain to the people the principles and benefits of Co-operation and to assist in the actual work of the Societies so far as this is practicable without prejudice to their work as school-masters".

This concluded the business before the Conference.

XI. Mr. McNeill at the close reminded the Conference of the death of Mr. Chimanlal Maganlal Trivedi, the Auditor of Co-operative Credit Societies, Northern Division; and the Registrar followed him.

The Conference passed the following resolution:—

"This Conference records its regret at the death of Mr. Chimanlal Maganlal Trivedi and tenders its sympathy to his widow and children in their bereavement."

XII. Vote of thanks to the chair was duly passed and carried.

APPENDIX I.

Note on the desirability of the total exemption of Co-operative Credit Societies from the Deccan Agriculturists Relief Act.

Necessity of making some alterations in the Mámlatdár's Court Act and in the Deccan Agriculturists' Relief Act in order to induce Local Money-lenders to invest a part of their capital with Co-operative Credit Societies.

In our Presidency it is admitted on all hands that the greatest good that we can do to the agriculturists is to free them from indebtedness. This requires capital and the question is whence it is to come. Government cannot for obvious reasons advance the amount required for this purpose. It must therefore come from local sources. There is capital enough in the country but it is not readily forthcoming. It is necessary therefore to enquire why?

He who lends money has a right to expect that it will be repaid with a reasonable amount of interest. The Deccan Agriculturists Relief Act which has now been extended to the whole of the Presidency has resulted in inducing the agriculturists to raise all sorts of objections to repay the amount borrowed. It is the provisions of this Act which deters local capitalists from investing capital in Co-operative Societies. I will explain my meaning by taking a concrete example.

Suppose a Rural Co-operative Credit Society—A—borrows Rs. 10,000 from a Private Banker B for redeeming the old debt of its member C at Rs. 6 per cent. per annum, as interest. C passes a mortgage bond to A for the repayment of the debt in 10 years by a yearly payment of Rs. 1,000 on account of the principal and interest due on capital remaining unpaid at 9 per cent. per annum. C fails to pay the instalments agreed upon. The Society A has to file a suit against C. In the Court C admits the debt but prays the court to pass a decree for repayment of the principal in 40 years and to stop interest. The court passes a decree in accordance with the prayers of C which it has power to do under section 15 (b) of the Deccan Agriculturists Relief Act. The effect of such a decree will be that the society A will have to pay interest to B at 6 per cent. while it will receive nothing in the shape of interest from C which means the Bankruptcy of the Society A and ultimate loss to B.

It may be argued that the courts are not unreasonable and will not pass such a decree. But if a sub-judge takes it into his head to pass such a decree (which he has power to do under section 15 (b) the Bankruptcy of the Society and ultimate loss to the lending Banker are unavoidable.

I therefore suggest that Government be moved to so amend section 15 of the Deccan Agriculturists Relief Act as to leave no discretion to the Court in stopping interest on loans given by the Co-operative Credit Societies to their members. In moving this proposition I am not asking for anything unreasonable or unjust. The rates of interest which Co-operative Credit Societies are permitted to charge on loans to their members are fixed in their by-laws which must be approved by a responsible Government Officer (Registrar, Co-operative Credit Societies) specially appointed to watch and control the working of Co-operative Credit Societies. There is thus the guarantee that the interest charged will not be unreasonable or exorbitant and therefore there is absolutely no necessity for reserving this discretion in the Civil Courts in so far as the Co-operative Credit Societies are concerned.

Co-operative Credit Societies are most unsuited to carry on litigation in Civil Courts. The management of these Societies is in Committee of unpaid members. How can such persons be expected to undergo the trouble and expense of litigation in Civil Courts? It is therefore necessary to find out more expeditious procedure for the recovery of Co-operative Credit Societies' dues than a recourse to the Civil Court if they are to undertake to free their members from old debts.

Rural Co-operative Credit Societies which undertake to advance money to the members invariably adopt standard By-law 32 (a) of such societies which runs as follows:—

“32 (a). Notwithstanding anything contained in by-laws 29, 31 and 32 loans for liquidation of members' past debts may be made under the following conditions:

(a) The amount which any individual member may have on such loans may not at any time exceed Rs. 500 without the consent of the Registrar, Co-operative Credit Societies.

(b) The rate of interest on such loans shall not be less than 8 per cent. per annum. Note:—It is generally 9 per cent. per annum.

(c) Every loan with interest shall be paid back in annual instalments which shall each not be less than 12 per cent. of the amount advanced on loan provided that all or any of such instalments may be paid up at any time before they fall due.

(d) The security to be given for repayment of such loans and interests shall be a mortgage with possession of landed property worth in committee's opinion at least 3 times the amount of the loan under an agreement that the Land Revenue and Local Fund Cess payable in respect of the mortgage property shall be paid by the borrower and the annual profits thereof shall be taken in lieu of annual instalment.

(c) The mortgaged property shall be let to the borrower during the term of the mortgage in consideration of his paying the Land Revenue and Local Fund Cess payable in respect thereof and an annual rent equal to the amount of the annual instalments.

(f) If the borrower makes default in any year in the payment of the annual rent or any part thereof he shall pay interest thereon at the rate of 12 per cent. from the date of default and if such default was in Committee's opinion due to avoidable causes he shall be ejected from the property and it shall be re-let to others on such terms as the committee thinks proper for the remainder of the term of mortgages."

If the borrower makes default in payment of the annual instalment of rent the lease provides for his ejection from the mortgaged property. But who is to eject him? Under the existing law as I understand it the ejection can only be carried out by a regular suit in the Civil Court. This is the dilatory and expensive process and quite unsuited to the constitution of Co-operative Societies as stated above. Some years ago such suits could be tried by a Mámlatdár under the Mámlatdár's Court Act; but this has been altered by the insertion of the following words in section 5 of the Mámlatdár's Court Act of 1906, viz. :—

"not being a person who has been a former owner or part owner within a period of 12 years before the institution of the suit of property or use claimed or who is the legal representative of such former owner or part owner."

As I understand this provision has been inserted in the interest of the cultivators in order to prevent their lands easily going out of their possession, a Co-operative Credit Society which undertakes to free a cultivator from his old debts with usurious interest is a body working in the best interest of the cultivating classes themselves and is entitled to every assistance in the recovery of its just dues. If the cultivating debtor pays his instalments regularly no cause for going to the Mámlatdár's Court arises. If he is unable to pay owing to a calamity beyond his control such as a famine or serious draught the society of its own accord will grant him postponement of his instalment for a year because the managing body of such societies is mostly composed of persons who are themselves cultivators and they may be trusted to appreciate the difficulties of their own class. If he wilfully declines to pay what he has agreed upon to pay without a good cause then only will the society sue him in the Mámlatdár's Court. Besides the society does not want the land of its member. It will re-let it to some other cultivator who will regularly pay the amount agreed upon, retain his instalment and give the balance to the debtor for his maintenance. Surely this is no grasping or unfair arrangement. I do not therefore think there is any objection to exempt Co-operative Credit Societies from the operation of the clause above quoted.

There is another thing I wish to be done in the interests of Co-operative Credit Societies. When a cultivator takes a loan from a rural Co-operative Credit Society he has under By-law 32 (a) to mortgage his land with possession to his society, who lets it to its owner on his agreeing to pay a certain amount yearly as rent of the land. This amount includes payment of interest and part payment of the capital borrowed. There is apparently no objection to grant assistance for the recovery of the rent thus agreed upon to a Co-operative Credit Society under section 86 of the Land Revenue Code, the mortgagee with possession (in this case the Co-operative Credit Society granting the loan) being a superior holder (*vide* G. R. No. 5406 of 17th September 1891). Under the orders contained in Government Resolution No. 1279 of 21st February 1898 however Mámlatdárs would not render assistance to Co-operative Credit Societies in the case above stated because the rent agreed upon includes some interest. I respectfully recommend that Government be requested to cancel this order so far as the transactions above described are considered.

Until these alterations in the Law and Executive Orders of Government are made, I am respectfully of opinion that local capital will not be available for the use of Co-operative Credit Societies.

APPENDIX II.

NOTE ON THE REGISTRATION OF DOCUMENTS IN REGARD TO SOCIETIES.

Mr. Chairman,

I think I may be able to offer some suggestions to the Societies as regards registration which would be of practical use to them

They have asked that they may be exempted from the ordinary laws of registration. Before the meaning and effect of this proposal can be understood, it is necessary to understand thoroughly what are the objects intended to be obtained by the Registration Law and what are the means employed to attain those objects. The main objects are two, Firstly the prevention of forgery and secondly publicity. As regards the first object registration of a document means that a record of that document is preserved in a Govern-

ment office and that record makes it impossible for anybody to make any alteration in the terms of that document. Now in a matter of this sort the Societies are above suspicion. Nobody can suppose that Societies are likely to forge a document, in order to secure unlawful gains. Therefore from this point of view, there would be no harm if the Societies were to be exempted. The second object aimed at is publicity. It is desired to secure publicity for all documents affecting landed property in order that the public may be able to get knowledge of all transactions which affect land. If there is no public record of such transactions a man might suffer a heavy loss through advancing money on the security of land which is already mortgaged up to the hilt and is therefore a worthless security. The public are entitled to protection from risks of this kind and in their interest a public record of all these transactions is necessary. From this point of view you will see that the exemption of the Societies from registration would be open to objection, for the public would have no means of knowing what property was mortgaged to Societies and might be exposed to inconvenience and loss on account of the special privilege of exemption accorded to the Societies. This objection must be met by the Societies if they wish to put forward a claim for exemption. I think it is possible to meet this objection by a suggestion which I shall soon make. I will refer to this point again afterwards. I pass on to the explanation of the methods employed by the Law to attain the two main objects. Neglect of registration is not directly penal in the same way as for instance neglect of compulsory vaccination or neglect of compulsory education. The Law secures its end by indirect penalties. The first of these indirect penalties is what I may briefly call inadmissibility of documents. The Law has declared that documents of certain kinds if not registered are absolutely ineffectual. They are inadmissible in evidence, they have no effect on the property to which they relate. They are in fact null and void. I may here point out that the class of documents covered by this provision of the law is not nearly so large as is commonly supposed. Sale and mortgage-deeds in value below Rs. 100 are not compulsorily registrable. An unregistered deed of this description is always admissible in evidence and if accompanied or followed by delivery of the property conveys a perfectly good title. The Transfer of Property Act says that a sale or mortgage of this kind may be made either by registered instrument or by the delivery of the property. But it does not say that the delivery of the property is ineffectual if the accompanying document has not been registered. The real effect of the Transfer of Property Act is that an unregistered document will not of itself create a title unless followed by delivery of property. It is very important that this fact should be clearly understood because the bulk of all transactions by agriculturists are in sums below Rs. 100. The second method employed by the law to attain its object is what may briefly be described as loss of priority. The Law has prescribed that if one property has been twice mortgaged first by an unregistered document and afterwards by a registered document then the claim of the second creditor is satisfied first although his mortgage was later in point of time. The reason for this is clear. The second creditor is favoured because he has put himself to the trouble of registration. He has done what the law wishes to have done. He has secured publicity and as there was no publicity about the first mortgage he is assumed to have been ignorant of it. But to this general principle there is a very important proviso. If the second creditor can be shown to have had knowledge of the previous unregistered encumbrance the law will give him no advantage. In technical language if he has had notice actual or constructive of the prior encumbrance he loses his claim to priority. He will not be allowed to violate the spirit of the Law because he has complied with the letter. I have now explained the objects aimed at by the Law and the means employed for their attainment. The great object is publicity. If the Societies wish to be exempted from registration they must by some other means secure the publicity which the Law demands. It is on this point that I may be able to offer advice which may be of practical use to you. An alternative method of securing publicity is available for you in a great many cases, where you think that registration will give you too much trouble. This alternative method is to secure a record of the transaction in the public Register of Titles which is now maintained in every village of the Presidency for all agricultural lands. That Register of Titles is the Record-of-Rights. An entry in the Record-of-Rights is in fact a more efficient method of securing publicity than registration under the ordinary Registration Law. The Record-of-Rights Register is kept locally on the spot in every village. It is easier to inspect, its inspection costs nothing, there is no search fee, and parties are entitled to extract from it free of cost. Information as to title can be obtained from it with great ease, certainly and expedition. If, therefore, Societies will be careful to secure a record in the Record-of-Rights of every transaction they will completely meet the objection to which I referred earlier in my remarks—the objection that there will be no publicity and that the public would therefore be put to a disadvantage. I do not think that the Societies in neglecting registration under the Registration Law would run any risk of loss of priority because they will have observed the spirit of the law, and I do not think that the Courts would allow priority to any subsequent registered encumbrance merely because of its registration. The Court would not, I think, uphold the plea of a man who pretended that he was ignorant of a transaction which had been duly recorded in the Record-of-Rights. They would hold that he had had constructive notice of that transaction just in the same way as they now hold that registration is equivalent to notice. They would therefore refuse to give the benefit of priority to the subsequent encumbrancer merely because his document was registered. If this argument is correct the Societies are in a position to help themselves. They need not approach Government with a request for an alteration in the ordinary Registration Law. They will in fact be able to exempt themselves to a great extent from the burden of registration in cases where they feel it inconvenient.

APPENDIX III.

Note on Registration of Title with reference to Co-operative Societies.

The object of this short note is to indicate briefly and in a popular way directions in which changes might be introduced in our legal arrangements which would facilitate the working of Co-operative Societies.

2. It is now generally admitted that one of the principal functions of Co-operative Societies is to distribute the capital deposited with it, in the form of loans to its members and to finance them in the pursuit of their trades or callings. Accordingly the questions to which the managers of a Society constantly seek an answer are :—

“ If we advance so much money to such and such a person, will he repay us ? ” or
 “ We have advanced so much to so and so. Is he dealing honestly with us or is he borrowing from other persons to the detriment of our security ? ”

3. In Germany where the modern idea of co-operative credit societies first originated, the managers rely largely on their knowledge of the borrower's character and on the moral influence of other members of the society. In India we have hardly reached this point and managers consequently insist on the borrower furnishing collateral security in the form of a mortgage without possession of his land.

4. But even with this precaution managers can seldom in the present state of the law advance a loan without misgiving. There is nearly always a debt settlement to be carried through first and the question arises—Has the full amount of debts been disclosed? Has the land hypothecated to the Society been absolutely freed from incumbrance? Is there any risk that the borrower, while he is negotiating with the Society, is also borrowing from a *sávkár*? Is there any danger of the latter's claims acquiring priority? And at a later stage when the loan has been made, “ Is the borrower acting squarely by us? Or is he borrowing from *sávkárs* and committing himself to extravagance which will prejudice his power to repay us ? ”

5. There is no question that our law as it stands at present, gives the managers but indifferent assistance. We have, it is true a deed-registration system, by which, in order to prevent forgery, all documents hypothecating immovable property have to be registered: and managers can of course look through the indexes of these deeds and satisfy themselves that the property is unincumbered. But a period of four months is allowed within which a mortgage-deed must be registered, and priority is given according to the date of execution of a deed not registration; so that managers can never be sure, when making their search, that there may not be some deed in existence on its way to the registration office or even that in the interval between the completion of the search and the granting of the loan at the Society's office the wily borrower may not have executed and possibly had registered a deed hypothecating to a *sávkár* the same property which he proposes to assign to the society. Of course in addition to the registration system there is the Record-of-Rights. We may assume that the managers will satisfy themselves that this shows the land to be free from incumbrance and that notice is given to the village accountant of any loan by the society as soon as it is made. But even these precautions afford inadequate protection. The law (section 4, Act IV of 1903) allows the public three months in which to notify to the village accountant the fact of a mortgage: and as in the case of registration there can be no guarantee that at the time when the manager examines the Record there is not a mortgage in existence which will be brought to the village accountant's notice immediately after their examination.

6. From the managers' point of view therefore the law is defective. They cannot be sure that the security, which they take from their clients, is really what it is represented to be: they cannot ensure to themselves a monopoly of their clients' money dealings. And this is such a serious disadvantage that it seems worth making an effort to see whether it cannot be removed.

7. Co-operative credit, we have seen, took its rise in Germany. What is the character of the Revenue system in that country: does it in any way afford greater assistance to the managers of Co-operative Societies than our own? I think that it does. The system of land revenue in the Rhine districts of Prussia is very much like our own: it is essentially *ryotwari*: that is to say, there are an enormous number of small parcels of land paying revenue directly to Government. Primogeniture is conspicuous by its absence: when a landholder dies, his lands are divided equally among his children. The village maps and registers maintained are much like our own: I was shown recently in Cologne a series of maps of survey numbers which with the German names removed, it would have been impossible to distinguish from maps of survey numbers in *Máwal*. Now in Prussia up to 1872 they had a system of deed registration just like ours; but in that year they decided that this was not enough: and that they would register title as well. So they drew up a Record-of-Rights and published it for general information, and they warned the public to examine its correctness and raise objections, if necessary. When all these had been disposed of they proceeded to prepare what they call “ *Grundbuch* ” (Ground-books): that is, they give to each landholder a small bound volume showing for each survey number, the various incumbrances existing on it and they enacted by law that all subsequent changes due to sale, mortgage, lease (to a limited extent), inheritance should be duly recorded under proper authority in each *ryot's* Ground-book as well as entered in the main Register kept at the *táluka* Registration Office.

8. Now this is obviously a very convenient arrangement from the managers' point of view. Does a member of a co-operative society want a loan? The answer is easy. Bring your Ground-book. There is no searching of indexes: no need to worry the village accountant for extracts from the Record-of-Rights, no room for fear or misgiving. The Ground-book constitutes, what the Bombay ryot has always tried to make his revenue receipt book, a complete and up to date register of title: all loans taken are at once entered in it and in the duplicate in the Registry office. And at a later stage it is even more useful. A co-operative society which has advanced a loan to a member is bound to look with disfavour on that member if he contracts further debts on the same security with a *sávkár*. Such action may not, strictly speaking, affect the priority of the society's claim: but it is bound to lead to unpleasantness and friction, more especially, if, as I understand has been known to be the case, the Society has a mortgage without possession, while the *sávkár* takes one with possession. With German methods in force this is very unlikely; the Society has only to get hold of the 'Grund-buch' and lock it up in its safe and the borrower is powerless for good or evil.

9. Let us turn to another country from which most of our statute law is taken, England. Here there has been always very great opposition to the introduction of registration of title in any form: but during the last 11 years a system, based on the German, has been in force in the County of Middlesex which includes the great city of London. Under this, lands are registered with two sorts of title, the mere possessory and the absolute. The possessory is of course practically equivalent to the title afforded to the *kabzedar* by our Record-of-Rights: a mere certificate that at a given time he is in possession and enjoyment of a certain plot of land. The absolute title goes much further. When the holder applies for it notice is given in the Government Gazette of his intention: objections are invited and a formal and searching enquiry held. If the title passes through the ordeal, the holder obtains a certificate of absolute title, which is as good as a certificate of Government paper. No one can deal with the property behind his back unless it is produced, no one can obtain a title against him by adverse possession: if there should turn out to be any flaw in the chain of transfers before the property reached him, Government will see that any one who suffers from the fraud is duly compensated.

10. And this system has been shown to have many advantages. In the evidence recently taken before the Royal Commission on the working of the Land Transfer Act it has been shown that holders of certificates of absolute title have been able to go straight to the Banks, and borrow up to the limit of two-thirds of the value of their property at 4 per cent. The certificate of title is deposited with the Bank and the Registrar is notified of this fact and warned not to allow any further dealings with the property without telling the Bank first. The fee for this which will, I believe, cover a loan of any amount is 1 s. 6 d. or Rs. 1-2-0.

11. Now this is the practice in other countries notably in that where co-operative credit took its rise. Can we incorporate any part of it without great violence to our ideas and our existing laws? I think so. The first thing to get is the certificate of absolute title or the *grund-buch*. Section 16 of the Deccan Agriculturists Relief Act which is, I believe, in force throughout the Presidency empowers any agriculturist to go to Court and for a small sum have his accounts with his creditors examined and a decree issued showing how much he has still to pay. What more obvious extension of this principle than for the law to give him the opportunity of going to Court and obtaining a decree that his debts are paid and his land is clear of incumbrance? His land must always be his main security. Could there be a more legitimate method of helping him than by utilizing the Court to declare that security sound? We recognize now that on many occasions an agriculturist must borrow. Should not the Civil Court interfere to help him before he contracts his loan, though late when he is in trouble as to its repayment?

12. Next having induced the Court to issue our 'Grund-buch', how is it to be used? What more easy than to amend the Registration Act and introduce Registration of Title on the German method for survey numbers, the title to which has gone through the ordeal of inquiry by the Sub-Judge? All that would be necessary would be to schedule these survey numbers and have the Ground-books prepared in duplicate one copy to be kept with the Sub-Registrar, one with the ryot. The Sub-Registrar would be responsible for the entries just as he is now in the Deccan districts for drawing up the deeds. All that he would have to be careful about would be the identity of the person producing the 'grund-buch': and of this a photograph, which could be obtained for a rupee and inserted in the 'grund-buch', would be sufficient proof.

13. It will be objected that an arrangement of this sort would not suit the Hindu law of inheritance or the Hindu Joint family system. My answer to this is that experience will show. I should propose to try the scheme first in a limited area like the Nira Canal where land is valuable and where, it is hoped, the Central Bank will be shortly advancing a quarter of a million sterling in a year and I contend that even if the title had on the occurrence of the death of its holder to be re-investigated by the Court, it would be worth the trouble and the expense. As for the joint family system I cannot believe that in need cause more trouble with a land certificate than a share certificate. In any case the lawyers may be trusted to find some way out of the difficulty. A scheme like this which is fraught with so many advantages to the ryot cannot be summarily shelved without an effort at any rate to surmount the difficulties which lie in the way.

(Signed) G. S. CURTIS,
Commissioner, C. D.

Poona, 14th October 1910.
B 1070-5

APPENDIX IV.

Extract from the Proceedings of the Second United Provinces Conference held at Lucknow on the 17th and 18th April 1910.

Litigation, its necessity and effect as hitherto experienced with special reference to the recovery of arrears.

11. The report of the Sub-Committee (No. 6) was as follows:—

* * * * *

“The amounts due under only a few of the decrees have been realised without resorting to execution proceedings. In Unao the amount due under one decree has been realised by the sale of the house of the judgment-debtor. The remaining decrees are yet to be executed.

The legal cost incurred in the suits have been decreed in full but the banks had to incur certain miscellaneous expenses which could not legally be brought into the decrees. However the amounts so expended were insignificant.

The average duration of regular suits did not go beyond 4 months.

The effect of notices has not been very encouraging. In a few cases defaulters paid up the demands but in most cases no attention was paid to them.

The Sub-Committee are of opinion that the machinery of the Civil Courts for the recovery of arrears which alone is available at present is not only insufficient but inefficient. The small margin of profits on which the societies are working makes it a matter of paramount importance that they should have no bad debts. The ultimate end of providing cheap capital to the Agricultural classes makes it necessary that the working expenses of the societies should be very low. The process of execution of decrees through Civil Courts in addition to being very expensive and dilatory is not very fruitful of satisfactory results. The law gives many a loop hole to the debtor to escape from the payment of fresh demands. Litigation must involve loss of time to the working staff and some expenditure which the courts cannot decree, and is apt in certain cases to demoralise the members of societies. We teach members to get their disputes decided by arbitration and at the same time advise their Societies to resort to institutions of suits against those from among them who default.

The public and the societies have been under the impression that the money will, if not duly paid, be realised by the processes in force for the realisation of Government revenue. Consequently their payments have been tolerably regular, but the institution of cases is gradually removing this impression and debtors are not expected to care much for the demands of societies.

The Sub-Committee, therefore, propose that Government be moved to grant legal powers of distraint to Managers of banks under such safe-guards as Government may be pleased to fix. In the meantime the rules framed by the Local Government under section 27, sub-section (2), clause (p) of Act X of 1901 with regard to any dispute in respect of the business of a society between itself and its present or past members might be utilised for the enforcement of payment of debts due by defaulting members but instead of resort to the Civil Court for execution of decrees, powers should be given to Collectors to get arrears realised by Tahsildárs.

Babu Prag Narain (Unao) argued in support of the report. He said that the societies lend on personal security and not on mortgages of property and charge moderate fixed rates of interest. In these important matters they differ from money-lenders. The members of societies are poor and under the law no creditor can attach their houses, clothing, bullocks and agricultural implements which constitute their sole property. On the produce of their fields the Zemindár has the first lien and has been given legal powers of distraint. Most of the small Zemindárs are money-lenders and yet possess powers which have been denied to societies. He quoted the case of a society in his district where all the members, save one had fully paid up their loans. That one man would not pay, but as all the members were jointly responsible for his debt, they took along with him his bullocks for sale to the nearest mart. The sale proceeds were paid into the society in repayment of the debt. Soon afterwards, however, the man reported to the Police that his bullock had been forcibly taken and criminal proceedings were instituted against the members. A conviction was actually obtained in court and the accused were sentenced to imprisonment, though they have lately been set at liberty on appeal. He pleaded that some sort of summary powers were necessary to enable societies to enforce payment from contumacious defaulters and save themselves from worry, harassment, and expense.”

APPENDIX V.

List of Subjects discussed at the Divisional Conferences and the Resolutions passed thereat.

Questions of opinion.	Resolutions passed thereon in		
	Northern Division.	Central Division.	Southern Division.
I. What may be the proportion of encumbered land in villages where there are Societies.	No information ...	This Conference is of opinion that accurate details of encumbered lands in villages where there are Societies should be obtained by each Society.	All information required in connection with the proportion of encumbered land should be obtained from the Record-of-Rights.
II. How far should redemption precede land-improvement.	This Conference is of opinion that it is not desirable to postpone land-improvement until the funds of Societies are sufficient for the redemption of encumbered land.	This Conference thinks that advances for redemption should precede those for land improvement due provision being made for the annually recurring wants of members.	This Conference is unanimously of opinion that redemption should precede land improvement in the case of encumbered lands.
III. How may concessions best be obtained from Sávkárs to facilitate redemption.	This Conference is of opinion that the Societies should through their leading men settle with the Sávkárs.	That concessions from Sávkárs can best be obtained by arranging to pay debts in cash.	That without special powers being given to Societies on the lines of the Court of Wards Act concessions are not likely to be obtained from Sávkárs in the matter of redemption of old debts.
IV. What steps (if any) could, possibly, be taken to prevent redeemed property from being re-encumbered.	That in cases where redemption of lands of members has been effected through the Co-operative Credit Societies' funds, a legal agreement might be insisted upon in every case with a condition that in re-encumbering the land the Co-operative Credit Society should always be consulted first.	In order to prevent redeemed property from being re-encumbered this Conference recommends that the Societies should insert a clause for restricting the power of mortgage or sale in their instruments and if any member were found to break this condition without the Society's previous express sanction he should be held liable to have his name removed from the list of members.	This Conference is unanimous in observing that no specific steps could be taken to prevent redeemed property from being re-encumbered, except moral influence which Societies should exercise.
V. What limits would be suitable for loans for marriages, etc.	That the question should be left to the discretion of each individual Society.	In case of loans for marriages and such other unproductive purposes, the Managing Committees of Co-operative Credit Societies should not ordinarily lend more than Rs. 100 to a member at a time except under special circumstances.	That no specific restrictions could suitably be imposed except for the advice of the Society which the borrower should seek; to bring his estimated expenses to a minimum (within the maximum prescribed in by-laws).
VI. How far are Societies' lending rates too low.)	That the question should be left to the discretion of each individual Society.	The present rates at which the Societies grant loans are suitable enough and no change therein is immediately needed.	That the Societies' lending rates are not considered too low. The average Sávkár's rate varies from 6 to 18 per cent.; in some parts to 24 per cent.

APPENDIX V—continued.

Questions of opinion.	Resolutions passed thereon in		
	Northern Division.	Central Division.	Southern Division.
VII. Are deposit rates sufficient.	That the question should be left to the discretion of each individual Society.	The rates at which deposits are accepted by Societies appear sufficient.	The present deposit rates are not sufficient: they may vary from $6\frac{1}{2}$ per cent. upwards, but not exceeding 7 per cent.
VIII. What would encourage people to turn ornaments into money-deposits.	That no steps are necessary to be taken as the advance in education will bring about the desired change.	This Conference is of opinion that having regard to people's sentiments in this matter any immediate change is not possible and it must be left to the spread of education and particularly of female education.	*That no means could be found except inducing the ornament-wearers to invest. Examples of such investments should come from the educated rich. The system of 'home banks' for the poor is a preferable procedure.
IX. Is any simplification possible in "accounts".	This Conference has no suggestion to offer in regard to the simplification of the accounts.	The system of accounts at present in vogue is suitable and no immediate change is necessary.	That no further simplifications of account are necessary as the present account books are very simple.
X. How should the "Reserve Fund" be invested.	That the Reserve Fund should continue to be available for loans to members of the Society concerned.	The question of investing Reserve Fund should be postponed for consideration till the meeting of the Provincial Conference.	Reserve Fund should be utilized in lending to members instead of investing it elsewhere.
XI. Does the "Co-operative" Act afford sufficient facilities to Societies desirous of expanding their usefulness by undertaking works of public utility.	The time is not yet come to make any definite proposal.	That the proposed amendment of the Co-operative Societies' Act to the effect that "notwithstanding anything in the foregoing portion of this section (7), any Society shall be at liberty, with the sanction of the Registrar, to contribute an amount not exceeding 10 per cent of its profits to local charity or local objects of public utility" is sufficient in this behalf.	The Act does not afford sufficient facilities for undertaking works of public utility and it should be amended accordingly.
XII. Is it desirable that Co-operative Credit Societies' claims should be exempted entirely from the operations of the Deccan Agriculturists Relief Act.	That it is desirable that the Co-operative Credit Societies should be exempted entirely from the operation of the Deccan Agriculturists Relief Act.	That it is desirable that the Societies' transactions should be altogether exempted from the Deccan Agriculturists Relief Act: or at any rate from sections 13 to 15 (c), both inclusive; and also section 5 of the Mámlatdárs' Courts Act should be amended by deleting the words "not being a person who has been a former owner or part-owner, &c., &c.", down to "part-owner" (end of the para.), so as to give facilities to Co-operative Credit Societies to obtain possession of lands when necessary through the Mámlatdárs' Courts.	That Co-operative Credit Societies should be exempted entirely from the provisions of the Deccan Agriculturists Relief Act.

APPENDIX V—concluded.

Questions of opinion.	Resolutions passed thereon in		
	Northern Division.	Central Division.	Southern Division.
XIII. Could "wholesale" Societies be organized to meet the needs of agriculturists in the matter of seed, manure, implements and other things.	That wholesale Societies could be organized and the existing Societies could be used to meet the needs of agriculturists in the matter of seed, manure, implements and other things.	That instead of forming at present "wholesale" Societies for meeting the needs of agriculturists in the matter of seed, manure, implements and other things, advantage should be taken of the existing "District Agricultural Associations" and they should be requested by Co-operative Credit Societies to provide these in accordance with previous orders therefor by such Societies.	That it is better to take agricultural implements from the Agricultural Department.
XIV. What necessity exists for organizing experiments in Co-operative "Grain-stores".	There is no objection to organize experimental Grain-stores by Co-operative Societies.	There is no harm in trying such experiments in suitable places.	This Conference feels the necessity of Grain-stores. As such stores make their usefulness felt in bad seasons Grain-banks where possible might be established.
XV. What urgency is there for the further organization of District Banks, Co-operative Stores, and Weavers' Societies.	That in order to supply funds to Rural Societies it is absolutely necessary to organize District Banks and that as an immediate step the capital of the District Societies of Broach and Surat may be increased by the purchase of shares in these Societies, and that the subject be brought to the notice of the wealthy gentlemen of Ahmedabad and other cities and the Talukdári Settlement Officer, Guzerát.	That there is a very great urgency for the further organization of District Banks, Co-operative Stores and Weavers' Societies.	This Conference recognizes the importance of establishing District Banks, Co-operative Stores and Weavers' Societies.