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Regd. No. M. 1284.

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Madras Journal of Co-operation

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

OCTOBER 1942.

No. 4, VOL. XXXIV

PRICE 8 AS. NET

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Editorial Notes.

International Co-operative Day :

In our last issue we reproduced the text of the resolution supplied by the International Co-operative Alliance for adoption on the occasion of the International Co-operative Day which in India is to be celebrated on the 7th November. In this issue we have reproduced the inspiring message of Mr. R. A. Palmer, Vice-President of the Alliance. We need hardly emphasise the importance of the celebration of the Day so that we may recall to our minds the great democratic principles for which the Movement stands and express our firm conviction that, for the future peace of the world, acceptance of those principles founded on ideas of freedom and neighbourliness is absolutely necessary. We appeal to co-operative organisations and co-operators all over the presidency to celebrate the Day in a suitable manner. May we express the hope that the gigantic conflict that is now raging between nations will soon cease, ending in the victory of

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Democracies and the triumph of the Four Freedoms, to which President Roosevelt has been constantly referring, will be firmly established not only in the Atlantic but also in the Pacific region, bringing in an era of peace and goodwill. May that Day dawn soon will be the fervant prayer of all co-operators.

Audit Fees:

Elsewhere we have reproduced the proposed draft amendment to rule XI of Rules under the Madras Co-operative Societies Act dealing with the levy of audit fees. Though the Government Order is dated 29th September, 1942, its publication in the *Fort St. George Gazette* was on 13th October, 1942. Objections or suggestions are to be submitted before the 10th November. We plead that the time given for the consideration of this important amendment is not sufficient. It may be remembered that the question of audit fees has been agitating the minds of Co-operators for a long time. The Committee on Co-operation gave it their most anxious consideration and made some important recommendations. To enable co-operators how far the present proposals of Government are in conformity with those recommendations, we reproduce them. As the subject is of great importance, especially to societies in their infancy and to those whose transactions may on paper appear large but whose *net* profits are either small or none at all, we would invite the co-operative organisations and co-operators to give the proposed amendment their deep consideration and express their views in unequivocal terms.

The recommendations of the Committee on Co-operation are:—

298. The statutory responsibility of the Registrar in the matter of audit of co-operative societies should be maintained.
299. The entire audit staff of the department should be constituted into a distinct branch and differentiated right through from the administrative branch.
300. The audit staff should be placed directly in charge of Circle Audit Officers of the status of Co-operative Sub-Registrars.
301. A qualified auditor of the status of a Deputy Registrar to be styled as the Chief Audit Officer should be attached to the Registrar.
302. A high quality of departmental audit should be secured and the audit should be done by inspectors adequately trained in audit.
303. The present system of employing full-time Government auditors should be continued.
304. Audit of urban and central banks by registered accountants and auditors selected from a panel is not recommended.
305. The audit of provincial Co-operative institutions may be entrusted to registered accountants and auditors appointed by the Registrar.

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306. The extra expenditure involved in the separation of audit from administration should be met from the provincial revenues.
307. The present exemption from audit fees in respect of certain classes of societies should be continued.
308. The present scale of audit fees of Rs. 5-8-0 and Rs. 3-8-0 a day should be reduced to Rs. 3-12-0 and Rs. 3 per day respectively.
309. Sale (Marketing) and handloom weavers' societies should be exempted from the levy of audit fees for the first three years and also for a subsequent period of three years, if necessary.
310. The maximum audit fee levied should not exceed one-fourth of the net profits of societies as declared by the Registrar.
311. The Registrar should be empowered to give rebate to any society up to a prescribed limit in cases of hardship.

For the information of our readers, we may point out the Government have refused to accept recommendations Nos. 299, 300, 301, 306, 308 and 310.

Classification of loans.

The responsibility for valuation and verification of assets and of classifying outstanding loans in agricultural credit societies is an important duty devolving on the auditor. It is needless to emphasise that his classification is the only indication of the financial stability of the societies. Volume I of the *Madras Co-operative Manual* contains instructions in this regard. But we venture to state that those instructions are not sufficiently clear and explanatory to offer effective guidance. They should be supplemented by detailed instructions, as is being done in the province of Bombay. To mention only a few points arising out of the instructions given in the Manual: It is said that 'if a loan is time-barred or wholly irrecoverable owing to the insolvency or bankruptcy of the debtor or similar causes, the debt is treated as bad'. What the 'similar causes,' are, it is not clearly laid down; and it is left to the whim and fancy of the auditor to classify debts as 'bad' or not. 'Repaying capacity' without reference to assets should also be a criterion and this 'repaying capacity' of both borrowers and their sureties should be taken into account. We feel the Registrar of Co-operative Societies should be pleased to issue clear and definite instructions to auditors on the same lines or similar to those issued by the Registrar of Co-operative Societies in Bombay.

We have more than once emphasised the importance of the property statements in unlimited liability societies which in effect are Assets Registers. Their maintenance upto date is vitally necessary

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for the future of the Movement. The inspecting officers and the auditors should not tolerate wilful default on the part of the societies in this respect. They are the only means of knowing the tangible assets of borrowers and their sureties and the existence or absence of tangible assets is one of the criteria applicable for the classification of debts. It would be worth while to note the details of the 'repaying capacity' of the borrowers and the sureties in the property statements.

Prohibition of Multiple-Membership :

Co-operators in Bombay seem to be greatly exercised by a rule newly promulgated which prohibits membership in two credit societies. The wording of this new rule is more or less the same as that of rule XX of the Rules under the Madras Co-operative Societies Act, the only addition being the inclusion of a sale society under the exceptions. At a meeting of co-operative organisations held recently in Bombay, there was a full discussion on this question in which prominent Co-operators took part. The general consensus of opinion was that the rule was drastic, that distinction between borrowing and non-borrowing members should be recognised and that as regards multiple-membership in the past the penal part need not be enforced. As a result of discussions the following rule was proposed by Mr. V. L. Mehta in the place of the new rule and it was resolved to circulate Mr. Mehta's draft for opinion. Mr. Mehta's proposed rule is:

"With effect from the passing of this rule, no person being a member of a co-operative credit society or any society dispensing credit other than a land mortgage bank or a central financing agency or a sale society shall be a member of any other society dispensing credit unless he wishes to register his name as a non-borrowing member or unless he satisfies the society to which he seeks admission that he is not a borrowing member of another society. Where a person has become a borrowing member of more societies than one in contravention of the foregoing provision any or all such societies shall be bound to remove him from membership."

We are not sure that rule XX, which has been in force in this Presidency for a length of time, has caused inconveniences to which Bombay Co-operators refer. It may be even when the drastic nature of the rule was felt, no one cared to voice the grievance. In drawing attention to this controversy in Bombay, we hope we shall not be accused of setting up agitation in regard to a matter on which no grievance has been felt till now. It is better to profit by experience

elsewhere and take steps to avoid similar complications in our Presidency also.

Disabilities of defaulting members :

Rule XVIII of the rules framed under the Madras Co-operative Societies Act lays down certain disabilities for defaulting members. The Government proposed certain amendments, which we reproduced in the *Journal* for July 1942, which are still awaiting confirmation. But neither the original rule nor the amendments proposed prohibit defaulting members from taking part in the proceedings of their societies, including election of office-bearers. Model by-laws also as far as we are aware, do not impose this disability. This seems to have caused some inconvenience in the Bombay Presidency and the Registrar of Co-operative Societies of that Province has suggested certain amendments to by-laws which we reproduce below:

Model Amendments for By-Law 26 in A (1) Leaflet and By-law 34 in A (3) leaflet.

"Each member present shall be entitled to exercise one vote, provided that a member who is a principal borrower against whom an arbitration award has been passed and execution proceedings started for the recovery of the awarded amount shall not be entitled to vote on the question of the election of the Managing Committee and other office-bearers. The President shall have a casting vote in addition to his ordinary vote."

Model Amendment to By-Law 25 in leaflet H.

Add the following proviso to the existing by-law 25:—

".....provided that a member who is a principal borrower against whom an arbitration award has been passed and execution proceedings started for the recovery of the awarded amount shall not be entitled to vote on the question of the election of the Managing Committee and other office-bearers."

We have no doubt that in our Presidency too, similar inconveniences are experienced. It may be necessary to introduce such or similar amendments in our by-laws to ensure that the interests of office-bearers who have taken steps to secure the assets of the societies are adequately safeguarded. We invite the attention of the Government and co-operators to this aspect of the question.

Cost of Management :

We understand that no rule has been framed, or general instructions laid down, to define what items of expenditure come under the compendious phrase 'cost of management' and so the auditors must necessarily exercise a great deal of discretion in permitting items of

expenditure. We feel this is an unsatisfactory state of affairs, which should not be allowed to continue any longer. An over-zealous Registrar may consider expenditure on certain desirable items as purposes outside the scope of the objects of the societies and refuse to accept them in audit, while he himself may be pleased to accept in audit expenditure in certain institutions even though the expenditure related to an item which in a circular he had declared to be a purpose outside the objects of the societies. As the objects of the societies are clearly defined in the registered by-laws and as the general body is the supreme authority, we feel no expenditure for purposes consistent with the objects of the societies should be held objectionable in audit, if the general body passes the same. The Registrar of Co-operative Societies cannot and should not have power to lay down what items constitute cost of management. If there is any difference of opinion regarding the consistency of the purpose to the objects, legal opinion should prevail. The Registrar, as an auditor, should not either declare what is acceptable or objectionable in audit. But there is another standpoint that in view of the fact that though the Registrar of Co-operative Societies is responsible for audit, it is after all his assistants who conduct the audit, perhaps certain general directions may be helpful especially as the cost of management finds a place in the All-India Co-operative Statistics. As the custodian of the interests of the general public, it is the Government which is competent to issue such instructions by a rule under the Statute. But before a rule is made stating what would constitute 'cost of management', co-operative opinion should be obtained and due regard must be paid to it. We are inclined to agree with this point of view so that the cost of management may be clearly defined and the societies may be fully apprised of the items in respect of which expenditure is permissible. We find that the Registrar of Co-operative Societies, Bombay, has mentioned lists of items that should be included and excluded. We are somewhat puzzled to find that certain items such as 'commission paid to bankers' are excluded. We are at a loss to understand under what head, if not under 'cost of management', this and such other excluded items are to be brought. For the reasons already mentioned, it is not desirable at all to accept the verdict of the Registrar. We would like the Government to take up this question of 'cost of management' and settle it to the satisfaction of all concerned, instead of leaving it in a nebulous state as it is at present a source of unnecessary irritation.

Production, Distribution and Price Control of Foodstuffs in Madras Presidency.

By P. S. LOKANATHAN, M.A., D.SC. (ECON.)

Since March 1942 the prices of nearly all necessities of life have risen rapidly causing widespread distress amongst the poorer sections of the population both in urban and rural areas. In respect of a few articles high prices have been accompanied by scarcity, and the public have not been able to get adequate supply of the essential needs. A disquieting feature of the present situation is that the sufferings of the poor are aggravated by the fact that the prices of articles consumed by the poorer sections have risen much more than those consumed by the rich. In the city of Madras, for example, while Nellore raw rice has gone up by 33 per cent. between March and September 1942, boiled rice I. has gone up by 43 per cent. and boiled rice II. by 70 per cent. during the same period. While white sugar has registered a price increase of only about 35 per cent. since January 1941, the price of jaggery consumed by the poor has increased by over 200 per cent. in the same period. Other essential articles like tamarind, chillies, dholl and gingelly oil have marked a price increase varying from 75 per cent. to 120 per cent. since January 1941. The index of cost of living calculated with reference to the habits of consumption of the people of Madras has risen from 98 in August 1939 to 121 in May 1942, to 137 in August 1942 and to 146 in September 1942. Between May and September the index has risen by 25 points.

The causes of the high prices prevalent to-day are not mysterious, but are to be explained in the light of the conditions brought about by the war. Local circumstances can at best only aggravate or reduce the intensity of the impact of the general forces operating all over the country. In the face of the growing demand for all kinds of articles from the Defence Departments, not compensated by any decline in the demand from the civilian population, the supplies of goods have not been keeping step. On account of the increased expenditure by Government of vast sums of money in the country on behalf of the Allied nations, the money incomes of the people have increased, and although a part is hoarded, a part is being spent. The combined effects of the increased civilian and military demands upon a stationary supply of goods have brought about a great rise in the price-level. The increase by over Rs. 410 crores in

the note and coin circulation within the last three years unprecedented in the monetary history of the country, is the external evidence of the inflationary forces brought about by the widening of the gap between increased purchasing power and stationary production.

This is not the place to discuss the wider problems of currency and prices. The more important and urgent task before us is to examine what measures may be taken in our province to alleviate the sufferings and distress caused to the people by scarcity and high prices. Even in normal times the population is not satisfactorily fed. The diet of large sections is deficient in quantity and quality and the margin of safety is dangerously narrow. If measures are not taken to reduce prices and prevent scarcity, the certainty of large sections of the population going with insufficient food with all the resultant social evils must be reckoned with. The maintenance of civilian consumption from declining to dangerously low levels is a task which should be regarded as no less important than that of ensuring supplies to the armed forces. How clearly this has been recognised by the British Government may be seen from the fact that in the present war (as in the last) more than £100 millions per annum is being spent in subsidising food production so as to enable consumption to be fully maintained and to ensure that the people get food at less than cost.

Supply.

Madras is on the whole favourably placed in respect of the essential articles of consumption. The production of millets is just sufficient to meet internal demand, and there is little difficulty in getting other essential articles like salt, chillies, tamarind, and other condiments. In jaggery there is an export surplus but our production of white sugar is very inadequate. We depend upon other provinces for grams and pulses, some of which were also being imported from Burma and Malaya. It is in respect of rice, in which the deficiency in production ranges from 2 to 3 per cent. and to some extent in pulses, that the problem of increased production is most urgent. Rice is the main staple of consumption of nearly the whole of the population of Madras Presidency, and in recent years there has been a shift in consumption from millets to rice of the classes who were formerly content with consuming cholam, ragi and other millets. The production of rice in Madras has not been keeping pace with the growing demand of a growing population; the average production for the years ending with 1936-37 was

5.2 million tons, but production in 1937-38 and 1938-39 was only 4.85 million tons and 4.1 million tons respectively. Imports varying from 300,000 to 600,000 tons a year have been received from Burma, Siam and Indo-China for the last several years. In 1939-40 imports of rice amounted to 823,000 tons and of paddy 309,000 tons or a total of 1,029,000 tons of rice. The amount fell considerably in 1940-41 and since all imports of rice are practically cut off, the amount available for consumption to-day has been very much reduced. Madras was exporting on the average about 75,000 to 90,000 tons of rice to Ceylon and the Federated Malay States, and in 1939-40 exports amounted to about 98,000 tons. Besides foreign exports, exports to Mysore, Travancore, Cochin, Hyderabad and Bombay Deccan amount to about 100,000 tons on the average. Thus the total amount of rice available for consumption within the province has been about 5.7 million tons of rice made up of 5 million tons of production and .7 million tons of net imports. With the stoppage of imports from Burma, Siam and Indo-China, the problem of replacing the deficiency amounting to nearly 700,000 tons of rice is the one that is pressing for solution. We cannot look to other provinces to make up the deficiency. Bengal, Bombay, the Central Provinces and Orissa have been sending different qualities of rice to Madras for some years past, but in absolute quantities the receipts are inconsiderable and may well be ignored. At the present time each province would like to conserve its own food resources and is not likely to increase its supplies to Madras. But an attempt should be made to find out if rice could be had from Bengal and Bihar which are large rice-producing provinces, and to store it against an emergency.

It has been suggested that one way of easing the situation is to stop all exports from Madras. Apart from the political aspect of the matter, it seems rather hard on the sections of population, so long dependent on imports from Madras, that they should be asked to suffer such privation and distress. Restriction of exports by fixed quotas is a more reasonable course, and reciprocal arrangements by which in return for our exports we might be assured of imports of articles in which our position is inferior may be entered into. Hyderabad, Cochin, Travancore and Mysore among the States and Ceylon may all be permitted to receive exports on condition of their guaranteeing to supply us other articles which we may need.

From every point of view the best course will be for us to increase the production of rice within the province. Fortunately

last year's crop and the forecasts of the current year's crop are very favourable. Government are taking steps to bring about an increase in the area under food crops and the campaign for the growth of more food is bearing fruit. New areas are being brought under the plough, thanks to the concessions granted by Government. More than the increased acreage it is through increased outturn that the best results may be achieved. By the distribution of better seeds, by arranging for supplies of valuable manures and by a more generous grant of loans for the purchase of agricultural requisites, the food production drive might be speeded up. It is understood that already an appreciable increase in the outturn of rice, of about 300,000 tons, may be expected in the current year, though exact figures will not be available till March next. Our objective should be to fill up completely the gap between production and consumption before 1943.

Apart from increase in production, improved methods of consumption and effective utilization should be explored. Milled rice is less nutritive than hand-pounded rice. But since it is not possible to meet the needs of the population by hand-pounded rice, legislation should be introduced by which milling should be regulated and under-milling should be enforced. This is a reform urgently needed as much from the point of view of nutrition, as from that of making existing supplies go a longer way to meet the demands of consumption.

Distribution.

Adequate supply is only one part of the problem. The other, and perhaps the more important, part of it is its proper distribution from the centres of production to those of consumption. The strain on railways since the beginning of the war has been steadily increasing and thanks to the unimaginative and timid policy of the Railway Authority, the production of railway equipment including wagons and locomotives has been lamentably slow and insufficient, with the result that transport is fast threatening to become a bottleneck. The difficulties of transport have been brought home to the people of this province in respect of sugar. While the allotment of 26,000 tons of North Indian sugar for Madras fell short of the amount required for consumption, there would not have been such acute shortage and distress if it was made actually available. For the last three months owing to the difficulty of moving sugar from Bihar, Madras suffered greatly. More recently some improvement is noticeable. Similarly the movement of rice from surplus areas to

deficit areas is often hampered for want of wagons. It is unfortunate that, owing to the short-sighted policy of railways in the past, canal transport had been allowed to fall into disuse. The deepening of the Buckingham Canal which is now going on is a step in the right direction, and many articles including rice now reach Madras by the Canal. Motor transport too is not readily available on account of lack of petrol and all available vehicles are needed for war purposes. In spite of the urgency of war transport and of the overriding military necessity, transport of essential articles of civilian consumption should be assigned a high priority, and proper co-ordination should be effected between the war demands and civilian demands so that one central authority might be able to apportion available transport according to relative urgency. It is satisfactory to note that at present in Madras a central organization of that kind is actually functioning which through its transport committee is seeking to distribute transport most economically.

Hoarding of stocks is an evil which has crept up recently, although its extent is still conjectural. Legislation against hoarding wheat has had only a feeble salutary effect. More positive action is called for, and it may be that Government should themselves arrange to buy up stocks, not directly but indirectly through the agency of public institutions like the co-operative stores, co-operative marketing societies, etc. What has been done in Madras city by which the T. U. C. S. has been asked to buy up large stocks and store them on behalf of Government should be followed in other important consuming centres. The harvesting season is approaching, and this is the time for Government to act quickly by placing large sums at the disposal of co-operative societies for the purchase and storing of essential articles. Government should not wait for the construction of godowns but should arrange for renting them. The methods of storage should form the subject of immediate investigation, as the danger of rapid deterioration of stocks is real, if methods of storage are faulty. The cost of the scheme will not be excessive when compared to the social security and benefits which it will confer upon the people and the loss, if any, is worth incurring.

In regard to sale of foodstuffs which need no rationing, and whose supply may be expected to respond to the demand, existing agencies of retail distribution may be expected to function reasonably well. But in the case of articles like sugar, kerosine oil, etc., where supply is far less than demand and where restriction of consumption

is essential, the present method of allowing private retail agencies to sell the articles free of all control is extremely defective. Government are passing on the sugar allotted to this province to established wholesale dealers in some proportions, and wholesalers have been asked to distribute to retail dealers on the basis of past custom. The T. U. C. S. is regarded as one of the retailers to which is allotted a certain percentage. But in the absence of any order asking private retailers to follow an intelligent plan of sales to the public, all sorts of evils have emerged. A black market has sprung up, and sugar is sold almost invariably at prices far above those fixed by Government. Sales are withheld to lots of people unless they buy other articles from them. Above all the system has led to a very unequal distribution of sugar among the public. Those who have sufficient time and are prepared to pay more than the controlled price can buy as much of sugar as they want by going from shop to shop. The private retailers are happy because they are able to make more money. Unfortunately, the T.U.C.S., which of course sells its sugar at the price fixed by Government, is unable to remedy the situation caused by the disorganised trading in sugar. The people who come to buy sugar at the T. U. C. S. find great difficulty in getting it, as there is such a rush of buyers, and not only do they have to go without sugar but are unable to get even the other articles which they want. On the other hand, the more adventurous buyers who buy on behalf of petty shopkeepers or hotels and other institutions are able to go from one branch to another, and walk in and demand to be served, and the Society is helpless in this matter.

The only way by which this sort of situation can be remedied is for Government either to ask the T. U. C. S. and certain other semi-public bodies to be the sole sellers of sugar, or if that be considered to be revolutionary in the eyes of Government which is so tender to the susceptibilities of private traders, to adopt a new basis of distribution by which each family or consumer should register with a particular retailer, and on the basis of the number of such customers tied to each retailer the quantity for each retailer should be allocated. No person should be allowed to buy except at the shop at which he has registered his name. Within the limits possible, the T. U. C. S. is confident of working the scheme successfully so that all its regular customers may be assured of a definite quantity of sugar at the branch or depot at which he definitely makes up his mind to buy. The only condition of success is that each

month the quantity that will be made available to the Society should be made known well in advance. The above considerations apply equally in respect of all other articles in which effective demand exceeds available supply.

Price Control.

I now turn to the question of price control. The difficulties of regulating and controlling prices in India where production is mostly unorganised and carried on in small units, where the organisation of trade is imperfect, where retail trade is carried on in a most primitive way by hundreds of thousands of persons, where the consumers easily allow themselves to be exploited and where there is no real public opinion against frauds are too well known to need more than a passing mention. In Madras city where the consumers may be said to be less ignorant, no action has yet been taken, for example, against shop-keepers for selling sugar systematically at prices higher than those fixed by Government. The fatal weakness of any hasty price control is its utter futility and ineffectiveness. At the same time it is dangerous to go to the other extreme and let things take their own course. After all Government have controlled the prices of articles which are essential for war purposes. If the price of wheat can be controlled, so can the price of rice. Wheat is produced under equally divergent conditions in small holdings and by thousands of farmers, and the organization for wholesale and retail distribution of wheat is as imperfect as for rice.

The unwillingness of Government to resort to price control can easily be understood and explained. It is a task of great magnitude, and enforcement of control is extremely difficult. It requires technical and administrative organization which the Government have yet to set up. Its repercussions are wide, and you cannot control one article without being driven to control another and so on *ad infinitum*. You cannot control successfully prices at one end, unless you control at all stages from the production stage right down to the stage of consumption. The number of stages through which an article passes from the producer to the consumer varies, and the price controller must not only fix a reasonable margin for each stage, but will have to determine if the number of stages cannot be diminished so as to reduce the price to the consumer. In the light of the above it is not surprising that Government are slow to act.

But in addition to these difficulties is the doubt entertained by many whether it is at all necessary at existing levels of prices to

attempt to regulate and fix them. Sir Jogendra Singh, Member of the Government of India, only the other day stated that it was yet inadvisable to put a brake upon the rising agricultural prices as they had not reached an excessive level. The interests of the agriculturist producer are pitted against those of the consumer, and price control is being attacked on the ground of favouring the consumer at the expense of the producer.

These general statements do not lead one anywhere. It is true that the agriculturist did have a long spell of bad times, and that it is legitimate for him to make up for his past losses. But the question is whether the prices have not risen already as high as even marginal producers may desire, and whether they should be permitted to rise still further. In regard to Madras Presidency, there is no denying the fact that the present prices of rice are higher than necessary to give adequate margin to the ryot. In terms of Nellore measure a price ranging from Rs. 90 to 95 a putty of paddy, equal to 11 cwts. of rice, should be regarded as fair and equitable, whereas present prices are Rs. 115 a putty. In the districts of Tanjore, Trichinopoly and South Arcot, at 7 measures of paddy per rupee no landholder will remain discontented. Farming costs are difficult to calculate in any country and particularly so in India where holdings are small, and where rice is grown on different soils under different conditions of rotation, irrigation and manuring. It is not surprising therefore that costs of cultivation vary from Rs. 2 to Rs. 40 per acre and net income also shows the same degree of variation. But these variations are no bar to price fixation. Even in Great Britain agricultural prices were fixed during the last war not by elaborate farm cost returns but by conferences and compromise.

The present prices of rice and other articles are far higher than consumers can afford or producers need. The only question is the practicability of control. Despite difficulties, price control is possible and should be effected, as the contentment of millions of the people in the Presidency must be regarded as of no mean objective. The present high prices benefit nobody other than big merchants and big landlords. It is a myth that the average agriculturist producer benefits by the high prices prevailing now. He had sold away his little surplus long ago and is now a buyer and not a seller. It has been stated that price control would lead to hoarding and to the stocks going underground. There is substance in this fear but it all depends upon what levels the prices are fixed at. If the price that

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is fixed has a proper relation to costs and leaves reasonable margins to the cultivator, it will become an effective price, and penalties might be applied to those who violate the anti-hoarding law.

The price that is fixed should be such as would encourage more production; that is the crucial test. If the bulk of the ryots can be assured of reasonable prices, the minority can be proceeded against for their profiteering. The guaranteeing of a minimum price which in normal times may be dangerous as it will increase stocks which cannot be sold at that price may, justifiably and without risk, be undertaken during the war, as Government can always act as a large buyer at the guaranteed price to feed the armed forces. The minimum price will encourage production and the maximum price will prevent exploiting the consumer. Hence Government should lay down both the maximum and the minimum prices at which they can, if necessary, buy and sell and thus control the market. These ideas may appear revolutionary to Government but we are not living in normal times, and bold and far-sighted action is required if economic and social discontent is not to spread all over the country.

So far the attempts made by Government to fix prices have been half-hearted and ineffective. Six meetings of the Price Control Conference called by the Government of India have taken place, but the results have been somewhat disappointing. At the first Conference held in October 1939 a month after the war broke out, the Government of India showed a greater awareness and appreciation of the importance of price control, but later conferences which were devoted to particular problems were not very fruitful as they were perhaps influenced by sectional considerations. Wheat and sugar prices were controlled but the scheme for fixing the price of yarn and standard cloth which was adopted at the third conference in October 1941 is yet to come into force. In the provinces, Governments have been content to draw up a list of fair retail prices of certain articles of necessity but with no intention of enforcing them. The prices that are thus listed merely register actual retail prices in the market; they are no indications of their fairness or otherwise. Indeed they cannot be otherwise; for the retailers want a reasonable margin for themselves, and when wholesale prices are not controlled, retail prices would always move up with every increase in wholesale prices, and the public have no real protection against high prices.

The fact of the matter is that price control would be ineffective unless control is operative at all stages of the transition from the

producer to the ultimate consumer. To fix the first hand price alone might damage the producer without benefiting the consumer because the middlemen would reap all the profit. To fix the retail price to the public without fixing prices at the previous stages would result in the middlemen being squeezed out, or as it happened in the case of firewood in Madras in June and July last, no supplies at all would come to the retailers and retail trade would come to a stop. The margins, therefore, for handling goods and transporting them should all be definitely fixed if price control is to be successful. Another condition of success is that Government should be able to control supplies, if necessary, and to develop adequate machinery for control.

Conscious of the need for price control but impressed by the magnitude of the task, the Government of Madras have applied certain pressures to bring about indirectly a brake on the rising level of prices. Partial success has attended these efforts. By regulating and restricting the channels of trade and by allocating specified districts to each surplus producing area, the market is broken into parts, and further rises in price are prevented by the prohibition of exports to other centres except under permits. Within a couple of months the new crops will become available and are bound to have a salutary effect on the course of prices. But if prices continue to rise, Government should not hesitate to resort to more direct methods of control. One advantage which we have in Madras is that regions having large surpluses in rice are concentrated in a few districts, and control can be exercised effectively at those regions, e.g. West Godavari, Kistna and Nellore in the north and Tanjore in the south. The time that is now available before the position becomes worse should be used by Government for a thorough study of the mechanism of price control and for the setting up of an efficient administrative machinery which can administer a system of price control in the province.

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Some Current Problems in Co-operative Milk Marketing

By R. RATNAM, B.A.,

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Introduction.—The high price of fodder, cotton seed and oil-cakes (*poonacs*) now prevailing has had the effect of partially starving the milch cattle, and as a consequence the supply of milk to Co-operative Milk Supply Unions in several towns has deteriorated. Further, mofussil towns, particularly in the interior, have also to support large populations of evacuees, thereby increasing the demand for milk on Milk Supply Unions. On the one hand the Unions have increased milk prices so as to provide more money to milk producers, and on the other they are appealing to their customers to reduce their domestic consumption of milk in consonance with the spirit of the times. Whether these moves on the part of the Unions will jeopardise their future prosperity requires careful consideration. It seems appropriate also to bear in mind the experience in other countries, as also the results of market research available to the public.

The recommendations of the Agricultural Marketing Adviser to the Government of India (1*) runs as follows:—

“Even with the existing production, there is need for stimulating the consumption of fluid milk, for, not only does the sale of fluid milk yield the highest return to producers, but all the nutritive constituents contained in milk are best assimilated when taken in the fluid form. The benefits of taking more milk should be brought home to consumers through suitable propaganda”.

From the point of view of this recommendation, the policy of asking consumers to reduce their intake of milk which is pursued by some of the Milk Supply Unions appears to be incorrect.

Consumer habits.—That a psychological approach to every marketing problem is the surest way of achieving success is a hard fact which every advanced country has recognised. In the field of milk marketing we have volumes of data available as a result of research and some of them are recounted below:—

Habits of milk consumption have an element of constancy and are little subject to change. (2). In a study of milk consumption in New York City it was found that 57 per cent of the population drink one or more glasses daily, 7 per cent less than one glass and 36 per cent no milk at all. According to the general law of statistical

* The numbers in brackets have reference to the list of literature indicated at the end of this contribution.

distribution, the percentage of occasional drinkers should be midway between the heavy and non-drinkers. The cause of the anomaly in the above case was located by another approach to the problem. A census as to how long consumers had been getting milk from the same supplier was recorded and it was found that the average is as long as 7 years. This shows that once people have taken a stand in the milk market, they are not likely to shift. A study was also made as to whether particular individuals who once stop drinking milk revert to it later. It was observed that almost all milk drinkers were continuous drinkers, and people who once stopped it very seldom came back to it. The writer's casual observations indicate that this constancy of habit is true in our country also. It would, therefore, appear that the policy now adopted by the Milk Supply Unions in asking customers to reduce their intake of milk is beset with grave consequences. It would drive long-standing customers to take to other milk suppliers. After the population in towns gets to the pre-war level, the Unions will have to face large surplus stocks. It is therefore desirable that Milk Supply Unions even now endeavour their best to give complete satisfaction to their customers of more than 2 years standing. When once they lose these customers it would be difficult for them to get them back.

Need for Milk Propaganda.—It seems pertinent to recount what some authorities say in regard to the need for propaganda in our country, and the method of market development. This is not of immediate interest to the Milk Supply Unions but in the near future it is just likely that the pre-war distribution of population will come about, and the Milk Supply Unions will be faced with the problem of finding more customers to replace those that have just left the mofussil towns.

Says Davies (3): "It is to be feared that urban populations are either not milk conscious or not quality conscious where food stuffs, especially dairy products, are concerned. Competition from the *gowala* with his frequently adulterated milk would be overcome gradually if the buying public were educated sufficiently to discern this difference of quality".

The Agricultural Marketing Adviser to the Government of India (1) adds: "For increasing consumption 'Consumers' Education' is of vital importance. It is true that for most of the people 'cheapness' has a great attraction, but experience has shown that they are not altogether irresponsive to properly organised approaches in the

matter of appreciating and using larger quantities of quality products which help them to improve and maintain good health".

Milk Exhibits.—One way of educating the consumers is to display periodical "Milk Exhibits". To provide them as for such exhibits, the National Dairy Council of Chicago (4) offers some interesting suggestions which are summarised below:—

- (1) Relating to milk production—Dramatise the important steps in clean milk production—Charts or photographs of healthy clean cows, sanitary stables, healthy clean milkers, clean cold milk, sterilized utensils etc.
- (2) The Dairy cow—Nature's greatest food factory—She takes raw materials (water, fodder, poonacs) unsuited for direct human consumption and manufactures the most complete food, viz., milk.
- (3) How you get your milk supply—Map the production areas—Show in illustrated diagrammatic charts the consecutive steps in handling milk from the milking place to the consumer.
- (4) Nutrition exhibits—Athletes, cinema stars etc., may be portrayed.
- (5) Milk components and how they compare with other foods—Economics may also be worked out.
- (6) Safe milk—A community responsibility.

Tackling the Consumer.—Copeland (5) gives a very interesting account of how the "Gratner Company" developed its milk business. The sale price of milk was distributed by the firm in the following way.

	per cent.
Cost of raw milk purchased	67
Processing	8
Administrative and office expenses	3
Loss from bad debts	0.75
Advertising	1
Wages of drivers	9
Other delivery expenses	7.5

In addition to their guaranteed weekly wages, the firm's salesmen received a commission on the sales of milk. Further for each quart of milk by which the salesmen's deliveries during a period of 30 days exceeded those of the previous 30 day-period, they received a definite bonus.

The Company's advertising appropriation was used principally for newspaper space; the Company had also motion picture slides shown in local theatres. After some time, the firm ceased to insert separate advertisements. Instead the firm became a member of the

milk dealer's association and took to co-operative advertising, and thereby reduced its advertisement charges.

This Company constantly sought new customers. It maintained lists showing the name and address of every resident on each of its routes and the name of the milk dealer supplying each resident. Most of the names of residents were secured from directories. The salesmen were instructed to note the presence of furniture moving in vans as an indication of residential changes and to call on new residents immediately to solicit their patronage. The salesmen were also advised to seek information concerning new residents from sources as neighbourhood grocers and newsboys. In addition several real estate agents from time to time supplied the Company with information as to changes in neighbourhood populations. Employees of public utility companies frequently provided names of people for whom they were installing or discontinuing services. The salesmen called upon each retail customer weekly or monthly to make collections, to answer any complaints etc. Each salesman furthermore was required to call upon at least six prospective customers each week and to report the results of the calls. The salesmen also reported names of customers who discontinued buying from the Company together with the reasons for the discontinuance. Between 600 and 800 changes occurred monthly in the Company's list of customers.

Conclusions and Summary.—(1) It appears desirable that even at the present moment when the milk supply resources of co-operative Milk Supply Unions stand depleted, these Unions pay special attention to customers of more than two years' standing, since constancy in milk habits is an impediment to the development of milk marketing.

(2) After the present pressure of population in mofussil towns is over, it is just likely that the Milk Supply Unions have a large surplus of milk. It is suggested that plans for development work may be thought out from even now.

(3) As an aid for drawing up plans for market development work, a few instances of how this has been done in other places are quoted.

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Government Control—Co-operative Education.

By V. S. RAMASWAMY IYER.

The Government is exercising its control over the co-operative movement through the Registrar, who, in his turn, does this through audit, supervision, and inspection of societies. Naturally, for the control to be effective, these should be efficient. One important point, which had not been taken into consideration seriously till now is, that, along with control, there is also the responsibility to see to the progress of the Movement. Now, let us examine how far these are done satisfactorily.

The Managing Governor of the Imperial Bank of India, has said :—

“The fundamental principle of co-operation is lacking. Overdues are highly excessive. Audit is defective and control is inefficient.” (Para 170 of the Central Banking Enquiry Report.)

This is the opinion of an independent witness, an authority, who knows his business. Madras is no exception to this. Again the C. B. E. Committee reported :—

“Audit, supervision, and inspection of societies, which are closely allied functions, are vested in two, and sometimes three different agencies, resulting in much overlapping of work and waste of effort and energy.” (Para 173.)

Every Committee on Co-operation, including Madras, has reiterated that audit is defective. In an article of this Journal I wrote some time back about the defects of audit in our Presidency.

The same thing can be said of Supervision. There are more than two dozen persons to inspect a society and criticise, but none to rectify. Inspection by which, I mean the statutory one under sections 38 and 39 of the Co-operative Societies Act, is still in such a nebulous state, that the department itself does not know what to do. Government have certainly been liberal, a little too liberal I should say, to spend money or to help the Movement by giving concessions and providing for statutory powers. In spite of these, they have not yielded the good results expected.

The Co-operative Department is not like the other departments of Government. In other departments *individuals*, who want some favour approach the official. Here, the department has to deal with independent *institutions*. They are at perfect liberty to criticise the actions of the departmental officers in public. The employees of societies are not their subordinates. Unless the Government staff is really efficient, and they possess very superior qualifications, it is futile to expect the veteran and experienced co-operators to care for, and much less, to act up to their advice.

How to improve the situation?

All the defects can be traced to the want of proper co-operative education, to all those connected with the Movement. The Royal Commission on Agriculture wrote:—

“In all provinces failures have frequently been due to the neglect of the wise precautions advocated by the Mac-lagan committee.” (This refers to Registrar's selection and training. Para 373. R. C. A. R.)

“We have no hesitation in recommending that where the expenditure on audit would involve the comparative neglect of education, education should be given preference.” (Para 378.)

Therefore, the solution lies in the education of every class of persons connected with the Movement. These include (1) Students (They are future co-operators) (2) The public (future members) (3) Members of societies (4) Secretaries and honorary workers (5) Staff of co-operative societies (6) Government Staff and (7) The Registrar himself.

With regard to the Government staff and their training, one or two points may be stated here. Their qualifications and training should be of a higher order than those for societies staff. It may also be stated that it is not a large army of untrained and half-trained men that is wanted, but a few handful of men of the right stamp and qualifications. In addition to the technical qualifications of the department, they must have good organizing capacity. For this is a Movement based on self-help, and capable men will find both the men and the money required from within the Movement. In proportion to their capacity the penal laws will become dead letters and the expenditure on the department also will decline. In Coorg, equal to a Madras District, with scarcely five inspectors—as against more inspectors for a district in our presidency,—the Registrar has shown wonderful results. A summary of the Report, published on pages 640 and 641 of the *Madras Journal of Co-operation* for May 1942, shows the achievement. It has 15.7 per cent. A class societies as compared to our 3.9 per cent, and 43.6 per cent. B class societies, as compared to our 15.4 per cent. In marketing and other activities also it is not behind us. Thus what I have stated above is not an idle dream.

The two conclusions arrived at are (1) Education should in future receive greater attention than now, and (2) Government staff should be of a very high order and receive better training.

There are now about 700 Inspectors in two grades. Their pay starts with Rs. 35 and goes up to Rs. 90. The majority of them are only in the lower grade. It is very unwise to send a man on Rs. 35 to deal directly with an *institution*. No Inspector drawing less than Rs. 75 should have anything to do directly with any society. Public auditors send their clerks to check minor entries and they go

in person and check the important entries and then give their certificates. Why not this be adopted by the department? The Junior Inspectors may work for three years under the Senior Inspector before they are allowed to do audit independently. The status of Inspectors must be improved if audit is to be independent and efficient.

The recent Madras Committee on Co-operation have dealt with co-operative education in great detail. There is not much that could be added to what they have stated. I would add, among the subjects, relevant portions of some common laws as Stamp Act, Registration Act, etc. in which, I would like that a departmental examination also should be prescribed for the officers of the department. The Companies Act should also be included. Of course, the syllabuses may have to be prepared by some competent and experienced persons.

In a previous para, I referred to seven classes of persons to whom co-operative education has to be given. This education will take the form of (1) occasional lectures to some (students, the public, and members of societies) (2) periodical classess (short courses) in the case of some others (Secretaries and Honorary workers) (3) regular continuous classes for one or two years, with practical training, in the case of some (Real workers in societies and Government staff) and finally (4) a period of not less than two years' training for the Registrar. To these I would add self-education of the workers in the Movement by means of associations of those in the same kind of business, as Auditors, Secretaries and Managers of Institutions. Each association may have a journal of its own to discuss and solve problems arising in actual work. The secret of success of Danish co-operation is due not a little to such associations helped liberally by Government. Another method to encourage study among them is the holding of many graded examinations for employees and inducing them to study by fixing them as qualifications for further promotions. This is a growing Movement and the workers in it should be kept up-to-date.

In all these, the object that should be kept in view is to get the maximum benefit by spending the minimum. By bestowing much care and proper adjustment, this is quite possible. Hasty decisions produce very little results. From this stand point, the Government of India grant and the amount contributed by the local Government, have not yielded satisfactory results.

The decision of the Government to make permanent the three Co-operative Institutes at Tanjore, Rajahmundry and Coimbatore is commendable. It is sincerely hoped that it will be crowned with a Co-operative College for the Presidency. In the location of the College, I would suggest, that it should be at Coimbatore, in the Agricultural College building itself. There will be double object gained. The co-operative workers will learn agriculture, and the agricultural students will learn co-operation without much special effort. Coimbatore is the most advanced district in the Presidency. There are more banks

and companies in that district than in all the other districts of the Presidency put together. Hence there will be greater opportunities to arrange for practical work. Moreover, the training will have an agricultural outlook.

There is one other point to avoid failure and to make the College a success. Unless the successful students are assured of decent appointments, it will not attract good students. Let the admissions be as strict as possible. Let all communal and other considerations of Government be given effect to before admission. But when once they are admitted, all passed candidates should be provided for in the order of merit.

Some radical changes are necessary in the syllabuses and examinations. In every subject, Co-operation, Banking, Book-keeping and Auditing, there may have to be examinations in three grades, to suit Supervisors, Inspectors and those intended for higher posts. As has been already stated in another place, some more examinations have to be devised to induce the co-operative workers to keep their knowledge up-to-date. There should also be examinations for Bank clerks, Stores Secretaries, Land Mortgage Bank Secretaries etc., and Government should insist on passed candidates for those appointments.

The department was in a hurry when the Government Technical Examinations of Book-keeping and Banking were adopted. Now, these have to be revised with a view to meet the requirements of this department. Competent experienced men should sit and decide this. There are some serious omissions now. The Companies Act has been left out. Something of Land Mortgage Banking should be added. Some relevant portions of the common laws as the Stamp Law, Registration Act, Limitation Act, Law of Contract may have to be included. There should be a separate departmental examination for the Deputy and Sub-deputy Registrars in the Civil Procedure Code, Evidence Act Companies Act, Transfer of Property Act, Arbitration Act, Laws of Liquidators and Receivers. Some experienced officers should sit and select the portions in these which are necessary for them in the discharge of their duties. The Government may not be justified in empowering an officer to take evidence on oath, when he has no knowledge of law. It is needless to point out that their ignorance may cause injustice. It is the injustice caused in liquidation that has created a terror for unlimited liability. Such serious cases of injustice may be minimised by such an examination.

Above all, I attach very great importance to the organisation of Associations of Auditors, Urban Bank Secretaries, Store Secretaries, Land Mortgage Bank Secretaries etc. and their being encouraged to conduct periodical journals, either individual or along with other associations. The Government should be very liberal here, as it is an attempt on their part to educate themselves. It will also keep them more and more fit in the discharge of their duties. They will also be alive to what is going on elsewhere.

International Co-operative Day.

A MESSAGE FROM R. A. PALMER, VICE-PRESIDENT, I.C.A.

Although the greater part of the world is at war and those outward displays of enthusiasm which have usually characterised and coloured Co-operative Day Celebrations in the past will again be absent, the occasion this year should have more striking significance and impulse than ever before.

Clearly the world is on the threshold of a new era. Even while the war rages, signs of many social and economic changes appear. Experience has shown that Governments, supported by all the powers and legal sanctions they have acquired in the present crisis, are by no means omnipotent unless they enjoy the moral support of the common people, and that, without a generous measure of goodwill and personal integrity, the power and influence of the State is limited. Sweeping plans to reconstruct economic life imposed from the top by departments of State will never succeed. Reconstruction is bound to fail unless a new attitude is shown towards world economy by individual citizens as well as by Governments.

The time has come for us, Co-operators, to refuse to compromise our Co-operative Principles, in any way whatsoever, but to make known our pride in them and urge the practice of Co-operation in every economic enterprise be it of a national or an international character.

In a remarkable way Co-operative Societies enable individual citizens to create for themselves an ordered economy. Our Societies perform those essential services which are at the root of the entire economic system—the raising of crops and rearing of herds, the manufacture and distribution of food, clothes, and other necessities—and few vital productive services have not at some time, in some part of the world, been successfully conducted on co-operative lines.

During the war, we have seen some of our Co-operative Principles applied, in a number of ways, by States in different parts of the world. In Australia, we have seen the application of the idea of limited interest on capital; we have seen the United States of America sending to the British peoples her surplus of foods and other materials; we have seen in Britain an attempt to restrict the margin of profit on transactions. This is surely substantial evidence of the wisdom of our Co-operative Principles in the economic sphere.

Of even greater importance is the social significance of Co-operation—the idea of good neighbourliness which everyone recognises must spread among the nations if Peace is to be established on a sound basis. It must grow, too, among the people of the towns and villages all over the world, and find its logical expression in co-operative organisation.

This Twentieth International Co-operative Day it is fitting that the millions of co-operators, wherever they be—in non-belligerent lands or those at war, far from their homes or in their wrecked cities—think hard and seriously of the service which Co-operation can render to Humanity in the new world which we hope will emerge when the present conflict closes.

The new Freedom which will be restored to millions of people now deprived of their natural rights, the Freedom which the great Democracies have fought to preserve, must be put to good account. We Co-operators, who know the value and benefits of Co-operative Economy must convince both statesmen and people of the social and economic advantages of the Co-operative System. Equally we must eliminate all existing defects from our organisation so that the real worth of our Principles and Ideals—in all their altruistic simplicity—may be manifest to all the world.

—(Review of International Co-operation, June, 1942.)

Reconstruction Planning in the United States.

The National Resources Planning Board, which was established in the United States as a part of the Executive Office of the President, to act as a standing advisory agency to the President in a wide range of national planning affairs has issued in its Annual Report for 1942 a statement of objectives and a summary of post-war planning machinery at present in operation in the United States.* Stating that "the Government and the people of the United States are determined that successful prosecution of the war shall be translated finally into terms of permanent improvement of the general welfare of all", the Board restates the objectives of the American people in modern terms.

Declaration of Personal Rights.

Indicating the effects of the changes brought by the industrial revolution, the rapid settlement of the continent, the development of technology, the acceleration of transportation and communication, the growth of modern capitalism, and the rise of the national state with its economic programmes, the Report indicates that the adjustments needed in terms of human freedom must be added to the Bill of Rights and to the "four freedoms". It states:

- (1) *The right to work*, usefully and creatively through the productive years;
- (2) *The right to fair pay*, adequate to command the necessities and amenities of life in exchange for work, ideas, thrift and other socially valuable service;
- (3) *The right to adequate food, clothing, shelter and medical care*;
- (4) *The right to security*, with freedom from fear of old age, want, dependency, sickness, unemployment and accident;
- (5) *The right to live in a system of free enterprise*, free from compulsory labour, irresponsible private power, arbitrary public authority and unregulated monopolies;
- (6) *The right to come and go, to speak or to be silent*, free from the spyings of secret political police;
- (7) *The right to equality before the law*, with equal access to justice in fact;
- (8) *The right to education*, for work, for citizenship and for personal growth and happiness; and
- (9) *The right to rest*, recreation, and adventure; the opportunity to enjoy life and take part in an advancing civilization.

Making clear that corresponding to these rights there are also obligations, the Report points out that the problem of early generations was freedom and the production of wealth, the building of the continent with its farms, industries, transportation and power, while the problem of the present is freedom and distribution of abundance, so that there may be no unemployment while there are adequate resources and men ready to work and in need of food, clothing and shelter. The Report states:

It is to meet this new turn of events, that the new declaration of rights is demanded. But in formulating these new rights, we are not blind to the obligations which go with every right, obligations of the individual to use well his rights and to insist on the same rights for others, and obligations of the community to support and protect the institutions which make these rights actual. We believe that the American people are ready to assume these obligations and to take the private and the public action they impose.

—(*International Labour Review*, Vol. XLV, No. 3, March, 1942.)

* U. S. National Resources Planning Board: *Annual Report*, 1942, Parts I & II.

Indian Co-operation and the Problem of Rehabilitation.

(Continued from last issue.)

DEVELOPMENT OF AGRICULTURAL NON-CREDIT CO-OPERATION.

Hand in hand with the rehabilitation of the Agricultural Co-operative Credit Movement, increasing emphasis has been laid in recent years on non-credit aspects which have found their most comprehensive expression in the conception of Multi-Purpose Societies. These are as yet only in an experimental stage and separate Societies for different objects or group of objects are being created.

Co-operative Marketing.

The success of Credit Co-operation is in many ways linked with co-operative marketing, for so long as the cultivator has to depend upon the village sahukar for the disposal of his produce, while having recourse to the Co-operative Society for his credit, his allegiance will be divided between two agencies with totally different aims and methods. Energetic attempts have been made in recent years to effect fundamental marketing reforms which are pre-requisites for the success of co-operative marketing. These found expression in the All-India Agricultural Produce (Grading and Marketing) Act, 1937, Agricultural Produce Markets Acts in certain Provinces, and Standards of Weight Act, 1939.

Different Provincial Governments have extended assistance in various forms to Marketing Societies (Bombay, Madras, Central Provinces and Berar, United Provinces, Hyderabad) in the form of loans, grants, appointment of special inspectors for testing and grading, subsidies for training of staff.

In *Bombay* the most important Marketing Societies are the Cotton Sale Societies, some of which have set up factories for ginning and pressing cotton and have organised themselves into Sale Unions for its marketing. There are also a number of Societies for the sale of gur (raw sugar), tobacco, chilly, mango, paddy, areca nut, fruits, vegetables, &c. In order further to encourage marketing the Co-operative Department have also organised a Provincial Marketing Society in Bombay; it was registered in November, 1941, and its membership is open to Co-operative Societies and Banks, also to individuals and private firms. In *Madras* the common form of Society is the Loan and Sale Society. Their business consists mostly on advancing loans against produce, but steps were taken during 1939-40 to encourage these Societies to develop the marketing of produce also. The Madras Provincial Co-operative Marketing Society, started in 1936, principally to co-ordinate the activities of Sale Societies, in 1939-40 comprised 95 Societies and 60 individuals and had a turnover of Rs. 2,00,000. In the *United Provinces* great

strides were made during the year. A scheme for the production and marketing of potatoes, cereals and fruits was introduced and Societies were organised for arranging sales of these commodities. The number of Ghee Societies increased from 392 to 697, and ghee to a value of Rs. 2,15,000 was sold by their Unions. The greatest drive, however, was with regard to Sugar Cane Societies, which also supply their members with improved seed and fertilisers. These 839 Societies are grouped into 66 Unions. The quantity of cane sold through the Unions during the year was 127.7 million maunds,* representing 79 per cent. of the total cane crushed by all factories in the United Provinces. The Cane Growers' Societies were also active in village development, such as the improvement of roads, water supply, medical aid, education, and the promotion of thrift among members. In *Bihar*, too, Co-operative Cane Growers' Societies are being organised on a wide scale; in the crushing season 1940-41 they had a total membership of over 37,000, and during 1940 sold 8.8 million maunds of cane to factories.

In other Provinces and States only limited progress has been made in organising co-operative marketing—in the *Punjab*, the *Central Provinces* and *Berar*, and *Bengal*, and among the States, in *Baroda*, *Mysore*, *Travancore*, *Cochin*, and *Hyderabad*. In *Bengal* Societies for the sale of paddy, sugar cane and fish have recently been organised. In *Hyderabad* Rural Banks have been linked up with Co-operative Sale Societies and loans in many cases issued on the specific condition that the cotton and other produce would be sold through Sale Societies.

The Reserve Bank adds that the enormous range of price fluctuations during recent years have not only lent added importance to attempts at the organisation of agricultural marketing, but have also revealed its essential limitations in the face of the magnitude of the problem of price instability, a problem which cannot be solved by co-operative methods alone.

Consolidation of Holding Societies.

Agricultural holdings in India are not only small, but are split up and scattered as a result of the operation of the laws of inheritance and the custom of allotting each heir a portion of every separate grade or kind of land. The *Punjab* was the first Province to attempt co-operative consolidation of holdings in 1920-21: by the end of 1938-39 there were 1,477 Co-operative Consolidation of Holdings Societies, 192 of which were registered that year, while a total of over 1,750,000 acres had been consolidated. Persuasion through propaganda has formed the basis of whatever consolidation has been accomplished, and Government has provided a specially selected staff of inspectors to educate the right-holders in the advantages of consolidation. Some progress has also been made in *Madras*, the *United Provinces* and the *Central Provinces* and *Berar*, but the co-operative method is not necessarily adopted. In the *Punjab* itself the work has been

* The weight of the maund varies in different parts of India, but it is accepted as equal to 80 lbs.

carried out through the agency by the revenue staff, and in the *Central Provinces* and *Berar* under a special act which provides for a measure of compulsion.

Better-Living and Better-Farming Societies.

Considerable good work has been done under the auspices of the Better-Living Societies as part of rural reconstruction programmes in the *United Provinces* and the *Punjab*. Roads have been improved, public wells have been dug, dispensaries established, schools opened, propaganda undertaken for curtailment of ceremonial expenditure, village sanitation improved, better seed distribution, better methods of cultivation introduced, &c. These Societies were first introduced in the *Punjab*, but there are also a large number in the *United Provinces*.

Better-Farming Societies are also found in the *Punjab* and in some other Provinces and are working with a varying degree of success. Their objects, in general, are the improvement of agricultural methods among members, supply of good seed and improved implements. *Madras* has similar Societies known as Agricultural Improvement or Demonstration Societies.

Anti-Malarial and Health Co-operative Societies.

Bengal was the first Province to initiate Health Co-operatives. The Anti-Malarial League founded in 1912 was converted in 1919 into a Central Organisation of Anti-Malarial Societies under the title of Central Co-operative Anti-Malarial Society, Ltd., an entirely unofficial organisation. The first local Society was founded in 1914, but at the end of 1939-40 there were 1,099 Societies with 21,728 individual members. The *Punjab* has a few Public Health and Medical Aid Co-operative Societies, which function under a scheme for subsidising medical practitioners in charge of co-operative dispensaries maintained partly by Government grant and partly by small monthly subscriptions from members. There are not many Health Societies in other Provinces, though in several instances Better-Living Societies undertake the work of sanitation and supply of medicine in rural areas.

Numerous other types of Societies exist in rural areas for specific purposes, such as cattle-breeding, crop production, supply of machinery and implements, joint cultivation, fencing, dairying, fruit-growing, land reclamation, colonisation, dam construction, irrigation, drainage, grain banks and stores, redemption of land revenue, canal silt clearance, adult education, arbitration, &c. The Reserve Bank observes that some of the work undertaken is not in keeping with that of an ordinary Village Society, and that many of the existing and possible specialised types of Societies will have distinct scope for valuable service to the agriculturist.

NON-CREDIT URBAN SOCIETIES.

The Consumers' Movement is still in its infancy, though it has been stimulated by war conditions and rising prices. In *Madras* the number of

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stores increased during 1939-40 from 85 to 237 and in November, 1940, the stores in two districts formed the Madura-Ramnad Co-operative Wholesale Stores. Consumers' Stores in *Bombay* numbered 30 at the end of 1939-40, their sales amounting to Rs. 600,000; in *Mysore* 72 with nearly 17,000 members, purchases amounting to Rs. 1,500,200, and sales to Rs. 1,620,000; in *Cochin* 17 with 1,294 members, and transactions amounting to Rs. 930,000. There were also a few Consumers' Societies in other Provinces.

The co-operative effort to solve the problem of the hand-loom weavers, particularly in *Madras* and *Bombay* and the *South Indian States*, had achieved little success until 1935 when the Government of India took steps to revive the industry by giving subsidies to the Provincial Governments. At the end of 1939-40 there were 39 Weavers' Societies in *Bombay*, 165 in *Madras*, 341 in the *Punjab*.

In a few Provinces, particularly *Bengal*, *United Provinces* and *Madras*, an attempt has been made to solve the milk problem in towns through the organisation of Co-operative Milk Supply Societies and Unions, and it is stated that there is considerable scope for such Societies in the larger towns.

There also exist Urban Societies for insurance, housing and supply of students' requirements. Life Insurance Societies in *Bombay*, *Madras*, *Hyderabad* and *Baroda* are reported to have made good progress. In *Madras* a Co-operative Fire and General Insurance Society embracing 11 branches of insurance—fire, motor, accident, fidelity guarantee and insurance against theft—has also recently been developed.

Attempts at organising Co-operative Housing Societies have been made in many Provinces and States. In *Bombay* there were 99 Societies at the end of 1939-40 with 6,787 members, and in *Madras* 122 Societies with a membership of 4,647.

SUPERVISION, INSPECTION, AND AUDIT.

At present the work of supervision is undertaken either by Government through the Co-operative Departments or by special types of supervising institutions, or by both. The responsibility for inspection rests mainly on the Co-operative Departments with their staffs, consisting of the Registrars, Assistant Registrars, Inspectors, and Sub-Inspectors. The audit of all Co-operative Societies at least once a year is a statutory duty of the Registrar; this also involves a valuation of assets and liabilities and an examination of overdue debts.

The Reserve Bank states that no where has the system of supervision proved completely satisfactory. In many Provinces it is superficial and frequently overlaps the work of inspection undertaken by the staff of the financing agencies. There is, however, no agreement as to the best agency for this work. The Reserve Bank itself considers the best agency to be the

INDIAN CO-OPERATION AND THE PROBLEM OF REHABILITATION

Banking Union, with its area of operations restricted to a taluka or tahsil and interesting itself in the multifarious activities of its affiliated Societies—a point of view which has not received great support from co-operators.

Government auditing has been greatly criticised by co-operators on the ground that it is combined with supervision and inspection and, therefore, controlled by the Registrar of Co-operative Societies. While they recognise that independent Audit Federations are not practicable at present they are of opinion that the Government audit staff should at least be divorced from the administrative staff. This opinion also found expression in one of the recommendations of the Madras Committee on Co-operation, and is shared by the Reserve Bank.

It may be pointed out that the Indian co-operative audit system has already been condemned by the Indian Banking Enquiry Committee in 1931, which stated that there was evidence that audit in most Provinces was defective and unsatisfactory and did not conform to the statutory requirements.

The Reserve Bank emphatically states that the application of the Principles of Co-operation to the varying economic and social conditions of the rural areas must be based on adequate observation and knowledge of requirements, and recommends the establishment of a Co-operative Research Bureau in every Province consisting of a few outstanding officials working directly under the guidance of the Registrar. The Bank regards Co-operation as the key to rural reconstruction, an opinion shared by most of the Provincial Governments.

This survey, as already pointed out, is based upon an official publication of the Reserve Bank of India, and without first-hand knowledge it would be unwise to attempt to assess here the problems which confront the Co-operative Movement in India, and still more so to suggest a solution. But the co-operative point of view has been voiced in India by many of those who have the interests and future of the Movement at heart, and we give a brief extract from a statement made at the Joint Session of the Standing Committees of the Indian Provincial Co-operative Banks' Association and the All-India Co-operative Institutes' Association in January, 1941, by the representative of the Movement on the Central Committee of the International Co-operative Alliance, The Hon. V. Ramadas Pantulu, who is regarded as the greatest authority on Indian Co-operation—

"I am oppressed by a feeling that the Movement has no genuine future before it and that its contribution to our national life will be little if it has to be carried on within the limits set to it by the Co-operative Societies Acts in force in the various Provinces and States and under the daily increasing control of the Departments of Co-operation as at present constituted. . . . A perusal of the annual administration reports published by Registrars makes very painful reading. They invariably unfold a tale of woe and attribute the failure of the Movement to want of character and

capacity in our rural and urban folk from whom we draw our members and who look for guidance and help to officers of the Departments. It is neither a fair nor a true picture in my opinion. The one patent remedy of the Department for co-operative ills is the broadening, deepening, and lengthening of those powers of statutory control. Such tightening up of the law has no where led to an improvement in the Movement. The Movement is indeed faring better in areas where official control is lighter.

"I have many friends among the Registrars, past and present. Some of them have a flair for work among the people. But they are merely the instruments of a wooden and antediluvian system which allows them little scope for exercise of their talents and faculties to render real and effective service to the people in accordance with the present day trends of national life. I feel that unless and until we build anew the whole structure of the Co-operative Movement and transform the Registrars into real 'friends, philosophers and guides' of the people we shall not be able to achieve the aims and objects with which the Movement was started. Nor will the Movement show any more progress or confer any large benefits on the people than it has done in these four decades."

—(Review of *International Co-operation*, May, 1942.)

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Intensive Cultivation of Paddy*.

You might remember my previous talk about two months ago on the increase of food crops in general. The most important of these crops is paddy and it is now proposed to explain briefly ways and means by which its yield can be increased.

2. It was explained in my previous talk how demand for rice was increasing year after year not only due to the increase of population but also to the growing taste of rural population for rice in preference to other food crops like jonna, korra, ragi, sajja, etc. The impossibility of increasing the area under irrigation for paddy to any appreciable extent all at once and the difficulty of changing the system of land tenancy were also pointed out. Mention was also made that South India, as a whole, depended on Burma in peace time for supply of a large quantity of rice every year and that as the war continues we should try by every possible means to increase the production of rice in our province as it may not be possible for us, to get rice from Burma. That is to say we are required to increase our normal yield of paddy by at least 15 per cent, under the existing system of tenancy and without expanding the area under paddy cultivation.

3. It is a well known fact that the average yield of paddy in our province is considerably low as compared to other important rice growing countries. The low yield in our province is likely to be attributed to want of sufficient water for irrigation or want of good seed or unsuitability of soil and climate. None of these is responsible. We have as good seed as any other country has and our country is as well suited as any other country for paddy cultivation. That is the reason why some of our cultivators even to-day are producing as good yield as in any other country. The real fact is that our average cultivator does not pay as much attention as the crop requires.

4. Well then you are now likely to ask "Show me better methods." The following are the ways by which you can raise the yield even to 30 per cent and more.

1. Use good seed.
2. Raise healthy seedlings by reducing seed rate.
3. Do not transplant seedlings in bunches of 10 to 12 per hole.
4. Cultivate the land well and remove weeds in time!
5. Use manure liberally and judiciously.

Good seed is now available almost throughout the province and the Agricultural Demonstrator in your taluk is ready to supply you with seeds suitable for your lands. If therefore you are using your local seed, it is your own fault. The seeds that are available with the Agricultural Demonstrator are capable of giving 10 to 15 per cent higher yield than your local seed besides being of superior quality.

* A radio talk by an officer of the Department of Agriculture.

5. Raising healthy seedlings is, by no means, a difficult task. All that you are required to do is to plough well the land set apart for raising seedlings, apply manure liberally and sow seed at the rate of, say, 1 Madras Measure or $2\frac{1}{2}$ lbs. per cent of land. The seedlings thus grown in 10 cents of land are enough to transplant 1 acre of puddled land. Cultivators are in the habit of raising very thick nurseries by using very heavy seed rate. Their usual rate is 100 lbs. and more for transplanting 1 acre. This is not only wasteful but the seedlings thus grown are sickly and undergrown. To make up the defect of these seedlings they are usually transplanted closely in bunches of 10 to 12 per hole. The seedlings grown and transplanted under these conditions are bound to give low yield. Do not transplant more than 2 to 4 healthy seedlings per hole. The distance between hole to hole should be about 5 to 10 inches depending upon the nature of land. If the land is fertile and is well manured, give wide spacing up to ten inches. Otherwise, 5 to 7 inches is enough.

6. There is no cultivator who does not know the advantages of good cultivation and the removal of weeds. It is therefore unnecessary to lay particular stress on these operations.

7. The next item is manure which is the most important of all items in paddy cultivation. Every cultivator should, therefore, know something about it. For paddy, manure is as important as good seeds, healthy seedlings, economic planting and good cultivation, all put together. I want you, therefore, to hear and understand well what I am going to say about manure. A good crop of paddy removes from the soil as much as 45 lbs. of Nitrogen and 22 lbs. of Phosphoric acid. Therefore, if you want to get a good yield of paddy and maintain the condition of land in proper condition, it stands to reason that you must apply 45 lb. of Nitrogen, 22 lb. of Phosphoric acid. 45 lb. of Nitrogen means 550 lb. of groundnut cake or about 200 lb. of Ammonium Sulphate, for groundnut cake contains 8 per cent of Nitrogen and Ammonium Sulphate about 20 per cent. Similarly 22 lb. of Phosphoric acid means 100 lb. of Bonemeal or 100 lb. ordinary Phosphate. That is to say, you must apply 550 lb. of groundnut cake or 200 lb. of Ammonium sulphate and 100 lb. of bonemeal or superphosphate per acre. Many of our soils, however, contain a certain amount of phosphoric acid in them and it is not therefore, necessary to apply Bonemeal or superphosphate regularly to the same extent as Nitrogen. It is enough if it is applied to alternate crops or even once in two years in some fields but it is not so in the case of Nitrogen. If you want good yield of paddy, Nitrogen in some form or other is indispensable. Groundnut cake and Ammonium sulphate are a little expensive and many ryots are not in a position to purchase them for ready cash. If they are members of a co-operative society they may get them on credit but every ryot is not a member. The cheapest way of supplying Nitrogen to the soil is by growing a green manure crop and ploughing it into the soil before paddy seedlings are transplanted in it.

Wild Indigo, Daincha, Sunnhemp, Pillipesara, etc., can be grown as green manure. Wild Indigo is a slow growing crop and is therefore useful only for single crop lands which remain fallow for about six months in a year. It comes up well in light soils which are free from salinity. Its advantage is that once it establishes itself in a field it goes on growing every year with the seed shed from its plants. Daincha can be grown both in single and double crop lands and it will be ready for cutting in about 10 to 12 weeks. It withstands salinity to some extent and grows well in all kinds of soils except very stiff soils. Sunnhemp can be cut and ploughed in two months and is therefore useful for double crop lands. It grows well on light soils free from salinity. Pillapesara comes up well in stiff soils. Sunnhemp and Pillapesara are also useful for fodder. In the case of all green manure crops seed should be sown in the standing crop of paddy 3 or 4 days before its harvest. Seed germinates with the moisture in the soil and if the seedlings are given later one or two irrigations or if there is some rain the plants grow well and give enough green leaf. The best time for cutting a green manure crop or ploughing it into the soil is when it is in full flower. About 4 to 5 tons of these green plants have more or less the same effect as 550 lb. of groundnut cake, and the crop grown in one acre is enough for two acres and even 3 acres if it has grown well. It has also the additional advantage of improving the texture of the soil more than the oil cake. Ammonium Sulphate does not improve the soil. It only provides Nitrogen.

8. Thus green manure costs nothing beyond what is paid for its seed and it has as good effect as oil cake or Ammonium Sulphate on paddy yield besides enriching the soil. Oil cake and Ammonium Sulphate can be applied at the time of transplanting. But green manure should be ploughed in 2 to 3 weeks before planting. Cattle manure also can be used at the rate of 10 to 12 cart loads per acre. This manure is, however, better suited for garden and rain-fed crops. There is, therefore, no advantage of applying it to paddy crop, unless the cultivator has no garden land or dry land.

In applying bonemeal or superphosphate, care should be taken to apply them along with green manure or oil cake. If they are applied by themselves or along with Ammonium Sulphate they cannot benefit the paddy crop to the extent they ought to.

9. In conclusion, it is the duty of every ryot, not only in his own interest but also in the interest of the country, to increase the yield of paddy per acre to meet the shortage of rice due to the stoppage of imports of Burma rice. This can be done as mentioned above by using better variety of seed, by lowering seed rate for raising healthy seedlings, by transplanting seedlings in two or three at a distance of 5 to 10 inches from hole to hole, by proper cultivation of land and by liberal application of cake or green manure. Apply bonemeal or superphosphate along with green leaf or oil cake. Please do not forget that manure alone is as important as all other items put together. The improved seed which is being distributed by the officers of the Agricultural Department is capable of higher yield and responds much more readily to the application of manure than the local paddy. It is, therefore, advantageous to grow improved seed and apply good manure to it liberally.

Reviews.

Agriculture and Animal Husbandry in India in 1938-1939.

This interesting publication by the Imperial Council of Agricultural Research is now available to the public. Though the book covers the activities of a period more than three years ago, it is quite informative even at present. Three years!! The world has not seen a like triennium before. "Hell has broken loose over the smiling world" as a writer has observed. The workshops that provided man's needs, have become arsenals turning out weapons for "mutilation and murder," and we do not know when it will end. Nevertheless, Agriculture has been receiving a powerful drive. "Grow more food," to which has recently been added "Eat more fruit and vegetables," is the cry everywhere. Our Governments are offering inducements and encouragements by every means in their power—except tax reduction. The surveys of agricultural problems contained in the book are of more than ordinary interest just now.

The book is divided into 14 chapters and contains 16 appendices of statistics. It rounds off with a chapter on "The Co-operative Movement as affecting Agriculture". That survey is based on the figures for 1938-39; the Movement has since passed through a crisis—serious in some provinces. We shall set out the chief features of the book.

Chapter I deals with Agricultural conditions and gives interesting figures of acreage and production of the principal crops. The main crops are given below:—

Crop.		Acreage.	Production.
Rice	...	72,943,000	23.6 million tons.
Wheat	...	35,291,000	10.1 " "
Sugarcane	...	3,113,000	4.3 ,, (Raw sugar)
Cotton	...	23,507,000	5.0 ,, bales of 400 lbs.
Jute	...	not stated	6.7 ,, bales.
Groundnut	...	8,439,000	3.2 ,, tons of nut in shell.

Every crop recorded a decline both in respect of acreage and outturn as compared to the two preceding years. The outturn of rice declined by 11 per cent (the crop was the smallest recorded in the previous nine years excepting 1935-36); wheat declined by 8 per cent, sugarcane by 24 per cent, jute by 25 per cent, and groundnut by 5 per cent.

Rice:—This is our most important food crop and occupies about 35 per cent. of the total cultivated area in India. Yet, we imported rice from Burma to the extent of 1.3 million tons valued at Rs. 11.3 crores. The Report states, "Rice is not a commercial crop of India, nearly 60 per cent. of it being retained by growers themselves for consumption and the remaining 40 per cent. alone finding its way into wholesale markets." Bengal has

REVIEWS

the largest acreage with 22 million acres and $7\frac{1}{2}$ million tons of out-turn, and Madras comes next with 10 million acres and 4 million tons of out-turn. 14.5 per cent. of the cultivated area in Madras is under rice as against Bengal's 28 per cent. As compared to the preceding 5 years, the decline in Madras is 7.9 per cent. in acreage and 19.6 per cent. in outturn. There was a slight increase in acreage in Bengal, viz. 2.4 per cent. but production declined by 12 per cent. The yield per acre was higher in Madras than in Bengal. Madras yielded 914 lbs. per acre and Bengal 771 lbs. Coorg had the highest yield per acre in India, viz. 1,493 lbs. India exported 2,82,000 tons of rice during the year of which 1,05,000 tons went to Ceylon.

The decline in agricultural production is a serious problem for us. "Research in all the provinces is therefore primarily directed towards the problem of increasing the outturn per acre, by breeding high-yielding varieties and improving the manurial and agricultural practices." There is a chapter of about 80 pages describing the economic work on crops done by the Agricultural Department and is very interesting reading.

Animal Husbandry. "India possesses a larger livestock population than any other country in the world. As a matter of fact, a third of the total cattle population of the world is in India." Figures however are not given. We exported animals and animal products to the extent of Rs. 14 crores and imported to the value of Rs. 4 crores. The volume of internal trade is very great, though no accurate statistics are available.

In India, the cow naturally occupies the foremost place. Milk and milk products constitute an important part of our food—that of the vegetarians at least. Everyone is urged to drink more milk—one pint a day. But where is the milk to come from? City dwellers are finding it more and more difficult to obtain good stuff and in sufficient quantities. Co-operative Milk Supply Unions are believed to provide a solution. We, in Madras, had 17 Milk supply Unions on 30-6-1941. Whether they are languishing or progressing, we have no means of knowing, except from the belated official reports.

The report deals with the activities of the Agricultural and Veterinary Departments in their more important aspects.

Co-operation as affecting Agriculture. Summary of activities, province by province (except Bengal) is given. The burden of the advice constantly repeated to Agriculturists nowadays is "organise yourselves into Co-operative Societies. Sell together. Buy together." We have practically given up encouraging the formation of credit societies, and taken to non-credit societies. In 1938-39, we had in British India 6,273 societies for agricultural purchase, sale and production. Goods sold amounted to Rs. 82.97 lakhs and purchases to Rs. 91.95 lakhs. In recent years, the transactions of non-credit societies should have been larger. It would be interesting if we can know what proportion this bears to the total internal trade of India. Credit activities predominate and the difficulties in each

province, and steps taken are briefly stated. To the readers of the Journal, any review would be stale, as the individual reports have been dealt with already.

The book contains a lot of valuable information for the lay reader, though it abounds in technical matter. If published earlier—at least within 12 months after the close of the year to which the report relates—the factual and statistical matter may not be very much out of date.

T. R. N.

Report on the Working of Co-operative Societies in Travancore for the year ending 14th June 1941 (116 M.E.)

The total number of societies decreased from 1430 to 1466.53 having been registered and 73 cancelled during the year. Of these 57 had not started work. Of the 1466 societies, one was the Central Bank, 20 were taluk banks, and banking unions, 1098 were agricultural societies and 317 were non-agricultural societies. Besides these there were the Central Weavers' Society, the Central Co-operative Wholesale Society, and the Central Co-operative Institute. The number of members decreased from 1.81 lakhs to 177 lakhs.

The total share capital of all societies decreased from Rs. 29.85 lakhs to Rs. 28.94 lakhs, and the working capital from Rs. 73.71 lakhs to Rs. 70.57 lakhs. The deposits also decreased from Rs. 29.33 lakhs to Rs. 26.25 lakhs.

Loans to the extent of Rs. 7.69 lakhs were made. The percentage of balance to demand was 69.6 per cent. under principal and 79.9 per cent. under interest, in societies, and in the central banks the percentage of balance to demand was 79.1 per cent. under principal, and 84.6 per cent. under interest.

The profits also decreased from Rs. 1.32 lakhs to Rs. .95 lakhs and the losses increased from Rs. 2.41 lakhs to Rs. 3.02 lakhs. The Registrar explains this, as due to the audit instruction to calculate divisible profits on the basis of actual receipts of interest. This change will affect only in one year and not in every year.

But the cost to Government on each society increased from Rs. 43.7 per society in 1936-37 to Rs. 62.7 per society in 1940-41.

Thus there was a definite decline under all heads, and this decline has been going on for the past five years.

The Central Co-operative Apex Bank Ltd. There were 3319 members including societies with a paid-up share capital of Rs. 1.3 lakhs and a reserve fund of Rs. 64 lakhs. The working capital amounted to Rs. 10.58 lakhs. Loans to the extent of only Rs. 4,656 were made during the year and the overdues amounted to Rs. 3.37 lakhs. The bank worked at a loss of Rs. 30,644. The financial position seems to be unsatisfactory.

Agricultural Societies. There were 1056 societies with 1.13 lakhs of members, a share capital of Rs. 15.03 lakhs and a working capital of Rs. 29.74 lakhs. The Reserve fund amounted to Rs. 6.88 lakhs. The Registrar reports

that a comprehensive programme for the reconstruction of societies is an imperative necessity.

Taluk Banks. (Central). There were 20 banks including 3 banking unions. 15 of them had no profits for distribution, and the losses in the remaining five are heavy. There seems to be no justification at all for keeping the Pathanamthitta taluk bank on the register as the liabilities seem to be more than the assets.

Urban Banks. There were 18 banks; and nine of them had no divisible profits. The Registrar reports that most of them have not been able so far to cater to the growing credit needs of the urban population. It is a pity that even urban banks, which are as a rule working well throughout India, do not seem to be working well here.

Non-credit activities. There were 57 Distributive societies. The Milk supply society, and the Butter society did good work. Beside these there were 3 building societies, one benefit fund, 13 Rural uplift societies, 9 marketing societies and a Thrift society working. In strong contrast to all these the Poultry society and the Bee-keeping society at Marthandom did excellent work. There were also 116 societies for the depressed classes.

General.—There is definite set back in the Movement. In fact, it has been declining for the past five years. Suitable steps to rehabilitate the Movement are reported to be under the active consideration of Government. It is feared that it is already a little too late. It is hoped that the efforts of Government will meet with success.

V. S. R.

The Annual Report of the Travancore Co-operative Institute for the year 1941-42.

This is the 18th report of the Institute. It had 51 members of whom 45 were co-operative institutions, 3 Government Nominees, and 3 honorary members.

The management was in the hands of 16 Governing body members with 5 Executive members.

Activities. During the year many co-operative Unions, and societies were inspected by the authorities of the Institute including the President and the Secretary. The Co-operators' day was duly celebrated. Youngsters were induced to study co-operation by the institution of elocution competitions. Conferences were held in many places, and non-credit and such activities were popularised. In addition to the Journal some pamphlets also were issued. The reading room was maintained.

Two fishermen societies were organised and a scheme for the rehabilitation of societies was prepared and the Unions were asked to it workout. The Institute interested itself in the Food production programme also and some substantial work was done in that direction.

The receipt of Rs. 5,200 and an expenditure of Rs. 5,130 during the year will give an idea of its activities. The two items of interest in them are a Government grant of Rs. 245, and an honorarium of Rs. 300 to the Editor.

There is hearty co-operation between the Government officials and the Co-operators.

V. S. R.

*FEEDING DAIRY COWS: Circular No. 364
of the University of Kentucky.*

The Kentucky Agricultural Experiment Station after carrying out studies in the economics of "Feeding Dairy Cows", points out in the Circular No. 364, that 'good cows properly fed give larger returns for the feed they consume than poor cows.....It costs on the average \$ 41 a year to feed a cow producing 150 pounds of butter fat but it costs only 1½ times as much (\$ 62) to feed a cow in 350 pounds group. Cows in the 150 pounds group returned only \$ 14 each per year "income above cost of feed" to pay all the other costs of care and upkeep, while those in 350 pounds group returned \$ 62 to cover these costs.' These figures clearly prove that it is decidedly advantageous to rear 'higher producing cows' and to feed the cows according to their ability to respond.'

As a first step to rear an economical herd, the circular suggests the necessity of maintaining 'a record of production of each cow', which will serve as 'the basis for profitable feeding'. From these records, the farmers 'can determine when to increase or decrease the amount of feeds' given to the cows and also eliminate 'unprofitable cows from the herd'. After a careful selection of good performers, the animals are to be fed on a 'balanced-ration', which will not only satisfy a cow's appetite but will also 'supply certain groups of chemical compounds called nutrients, which are necessary to support animal life.' This portion of the circular which deals with 'feed nutrients and their uses; feed for maintenance and production; over feeding and under feeding; characters of a good dairy ration' is very instructive and educative. It furnishes valuable data and impresses on the owners of cattle, the importance of feeding animals on 'balanced-ration'. Most of the data, however, relate to feeds such as corn, ground-oats, etc., which are available in abundance only in America, and they are not therefore applicable to India. So far as we are concerned, the necessary details can be got from "Miscellaneous bulletin No. 25," published by the Imperial Council of Agricultural Research, New Delhi, (can be had at a price of annas seven from the Manager of publications, Civil Lines, Delhi) which deals in detail with the composition of concentrated feeds and fodders available in different parts of India. Referring to this bulletin, an economical and 'balanced-ration' can be computed, on the lines suggested in the circular.

The chapter on 'Feed nutrients and their uses' explains in detail the composition of a food-stuff, viz., protein, carbohydrates, fats, ash, vitamins, water etc., and affords useful information on the part played by each of these constituents, immediately on absorption in the body. The information removes many of our misconceptions. For example, some of the cattle owners allow their animals to drink large quantities of water at the time of milking with a view to get more milk. In the circular it is explained how 'the amount of water drunk, will not affect the richness of the milk produced', but will greatly aid digestion.

'How to understand a feed tag' is a chapter that reveals the responsibilities of a manufacturer, while placing on the market a bag of concentrated feed. 'The Kentucky Feed Law requires that each sack of concentrated feed sold in the State must carry an official tag bearing the signature of the Director of the Experimental Station'. This tag, besides bearing a manufacturers' guarantee to the State, bears other details such as 'the brand name of the feed, net weight of the bag', etc. It also shows the result of the analysis of that food-stuff carried out by the Chemist, which enables a buyer to note 'the digestible part of the feed that benefits the cow'. Such an endeavour of the manufacturer and the State, to place on market a high quality nutritive feed, solves the problem of a buyer in procuring an unadulterated and genuine product. For the improvement of Dairy Industry in this country it is necessary that steps on the lines taken by the Kentucky State should be taken here also.

The circular suggests the need for feeding the animals on 'minerals'. Besides feeding the animals on 'balanced grain ration' and roughages they are to be given a mineral supplementary feed, containing calcium and phosphorus, since there is a heavy drain on the constitution of the animal during its lactation period. To fortify the constitution and to enable the animal to store in its body calcium and phosphorus, which are required for producing milk, 'it is advisable to give' the animal a free 'access to bone-meal', as the bone-meal 'contains calcium and phosphorus in the right proportion'. If the readers are interested to know the nature of diseases prevalent in South India, due to mineral deficiency, they may refer to an article on "Why Cattle need Minerals" by Sri. P. V. Ramaiah, M.A., B.Sc. (Edin.) Government Agricultural Chemist, Coimbatore, which appeared in the December 1941 issue of the 'Indian Farming'. The amount of mineral feed that is to be given to Indian cattle of different ages has also been given in that article.

The circular concludes by reminding the readers of the value of pasture, the necessity of feeding cows economically and the careful consideration that should be bestowed while purchasing concentrated feeds.

R.G.

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The Irish Agricultural Organisation Society, Ltd., Report for the year ending 31st December, 1941.

Great names in Irish Co-operation—Plunkett, Russel, and Finlay—are recalled to memory when we read a Report of the Irish Agricultural Organisation Society. They started, nursed, and popularised the Co-operative Movement in Ireland, and spent their lifetime in doing it. The good they did lives after them.

There were 400 societies at the end of 1940; the statistics are for 1940, while the Report is for the end of 1941. Creamery Societies predominate as ever before—215 Societies out of the 400, are Creameries. Our Milk Supply Unions perhaps correspond to the creameries, but they are not comparable. The Irish Societies manufacture cheese and butter for a distant market; our societies mainly sell whole milk to townsmen living close by. In fact, there seems to be restrictions on the sale of whole milk by Creameries and Dairy farmers. A resolution of General Meeting dated 8-5-1941 urged that the restrictions should be removed as it "would be of very considerable national importance inasmuch as it would supply a long felt want in food supply of our rising generation."

These 215 Creamery Societies had a membership of 53,000, and a paid-up share capital of £. 423,100. They had borrowed £. 384,777 from Banks and Government. The total milk supply was 137 millions gallons, and the total sales of dairy produce amounted to £. 5½ millions, and of agricultural and other goods to £. 2 2/3 millions. The reserves and surpluses amounted to £. 1 1/5 millions, and the excess of assets over liabilities was estimated at £. 740,000. The financial position is sound. That 50,000 small men should have, through Co-operation, built up such a substantial business and run it successfully, is an achievement that evokes our admiration. It is refreshing to find that some of the societies started 40 to 50 years ago are working well. One Society that was started in 1896 had a membership of 1,831 and the total milk supply was 2 1/3 million gallons; another, started in 1908, had a membership of 1,200 and the total milk supply was 4½ million gallons; and these were some of the biggest societies in the country.

The milk supply is stated to be declining. The decline in the 1940 figure of milk supply was 9.36 per cent of the 1939 figure and 14.72 per cent. of the figure for 1938. The total trade turnover, however, increased; the non-dairy trade mainly contributing towards the increase. The percentage of non-dairy trade in 1940 was 32.53 of the total trade, the corresponding figures for 1938 and 1939 were 24.22 and 27.98 respectively. What price was paid for the milk is not ascertainable; but the low price paid was the subject of a special conference. The General Meeting held on 8-5-1941. adopted the resolution reproduced here *in extenso*, and it ought to serve as a motto for our Milk Supply Societies.

"That owing to the great and increasing scarcity of tea, cocoa, and coffee—drinks so much relied upon by the people of this country, especially the poor, we are convinced that the time has come when the responsible authority should immediately provide a suitable substitute; that we strongly recommend that this substitute should be fresh, whole milk, that we request our Ministries of Supplies and Agriculture to provide that an adequate quantity of such milk be made available for sale at a reasonable price in all our cities and towns and to our agricultural labourers and other workers in the rural districts; that as such a milk scheme would use up all the milk which was hitherto required in the manufacture of butter for export and as the subsidy previously granted for such butter would become unnecessary, we request that such subsidy be applied to the purpose of reducing the price of milk to the poor; that all restrictions on the sale of whole milk by creameries and dairy farmers be at once removed for the duration of war conditions; that for the benefit of all concerned we most earnestly request all people who sell milk to make every effort to have this milk of the very cleanest and best quality; that we believe the scheme which we have outlined would be of very considerable national importance inasmuch as it would supply a long felt want in the food supply of rising generation; especially of the very young, and would, therefore, help to increase the physical strength of our people, while at the same time it may save our most important, but declining dairying industry by making a home market for our produce—a market over which there would be home control."

Other Societies. The agricultural and miscellaneous societies numbered 103 and the credit societies numbered 81. The operations of these societies pale into insignificance by the side of Creameries. The turnover of the creameries was £. 8 millions and that of the rest £. 2 millions. There is a Federation with a membership, paid-up capital, and turnover of 469, £. 33,471, and £. 837,910 respectively.

General. The Committee of the Society met 5 times and considered several subjects of agricultural interest. 49 circulars on such matters were also issued during the year. The Government gave a grant of £ 7,750, made up of a fixed grant of £. 6,100 and the balance was based on Societies' contributions. Mr. R. A. Anderson who was the Secretary of the Society in the days of Plunkett and Russel and their collaborator is now the President.

The 'Irish Homestead' which ceased publication in 1922 is now continued (from July 1941) in the new name 'Agricultural Ireland'; but it is not the property of I.A.O.S. nor is its Committee responsible for its policy or publication.

T. R. N.

Orders and Circulars.

Draft amendments to rules under Madras Co-operative Societies Act.

Fort St. George, September 11, 1942 (G.O. Ms. No. 1896, Development).

Notice is hereby given that the draft will be taken into consideration on or after the 29th November 1942 and that any objection or suggestion which may be received with respect thereto from any person before the said date will be considered by the Government of Madras.

DRAFT AMENDMENT.

For clause (c) of sub-rule (2) of rule XIV of the said rules, the following clause shall be substituted, namely:—

“(c) the dividend upon paid-up share capital at rates not exceeding those specified in the first proviso to sub-rule (a) of rule XII for the class of society under dissolution for any period or periods for which dividend has not been paid; or such dividend upon paid-up share capital as will bring the total dividend paid to the maximum rate specified in the said proviso for any period or periods for which the dividend at a rate lower than the maximum specified has been paid.

No dividend shall, however, be paid on share capital if the by-laws of the society do not provide for payment of dividend.”

Fort St. George, September 29, 1942 (G.O. Ms. No. 2082, Development).

Notice is hereby given that the draft will be taken into consideration on or after the 10th November 1942 and that any objection or suggestion which may be received with respect thereto from any person before the date aforesaid, will be considered by the Government of Madras.

DRAFT AMENDMENT.

In sub-rule (1) of rule XI of the said rules, for clauses (a) and (b) of the proviso, the following clauses shall be substituted, namely:—

“(a) (i) to a credit society, a thrift and loan society, a society for fishermen, a society for scheduled castes, a central bank, if the working capital of the society or the bank, as the case may be, on the last day of the co-operative year does not amount to twenty thousand rupees; or

(ii) to a building society or a primary land mortgage bank, if the society or the bank, as the case may be, has not completed three co-operative years after commencement of its business; or

(b) (i) to a purchase, sale or production society [other than a loan and sale society, a milk supply society, a stores

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society or a weavers' society (purchase and sale)] the value of whose purchases, sales or articles or goods produced, as the case may be, in the co-operative year does not exceed ten thousand rupees; or

(ii) to a loan and sale society, a milk supply society, or a stores society, if the society has not completed three co-operative years after commencement of its business; or

(iii) to a weavers' society (purchase and sale) until the completion of the sixth co-operative year after its commencement of business; or

(iv) to a milk supply society or a stores society not falling under sub-clause (ii), if the value of its sales in the co-operative year does not exceed twenty thousand rupees; or

(v) to a weavers' society (purchase and sale) not falling under sub-clause (iii), if the value of its purchases or sales, as the case may be, in the co-operative year does not exceed ten thousand rupees; or

(vi) to a loan and sale society not falling under sub-clause (ii) and transacting 'sales' business, the value of whose sales in the co-operative year does not exceed ten thousand rupees; or

(vii) to a loan and sale society not falling under sub-clause (ii) and advancing loans on the security of members' produce, whose working capital on the last day of the co-operative year does not exceed twenty thousand rupees; or

(viii) to a loan and sale society not falling under sub-clause (ii) and transacting 'sales' business as well as advancing loans on the security of members' produce, if the total value of its sales during the year *plus* 50 per cent. of its working capital on the last day of the co-operative year does not exceed fifteen thousand rupees; or.”

EXPLANATORY NOTE.

The Government have passed the following orders in regard to the levy of audit fees from certain classes of co-operative societies:—

(1) Loan and sale societies will be exempt from the levy of audit fees for the first three years of their working and weavers' societies for the prior six years:

(2) primary land mortgage banks and building societies will be exempt from the levy of audit fees for the first three years

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of their working and thereafter they should pay audit fees according to the prescribed scale irrespective of their working capital;

- (3) societies for fishermen and scheduled castes and thrift and loan societies need not pay audit fees if their working capital on the last day of the co-operative year does not amount to twenty thousand rupees; and
- (4) in the case of stores and milk supply societies, no audit fees will be levied during the first three years from the date of their starting and also if the value of their sales in the co-operative year does not exceed twenty thousand rupees.

It is proposed to embody these orders in sub-rule (1) of rule XI of the rules issued under the Madras Co-operative Societies Act.

CIRCULARS.

R.C. No. 7074/42 A.

5th September, 1942.

Sub :—Central Banks—Board of management—Election of representatives of societies.

Ref :—(1) Registrar's circular D. Dis. 1688/36, dated 2—3—1936.

(2) „ R.C. 1401/41 A, dated 24—2—1942.

(3) „ R.C. 6644/42 A, dated 18—8—1942.

In the circulars cited above, certain amendments to the by-laws of central banks regarding the election of representatives of societies to the Board of Management of central banks as well as those of individual share-holders were suggested. Under these amendments, the management of the banks shall vest in a Board consisting of (1) one representative to be elected by the general body of each local supervising union affiliated to the bank from among the members of the governing body of such union and (2) representatives of individual share-holders elected by the full general body of the central bank from among the share-holders having the qualification prescribed by the Registrar under Rule XXVI. Eighteen central banks have so far adopted the suggestion of the Registrar in the matter of election of representatives of societies to the Board. It was found that the non-adoption of the suggestion by a particular central bank was the cause of friction between the bank and its unions. The bank was advised to adopt the Registrar's suggestion but it did not do so and pointed out that in certain other central banks too, the Registrar's suggestion was not adopted. The Registrar desired to know whether the central banks which had not adopted the suggestion should not also do it when the majority of the central banks had already amended their by-laws and had been conducting their elections in accordance with his suggestions and found that the system worked well. The subject was considered at the meeting of the Board of Management

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of the Madras Provincial Co-operative Bank held on 26th July 1942 and the following resolution was recorded.

'Resolved that those banks in which the practice is for unions to send their own representatives to the Board may continue the same. The other banks in which the general body of the bank elects the representatives of unions, a condition may be imposed that the election should be confined to the governing body members of the unions'.

2. The Registrar is aware that some of the unions are not functioning properly and the representatives elected by them may not therefore conduce to the strength of the banks. In Registrar's circular R.C. No. 531/41-B, dated 2-2-42 ways and means have been suggested to improve the unions and place them on a better footing and the Registrar hopes that their condition will improve shortly. Till such time, the central banks which conduct the election of representatives of societies to the Board at their general meetings, are requested to elect them from among governing body members of unions at the general meetings composed of representatives of share-holding societies. The banks are requested to amend their by-laws suitably as soon as possible.

No. D. 1643/42.

8th September, 1942.

Sub :—Co-operative Societies—Central and Urban Banks—Thrift certificates—Issue of.

Ref :—Registrar's Memo. No. 1643/42-B dated 23—4—42.

It is now two years since the Circular No. 4456/40-B dated 9-7-40 was issued, instructing officers to encourage the issue of Thrift Certificates by Central and Urban Banks in their respective jurisdictions. The replies received from officers to the memo. cited above show that very little action has been taken in this respect, and the number of certificates issued and amounts received even in the few banks that have followed the Registrar's advice are negligible. It is very disappointing and unsatisfactory that the potentialities for good in this very effective means of inculcating thrift in artisans and wage earners in urban areas and conserving their savings in a fruitful and safe means in the present troublous times should have been overlooked by the officers and the banks alike. The Registrar trusts that both the officers and the banks will bestir themselves in the matter and institute soon an effective and vigorous campaign to encourage this form of thrift and savings, particularly among tailors; factory-workers; vegetable vendors and street hawkers; artisans like goldsmiths, carpenters, brick-layers; hackney-carriage drivers; and similar categories of persons getting their earnings mostly in daily or weekly wages or on piece-work. The actual profits to the Banks in undertaking the business may not be attractive, but Co-operative Banks should remember that they have a mission to inculcate habits of thrift and savings amongst people who are badly in need of

them; and the educative and ameliorative forces inherent in a campaign of thrift like this are too apparent to be narrated or stressed. The Registrar expects his officers to take a real interest in this very positive and constructive item of work and hopes to see that by 30-6-43 a substantial amount is saved and invested in the several banks in the Province in thrift certificates.

2. Any extension in the scheme of thrift through the issue of thrift certificates must, of course, be done cautiously so that there is no room for any fraud on the banks either by unscrupulous counterfeiters or by their employees themselves. The certificates should not have even a shadow of resemblance to currency notes or Bank Notes, which are payable on demand by bearer. They should, as already advised, only be for small denominations, not exceeding Rs. 5 in any case. Denominations like Rs. 0-4-0, 0-8-0, 1-0-0, 2-8-0 and 5-0-0 are recommended. The idea is, as will be obvious, to encourage their purchase by even the poorest class of the population, who should have a means of converting cash with its insistent temptation to be frittered away on gee-gaws, knick-knacks, sweet-meats, frippery, drink, etc., into a form in which the money will not only be available for a rainy day but with an attractive addition over what was invested by way of interest. Banks should keep clear accounts to show to which individual each certificate has been issued, and to see that there is no possibility of any other person getting payment on it except under the clear authorisation of the original purchaser. If necessary, arrangements should be made for the safe-custody with the bank itself, of the several thrift certificates issued to an individual till their respective dates of maturity, and to enable their payment on due dates to the investor. The certificates should be made non-transferable, and every precaution should be taken against misuse of any certificate by a third party getting paid with or without collusion of the employees of the Bank.

R. C. No. L 6681/42.

23rd September, 1942.

Sub:—Rules—Rules under the Madras Co-operative Societies Act—
Rule XXVII-A—Appointment of paid secretaries to certain Banks.

Ref:—Your letter dated 15-8-42.

You have requested that the Registrar's Memorandum R. C. 10169/42 dated 23-6-42 may be modified so as to make the rule XXVII-A applicable to the existing Honorary Secretaries of Co-operative banks disqualifying them from continuance as such even now, without reference to the term for which they have been elected. Legal opinion obtained in connection with rule XXVII-2 (e) regarding the disqualification of directors having near-relations as paid employees, was to the effect that the more reasonable interpretation of the rule would be that it would apply only to cases where the disqualification was incurred after the rule had come into force. The same interpretation will hold good for this rule also. The Honorary Secretaries elected before the rule came into force, cannot, therefore, be replaced by paid secretaries till the expiry of their term. The Registrar's memorandum R. C. No. 10169/42A dated 23-6-42 does not therefore need any revision.

Recent Utterances.

Extracts from the Presidential Speech of the Hon'ble Mr. V. Ramadas Pantulu, President, All India Co-operative Associations, at the Twenty-Ninth Mysore Provincial Co-operative Conference held at Mysore.

* * *

Co-operation in Mysore—its achievements and problems.

It is a matter of gratification to me to be able to say, as a result of my comparative study of the co-operative movement in the several provinces and States in India, that on the whole the progress of co-operation in Mysore is satisfactory. Taking the movement as a whole, you had at the end of the year 1941-42, 1,959 societies with a total membership of 1.44 lakhs, a paid-up share capital of Rs. 54 lakhs and an aggregate working capital of Rs. 2.74 crores. Their turnover and net profits during the year amounted to Rs. 10.5 crores and Rs. 4 lakhs respectively. This is indeed an encouraging record. But what has been achieved is little compared with what has to be achieved yet. Your State has a population of 7.3 millions with 16,500 villages. You have covered not more than $\frac{1}{8}$ of the Rural Mysore and touched about 2 per cent. of the population. I however feel, from the manner in which you are progressing, that you are on the way to achieve greater results in the near future, and will soon embark on a 5 or 10 year plan to so expand your Movement as to bring every one of your 16,500 villages within the area of operations of a co-operative society just as you have done in the case of your village panchayats of which you now have over 12,000. In this connection I wish to draw attention to the scheme of expansion recommended by the Standing Committees of the All-India Co-operative Associations at their Bombay session held in January 1941.

Your Provincial Co-operative Apex Bank has now assumed the role of the chief financing agency of your credit societies, so far as short and intermediate term credit is concerned. As a result of the line of development of your credit organisation and in the light of experience gained by you, you have decided to eliminate the central banks from the role of intermediaries between the Apex Bank and the societies. In this matter you have created a position similar to that of the British province of Sind where the experiment has proved a success. 1,074 societies are already affiliated to the Apex Bank, and, I believe they constitute the bulk of the rural and urban credit societies. The Apex Bank has now a paid up share capital of Rs. 2.5 lakhs, a reserve fund of over Rs. 1.86 lakhs and a working capital of nearly Rs. 30 lakhs. We may estimate the annual financial requirements of those who pursue agriculture and allied occupations at about Rs. 10 crores, roughly a third of your estimated total indebtedness. This sum, in my opinion, represents the amount of capital and credit borrowed and repaid every year. Our ideal is that the co-operative credit organisation should supply this finance. So your Apex Bank has so far not touched the fringe of the problem.

It is too early to say whether the present system will satisfy your requirements when you so expand the Movement as to extend the benefit of co-operative credit to every village in the State by displacing the moneylender who is still the supplier of the bulk of rural finance. Even long before you attain that position, you may find it necessary either to establish branches of the Provincial Co-operative Apex Bank at convenient centres or some well organised central banks to finance adequately and promptly the large number of societies that may come into existence. The need, at a later date, for central banks may arise for other reasons as well. However impressive the figures relating to the transactions of your Apex Bank may be from the quantitative standpoint, we cannot overlook the fact that the percentage of overdues to the total outstandings was as high as 75.7 at the end of 1941-42. No banking institution can contemplate with equanimity a situation in which such a large percentage of its assets is involved in overdue loans. So far as I am able to see, there are no dependable estimates of bad and doubtful debts, a feature common to other provinces and States. In the absence of central banks the entire financial shock has to be absorbed by a single Apex Institution. The existence of central banks will minimise the risks of such an overdues position by their absorbing a great portion of the shock, whose intensity will otherwise be felt in its entirety by the Provincial Bank.

Your Central Land Mortgage Bank has indeed made notable progress since its inception in 1930-31, under the able guidance of Mr. K. R. Srinivasa Iyengar and his successor your present President. You have now 65 land mortgage societies, 61 of which were affiliated to the Central Land Mortgage Bank, at the end of 1941-42. The Central Land Mortgage Bank had a paid-up share capital of Rs. 1,38,700, reserve and other funds amounting to Rs. 47.5 thousands and a debenture capital of Rs. 15.1 lakhs at the end of 1941-42, and the Bank disbursed loans to the extent of nearly Rs. 19 lakhs from its inception. The rate of interest paid on debentures has been brought down from 5 to $3\frac{1}{2}$ per cent. and they are now being issued at a premium of 1 per cent. I hope that the position of your debentures will further improve when you start your sinking fund or debenture redemption fund in July next, as contemplated by your Government. Then it may be possible for you to float future issues at even three per cent. Now that the Bank is able to get its debenture money at a considerably reduced rate, I hope you will find it possible to reduce your present lending rate to the land mortgage societies which, I believe, is 6 per cent., so that the ultimate borrowers may get the benefit of the reduction. Creditable as the record of progress is, we cannot forget the fact that, while the rural indebtedness of your state is estimated at over Rs. 30 crores, you have so far been able to provide

Rs. 20 lakhs by way of long-term credit mainly for the purpose of discharging prior debts. I hope that the operations of the debt conciliation boards, administration of the Debt Relief Act and the working of the land mortgage banks if properly co-ordinated will relieve the situation to a great extent. In this connection, I must say that the real purpose of a long-term loan is to increase the income and the purchasing power of the agriculturist by a judicious investment of the loan on substantial improvements of his holding. Little attention is now paid to this aspect of the problem and the machinery of the land mortgage banks is being almost exclusively used for the redemption of prior debts all over India wherever these banks are working. I hope Mysore will set an example to other provinces and states by utilising the services of these banks to bring about an improvement in the agricultural industry itself and thereby converting agriculture which is now a deficit economy into a surplus economy. In view of these special and onerous responsibilities of land mortgage banks, it is worth while considering whether it is necessary for your Central Land Mortgage Bank to advance short-term loans as well to mortgage societies and individuals directly. After all your fresh annual business under this head seems to be negligible for it does not exceed three to five thousand rupees a year roughly and you will lose nothing by shedding it. Speaking for myself I do not consider this to be a healthy line of development.

Before I pass on, I must say that I have read with some concern a proposal by the Board of Directors of the Bank to invest the statutory and other reserves in the construction of a suitable building for the Bank costing about Rs. 50,000. Among your reserves aggregating to a little over Rs. 47,000, you have reserves for bad debts, investment fluctuations, contingencies and the like. I consider that these reserves should be invested in the most fluid form possible for no one can foretell when a necessity may arise for drawing upon them. Moreover, when the Bank approaches the Government or the State Bank for accommodation in an emergency the size and liquidity of the reserves will be important factors. So even making every allowance for the security of and yield on investments in buildings in your premier cities of Bangalore and Mysore, I am of opinion that investment of your reserves in a building, particularly at this stage of your working, is on the whole not a prudent transaction from a banking standpoint.

The *urban credit* movement in your state has had a brighter record than your rural credit movement for a long time. At the end of 1940-41 you had 329 urban credit societies as against 1,339 rural credit societies. But with a membership of over 55,000 and a working capital of about Rs. 133 lakhs they have made considerable headway over the rural credit societies which have only a membership of about 58 thousand and a working capital of about Rs. 50.4 lakhs, though their number is four times

that of the urban credit societies. These urban societies are expected mainly to advance loans on personal securities. But it is said that as personal security has proved unsafe, tangible security is now demanded in many cases. The utility of this class of societies largely depends upon their ability to finance the small trader, the artisan and the petty industrialist who works in his home. It will be useful to publish statistical information regarding the classes of persons financed by these societies, the purposes for which loans are advanced together with a statement assessing the economic benefit derived by the borrowers.

I find that your Government recently embarked on certain reforms, which to some extent interfere with the freedom of these societies, which naturally evoked strong protests from urban co-operators. It will be interesting to know how far this increased interference with the autonomy of these societies and the exercise of the powers vested in the Registrar to appoint auditors for the bigger urban societies and to suspend or supersede the committees of societies and appointing a sole director (dictator) in their places have helped to strengthen the urban credit movement. But my experience of similar measures of increased official control elsewhere in India shows that far from having a salutary effect they have had deleterious effect and crushed the spirit of initiative and sense of responsibility among the members. I wonder whether they had a different effect in Mysore. The faith of the Provincial and State Governments in the efficacy of ever increasing powers of control, direction and interference of the departments and in spoon-feeding is indeed pathetic. Your Minister for Law, Rajamantrapravina A. V. Ramanathan, who presided over the Conference last year aptly put the position in a nut-shell. He said "To me it looks as if this attempt to secure the development of co-operation through all-powerful Department is like seeking to promote democracy by totalitarian methods. Departmentalism kills initiative and enthusiasm. Growth is possible only in an atmosphere of liberty and freedom." I entirely agree with this view and respectfully commend it for the consideration of your Government.

In regard to your *consumers movement* again your State has made commendable progress particularly in the cities of Bangalore and Mysore. In fact that the movement is concentrated in these two cities, particularly in Bangalore, where alone, I understand, 8 stores account for about $\frac{2}{3}$ of the sales for the whole State. The only big store outside these two cities is the Bhadravathi Society. The total sales of all the seventy and odd stores in the State, however, are under Rs. 20 lakhs a year.

The store movement in your State shows marked deviations from the orthodox Rochdale principles of cash trading, sale at market price and dealing only with members. But I am glad to find that steps are being taken to restrain as much as possible the effect of these variations by encouraging cash sales in practice, limiting credit to a member to a

certain percentage of his paid-up share capital or other assets and generally to reduce the chances of losses arising from these deviations. As the system has worked fairly well all these years, I do not think that orthodox co-operators should make any fetish of the Rochdale principles. Indeed, I have noticed similar deviations from those principles in some of the stores in European countries and they were none the worse for the little liberty that they took in this matter. I now find that some of your consumers stores have practically converted themselves into retail shops for the general public in the matter of stocking and sale of essential food grains to meet the exigencies of the war economy. Such services in times of national emergency are, no doubt, valuable but the most suitable way of meeting the situation will be to enlarge the membership of your stores. There is no limit to such membership in any country and it is up to us to work for the ideal of making every consumer in the locality a member of our store. Sale to non-members need not be altogether banned, but it should be confined to narrowest limits and every non-member who buys from the store must be induced to join it as a member. It requires considerable propaganda of a constructive nature. The spread of the consumers movement on right lines will depend on the success of such propaganda. There is considerable scope for extending the benefits of the store movement to industrial workers. It is true you have societies like the Mysore Mill Society, the Minerva Mill Society and the Bhadravathi Society which cater to the workers. But much more can be done in your industrial areas having regard to the rapid progress your State is making in industrial development. I consider, one of the main reasons for the consumers store movement not making much headway in India is that it still largely remains a middle-class movement and not a working-class movement as in the West. So the ideals of the consumers movement can be realised only when you are able to make it a working-class movement. Efforts in this direction are well worth making.

The development of *co-operative marketing* of your agricultural produce and products of your producers' societies has not attained any tangible proportion in your State. The working of the Malnad Areca Marketing Society is certainly encouraging. The experiments you are making in regard to paddy, figs, poultry and honey also hold out promise of such development. The economic benefits of improved and organised production are virtually lost by unorganised and chaotic practices of marketing and therefore organising marketing is no less important than organising production.

Employees of Co-operative Institutions.

I find on your agenda paper an important resolution bearing on the conditions of service for employees of co-operative societies. The subject is one which has been long neglected by the Provincial and State Governments who are solely engrossed in expanding their own official

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agencies and improving the conditions of service of the departmental staff. It has not been so far realised that attempts to impart vigour and health to the co-operative movement by administering larger doses of administrative control will not avail, particularly if the efficiency and tone of the paid services in the co-operative institutions are not improved. We must have contented, qualified and effective service in our institutions and such service cannot be ensured without guaranteeing security of tenure and reasonable terms of employment in regard to pay, promotion and prospects. I am in full agreement with the object of the resolution. In fact I moved a resolution at the meeting of the Standing Committees of the two All India Co-operative Associations held in Bombay in January 1941 which is almost in identical terms with that of which notice is given to this Conference by the Mysore Co-operative Staff Association. The resolution was unanimously accepted by the Committees. You have further the support of the unanimous recommendations of the Madras Committee on Co-operation which are more or less in consonance with the demands put forward in the resolution on the agenda. I hope your Apex Institutions will give the necessary lead on this question by framing rules or by-laws to give effect to the measures suggested in this resolution, in regard to their own employees. Such a course of action will not be in conflict with your by-laws or the Act or the Rules thereunder. So it is for your Provincial and other major institutions to set the example so as to prepare the ground for the desired legislation.

Future of the Co-operative Movement.

Co-operation as we see it to-day is not really associated with our national life in any sphere of action. I have not found evidence in any province or State in India of any genuine effort on the part of the governments to utilise co-operation for the reconstruction of our rural or urban economy. Indeed they seem to have no faith in its potentialities. When I read accounts of the use to which co-operation is put in prompting collective farming and organising small scale industrial production as, for instance, in Palestine and China, I often wonder why the governments in India are so oblivious to the benefits of co-operation as the most effective among the agencies for the organisation and development of our agriculture and cottage industries.

I, however, envisage the time, not in the distant future, when co-operation will cease to be an isolated departmental activity but will become an integral part of national planning both in British India and Indian India. The aim of the Movement will then be to generally improve the economic condition of the masses and to increase their income and purchasing power. Many economic factors now impede the progress of the co-operative movement. Increasing dependence of the population on agriculture, decline of rural industries which once furnished subsidiary occupations, oppressive burden of land taxation, uneconomic and unscientific system of land tenures, helpless dependence on overseas markets for the disposal of our raw materials and supply of finished goods and similar disabilities have contributed largely to the economic debility of the agriculturist and to his chronic poverty. Co-operation can obviously make no real progress in such an environment. In the removal of these impediments, co-operation ought to play a large part in any well conceived plan of action in nation building by an enlightened state.

Exit of a Stalwart.

We regret to report the demise of Sri O. M. Venkatanatha Aiyengar, President, Uttiramerur Co-operative Bank and an old Co-operator, at the ripe age of 77 at Uttiramerur on 12-10-42.

Sri O. M. Venkatanatha Aiyengar entered the Movement as a non-official Co-operator in the year 1906. He was Honorary Assistant Registrar for several years and started over 100 societies. He was one of those who endeavoured for the starting of the Madras Provincial Co-operative Union, Central Co-operative Printing Works and the Co-operative Central Bank, Ltd., Conjeevaram. The Uttiramerur Co-operative Union, the first of its kind in the Presidency, was started by him of which till recently he was President. He was State Guest to the Mysore, Travancore and Pudukottah States as a distinguished Co-operator. He gave evidence before the MacLagan and Townsend Committees. He was an ardent Co-operator till his death.

His portrait was recently unveiled in the Bank premises by his old friend Dewan Bahadur Sri K. Deivasikhamani Mudaliar.

THE INDIAN CO-OPERATIVE REVIEW

(Journal of the All India Co-operative Institutes' Association)

Published Quarterly

January, April, July and October

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SUPPLEMENT.

REPORT ON THE WORKING
OF
The Madras Provincial Co-operative Union.
(From 1st July 1941 to 30th June 1942.)

I. PERIOD OF REPORT.

This and the audited statements and review appended to it relate to the co-operative year ended with 30th June 1942. The report of last year ended with 30th June 1941 was considered and adopted by the General Body at its meeting held on 12th October, 1941.

II. CHANGE IN THE PERSONNEL.

Mr. T. A. Ramalingam Chettiar who was elected as President on 20-12-1940 resigned his presidentship in the month of March 1942 and Dr. P. Gurumurthi one of the Vice-presidents also resigned in July 1941. The Executive Committee at its meeting dated 8-3-'42 resolved to place the matter before the next General Body meeting as election of office-bearers, according to by-laws, is a power vested in that body only. Therefore, in the absence of the President, Mr. T. M. Chinnaiya Pillai, one of the Vice-Presidents was looking after the duties of the President.

III. MEMBERSHIP.

The number of members as on 30-6-1941 was 387. By the removal of 2 and addition of 60 members the total number of member societies as on 30-6-1942 was 445. The number of different classes is given below:

Name of Institutions.	As on 30-6-41.	As on 30-6-42.
1. Provincial Societies	6	6
2. Central Banks	31	31
3. Language Federations	2	2
4. District Federations	Nil	1
5. Audit Unions	1	1
6. Urban Banks	90	104
7. Land Mortgage Banks	22	38
8. Non-credit Societies	39	61
9. Local Supervising Unions	171	178
10. Training Institutes	5	3
11. Honorary Members	20	20
	387	445

IV. MEETINGS.

A meeting of the General Body was held on 12-10-41 when the annual report and audit review for 1940-41 were considered and adopted. In presenting the report Mr. K. Bhashyam, the Joint Secretary, appealed to the financing banks and to other societies to help the Union by allotting the necessary funds so that the Provincial Co-operative Union which is the premier non-official co-operative organisation of the Province, may continue to do its useful work as usual. In reply to a resolution brought forward regarding the conduct of training classes for Governing Body members of the Unions, Mr. K. Bhashyam assured the House that a suitable syllabus for the purpose would be prepared and included in the course, for Panchayatdars.

Further the General Body resolved to request the Executive Committee to prepare and exhibit a short film on "Co-operation" both in Telugu and Tamil for purposes of propaganda as it would serve as a more effective medium for educating the public, especially the rural areas in the principles of co-operation and also decided to request the Andhra Desa Co-operative Union and the Tamil Nadu Co-operative Federation to set apart Rs. 500/- each for this purpose, the Union agreeing to contribute a similar amount. In view of the present war conditions the matter could not be pursued. However, the Committee has not abandoned the idea altogether.

Board of Management.—The Board met only once during the period under review i.e. on 12-10-41. While considering the budget for 1941-42, the Board resolved to enhance the subsidy from Rs. 125/- to Rs. 200/- each for the Language Journals i.e. to Kannada Sahakari and Parasparasahayi.

Executive Committee.—The Executive Committee met three times in the year under report.

V. ACTIVITIES.

The main activities of the Union have been, as usual, the conducting of the MADRAS JOURNAL OF CO-OPERATION in English, running of a co-operative library, subsidising co-operative journals in the various languages of the Province, propaganda tours by officers of the Union, holding of the Provincial Co-operative Conference, running of Peripatetic Training Classes under its auspices and the conduct of Panchayatdars Training Classes, sale of publications and of magic lantern and slides and the celebration of the International Co-operators' Day.

1. The Madras Journal of Co-operation.—The Journal continued to be published every month as in previous years. The cost of publishing the Journal amounted to Rs. 3,328-5-2 against which subscription and appropriation of membership fees, sale of journal

copies and advertisement charges amount to Rs. 4,028-11-10. Its publication resulted in a net profit of Rs. 700-6-8. This result has been achieved in spite of increased cost of paper and printing. Attempts have been made to introduce some new features. But owing to war conditions much could not be done. The Journal continued to be popular as before. It is hoped its circulation will increase, thereby reaching a larger section of co-operators.

2. Subsidy to Language Journals.—A subsidy of Rs. 1,000 each was given to the Tamil Nadu Co-operative Federation, Coimbatore which conducts the fortnightly journal "Kootturavu" and to the Andhra Desa Co-operative Union which conducts the monthly Journal "Sahakaramu" and an increased sum of Rs 200 for each was also given to "Kannada Sahakari" and "Parasparasahayi" published by the South Kanara Co-operative Central Bank and the Malabar District Co-operative Bank respectively. These journals are conducted satisfactorily and appeared regularly. Practically the whole Province is now served adequately by co-operative journals in five languages,—a wholly satisfactory feature.

3. Library and Reading Room.—During the year under review no grant was received from the Government for the Library. Books to the value of Rs. 19-11-6 were added to the library from 1st of July 1941 to 30th June 1942. On account of the closure of the Reading Room, the number of visitors to the library was not as great as in previous years. At present books are being made use of by co-operators, students and co-operative employees.

4. Propaganda.—Mr. R. Suryanarayana Rao, Editor of the Journal, visited Alamuru and addressed the students of the Institute of Rural Guides and presided over the S Kanara District Co-operative Conference while Sri T. A. Ramalingam Chettiar presided over the Silver Jubilee Celebration of the Mysore City Co-operative Building Society. Messrs. N. Satyanarayana, D. Mahalingam Pillai and K.L. Narasimha Rao attended the All-India Co-operative Conference held at Nagpur.

VI. CO-OPERATIVE EDUCATION AND TRAINING.

This year two examinations were held—one in September 1941 and the other in March 1942. Particulars regarding number of candidates appeared and passed are given below :—

September 1941 Examination.

	Appeared.	Passed in Class I.	Passed in Class II.
Hood Co-op. Institute, Tanjore ...	74	8	34
Rayalaseema Co-op. Institute, Anantapur ...	33	2	11
Supplemental candidates in both the Institutes ...	10	...	1

March 1942 Examination.

	Appeared.	Passed in Class I.	Passed in Class II.
Hood Co-op. Institute, Tanjore ...	38	3	23
Coimbatore Co-op. Institute	40	3	28
Ramadas Co-op. Institute, Rajah- mundry ...	37	...	22
Rayalaseema Co-op. Institute, Anantapur	27	...	10
Supplemental candidates in all the above Institutes ...	13	1	4

A committee of the representatives of the Institutes met and decided the courses of studies and such other common subjects of importance.

During the period under review, in addition to the three usual parts in the subjects of examination, one more part was added *i. e.* Part III "Rural Reconstruction" consisting of Rural Economics, Sanitation, Village Panchayat and Revenue Law.

Training Classes for Panchayatdars and Members.—The training classes for 1941 could not be closed before the end of the co-operative year as many of the Districts requested for extension of time due to various reasons. The Registrar permitted them to finish the classes before 31-8-1942. As the classes could not be finished before the end of the co-operative year no details are available.

This year a cine projector was purchased for the use of the Dairy Expert for conducting classes in the Institutes and for general propaganda purposes with suitable films. Arrangements are also being made for the purchase of films and other accessories.

6. Publications.—During the year under report 438 copies of the Madras Co-operative Societies Act were sold. The Act published by the Union is the only latest copy available in the market and there has been a great demand for it. All amendments to rules upto January 1942 under the Act are published in a booklet. As the stock is exhausted the Union has arranged to issue another edition soon adding case law wherever possible. The Union has also published a booklet of the Recommendations of the Committee on Co-operation giving the Orders of the Government on each recommendation.

7. Sale of Magic Lanterns and Slides.—This year the Union sold 24 lanterns. In anticipation of getting lenses the Union prepared 48 lanterns. It is doubtful whether any lenses would be available in the near future if the war is to continue. But there has been innumerable demands for our lanterns which we are not in a position to satisfy.

8. International Co-operators' Day.—It was celebrated by the Union on Saturday the 1st of November, 1941. The meeting was presided

over by Diwan Bahadur K. Deivasikhamani Mudaliar. Messrs. T. Raghavendra Rao, Secretary of the Madras Provincial Co-operative Bank, Mr. K. O. Anthoni, Rao Bahadur. P. N. Marthandam Pillai, Rao Bahadur K. Sitaramiah, President of the M. P. C. Bank, Ltd. and several prominent co-operators spoke on the occasion. The resolutions proposed by the International Co-operative Alliance were then placed before the meeting and adopted.

9. Co-operative Conference.—The XXIV Madras Provincial Co-operative Conference was held on the 11th and 12th October 1941 under the presidency of Dr. B. V. Narayanaswami Naidu of the Annamalai University. Mr. T. A. Ramalingam Chettiar, the President of the Union as usual welcomed the delegates. Prof. V. G. Kale of Poona inaugurated the Conference. Diwan Bahadur K. Deivasikhamani Mudaliar opened the Cottage Industries Exhibition. The resolutions passed were communicated to different departments of the Government and such action as was taken by them was published in our Journal.

10. Miscellaneous.—The Training Classes for Supervisors were conducted at Coimbatore, Tanjore, Rajahmundry and Anantapur and the Provincial Co-operative Union realised Rs. 1,559-11-0 by way of examination fees etc., and spent Rs. 1,145/- on the same.

(b) The following grants were made during the year under report.

1. Rs. 50/- to Mr. S. V. Senapathi, a former employee of the Union as gratuity.
2. Rs. 350/- to Mrs. Venkatasubbaiah, wife of the late Secretary of the Union for services rendered by her husband.
3. Rs. 172/8/0- Superstructure of the reading room which was in the Servants of India Society was given as a free gift to the Society.

Funds.—The Audit Review of the Department on the working of the Union for the year 1941-42 together with the audited statement of accounts discloses that the total receipts during the year under review amounted to Rs. 37,879-6-0 and expenditure to Rs. 42,811-4-0. There has been increase in the contributions from member societies and under subscriptions for the *Journal*. A small surplus was also available from the sale of publications and magic lantern and slides.

Thanks.—We tender our grateful thanks to the Madras Provincial Co-operative Bank for the generous grant of Rs. 5,000 for Training Classes for Panchayatdars and Rs. 6,500/- for education and propaganda. We realise that our activities in various directions are largely dependent upon the Bank's contributions.

Our thanks are also due to the Registrar and his Department for the interest they have taken in the working of the Union and the generous help they have rendered to the Union from time to time.

(Sd.) N. SATYANARAYANA,
D. MAHALINGAM,
Hon. Joint Secretaries.

AUDIT REVIEW

BY

Mohammed Abdul Hafeez Sahib Bahadur, M.A.,

Deputy Registrar of Co-operative Societies, Madras,

ON THE ACCOUNTS OF THE

MADRAS PROVINCIAL CO-OPERATIVE UNION, No. 1130

For the year ending 30th June 1942.

The accounts of the Madras Provincial Co-operative Union for the year 1941-42 as audited by Sri R. Rangaraja Iyer, Inspector of Co-operative Societies, Madras are passed. The statements of 1. Receipts and Disbursements, 2. Funds available and obligations to be fulfilled and 3. Income and Expenditure as furnished by him are appended.

2. **Membership** :—The number of members as on 30-6-41 was 387. By the removal of 2 and the addition of 60 members, the total number on 30-6-42 was 445. The number of different classes is given below :—

Name of Institutions.	As on 30-6-41.	As on 30-6-42.
1. Provincial Institutions	6	6
2. Central Banks	31	31
3. Language Federations	2	2
4. Audit Unions	1	1
5. Urban Banks	90	104
6. Land Mortgage Banks	22	38
7. Non-credit Societies	39	61
8. Local Supervising Unions	171	178
9. Training Institutes	5	3
10. District Federations	—	1
11. Honorary Members	20	20
Total	387	445

3. **Funds** :—The funds of the Union are composed mainly of :—

- i. Contribution from member societies.
- ii. Subscription from the Madras Journal of Co-operation.
- iii. Subsidies and other miscellaneous receipts.

The Demand Collection and Balance statements for items 1 and 2 are given below :—

	Demand,			Collection,			Balance,		
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
Contributions ...	5,329	12	0	4,517	9	0	812	3	0
Subscriptions ...	2,326	5	0	2,044	5	0	282	0	0

7

The receipts under subsidies amounted to Rs. 16,004-3-9 the receipts under grants and other fees amounted to Rs. 6,500 and Rs. 1,559-11-0 respectively as given below :—

Purpose.	From whom received.	Amount.		
		Rs.	A.	P.
1. Subsidy for conducting ... Panchayat Training Classes.	Government ... Madras Provincial Co-operative Bank ...	10,556	0	0
	Amount returned from institutions ...	5,000	0	0
		448	3	9
		16,004	3	9
2. Grants	... Madras Provincial Co-operative Bank, Madras ...	6,500	0	0
3. Institutes	... Examination fees and other fees.	1,559	11	0

4. **Panchayatdars Training Classes** :—The unspent balance at the beginning of the year was Rs. 20,562-10-0. The subsidies received during the year amounted to Rs. 16,004-4-0 and the amount spent was Rs. 22,769-4-0. The unspent balance on the last day of the year was Rs. 13,797-10-0.

5. Activities of the Union :

(a) **Madras Journal of Co-operation** :—The *Journal* was published every month as in the previous year. The cost of publishing the journal during the year amounted to Rs. 3,323-5-2. Against this Rs. 4,028-11-10 were realised by way of subscription appropriated from annual contributions made by members, by sale of copies of the journal and from insertion of advertisements. There was a surplus of Rs. 700-6-8 under this head.

(b) **Publications** :—During the year 1000 amendment slips relating to the rules framed under the Co-operative Societies Act and 200 copies of Government Orders on the Committee on Co-operation were printed for sale at a cost of Rs. 57-8-6. The income by the sale of these publications amounted to Rs. 239-12-6. The surplus in this section was Rs. 85-8-0.

(c) **Magic Lanterns and Slides** :—The Union had a stock to the value of Rs. 398-2-8 of propaganda materials—magic lanterns and slides on 30-6-41. During the year lanterns were manufactured at a cost of Rs. 2,389-15-1. Sales during the period amounted to Rs. 1,357-10-0 leaving stock worth Rs. 1,397-14-8 at the end of the year. These transactions resulted in a surplus of Rs. 365-9-7.

(d) *Library and Reading Room*:—Books valued at Rs. 19-11-6 were added to the library during the year 1941-42. The cost of books etc., at the end of year was Rs. 1,969-8-0.

(e) *Subsidies to journals published in the Vernacular languages*:—Subsidy was paid to the following institutions as usual in 1941-42.

Name of Institutions.	Purpose.	Amount.
1. Tamil Nadu Co-operative Federation	"Kutturavu"	1,000
2. Andhra Sahakara Sammelanam ...	"Sahakaramu"	1,000
3. South Kanara Central Co-operative Bank ...	"Kannada Sahakari"...	200
4. Malabar District Co-operative Bank..	"Paraspara Sahayi" ...	200

(f) *Propaganda*:—Sri R. Suryanarayana Rao, Editor, the Madras Journal of Co-operation did propaganda during the year. He visited Alamuru for propaganda work.

6. *Meetings*:—Only one General Body Meeting was held on 12-10-41. One Board and three Executive Committee Meetings were convened in the year.

7. *Miscellaneous*:—(a) *Institutes*.—The training classes for supervisors were conducted in the 4 institutes at Rajahmundry, Anantapur, Coimbatore and Tanjore. The Union received a sum of Rs. 1,559-11-0 by way of examination fees etc., against an expenditure of Rs. 1,145.

(b) *Grants made by the Union*:—Grants were made by the Union to the individuals noted below:—

- Rs. 50 to S. V. Senapathi, a former employee of the Union as gratuity.
- Rs. 350 to Mrs. Venkatasubbaiah, wife of the late Secretary of the Union for services rendered by her husband.
- Rs. 172-8-0 - Superstructure of the reading room which was in the Servants of India Society was given as charity to the institution.

P. RADHAKANTHAN,
For Deputy Registrar.

THE MADRAS PROVINCIAL CO-OPERATIVE UNION.
FINAL AUDIT REPORT FOR 1941-42.

Statement of Receipts and Charges.
RECEIPTS.

	Rs.	A.	P.	Rs.	A.	P.
Provident Fund for staff	...			281	1	0
Loan on P. F. Fund to employees	...			94	0	0
Interest	...			3	8	0
Miscellaneous Income:—						
Conference account	...			1,372	8	0
Grant from M. P. C. Bank, Ltd.	...	6,500	0	0		
Annual contribution from member societies	...	2,817	9	0		
Dividend on share capital:—						
C. C. P. Works, Ltd.	...	31	4	0		
Interest on other investments	...	81	9	0		
Other items:—						
(1) Postage recovered	...	42	9	0		
(2) Miscellaneous income	...	27	7	0		
(3) Sale of Newspapers	...	11	0	0		
(4) Bank commission	...	9	15	0		
(5) Rebate	...	84	10	0		
(6) Excess returned	...	4	0	0		
(7) Interest on P. D. account	...	29	7	0		
				9,639	6	0
Sale Proceeds:—						
(1) Magic Lantern	...	1,011	10	0		
(2) Slides	...	256	0	0		
(3) Publications	...	240	0	0		
(4) Journal of Co-operation a/c.	...	3,801	5	0		
				5,308	15	0
Training Institutes collection	...			1,559	11	0
Panchayat Training Classes a/c.	...			16,004	4	0
Adjusting Heads:—						
i. Due to Society:						
Advances	...	1,994	11	0		
Paper for printing	...	67	2	0		
				2,061	13	0
ii. Due by Society:						
Advance collections M. J. C.	...	159	9	0		
Suspense due	...	1,104	5	0		
Annual contribution advance	...	28	0	0		
				1,291	14	0
Investments withdrawn:—						
i. Reserve Fund in Christian Co-operative Central Bank	...	17	3	0		
ii. Assets Removed:—						
(1) Shares in Sadana Printing Works	...	25	0	0		
(2) Reading room superstructure	...	172	8	0	262	6
(3) Prudential Deposit account	...	47	11	0		
				37,879	6	0
Opening Balance	...			16,813	10	0
Grand Total	...			54,693	0	0

	CHARGES.	Rs.	A.	P.	Rs.	A.	P.
Share capital	...				3	5	0
Loan on P. Fund to employees	...				153	0	0
Stock bought—							
i. Lantern and slides	...	1,991	12	0			
ii. Publications	...	57	9	0			
iii. Expenditure for Journal	...	3,204	0	0	5,253	5	0
Conference account	...				974.15	15	0
Establishment charges	...	2,351	13	0			
Postage	...	278	14	0			
Stationery	...	134	5	0			
Trade discount	...	0	8	0			
Reading Room	...	55	13	0			
Miscellaneous	...	206	4	0			
Other contingencies	...	34	7	0			
Cleaning	...	13	1	0			
M. O. Commission	...	2	4	0			
Repairs	...	32	3	0			
Rent	...	675	0	0			
Interest on P. F. account	...	17	7	0			
Printing charges	...	190	7	0			
Bank commission	...	10	14	0			
Telegrams	...	2	4	0			
Telephone	...	8	14	0			
T. A. for Propaganda	...	50	0	0			
" E. C. meetings	...	499	9	0			
" Board meetings	...	359	9	0			
" Other meetings	...	411	6	0	5,334	14	0
Miscellaneous Payments—							
(i) P. F. contribution	...	131	13	0			
(ii) Subsidy to Vernacular Journals	...	2,400	0	0			
(iii) Contribution returned	...	10	0	0			
(iv) Other grants paid	...	572	8	0			
(v) Subscription to All India Co-op. Institutes' Association	...	100	0	0			
					3,214	5	0
(vi) Amounts written off	...				479	0	0
(vii) Training Institutes charges	...				1,145	0	0
Adjusting heads—							
Due to Society—							
Advances	...	1,428	14	0			
Paper for printing	...	67	2	0	1,496	0	0
Due by Society—							
Advance collections M. J. C.	...	694	2	0			
Suspense due	...	985	3	0			
Annual contribution—advance	...	5	0	0			
					1,684	5	0
Panchayatdars Training Classes a/c.	...				22,769	4	0
Investments made—							
Library books purchased	...	19	12	0			
Prudential Deposit a/c.	...	284	3	0			
					303	15	0
Closing Balance	...				42,811	4	0
Grand Total	...				11,881	12	0
					54,693	0	0

INCOME AND EXPENDITURE ACCOUNT FOR THE
YEAR ENDING WITH 30TH JUNE 1942.

YEAR ENDING WITH 30TH JUNE 1942.

Rs. A. P.

INCOME.

Interest earned realised	...	3	8	0
Gross profits as per trading account	...	1,151	8	0
Surplus in Conference account	...	397	9	0
Surplus in Institute account	...	414	11	0
Miscellaneous income	... 9,639 6 0			
Add amount pending recovery	... 812 3 0			
	10,451 9 0			
Less amount pending realization at the end of the year	... 1,309 12 0			
	9,141 13 0			
Dividend due from T. U. C. S.	...	8	4	0
Total	...	11,117	5	0

EXPENDITURE.

Establishment and contingent charges paid and due	...	5,328	8	0
Assets written off as bad debts	...	479	0	0
Miscellaneous items	...	3,214	5	0
Depreciation	...	279	5	0
		9,301	2	0
Surplus	...	1,816	3	0
		11,117	5	0

ASSETS AND LIABILITIES AS ON 30-6-42.

ASSETS.

Cash—

i. On hand	...	...
ii. M. P. C. Bank and Salem Dt. Urban Bank	...	11,881 12 0

Other Investments—

i. Reserve Fund in the Christian Co-operative Central Bank (liquidated)	...	258 13 0
ii. Shares taken in the C. C. P. Works Ltd.	...	1,000 0 0
iii. Shares in T. U. C. S.	...	24 1 0
iv. Security Deposit in M. P. C. Bank	...	300 0 0
v. Prudential Deposit in M. P. C. Bank	...	853 14 0
Carried over	...	14,318 8 0

	Rs.	A.	P.
Brought forward ...	14,318	8	0
Loans due by members—			
P. F. Loan from employees ...	69	0	0
Annual contribution due ...	812	3	0
Other items—			
i. Value of furniture and library books less depreciation ...	1,969	8	0
ii. Value of Society's cycles, duplicator etc. ...	443	1	0
iii. Value of propaganda materials ...	110	13	0
iv. Value of gramophone machine ...	10	2	0
Value of Stock on hand—			
i. Magic Lantern and slides ...	1,397	15	0
ii. Publications ...	528	3	0
Adjusting heads specify—			
i. Suspense items ...	322	4	0
ii. Non-refundable P. Fund of employees ...	2	5	0
iii. Bulletin arrears ...	0	9	0
As per Trading Account—			
i. Magic Lantern ...	90	0	0
ii. Journal account ...	282	0	0
iii. Publications ...	3	13	0
Dividend due from T. U. C. S. to the end of 30-6-41 ...	8	4	0

20,368 8 0

LIABILITIES.

Provident fund for staff ...	832	10	0
Security Deposit from staff ...	300	0	0
Central Agricultural Committee ...	1,453	11	0
Subsidy for Panchayatdars Training Classes (unspent balance) ...	13,797	10	0
Share Capital—			
i. Apex Bank ...	15	0	0
ii. Other Societies ...	90	10	0
Adjusting head ...	1,579	8	0
As per Trading Account—			
i. Journal Subscription ...	240	10	0
ii. Magic Lantern and slides ...	181	0	0

18,490 11 0

Net Difference ... +1,877 13 0

Total ... 20,368 8 0

+ Surplus as per income and expenditure a/c ...	1,863	3	0
Add surplus included in the balance sheet of 40-41 but not available for distribution ...	61	10	0
	1,877	13	0

(Sd.) R. RANGARAJAN,
Inspector of Co-operative Societies.

THE MADRAS PROVINCIAL CO-OPERATIVE UNION.

The Madras Journal of Co-operation Account 1941-42.

INCOME.

	Rs.	A.	P.	Rs.	A.	P.
1. (a) Subscriptions ...	2,044	5	2			
(b) Appropriation from contributions.	1,700	0	0			
2. Advertisement charges ...	42	0	0			
3. Sale of Journal copies ...	15	0	0			
	3,801	5	2			
Add amount pending realisation at the end of the year ...	282	0	0			
	4,083	5	2			
Deduct amount pending realisation at the beginning of the year ...	54	9	4			
Net Income ...				4,028	11	10

EXPENDITURE.

1. Printing Charges ...	1,516	15	6			
2. Honorarium ...	360	0	0			
3. Postage ...	259	4	0			
4. Blocks and contingencies ...	55	15	9			
5. Paper for Journal ...	1,003	12	5			
6. Amount returned ...	8	0	0			
	3,203	15	8			
Add liability at the end of the year.	240	10	0			
	3,444	9	8			
Deduct liability at the beginning of the year ...	116	4	6			
	3,328	5	2	3,328	5	2
Surplus ...				700	6	8

(Sd.) R. RANGARAJAN,
Inspector of Co-operative Societies.

THE MADRAS PROVINCIAL CO-OPERATIVE UNION.
Magic Lantern and Slides Account.

		INCOME.								
		Magic Lantern.			Slides.			Total.		
		Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
1.	Cash Sales	1,011	10	0	256	0	0	1,267	10	0
2.	Add amount pending realisation at the end of the year	90	0	0	...	...	...	90	0	0
		1,101	10	0	256	0	0	1,357	10	0
3.	Deduct amount pending realisation at the beginning of the year	...	...	...	...	...	...	...	...	...
Net		1,101	10	0	256	0	0	1,357	10	0
4.	Stock on 1—7—42.									
(i) 1 lantern at Rs. 45		45	0	0						
48 lanterns at Rs. 25-4 6		1,213	8	0				1,258	8	0
(ii) Slides:										
Set No. I		...	...	...	...	...	...	...	...	...
Set No. II at Rs. 50 one set...		...	...	...	50	0	0	50	0	0
Set No. III		...	...	...	...	...	...	...	...	...
Set No. IV at Rs. 50 one set...		...	...	...	50	0	0	50	0	0
Set No. V		...	...	...	...	...	...	...	...	...
(iii) Lenses:										
1 big lens (broken)		...	...	...	...	...	...	...	...	...
5 small lenses at Rs. 5-1-4		25	6	8				39	6	8
2 stands at Rs. 7.		14	0	0						
		2,399	8	8	356	0	0	2,755	8	8
		EXPENDITURE.								
1.	Stock on 1—7—41	...	...	...	398	2	8	398	2	8
2.	Manufacturing expenses:									
Magic Lantern		...	...	...	1,985	0	11			
Cost of lantern returned		...	...	...	5	0	0			
Slides		...	...	...	1	11	6	1,991	12	5
								2,389	15	1
3.	Add amount pending payment									
Royalty		...	...	...	160	0	0			
Carpenter		...	...	...	21	0	0			
								181	0	0
4.	Deduct amount pending payment at the beginning of the year	...	...	...	181	0	0	181	0	0
Total		...	...	...				2,389	15	1
Surplus		...	...	...				365	9	7
					Total	...	...	2,755	8	8

THE MADRAS PROVINCIAL CO-OPERATIVE UNION.
Publications.

		INCOME.					
		Rs. A. P.			Rs. A. P.		
1. Sales:							
(1) Act copies	...	214	10	6			
(2) Sadyama Drama	...	0	8	0			
(3) Sanitation and Health	...	1	0	0			
(4) Amendment slips	...	21	11	0			
(5) Journal reprints	...	2	2	0	239	15	6
Add cost of copies pending realisation.							
Act copies	...	1	12	0			
Amendment slips	...	2	1	0			
					3	13	0
					243	12	6
Deduct cost pending at the beginning of year	...				4	0	0
							239 12 6
2. Stock on 1-7-42,							
(a) Economic Depression in Rural Kistna 201 copies at Rs. 0-5-2	...	64	14	6			
(b) Act copies 17 at Rs. 0-5-0	...	5	5	0			
(c) Sadyama (Tamil Drama) 587 at Rs. 0-2-6	...	91	11	6			
(d) Rural Sanitation and Health 456 at Rs. 0-11-5	...	325	6	0			
(e) Amendment slips 622	...	24	1	0			
(f) Journal reprints 179 at 0-1-6	...	16	12	6			
							528 2 6
Total	...						767 15 0
		EXPENDITURE.					
Stock on 1-7-1942	...	624	14	5	624	14	5
Printing charges.							
Act copies	...	0	7	6			
Amendment slips	...	39	0	0			
Journal reprints	...	18	1	0			
					57	8	6
Add liability pending payment.	...						
Deduct liability pending at the beginning of the year	...						57 8 6
							682 6 11
Surplus	...						85 8 1
Total	...						767 15 0

(Sd). R. RANGARAJAN,
Inspector of Co-operative Societies.

THE XXIV MADRAS PROVINCIAL CO-OPERATIVE
CONFERENCE.

Account.		Rs. A. P.		
INCOME.				
1. Delegation fees	...	809	12	0
2. Donation	...	394	0	0
3. Boarding and Lodging	...	165	12	0
4. Suspense	...	3	0	0
		1,372	8	0
EXPENDITURE.				
1. Boarding	...	207	14	0
2. Rent	...	177	4	0
3. Stationery	...	52	11	0
4. Printing etc.	...	165	15	6
5. Miscellaneous	...	33	3	2
6. Establishment	...	44	4	0
7. Lighting	...	16	12	0
8. Postage	...	116	15	6
9. T. A.	...	160	0	0
		974	15	2
Surplus	...	397	8	10

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The Madras Provincial Co-operative Marketing Society, Ltd.

582, Pycrofts Road, Triplicane, Madras.

(Registered Under Madras Act VI of 1932.)

Head Office ... 582, Pycrofts Road, Triplicane, Madras.

Fruit Branch ... 38, Bunder Street, G.T., Madras.

Provisions Branches... 327, Mint Street, Madras.

1/14, Pondy Bazaar, Theagarayanagar.

President: RAO BAHADUR SRI M. GIRIAPPA, B.A.

The following are the main objects of the society:—

- (a) to arrange for the sale of produce of the affiliated societies and other members to the best advantage ;
- (b) to act as agent of members for the disposal of their produce ;
- (c) to co-ordinate the activities of the various non-credit societies by getting them into touch with the market, places of production and the prices prevailing in the presidency ;
- (d) to serve as an information bureau of raw products available in the presidency or elsewhere.

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

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

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

Kodur sathugudi oranges, limes and sapotas.

Promote Co-operative Marketing by purchasing your requirements.

The Madras Provincial Co-operative Bank, Ltd.

(Registered under Madras Act VI of 1932, formerly Act II of 1912)

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

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

Secretary: T. RAGHAVENDRA RAO.

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

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

For rules and terms of business, apply to:—

THE SECRETARY, HEAD OFFICE, OR
ANY OF THE BRANCHES.

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

M. P. C. Bank Buildings, Luz, Mylapore, Madras.

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

The 33rd series of debentures for Rs. 20 lakhs bearing interest at 3 per cent. issued at par was fully subscribed and closed. It is expected that the next series will be issued in about 4 months.

N. S. KONETI RAU, B.A., B.L.

Dated, 19-9-42.

Secretary.

Edited and published by Sri R. Suryanarayana Rao, B. A., at 43, Mowbray's Road, Alwarpet P.O., Madras. Printed by Sri R. Krishnamachari, B.A., at the Central Co-operative Printing Works, Ltd., 1/17, Mount Road, Madras.