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EACH FOR ALL, AND ALL FOR EACH

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Editorial Notes.

Milk Consumption :

The Report on the Marketing of Milk in India discloses a very disquieting situation. It is said that the consumption of milk in general has gone down by 12 per cent. and that the average consumption on the basis of 1941 census is 5.8 oz. per head. This average is by no means an indication that every body is consuming milk. It is a notorious fact that the poorer classes of the population are going without milk or milk products altogether and even those who can afford find it difficult to secure milk and milk products. It is not known what steps are being proposed to rectify this serious state of affairs. We shall not be surprised when the projected Public Health Commission comes round they will be faced with facts which will need all their ingenuity for offering solutions. We once again reiterate our plea that everything possible should be done to preserve cattle, improve their breed and enhance their milching capacity.

THIS ISSUE CONTAINS

Price Control in India.
The Co-operative Movement and Post-War
Reconstruction.
Industrial Co-operatives for India.

Working of Societies.
Knowledge : Facts and Figures.
Reviews.
Orders and Circulars.

Slaughter of milk cattle should be absolutely prohibited by law and deterrent punishment should be imposed for its violation. The Government should take courage to face the problem in all its aspects and not be content to take half-hearted measures which will produce no satisfactory results at all.

In passing, may we venture to point out that in the pamphlet on 'Grow More Food Campaign' issued by Government, which we shall notice presently, dairying occupies an insignificant place and no information is vouchsafed to the public regarding the steps contemplated for increasing the milk supply of the province. Though cattle is included in the underlying essentials for 'Grow More Food', there is no section dealing with it at all. We will not be guilty of saying it is wilful omission though in view of the cry raised against slaughter of cattle and for which no satisfactory explanation has as yet been forthcoming, one is inclined to take that view. In view of the importance of the problem, we hope a separate pamphlet on the subject will soon be forthcoming.

Co-operative Distribution :

It is gratifying to learn that the Government propose to undertake procurement and distribution of rice to deficit districts by eliminating the wholesale-dealers and to supply rice direct to the retailers by importing the commodity into those districts on Government account. It is also understood that the desirability of utilising the agency of the Co-operative Wholesale Stores, wherever they are functioning, for purposes of distribution within the districts is under consideration. It is needless to say that we are heartily in favour of the proposed move. This scheme, it is stated, is to be first introduced in semi-famine or famine areas like the Ceded Districts and Vizagapatam. We have no doubt co-operative wholesale stores in these districts will rise equal to the occasion and undertake the responsibility sought to be conferred on them and discharge it to the satisfaction of the community. No considerations other than the motive for service should predominate and guide the activities of the co-operatives. We are thankful to Government for considering the co-operatives as fit to undertake this task.

We are gratified to learn that the Gregory Committee have also expressed their emphatic opinion that distribution through consumers' co-operative societies should be positively encouraged. We only hope the encouragement given will take some tangible form and all possible facilities will be offered to the co-operatives to play their

part. Even in retail distribution, the co-operatives should be preferred to other retailers.

Ceiling prices of Cotton cloth:

When the ceiling prices for yarn and cloth were announced, there was a cry that they were unduly high and had been fixed neither with reference to cost of production nor the interests of the consuming public. This has extorted a *communiqué* from the Chairman of the Textile Control Board who has offered a somewhat laboured explanation. He states "these ceiling prices only apply to about 40 per cent. of the industry's capacity, 50 per cent. of the total productive capacity having been employed for the manufacture of standard cloth at more or less cost price basis and 10 per cent. being engaged in the manufacture of cloth required for defence services which are being supplied to Government at very low margin of profit." The explanation appears to be so plausible as to make one feel that the Indian Textile industry is so solicitous of the interests of the masses. But if it is known these ceiling prices have been fixed after allowing for a reasonably generous war-time profit and that even in respect of standard cloth the war-time profit has been taken into account, the claim of the Textile industry of their generosity to consumers cannot stand scrutiny. It may also be stated that the price of standard cloth has been raised from time to time 'to meet the increase in the cost of production.' What this ever-increasing cost of production means will be clear when it is stated that the ceiling price fixed for yarn of 20 lbs. at Rs. 1-12-0 per lb. gives a clean margin of 10 as. per lb. or of Rs. 500 per candy on the current cotton prices. The fact of the matter appears to be that the prices were fixed by Government in consultation with the industry and the cost of production did not enter at all into account. Unless some scientific basis is adopted, the prices fixed cannot but be considered arbitrary.

Cotton Prices:

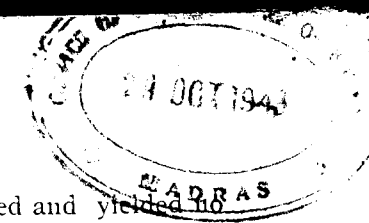
Though crocodile tears are shed for the lot of the producer, no attempts are being made to do him justice. The Textile industry has always commanded influence which has often been inimical to the interests of the grower. Instead of basing the prices of cotton on the cost of production including the grower's cost of living, the attempt seems to be to base the price on the profit-earning capacity of the mills. As long as the Government cannot forego their claim for excess profits, all other interests are bound to suffer. So the

Industry and the Government cannot be expected to safeguard either the interests of the cotton-grower or of the consumer. The maximum and minimum prices of cotton are bound to be low while the ceiling prices of cloth and yarn are bound to be high. The Government should not expect the general public to give credit to their efforts to keep down the prices of yarn and cloth while the suspicion to which we have referred remains 'undispelled.'

Grow More Food:

A comprehensive hand-book on the subject of 'Grow More Food Campaign' in a readable form, has just been issued by Government. But we shall be forgiven if we venture to state the pamphlet appears to be intended more to advertise to the outside world what the intentions of Government have been than to supply information to agriculturists to enable them to take advantage of the various concessions offered. What is wanted is an account of the success which has attended the efforts of Government in increasing the acreage under various crops. It will do well for Government to issue a *communiqué* on that aspect as there is a feeling the whole campaign for 'Grow More Food' has been a colossal waste, a feeling we are not surprised, is even shared by Dr. Aykroyd.

(a) *Government lands* :—Even a cursory perusal of the concessions offered in respect of the 'underlying essentials' are not such as to enthruse the tiller of the soil to put forth his best efforts. Conditions to be fulfilled before obtaining the concessions are irksome and place the agriculturist more at the mercy of the village officials who are likely to interpret rules to the detriment of the cultivators and thus indirectly defeat the benevolent intentions of Government. All land lying fallow and uncultivated should be divided into economic holdings and assigned to landless labourers for a period of years free of assessment and where water is supplied it should be free of water charge also. The Government should also promise to recognise their claims for permanent assignment if they continuously cultivated the land with food crops. All galling restrictions governing concessions, apparently imposed to fit in with the existing Standing Orders of the Board of Revenue, should be withdrawn. Even lands within a particular belt adjoining the reserved forests and the railway 'A' and 'B' class lands should be assigned on conditions similar to those applicable to Government waste lands. Collection of reasonable rental in respect of railway lands does not



arise as in most cases these lands remained unused and yielded no income at all.

(b) *Waste lands in Estates* :—The Government realise that there are large extents of lands in the estates, governed by the Madras Estates Land Act, lying waste. It has been suggested that the Government may temporarily take over such lands on nominal rent, the rent being in no case more than the average annual income derived during the previous five years and distribute the lands among the landless labourers on conditions similar to those applicable to Government waste lands. This would mean the Government would have to bear the rent due to the estates. It is worth while doing so to promote the Campaign. The Government have published an amendment to the Madras Estates Land Act to prevent the acquisition of permanent occupancy right by the person admitted to the possession of such waste land and they make the astounding statement that such acquisition of occupancy right is not always desirable in the interests of the landholder. Would not the tenants secure that right if they come into normal possession of these waste lands? Why should they be deprived of their right and its acquisition is considered 'not desirable in the interests of landlords' if they are cultivated immediately with food crops? The landholder does not himself bring the land under cultivation and those who come forward to assist the community by raising more food crops are not to receive any encouragement. This solicitude for the interests of the landholder is pathetic and savours of upholding rights and privileges which have long ago lost their value. What incentive will there be for the tenants to take out lands on lease if they are to be deprived of the inherent right which they now possess under the Statute? It is far better for Government to take the waste lands in estates on lease and sub-lease them to tenants on conditions already referred to and grant them all facilities which are offered to their tenants. The need for legislation of the kind proposed will not then arise. In the case of Government lands the prospects of securing permanent assignment are always present while in the case of estate lands they are ever absent. We are not sanguine of the success of this scheme in respect of estate lands.

(c) *Concessions* :—Concessions in respect of seed, manure etc., offered are not attractive at all. Mere possession of land without other facilities for cultivation, is of no avail at all. Rules of red tapism enforced during ordinary times should be done away with and certain amount of latitude should be allowed in the imposition of conditions governing advances or loans. Invariably these advances should be free of interest for the period of loan and that in deserving cases seed, manure etc., wholly or partly should also be supplied free of cost. Those who seek waste lands for cultivation should also be entitled to these loans even though they may not be registered holders of ryotwari land or tenants possessing occupancy rights in estates.

Co-operative Movement and Post-war Reconstruction :

Elsewhere we have reproduced a well-informed article from the *International Labour Review* on the part the Co-operative Movement can play in post-war reconstruction. The distinguished writer has envisaged a future for the Movement which must bring hope and cheer to all whose faith has often been shaken by certain lapses noticed here and there. Co-operation is the only sound basis for the New Order. In this connection we have great pleasure in reproducing an extract from the annual report of Manitoba Co-operative Wholesale :

Co-operation Sound Basis of New Order.

Co-operation embraces all factors affecting the social and economic lives of the people and operates in every phase of community life. The newer freedoms must give every opportunity to the instinctive desires of man to associate for the creation, ownership and control of those services essential to the satisfaction of his daily needs. It is in these terms we interpret the objectives in this world struggle. The ultimate goal of peace on earth and goodwill among men will not be secured until effective control by the people for the people is established in every land. Co-operation is the full brother to Democracy.

Industrial Co-operatives :

We have great pleasure in drawing the attention of our readers to an article on *Industrial Co-operatives for India* contributed to the *Eastern Economist* by that well-known Bombay Co-operator, Mr. Vaikunth L. Mehta. He believes that co-operation is one of the most potent methods so far devised to promote the economic interests of the small scale producers, whether agricultural or industrial. He quotes the high authority of the Indian Central Banking Inquiry Committee and the Bombay Economic and Industrial Survey Committee. The example of China is also quoted in support of the view that the sympathy and support of the Government are necessary for the successful working of Industrial Co-operatives. Movements which stand for 'the decentralisation of industrial production, the dispersal of industrial labour and the carrying on of production in the countryside in the houses and cottages of the people on a basis which ensures to the producers the maximum advantage from their production enterprises' should, in Mr. Mehta's opinion, receive the support of the State. Co-operative enterprises satisfy these and other tests. In this presidency, the Government have rendered invaluable assistance to the handloom industry which has come to occupy once again a prominent place in the economic life of the community. There are other cottage industries as well which lend themselves, if we may say so, to co-operative treatment. We have heard it said a scheme for the development of cottage industries on co-operative basis is on the anvil. We hope it will soon be sanctioned and the rehabilitation of large sections of the population engaged in these cottage industries will be promoted.

There is also need for organising into co-operatives women of the poorer classes of the community to enable them to supplement the meagre earnings of their families. The Committee on Co-operation stressed the importance of this activity. At one time there was a proposal to appoint a lady organiser in the cadre of sub-deputy Registrars. We do not know what happened to the proposal. We would urge the appointment of a lady organiser to work at first in the City under the guidance of a ladies sub-committee. Necessary funds to meet the expenditure other than the salary of the organiser can easily be forthcoming from various co-operative organisations in the City primarily from the Provincial Bank.

Co-operative Staff :

The demand for the services of various classes of co-operative officers appears to be interminable especially in view of their services for the stores movement necessitating further and larger recruitment. We venture to suggest that a certain portion of the temporary staff needed to fill the gaps may as well be recruited from among experienced supervisors and members of the staff of the Central and Urban Banks. Otherwise it may not be advantageous to the Movement to have all raw recruits for organisation, administration, audit etc. Moreover, these recruits have all to undergo training before entering on their duties.

The Madras Provincial Co-operative Union,

M. P. C. Bank Buildings, Esplanade, Madras.

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23rd July 1943.

V. VIYYANNA, B.A., B.L.
Hony. Joint Secretary.

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BY

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WITH A FOREWORD BY

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Personally I can honestly call this book a fascinating study. It is so true a picture of the country-side. I congratulate the author on the result.

T. Vijayaraghavacharya.

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Price Control in India.

BY V. RAMAKRISHNA RAO, M.A., M.LITT.

Some responsible Ministers and Advisers to the Governors in a number of provinces have been proclaiming aloud that the price control in India failed because India is a vast country and there are some eminent economists who readily join chorus with the above. The purpose of this note is to show that it is not the vastness of the country that is responsible for the breakdown of the control but the inherent defects of the system of control that is sought to be enforced make it a failure.

Elements of economics teach us that, broadly speaking, prices are determined by an interaction of supply and demand. When supply is reduced, demand has to be curtailed if the price is not to rise. Again an increase in the price of an article will produce a sympathetic rise in the prices of other articles. These two elementary facts indicate that (1) demand can be controlled by cutting down the purchasing power in the hands of the consumer and (2) the control of prices should not limit itself to one class of goods but to all classes.

Taking the second point mentioned above, an attempt to control one type of goods leaving others is to plan its failure. This is eminently demonstrated by the failure of Indian price control, where a limited number of agricultural commodities have been brought under control, leaving the industrial goods, both imported and home made, outside its scope.

Taking up the next point, it must be mentioned that a reduction in the purchasing power can be done best only by a combination of heavy taxation, heavy borrowing and a vigorous national savings scheme. Further in the distribution of limited supplies it is essential to see that money power does not form decisive part in getting them. This means institution of rationing. No less an authority than Prof. Pigou stated that no price control can succeed unless it is backed by rationing. If rationing is not instituted, the rich will try to secure more than what they are entitled to and cause the prices to go up. This will give rise to hoarding (1) on the part of the merchants in anticipation of further rise in the price-level and (2) also on the part of the rich and middle class consumer. The ultimate result will be black markets, hoarding and inflationary spiral. This process will be further accentuated by the absence of any check over stocks at wholesale and retail stages. In a well conceived price control a check over the stocks at various stages forms an integral part of it.

But it will not merely do if the Government fixes the maximum prices and back it by a system of rationing. Minimum stocks consistent with the conditions created by war have to be maintained and this means (1) manufacture of substitutes for things that can not be had from abroad (2) ensuring production of basic civilian requirements and (3) control of transport—especially railways—by an institution of a system of priorities. The control over transport is essential if local shortages are to be avoided.

Above all if the price control is to succeed, it has to be planned and executed by a single central authority who enjoy the confidence of the people. If the working of the control is left to the provincial Governments, as is done at present, it is certain that the provincial rivalries will wreck it.

Finally the prices at various stages *i.e.* right from production down to the stage of consumption have to be fixed. To leave one or two stages is to seal the doom of the price control.

Therefore we find for a successful institution of price control it is necessary that (1) maximum prices of all essential goods—both agricultural and manufactured—should be fixed at various stages, (2) a system of rationing is introduced, (3) the stocks are controlled at all stages, (4) transport is controlled by an institution of priorities, (5) manufacture of substitutes for things that can not be imported and the production of basic civilian essential goods are ensured, (6) central authority plans and executes the scheme and lastly (7) this is very important—the amount of purchasing power in the hands of the consumer is appreciably reduced by taxation, compulsory saving and borrowing. After all the main problem of war economy is to check civilian consumption and this is best achieved by curtailment of money demand by means of taxation and promotion of savings.

But what is the nature of the price control instituted in India? Maximum prices at retail end, of a few agricultural commodities are fixed; industrial goods—home made and imported—have been left unchecked; upto now no rationing has been introduced at least in urban areas; there is absolutely no check over the stocks of essential goods; the railway transport is seriously denuded of locomotives and waggons and is unable to cope with the demands made on it, and lastly the working of the control is left to the provinces which have been issuing conflicting orders. Most important of all, the additional purchasing power created by huge war orders is not neutralised because there is no willingness on the part of the people to save for war effort. Currency inflation caused by the Government's policy of war finance and of exchange and exports control, and their failure to combat such inflation is the major cause of the failure of the price control in India. Price control, instituted on right lines, in England and the United States of America, has succeeded admirably well. Only a bad workman quarrels with his tools and that is what the Government and their apologists are doing.

The Co-operative Movement and Post-War Reconstruction.

BY JAMES MCFADYEN.

"There exists to-day in the capitalist economy an important fragment of planned economy which is too little known and the value of which seems to be under-estimated: this is the co-operative movement."

In its study of post-war economic and social problems the International Labour Office is not unmindful of these words, written by Albert Thomas in the last report he submitted to the International Labour Conference, and due consideration is being given to the part that the co-operative institutions can play in their solution. An introduction and guide for further studies in the field is presented in the following pages by Mr. James McFadyen, who, besides, being a Director of the old-established English Co-operative Wholesale Society, is a Trustee of the Horace Plunkett Foundation, a body of international repute in the agricultural co-operative movement. He brings out the particular contribution that each kind of co-operative society can make, first, to the work of immediate post-war relief, and, then, to that of reconstruction in general, and he suggests the creation of an international co-operative mission to assist in co-ordinating the needs of the different countries and to act as a link with the national and international bodies responsible for reconstruction.

Europe after the war will be faced with a problem of economic and social reconstruction even more formidable than that of 1919. The area of conflict and of enemy occupation is wider, the attempt to bring the whole economic life of the continent into the service of the German war machine has been more thorough-going and probably more successful. The collapse of this war economy, which must succeed, if it does not precede, an Allied victory, will throw European production and distribution, including that attenuated section of it which caters for normal civilian needs, into a state of chaos. The first need will doubtless be for relief, particularly food relief and for a short period we may look forward to emergency distribution by military or other authorities, though even here some substructure of local organisation would be desirable. It will, however, be necessary to proceed as soon as possible to the reconstruction of industry and trade on lines which are "normal" not necessarily because they conform exactly to the pre-war pattern, but because they are appropriate for continuation into a more stable future.

It is, indeed, unlikely that even the somewhat modified pre-war system of individual enterprise will be the basis of post-war economy. The emphasis is likely to be on large-scale, probably international, organisation of production and distribution adjusted to definite social, if not, political ends. At the same time Europe will have been liberated in the name of democracy, and a totalitarian economic system, even if it were not devoted to the national aggrandisement of one country, would be inappropriate to the temper of the time and the general hope for the future.

It will therefore be important that any surviving economic machinery or method which is both planned and democratic should be brought to light, used to the utmost during the period of emergency relief, and thereafter made one of the foundations of permanent reconstruction.

One of the strongest economic organisations of this character was the co-operative movement in all its varied forms. On the continent of Europe the organisations dealing with food distribution alone (the consumers' or industrial co-operative movement) had in 1935 a membership of 50 million, principally heads of families, and annual sales of some £800 million value. The agricultural co-operative organisations included 40 million independent farmers, selling £440 million worth of goods.¹ These organisations, which have been the subject of a number of studies by the International Labour Office², had not only marked business success, but strong cohesion, often extending beyond national boundaries, and a real sense of democratic social purpose. In countries with a past history of oppression they had also been a specific rallying point of national feeling, less vulnerable to the oppressor than a political organisation.

The war, and in the totalitarian countries the preceding period of anarchy, are known to have tried this movement severely. From what has been reported of the events of this period and from the experience of 1914-1918 it may be assumed that in actual battle

¹ These figures are taken from *Producers and Consumers: A Study in Co-operative Relations* (London, Horace Plunkett Foundation 1939).

² Cf. INTERNATIONAL LABOUR OFFICE: *International Directory of Co-operative Organisations* (trilingual), tenth edition (Geneva, 1939); *International Labour Review*, Vol. XXXIX, No. 4, April 1939, pp. 435-458: "The Diversity of Co-operative Institutions and their Classification", by Dr. G. FAUQUET, and Vol. XL, Nos. 2 and 3, Aug. and Sept. 1939, pp. 254-271 and 375-419: "Co-operative Societies throughout the World: Numerical Data"; *Co-operative Organisations and the intervention of Public Authorities in the Economic Field* (Geneva, 1939); LEAGUE OF NATIONS, European Conference on Rural Life, 1939: *Co-operative Action in Rural Life*. Survey prepared by the Co-operative Service of the International Labour Office (Geneva, 1939).

zones or countries suffering severe oppression, there will have been both destruction of property and scattering of personnel and membership. In Germany, and probably, in some of the more completely absorbed territories, co-operative premises and organisation may have been alienated and transferred partly to private, partly to State control. Elsewhere it looks as though the occupying power has retained co-operative machinery and used it for provisioning the population or for the collection of produce for export to Germany. It has almost certainly plundered co-operative banking and other deposits under the guise of investment in German State loans, a system also adopted in the last war. In all countries there must have been a severance of the national and international ties which bound the movement together, though some agricultural marketing co-operatives, for example, may have become more closely integrated in national and international trade than was the case in conditions of economic freedom.

It is unlikely that the war will have killed the spirit of the European co-operative movement. But if it is to play the part in relief and reconstruction for which it seems destined, and for which no other organisation is equally well fitted, its personnel will have to be remobilised, and its machinery repaired with the least delay.

Looking at the problem from the point of view of immediate relief it is the consumers' co-operative movement which first presents itself. The existence of a group of well-distributed shops with warehouses, bakeries, dairies, and often slaughterhouses attached, linked to regional and national distributive wholesale organisation, should be of great value in organising a system of food distribution. The fact that as co-operative societies they could rely on the ready-made loyalty of their members would greatly strengthen their position. They would have no interest in exploiting the consumer and would escape any temptation to make profits on relief or to raise prices to scarcity levels which might arise in other circumstances, especially if, in a newly liberated country, the national Government were too weak or too preoccupied to enforce proper price control. The fact that the membership of co-operative societies tends to be principally working class, or, in agricultural countries, peasants, would not be a disadvantage, since it is the working population which will stand most in need of organised food relief.

In many countries the machinery of co-operative distribution is likely to be found intact. In others it will be a case of getting into touch with the surviving leaders of the movement and of helping them to regain control of their premises and funds if these had been alienated, or to obtain materials for rebuilding where they had been destroyed. Once the material organisation was relatively assured, the co-operatives could be put into contact with organisations supplying foodstuffs or raw materials in their own or other countries, and their organisation could be recognised as a channel for the distribution of relief. This would give rise to certain subsidiary problems. Many co-operatives are forbidden by law to sell to non-members, and might require to be indemnified for an emergency breach of this regulation. Any charitable distribution, if such were necessary, would be a novelty, and the return to normal trade would have to be managed carefully. Many co-operatives run restaurants or other communal feeding centres, but the practice might have to be extended. American co-operatives have experience in this work which might be helpful. As conditions in Europe improved, the co-operatives would be in the best position to bring about a gradual transition to more normal sources of supply, that is to the production, especially the agricultural production, of the country itself or to purchases made through international co-operative agencies from the farmers' co-operative marketing associations of other countries.

The special utility of the consumers' movement in the creation of a new post-war economy would extend, however, beyond relief into the reconstruction period. It seems likely that one of the main contributions to post-war social welfare as well as to a more rational and prosperous agriculture will be a campaign in favour of improved nutrition.¹ For different reasons neither the industrial populations of western Europe nor the peasants of many countries in the south and east receive a really adequate diet if quality as well as quantity is taken into account. The co-operative movement is well-placed not only to carry on the popular education which must accompany any change in diet, but by cheap distribution to make foodstuffs of superior quality accessible to the low-income groups.²

¹ In this connection the reader may be referred to the article by Sir John ORR in *International Labour Review*, Vol. XLVII, No. 3, Mar. 1943, pp. 279-296: "The Role of Food in Post-War Reconstruction".

² Cf. INTERNATIONAL LABOUR OFFICE, *Studies and Reports. Series B, No. 24: The Co-operative Movement and Better Nutrition* (Geneva, 1937).

Agricultural co-operative societies are widespread. Probably the most numerous are primarily concerned with credit, but they are in most cases accustomed also to act as agencies for the distribution of agricultural requirements in all countries where special societies for this purpose have not been formed. Such organisations would be of great value in the relief period in distributing seed, implements, fertilisers, and livestock. They would be equally valuable in giving detailed estimates of the types and quantities of these goods required in each locality and in supervising their proper use after delivery. In rural districts, and where no other organisation was available, they might even be used for the distribution of foodstuffs.

A special problem in the re-equipment of agriculture will be the devastated regions and those from which the population has been driven out, together with those which are left without work animals owing to military requisitioning or other causes. In all these cases the only means of getting a harvest in the first year after the war may be large-scale tractor ploughing. This will mean organisation and some form of co-operative ownership of the machinery required, as well as co-operative responsibility for maintenance and, probably, the supply of skilled drivers and mechanics on a co-operative basis.

It would be a mistake to think of the feeding of post-war Europe solely in terms of imports, or even of imports plus the self-support of rural areas. The cities of continental Europe have always been fed mainly from European farms, if not always from the farms of their immediate hinterland. If this is to be resumed, the co-operative marketing and processing societies are the obvious agencies.

They could collect, process, and place on the market any produce surplus to local requirements, and could be linked for this purpose with the urban consumers' co-operatives in their own or other countries, or in the case of certain products (olive oil, tobacco, etc.) with importers outside the continent of Europe. This would re-establish agricultural confidence and self-support. Where processing plant had been destroyed, or where it required raw materials other than the agricultural produce of members (salt, parchment, and boxwood in the case of creameries), the marketing co-operatives could negotiate jointly for supplies, in some cases obtaining them through the consumers' co-operative wholesale societies.

When the period of relief has passed into that of reconstruction, the agricultural co-operatives could be used, as they have been used in the past, to promote types of agriculture suited to national

and European well-being and, in particular, linked with the policy of better nutrition which has already been indicated as an ideal for the urban consumers' movement. This could be done by a carefully thought-out policy of supplying seed or other requirements at reasonable rates, linked with contracts to purchase on terms which would leave the cultivator an adequate margin, without unduly raising the price of the foodstuffs to the consumer. The same result might be attained through the advance of credits for new lines of production, covering both long-term and short-term capital expenditure.

The position of the co-operative credit movement will require special study and special measures of reconstruction before it can itself become an instrument for reconstructing other aspects of economic life. Many co-operatives, both urban and rural, run savings and loan banks which were on a considerable scale. Forced investment and depreciation will probably have undermined the position of many of these banks, and it will be necessary to devise plans of rehabilitation, adapted to the experience of different countries, if a great volume of agricultural and other savings, public confidence and the power to finance agricultural and other reconstruction is not to be lost.

Turning from the agricultural to the industrial field, it must be recorded that factories run by co-operative groups of workers have had a very limited success in western Europe, though factories controlled by distributive consumers' co-operatives are numerous and successful. In Russia and China, on the other hand, the industrial co-operative has been a success, and it is possible that it might play a part in the industrialisation of light industry in eastern Europe. It would require a good deal of national and perhaps international support and fostering. Rather wider success has attended the activities of co-operative labour gangs contracting for definite undertakings in building, road-making, forestry, and land reclamation. These, if properly organised, might have a valuable future in the reconstruction period, particularly for the rebuilding of bombed cities.

Rehousing might be assisted by the use of co-operative labour groups, but the heavy capital needed for rehousing on any scale must be provided either by public authorities, or by co-operatives of those wishing to live in the houses when built. Co-operatives of this type were particularly active and successful in rebuilding Warsaw and other Polish towns after the last war.

One country—Yugoslavia—possessed a co-operative rural health service, consisting of local dispensaries, small hospitals, and resident doctors, maintained by co-operative subscription.¹ Medical relief for Yugoslavia will depend largely on the success with which this no doubt badly dislocated system can be rearticulated. It owed a good deal in its initial stages to American aid, following on relief, in 1918-1920, and in its completed form has been held up as a model by American advocates of "co-operative medicine". Aid for the Yugoslav movement and the fostering of similar movements in other east European countries (where these were beginning before the war) may well be the first step towards a local basis for medical relief.

The importance of co-operative methods in the rebuilding of Europe has already been recognised in several quarters. In the Peasant Programme, issued last year by the representatives of the peasant communities of central and eastern Europe, now in exile in London, the idea of co-operation, if not the word itself, occurs in almost every point.

In proclaiming "the land for the peasant" the programme recognises "the desirability of voluntary co-operation in land cultivation" and adds: "The experiences of the past twenty years have proved that such land reforms alone are not enough; the co-operative principle must be promoted in every possible way and the peasants should control marketing, credit, etc., through their own institutions, democratically controlled". Again: "Agricultural credit is a prime necessity . . . there must be a system of public agricultural insurance". "Among the most essential measures of agricultural improvement are: (a) drainage, irrigation, and hydro-electric power; (b) soil improvement and fertilising; (c) provision of agricultural machinery and tools; (d) seed improvement and scientific stock-breeding." Further: "A well-balanced rural society requires the combination of appropriate industries with agriculture." The programme ends by calling for "a common plan of reconstruction" and a "sustained effort of long-term reconstruction based on scientific methods and democratic practice".

The co-operative movement itself in the free countries is looking forward to the post-war world and making plans for its own contribution to national and international economic life and for the

¹ For a fuller account of this service, cf. *International Labour Review*, Vol. XXXII, No. 1, July 1935, pp. 19-38: "Rural Hygiene and the Health Co-operative Societies in Yugoslavia", by M. COLOMBAIN.

reconstruction of those sections of the movement which have suffered from war and enemy occupation.

It has already pointed out, moreover, the value of co-operative machinery in the emergency distribution of food and other relief goods to newly liberated populations, and is working out practical plans for discussion with the national Governments of occupied countries now in exile and with other bodies likely to be concerned with the administration of relief.

With such evidence of the ubiquity and vitality of the co-operative movement in the past and the place which the co-operative idea already holds in the future plans of responsible groups, it is clear that those setting out to relieve or rehabilitate Europe after the war should be aware of the co-operative organisation which they may expect to find, even in a mutilated form, in the countries they visit, and should be prepared to use it. It might be more effective if such mission included co-operative experts or worked in collaboration with a special co-operative mission touching all countries. The international organisations from which such a mission might be drawn are the International Labour Office, through its Co-operative Service; the International Co-operative Alliance, which represents principally the consumers' co-operative movements of mainly working class membership and, with its subsidiary organisations, engages in fostering international co-operative trade; and, possibly, the Special Committee for Agricultural Co-operation of the International Confederation of Agriculture.

Looking beyond these international organisations, there are the active leaders of the co-operative movements in the free democratic countries. In Great Britain the consumers' movement has a commanding position in the distributive trade, but it will have its own war losses and post-war problems. Its support would be essential to a co-operative relief mission in certain fields, and would undoubtedly be forthcoming, but it is unlikely that the British movement would initiate or assume full responsibility for such a mission. In the United States and Canada there exists not only a strong co-operative movement, principally, though not wholly, agricultural in character, but a strong body of co-operative opinion informed with considerable missionary fervour. Such opinion has the support of the United States Administration, as shown both by developments in domestic affairs and by the despatch of the Roosevelt Commission of co-operative enquiry to Europe in 1937, resulting in the production of a long

and influential report. This Commission was designated in order that the United States might learn from Europe and its attention was directed to the consumers' movement, in which the United States is weak. A similar Commission drawn more from the agricultural and banking side, in which the United States and Canada are strong, and supplemented by representatives of the experienced consumers' movements in Great Britain, and possibly also in Sweden, would be in a strong position to serve the reviving co-operative movements of Europe.

In plans for co-operative reconstruction such as those sketched in the earlier paragraphs of this article an international co-operative mission, though it might have little part to play in purely local organisation, owing to the barriers of language and national outlook, could impart a new stimulus, and would have the great advantage of being able to regard Europe as a whole, relating to one another the needs of different countries and of scattered, perhaps mutually hostile, organisations within the same country. Further, where national or international sanction or encouragement, material supplies or financial guarantees were required, it would be able to approach the proper authority with a case founded on a dispassionate study of the facts in their widest setting.

—*International Labour Review, April 1943.*

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Industrial Co-operatives for India.

BY VAIKUNTH L. MEHTA.

Reports appeared in the press some months ago that the Government of India were anxious to stimulate the increase of the production of various consumers' goods in the country by the encouragement of cottage industries. No statements have been issued since then, at least in Bombay, about the measures taken by the Central Government to carry out this desire of theirs. Nor has there been any announcement of their policy in this respect on behalf of the Provincial Government. It is true that certain Provincial Governments—among which the Government of the United Provinces take the lead—have utilized the agency of existing industrial co-operative societies in their provinces or have assisted in the starting of new ones to produce goods which are required by the Supply Department. To the extent that this action denotes a preference of co-operative agency over the individual middlemen or contractor, this war-time development is welcome to co-operators. It will be idle, however, for co-operators to assume that it constitutes a departure in the general policy of the State towards producers or industrial co-operation. Presumably, Government, Central or Provincial, have yet to be convinced that for certain types of production, the co-operative method is superior not only for securing goods cheaply for war purposes, but for all the time as a system of industrial organization.

Cottage Industries and Planning.

It is not proposed to examine, in this article, the social or sociological value of handicrafts or the need for preserving the artistic instincts and traditions of our craftsmen. On the continent of Europe, in Russia, in North Africa, in Japan and even in the most industrialized country of the world, the United States of America, the value of handicraft production and cottage industries in national economy has been appreciated and recognized. The Government of India may be anxious to explore the possibilities of securing for themselves and for the United Nations supplies through an additional channel, but one wonders if they accept the promotion of production through cottage industries as part of a scheme of national economic planning. In case they do so, it will be necessary for them, in consultation with bodies which are interested in the development of cottage industries on a nation-wide scale, with economists, and with the reconstruction committees set up by them two years ago, to determine the types of production which should, as a matter of policy, be encouraged to be carried on as cottage industries, to define the fiscal and other forms of protection and assistance that may have to be extended to such industries and the form of economic organization which can be suitably adopted in the best interests of the workers in the industries and for the efficient production of the requisite commodities.

Objectives of Planning.

In defining their policy, it is necessary that Government should keep in mind the principle objectives of planning which, to quote a resolution of the National Planning Committee are: the raising of the standard of life for the workers concerned and the ensuring of a proper standard of consumption. The extension of employment though important as an objective has to be secured on a basis which strengthens the moral fibre of those to whom employment has been provided by organizing it on lines which stimulate freedom, initiative and enterprise. It is doubtful if these ends can be achieved by organizing production for cottage workers through establishments run by entrepreneurs or *Karkhanadars*. Conditions of work in such establishments which cannot, on account of their dispersal, be so well controlled as large sized factories in towns and cities leave, ordinarily, much to be desired; and with the low scales of wages that prevail, conditions bordering on sweating are not uncommon. No one can desire by the encouragement of cottage industries to perpetuate such a state of affairs. The two alternatives are the setting up of state-controlled production centres or of self-governing workshops. It is true that in the former type of organization the abuses incidental to production carried on by middlemen or contractors can be avoided. At the same time, state-controlled industry leaves little or no scope for individuality or initiative and enterprise which are qualities such as are intended to be fostered through the encouragement of handicraft industries. It has to be recognized, however, that these virtues have receded into the background under the stress of economic forces as they have developed in modern societies. In their place, we see slackness, lack of adaptability, absence of enterprise, want of resources and aversion to change. The individual worker is overtaken by a sense of futility if not fatalism, standing alone as he does in meeting the onslaughts of competitive elements.

Co-operation—The Ideal Remedy.

The remedy is group action such as is promoted by the co-operative form of economic organization. Co-operation may not be a panacea for the evils of economic life, but it is undoubtedly one of the most potent methods so far devised to promote the economic interests of the small scale producers, whether agricultural or industrial. It gives the artisan and industrial worker the opportunity to enjoy the advantages of large-scale organisation without his being turned into a mere wage-earner dependent on a large or a small employer, whether it be an individual or corporate body. It is because of its appreciation of these and such other factors that the Bombay Economic and Industrial Survey Committee (1939) expressed the view that the co-operative method was the ideal method for organizing small scale units. Very similar was the opinion also expressed by the Indian Central Banking Inquiry Committee. It is

interesting to recall that Pandit Jawaharlal Nehru writing on his return from jail in 1940 also urged the development and extension of the Khadi industry on a co-operative basis, an advice which he has repeated in his preface to "China Builds for Democracy" by Nym Wales.

Producers' Organisations in Other Lands.

In the past, France, Germany, Italy and Russia, to mention only a few among the industrialized countries in the west with a predominant capitalist economy, adopted the co-operative form of organization for the protection and strengthening of their cottage industries and handicrafts. But these producers' organizations nowhere formed an integral part of the national economic structure in the sense in which they seem to have done in war-time China. The story of their rebuilding the nation's economic life in that country under the stress of war is a fascinating one; but it need not be recounted here. What is important is to emphasize that China has turned to the co-operative form of organization as a new basis for its economic structure, so as to give to domestic industries conducted through self-governing workshops, the valued place to which they are entitled in the nation's economic life. What that place is, is well brought out in the following extract from a statement issued by one of the supporters of the movement in China :

"Our hope is that the method may remake the entire economy of China, lifting the level of living for the people, utilizing great untouched natural resources that can be made available and helping to relieve the combined horrors of homelessness and lack of work. The industrial co-operatives are China's adjustment to a new situation. They are directly in line with the promotion in China of democracy on a grand scale. Every co-operative worker is an owner and, therefore, a leader in his new task ; a new social consciousness is evident in the vicinity of each unit.....To save millions from poverty, disease, despair and death as a result of their own efforts is a masterly way to prove the power of co-operative enterprise. The local co-operatives are self-managing and, therefore, democratic. The first actual experience in democracy can easily prove the needed transition step for China's advance towards the republican form of Government."

State Aid and Co-operative Organization.

In one conceives of development on a similar nationwide scale in India, one has to consider first the role of the State in the movement. Here, too, much may be learnt from recent experience in China. The organization of work in China has been facilitated considerably by the sympathy and support of the Government of China. Progress was blocked because of the lack of these in early stages. It was not until the Generalissimo, Madame Chiang and Dr. Kung, interested themselves in

the project that it got a real start. The raising of funds presented, in the initial stages, serious difficulty and Government had to provide funds and give guarantees. It is because of this backing and the good offices of Government in introducing the co-operatives to banks that the position in the matter of finance has now become easier. One aspect of this question of State aid needs emphasis in India. Although the Government of China make large funds available directly and indirectly, in the form of subsidies for expenses and by way of loanable capital they do not claim any representation on the primary bodies or on the central organizing committee. Apart from financial assistance, Government extend their patronage to the products of the Industrial Co-operatives—in fact in the abnormal conditions created by the war they are the principal customers. They also assist in securing access to raw materials while concessions are allowed in regard to the transport of goods and machinery. Lastly, the work and technical instruction and improvement are facilitated by the Government arranging to establish close contact between the technical and research departments and the organization for the purpose set up by the Central Committee.

Scope for Co-operative Organisation of Industries.

There are numerous industries in our country which even in the midst of difficulties that have arisen on account of the war and with the background of the economic policy pursued by Government in India can be taken up for being organized on a permanent basis on co-operative lines. These are industries which require no large outlay of capital for their establishment and running, the skilled and unskilled labour for which is available in plenty all over the country and the tools and plants as well as the raw materials for which are all available locally. Cloth of all descriptions—cotton, silk, woollen, jute—leather goods, hand-processed food-stuffs, vegetable oil, pottery, paper, soap, matches, bangles and buttons, wood-work, milk-products, all these can, with economy and efficiency, be produced through co-operative organizations. The bodies that could interest themselves in this type of development on an all-India basis—the All-India Spinners' Association, the All-India Village Industries Association and the Gram Seva Sangh—political developments have placed out of the field for the time being. Their active participation in any scheme for the building up of the industrial structures through producers' co-operative organizations would have, otherwise, been invaluable. They stand, like the Chinese Industrial Co-operatives, for the decentralization of industrial production, the dispersal of industrial labour, and the carrying on of production in the countryside in the homes and cottages of the people on a basis which ensures to the producers the maximum advantage from their production enterprises. In the enforced absence of these bodies, one hopes that the work in the provinces should be taken up by the unofficial Provincial co-operation organization

societies, the institutes, the unions and the federations. No plan of campaign will succeed unless it has the sympathy and support of such leaders of the community in various parts of the country whose services are available, irrespective of their party affinities, their creeds and their communities. These unofficial bodies need to be encouraged to make the promotion of industrial co-operatives on a large scale as the first plank in their programme, enlisting for this purpose the support of industrialists, business men, economists and leaders of communities of craftsmen. At the top there may be an *ad hoc* informal board for all-India which should provide the driving force and if need be the material resources. Times being propitious the effort is worth making. Such an opportunity may not recur for the rebuilding of our nation's industrial life by organizing the production of the articles of our daily need on a basis which prevents the accumulation of wealth and capital in the hands of a few, but disperses them widely. Only then shall we be able to ensure to the producer the fruits of his labour and, at the same time, to help in building a democratic industrial system controlled by and in the interests of the workers themselves.

—The Eastern Economist.

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GROW FLOWERS FOR PLEASURE AND RELAXATION

Working of Societies.

(Contributed.)

The Yemmiganur Weavers' Co-operative Production and Sale Society, Ltd. No. Y.-298 as on 31-8-1943.

1. Name of the society :— The Yemmiganur Weavers' Co-operative Production & Sale Society, Ltd.
2. Date of Registration :— 27-6-1938.
3. Date of Starting :— 29-6-1938.
4. Number of members :— 1173 members. Out of these 22 are non-weavers who joined the society to guide the society in production and marketing of the finished goods.
5. Paid up Share capital :— Rs. 9,997-0-0.
6. Area of operations :— Gudikal, Nandavaram, & Nagaladinne are also included in the area of operations of this society.
7. Looms :—The society has got in its fold 1026 looms. The details of which are given below:

Normal cloth	...	124 Looms
War fabrics	...	250 "
Handloom utility cloth	...	652 "
Total...		1026 Looms

8. *Borrowings* :—The society is affiliated to the Hospet Co-operative Central Bank, Ltd., for finance and Madras Handloom Weavers' Provincial Co-operative Society for technical guidance. It is now enjoying a cash-credit accommodation of Rs. 40,000 with Hospet Co-operative Central Bank. As the production under utility cloth is increased abnormally, it has recently applied to Hospet Co-operative Central Bank for enhancement of cash-credit from Rs. 40,000 to Rs. 1,00,000.

As the society has created confidence in the public, it is able to get fixed deposits from members and non-members and credit accommodation upto Rs. 20,000 from the local yarn merchants. The particulars of borrowings outstanding as on 31-8-43 are given below.

	Rs. A. P.		
1. Cash credit from Hospet Co-operative Central Bank, Ltd...	39,423	2	9
2. Fixed Deposits	3,405	0	0
3. Thrift fund & Share suspense...	9,201	5	0
4. Security deposits	400	0	0
5. Yarn dues to local merchants	6,816	10	0
6. Dyes dues to Agents	658	7	0
Total	59,904	8	9

THE MADRAS JOURNAL OF CO-OPERATION

9. *Business* :—The particulars of business turned out during the period from 1-7-42 to 31-8-43 are furnished below :

	Rs.	A.	P.
1. Value of goods produced ...	1,36,535	5	0
2. Value of yarn purchased ...	1,32,275	5	3
3. Value of dyes purchased ...	24,823	5	3
4. Sale proceeds ...	2,59,432	8	3
5. Value of stock on hand			
(a) Finished goods Head office.	62,029	0	0
do with depots.	33,535	3	6
(b) Yarn ...	28,511	3	0
(c) Dyes ...	18,949	5	0

10. It is running a separate section for the production of war fabrics and handloom utility cloth. It has recently increased number of looms for the production of handloom utility cloth from 500 to 800. The District Collector has given orders for the production of 3000 sarees and 1000 dhoties for being utilised for famine camps. Towards this order, this society sent already 787 sarees and 1000 dhoties to the Bellary Sales Emporium. The remaining sarees will be sent shortly. The particulars regarding production and despatch of war fabrics and utility cloth are given below :

War Fabrics.

S.No.	Kind of cloth.	Order placed Yards.	Production Yards.	Despatch Yards.
1.	Light Mazri. I	60,000	61,982	59,590
2.	do II	60,000	62,252	32,379
3.	do III	50,000	46,702	2,028
4.	Fine Gauge	90,000	96,029	...
5.	Bandage	1,30,000	1,35,380	...
6.	Bandage P. P.	1,00,000	1,09,823	...
7.	Dasuthi	30,000	29,586	...
8.	Chine Sheeting. I	10,000	10,021	10,000
9.	do II	80,000	61,768	...
			6,13,543	1,03,997.

Handloom Utility Cloth.

S. No.	Kind of cloth.	Produced.	Despatched.
1.	Shirting No. II	2,442½	1,579
2.	do III	34,601¾	24,878
3.	do IV	9,221¼	8,305
4.	do V	1,269¼	...
5.	do VI	8,736½	...
6.	do VII	119½	...
7.	Dhoty No. I	2,180	...
8.	do No. IV	315	...
9.	do No. V	840	...
10.	do No. VII	39,123	7,566
11.	Saree No. I	17,766	11,760
12.	do No. III	1,323	...
		1,17,937¾	54,088

WORKING OF SOCIETIES

The Provincial Society has stopped giving any subsidy to the society as it is working at a profit.

Investments.

	Rs.	A.	P.
Shares in Hospet Co-operative Central Bank ...	4,000	0	0
Shares in Provincial Society ...	50	0	0
Shares in Central Co-operative Printing Works ...	10	0	0
Reserve fund invested ...	817	14	0

Advance to Members.

Temporary advances are being made to members to meet emergent expenses such as delivery, sickness, death etc. These amounts are collected in instalments as and when wages are given. The society gives cloth on credit to the approved merchants to the extent of not exceeding Rs. 2,000 each. Outstandings under these heads are given below :

	Rs.	A.	P.
1. Emergent Loans	922	10	8
2. Credit sales to members	7,187	2	0
3. Goods to merchants	4,403	2	0
	12,512	14	8

Cloths such as bandage, gauge, long cloth, Red country sarees etc., are being supplied to hospitals and stationery departments as per the directions given by the Provincial Society.

Marketing.

The society is running its Sales Emporium in the main bazaar for retail sales and the whole sale business is being carried on in the head office. It also sends goods on consignment basis to several emporiums of the Madras Handloom Weavers' Provincial Co-operative Society and Co-operative Stores & institutions approved by the Provincial Society. It has established a very good market for the sarees in Mysore State.

Dyeing Section.

The Society owns a dye house wherein 600 bundles are being dyed. Every Month it is supplying coloured yarn to all weaver societies in the Ceded Districts at the rates approved by the Provincial Society for the production of handloom utility cloth.

Hand Calendering Section.

Two paid employees are entrusted with the work of hand calendering of bleached goods such as dhoties, shirtings, towels, lungies, etc.

Establishments.

The society maintains a big establishment as per details shown below :

	No. of hands.	Salary P.M. Rs.
1. Co-operative Sub-Registrar as paid Secretary	... 1 at	150
2. Accountant	... 1 at	35
3. Cashier	... 1 at	30
4. Clerks	... 8 at	25
5. Appraisors	... 4 at	18
6. Maistries	... 8 at	12
7. Designer	... 1 at	18
8. Attendants	... 3 at	15
9. Peons	... 2 at	12
10. Servant boys	... 2 at	5
11. Beatlers	... 2 at	10
12. Head Dyer	... 1 at	18
13. Assistant dyers	... 2 at	15
14. Sub-assistant dyers	... 9 at	12
15. Weighmen	... 2 at	10
16. Folding men	... 2 at	10
17. Ledger attenders	... 3 at	15

Management.

The executive management of the affairs of the society is vested in a Board of Directors consisting of 7 members. The names are given below :

1. Sri Machani Somappa	... President.
2. „ Mallari Yellappa	... Vice-President.
3. „ Machani Nagappa	... Treasurer.
4. „ Navale Khairupalappa	... Director.
5. „ Kenchugundu Hanumanthappa	... „
6. „ K. Dodda Lingappa	... „
7. Janab. D. Mabu Saib	... „

General.

The progress made by the society since the date of starting is given below :

Particulars.	1938-39.	1939-40.	1940-41.	1941-42.	1942-43.
1. Number of members ...	176	293	405	843	1094
	Rs.	Rs.	Rs.	Rs.	Rs.
2. Paidup share capital ...	1,323	2,009	3,167	6,591	9,281
3. Production ...	4,472	21,851	18,239	1,13,511	1,44,462
4. Sales ...	3,094	19,063	22,991	1,32,831	1,96,495
5. Working capital ...	2,970	11,335	15,055	60,918	6,2537
6. Yarn purchased ...	3,352	30,977	13,146	99,849	1,02,704
7. Dyes purchased ...	742	2,769	3,992	19,406	17,494
8. Wages disbursed ...	1,610	8,243	6,517	34,097	80,697
9. Establishment ...	175	877	1,696	769	7,237
10. Net profits ...	645	1,138	2,735	12,144	* 40,230

* (un-audited).

Special Activities of Certain Co-operative Wholesale Stores.

It is common knowledge that Co-operative Wholesale Stores are playing a noteworthy part in the distribution of food stuffs, especially 'controlled articles,' in these difficult lines. In spite of the growing difficulties in transport, restrictions on the movement of food grains and the shortage of food stuffs, the wholesale stores have been rendering useful social service to the public. Some of the special activities of certain wholesale, falling outside their normal scope of business, are worth mentioning.

The South Arcot District Co-operative Central Stores, Cuddalore.

Owing to the breakdown of Railway communication, there was an acute shortage of rice at Pondicherry. The Government of Pondicherry sought the help of the Collector of South Arcot for arranging immediate supplies of rice. In preference to any other local wholesalers in rice, the Collector asked the South Arcot District Co-operative Central Stores to go to the help of the Pondicherry Government and send rice. Though the stocks with the Central Stores were not plentiful, it willingly undertook to supply rice and sent 2 consignments, of rice one by motor lorry and the other by boats, to Pondicherry. It sent in all 52 tons of rice to Pondicherry. The Collector of South Arcot has since assisted the Central Stores in replenishing its stocks by providing waggon facilities.

2. The Kurnool Co-operative Wholesale Stores, Kurnool.

Besides supplying the primaries and opening retail depots for the sale of food grains in the town of Kurnool, the Wholesale Stores is also supplying rice to the fair price shops working in the famine camps. It supplied 75 bags in April.

3. The Coimbatore Co-operative Central Stores, Coimbatore.

The Coimbatore Central Jail is being supplied Cumbu through its local contractors. Owing to the scarcity of dry grains in the district, the local contractor was not able to supply Cumbu to the Central Jail. Meanwhile an acute shortage was felt by the Jail authorities and at the instance of the Collector, the Co-operative Central Stores went to the rescue of the Jail authorities by supplying 100 bags of Cumbu from its stocks and enabled them to tide over a temporary shortage.

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Knowledge : Facts and Figures

¶ The Government of India, it is reported, started some time ago an active "Grow More Food" campaign. In the year 1942-43, a sum of nearly Rs. 18,83,721 has been given as grant to the provinces to enable them to take vigorous measures. Nearly a crore of rupees has also been given as loans to the provinces during the current year for the same purpose. A sum of about Rs. 12 crores has also been given as loan to the provinces for purchase of foodgrains, and in addition a loan for over Rs. 5 crores has been granted to the provinces for general purposes, a part of which is understood to be for the purpose of agricultural assistance. Though all this assistance appears meagre considering the enormity of the food problem, all the same it cannot be gainsaid it is substantial. It is worth while knowing the nature and amount of assistance Madras has received and how it has been disposed of.

¶ Phenomenal progress of Chinese Co-operatives is of more than ordinary interest. The figures are as follows:—

	Members.	Societies.		Members.	Societies.
1937	2,140,000	46,983	1939	4,367,000	91,426
1938	3,113,000	64,565	1940	5,992,000	116,199
			1941	9,690,000	166,938

Similar compilation in respect of India and Madras in particular will be invaluable.

¶ The Hon. Sir M. Azizul Huque is reported to have quoted the following lines of Tagore at the end of his speech in the Assembly on the Food Problem:—

*"You know to what my heart aspires;
Though poor my means for those desires,
Yet burning zeal hath fed the fires,
Of hope, through night and day.
"My plans are scarce fulfilled aright,
Oft they broke, my toils despite,
Till bad with good and dark with bright
Have mingled in the way".*

These lines are imposing. Can they be of consolation to those who are crying for bread? Will they solve starvation in Bengal?

¶ It is rumoured that slavery has again been resorted to in Abyssinia since the Italians were chased out of the country. Will abolition of slavery be one of the tasks of rebuilding of Emperor Selaissie!

¶ It is reported that Professor Einstein has launched on the biggest job of his career, a job that would surely make or mar his reputation. Having become an American and as Americans are reputed always to think 'big,' Professor Einstein is now engaged in the task of measuring the Universe. Similar attempts on the part by scientists like Sir James Jeans have already revealed the immensity of the task.

¶ "The partial substitution of rice by millet is a gain rather than a loss." We wish this truth is pressed home by propaganda and demonstration and erroneous ideas that the millets have inferior food-value is banished. The following comment on cereal grains may be read with interest:

There is a general similarity in the composition of all cereal grains; they are all foods of high energy value, rich in carbo-hydrates and containing from 6-13 per cent of protein. Wheat stands the highest in the scale of nutritive values and rice the lowest. The millets and other grains come somewhere in between. The former, which are usually eaten "whole" are superior to machine-milled rice in vitamin content. They also contain a higher percentage of proteins than rice.

¶ It is well to remind ourselves that more than 75 per cent. of the population of India are farmers living in 7 lakhs of villages and farms.

¶ The rearing of fish in paddy fields not only to add to the supply of fish but to increase rice yields is advocated in the latest issue of *Indian Farming*.

¶ While large quantities of tamarind have been consumed in India, no use has been found for the seeds. Now it is learnt tamarind seeds can be employed as a sizing material for cotton yarn, thereby replacing the starch obtained from materials now required more urgently as foodstuffs.

HERE AND THERE.

Reviews.

The Central Provinces and Berar Co-operative Federation Congress, 1943.

The Central Provinces and Berar Co-operative Federation Congress held its Annual Sessions on the 29th and 30th March 1943, and the official agenda was of a routine nature: elections, budget, and members' propositions. The Federation is, at present, a deliberative body, its original duties of supervision, education, and control having been transferred to the Divisional Institutes.

2. There are 46 members comprising of the Provincial Bank, 35 Central Banks, 4 Land Mortgage Banks, and one other society. The Management vests in a "Governor", and "Executive Council". There was a proposal to amend the bye-laws by changing these high sounding names and substitute the words like "President", "Managing Committee"; but the meeting turned down the proposal.

3. Among the subjects considered was the question of Audit fees payable by Primary Societies. From the discussion, it would appear that all societies have to contribute a sum of Rs. 10 this year (it was Rs. 8-8 last year). The grievance is that while loss societies escape payment of fees, the profit societies have to bear the burden of the former also. It was stated that the audit fee was about 50% to 80% of the net profits in a large number of cases. The Registrar pointed out that the rate of audit fee depends "on the quotient arrived at by dividing the total estimated expenditure by the number of societies to be audited in a particular year"—arithmetically quite true of course. "The question regarding the burden to be borne by good societies is a difficult one and deserves sympathy but there seems to be no solution for it. In Co-operation a poor brother has to be supported by his rich brother"—the haves sharing with the have nots. "Since Government is giving grants for education and supervision, it will not be fair to ask for free audit" A resolution was passed requesting the Registrar to fix the maximum payable by a good society and suggesting that the surplus in the audit fee fund should also be taken into account in determining the contribution.

Another subject considered is the payment of *per capita* subscription by members of Re. 1 towards the cost of supervisory staff. Members appear to resent the payment and one bank proposed that it should therefore be collected as part of interest. In the course of discussion, a delegate proposed that a graduated scale may be introduced. After debate the subject was withdrawn.

Some of the problems of Land Mortgage banks were considered. It is gathered from the Report that the Berar Central Banks that suspended payments, are now in a position to make part payments of deposits from the sale proceeds of the lands owned by them, as good prices are now obtainable. It is hoped that if the present trends continue the depositors will be paid in full in due course. To expedite the payments, Jubbulpore Central

Bank proposed that Land Mortgage Banks be requested to grant loans to such Central Banks, on the security of mortgages held by them. The question was debated at some length. The Registrar pointed out that the proposal bristled with difficulties and seemed impracticable. Land Mortgage Banks are not empowered to grant such loans. The Provincial Bank cannot lock up its money indefinitely. The resolution was finally withdrawn.

Another subject was that the Provincial Bank be requested to lend money to Primary Land Mortgage Banks to meet short term requirements of borrowers. It would appear that the Raipur Central Bank is trying an experiment in that way, by advancing short term loans to such of the borrowers of Land Mortgage Banks as are prepared to become their individual members. The opinion of the house was that that experiment may be extended.

4. Amendments to bye-laws come up for discussion. Though not on the agenda, a general discussion took place about the enlargement of the scope of the Federation's activities by restoring to it some of its original duties. The consensus of opinion was, however, that the Federation should continue to be a deliberative body.

A proposal to substitute the words "Session of the Federation" for "Congress" was also thrown out.

T. R. N.

The Silver Jubilee of the Vizianagram Co-operative Bank, Ltd.

The Vizianagram Co-operative Bank, Ltd., now 29 years, old celebrated its Silver Jubilee on the 20th February, 1943. Such an occasion is one for self-examination and the Bank has issued a Souvenir booklet.

2. The Bank was registered on 22nd August 1914; the Promoters were 28 distinguished citizens of the place, the most prominent of whom is Mr. Y. Narasimham Pantulu, Retired Dewan, then Lecturer in the College. He was its first President and occupied that office till 1928. From modest beginnings the Bank has now become a puissant institution. On 30-6-1915, the first account year, the Bank had a membership of 183 a share capital of Rs. 4613, and Deposits of Rs. 11,000; On 30-6-1942, they were about 3000, Rs. 88,441, and Rs. 2,37,081 respectively; it has built up a Reserve Fund of Rs. 64,647. It has a building of its own. The devoted labours of many gentlemen, all for the love of it, have contributed to make the Bank what it is to-day.

3. The Bank owes its development to two past presidents—Mr. Y. Narasimham Pantulu and Mr. C. Subba Rao Pantulu who held that office from 1914—1928, and 1928—1935 respectively. The former nursed the Bank during its childhood and the latter during its adolescence. During its manhood, the Bank is under the zealous care of Dr. B.V. Sanjeevi Rao who is also the Municipal Chairman. He is one of the very few doctors who have interested themselves in co-operative work. Their

professional activities, perhaps, leave them little time for other beneficial work; not so, Dr. Sanjeevi Rao. If he is not in his hospital, he will be found in some co-operative society with which he is connected. The Presidents had the able assistance of their colleagues on the directorate without whose co-operation no progress would have been possible.

4. The Bank now undertakes activities of various sorts. It opens Current, Savings, and Fixed Deposit accounts; lends on gold, produce, real property, personal security; and carries on such general banking business as is permitted by the Co-operative Societies Act. As its operations cannot extend beyond the town, there are limitations to its growth but not to its usefulness. Hundreds of its citizens have no money in the Bank, (or in any other for that matter) and more hundreds have no reasonable credit facilities. Most of the persons (not Micawbers) live so closely upon their modest incomes that a sudden demand for Rs. 100, or even Rs. 50, is a difficult matter. Here is a wide field for loans on personal security, if borrowers are creditworthy. The Bank can be helpful to that large class of people and to the productive classes like traders, artisans. There is no limit to those activities and the Bank will be judged by what it does for them.

5. The Jubilee Celebrations lasted 2 days, 20th and 21st February 1943. It was a grand success: the Bank had saved funds for the purpose. A crowded programme was gone through. The public of Vizianagram gathered in large numbers, even beyond the holding capacity of the pandal. The first day opened with the hoisting of the Co-operative Flag by Mrs. Anantaraman. Then Mr. K. N. Anantaraman, I.C.S., Estate Collector, unveiled the portrait of the Founder President, Mr. Narasimham who, we are happy to say, was present to witness the proceedings. Rare events these! Dewan Bahadur D. Srirama Sastry of Vizagapatam who presided over the function dealt on the qualities of Mr. Narasimham who adorned whatever he touched in public service.

6. The afternoon sessions began with the welcome address of Dr. B. V. Sanjeevi Rao, and was followed by the Presidential Address of Mr. G. Harisarvottama Rao, M.A. It was a learned address printed in English but delivered in Telugu *extempore*. None but he is capable of such a performance. The address is quite out of the ordinary, dealing with the economic systems—past and present. It should be read *in extenso* (the full text is printed in the booklet) and readers would be profited by it. One of his suggestions that merits publicity and consideration is "let all States that gather at the peace conference scrap the present system of joint stock enterprise.....convert all banks into Co-operative Banks." He says "It is possible that people throw up then hands and ask, will all this be practicable?" There are no doubts about the answers.

7. The second day's proceedings commenced at 2 P.M. Five speakers were invited to deliver addresses: Dr. K. R. Subrahmaniam of the local

College, Mr. E. S. Ganapati Iyer of Erode, Mr. T. R. Nagaraja Rao of the Madras Provincial Co-operative Bank, Mr. N. Satyanarayana of Alamuru, and the well-known Mr. Cherukuvada Venkata Narasimham of Tanuku. The first three spoke in English (their addresses are printed in the booklet) on problems of Co-operation; the last two in Telugu on Co-operative Spirit—that elusive thing having no frontiers. Summaries of their speeches appear in the booklet. Thanks-giving speeches followed. Mr. Harisarvottama Rao ably conducted the proceedings.

On both the days, there were musical entertainments. On the first day, vocal, by Mr. Sitarama Sastry of the local Music College, and on the second, by the famous Prof. D. Venkataswamy Naidu on Violin.

The Bank received a large number of messages and felicitations, one of which was from our Registrar.

The booklet is neatly got up and the pictures are good. The printing was in the hands of the Central Co-operative Printing Works.

T. R. N.

The Silver Jubilee of the Bombay Provincial Co-operative Institute.

*Lives of great men all remind us,
We can make our lives sublime;*

So do those of institutions. The Bombay Provincial Co-operative Institute, which celebrated its Silver Jubilee in July last, is one such; and it is the second of its kind in India to attain the age of 25, Madras being the first. The Institute attempted much, and achieved much, though it had its share of failures. A souvenir booklet has been issued, detailing its history and activities. Numerous messages have been received from all over the country congratulating the institute on the occasion.

2. Some of the ablest men have been at the helm of its affairs—Sir Lalubhai Samaldas, Mr. G. K. Devadhar, Sir C. V. Mehta, Mr. B. V. Jadhav, and now, Sir J. A. Madan as Presidents, and Rao Bahadur S. S. Talmaki as Secretary from 1918 to 1932—and their devoted labours, and those of numerous workers, both known and unknown to the public, have made the Institute what it is today. Sir J. A. Madan in his foreward writes. "The Institute has passed through many vicissitudes during the last 25 years of its existence, and its work has, during recent years, come to be restricted in various directions". Central Institutions in this country have not only to fight their internal battles, but the Governmental machinery as well. Assailed on both sides, the result could not have been otherwise. "In the prospectus of the institute, the position conceived for it, was that of a body possessing authority coordinate with that of the Registrar in the field of statutory control and audit", and the draftsman of the scheme was Mr. R.B. Ewbank, the then Registrar. "After the passing of a quarter of century, however, Co-operators find today that, not only has there been no appreciable

progress in the attainment of that ideal, but that the very ideal itself is questioned as being unsuited to the movement in India". It is, perhaps, beyond the scope of this review to enter into the reasons for the present position. Sir J. A. Madan accepts the inevitable, and hopes, "that we shall come nearer to our original ideal, and *after* efficiently doing the work of imparting co-operative education, which is going to be our main activity for the present, shall again take a leading part in shaping co-operative opinion and co-operative policy as well".

3. *Functions and activities.* With the scope of the work so restricted, the Institute has done well in the field left to it, *viz.* Co-operative Education, though in recent years there has been a set-back even in that limited field when the Department itself began to conduct educational courses with the aid of the Central Government's subvention. Another factor was "the demand for training was on the decline", after 1936. During the whole period extending upto 1943, the number of persons that secured certificates of the Institute are given below :—

Secretaries Examination	...	1,008
Urban Bank do.	...	102
Co-operative Certificate Examination	...	6
Supervisors' diploma do.	...	184
Bank Inspectors' do.	...	61
		1,361

The Bombay Co-operative Quarterly is published by the Institute. It is one of our best-conducted, and leading Journals.

The Institute has published 16 books on co-operative topics in the local languages, and 15 tracts in English. It conducted and financed five economic enquiries in the Province. It has got slides on co-operative topics prepared for propaganda. In all these activities, honorary workers, whether individual members of the Institute or others, have played a prominent part.

4. *Supervision and guidance.* It is in this field that there has been much controversy in this country, Bombay not excepted. It was at one time hoped that the Institute will serve as the apex of the supervising unions which had come to be established in various parts where agricultural societies were in existence in a considerable number. In fact, the by-laws were amended in 1926 enabling the Institute to function that way. In recent years, opinion has, however, changed, and the work of supervision came to be divorced from the activities of the Institute. In the amended by-laws adopted last year, there is no reference to supervision as one of the objects of the Institute.

5. *General.* The Institute is solely dependent at present on Government for its funds, as the only other recurring source, *viz.* membership fees, has dwindled considerably, inasmuch as membership of co-operative

societies is no longer obligatory. Government grants depend upon Government's pleasure. At one time, Rs. 30,000 per annum was being received. With the adoption of the new constitution, the policy of sanctioning Government grants has also undergone a change and is limited to the deficits that the Institute has to meet from year to year.

While the Institute has received statutory recognition in the Bombay Co-operative Societies' Act, much practical usefulness has not resulted therefrom.

"While the degree of interest in and enthusiasm for the programme and activities of the Institute, has varied with the personality of the officers of Government who have held the post of Registrar in succession, it is gratifying to record that the Institute's relations with them have always been cordial and friendly".

6. The following passage occurs in the concluding paragraph.

It may be too bold a claim for the Institute to make that it has raised a band of missionary workers; but it has been the ambition, if not the aim of the Institute, like its prototype the Irish Agricultural Organization Society, to seek out workers inspired by the desire to be of service to the community through Co-operative Organisations, to equip such workers with instruction in the principles and practice of co-operation, to inspire them with the ideology of the Movement, and to afford them proper scope for altruistic service in the building up of a new social order. If that objective has not been realised, that is no ground for despondency. As Mahatma Gandhi has remarked, in his paper on the "Moral basis of Co-operation" read at the Provincial Co-operative Conference of 1917, "LET US BE SURE OF OUR IDEAL. WE SHALL EVER FAIL TO REALIZE IT, BUT WE SHOULD NEVER CEASE TO STRIVE FOR IT?"

Let us treasure that great advice in our memory.

T. R. N.

Annual Report (Second) of the Coonoor Nicholson Co-operative Stores, Ltd., for the year ended 30-6-1942.

The stores had, on 30-6-1942, a membership of 192 with a paid up capital of Rs. 1,887, and these increased to 477 and Rs. 6,446 respectively on the date of report (5-6-43). The growth of both is substantial.

2. The gross sales during the year amounted to Rs. 21,529 as compared to Rs. 10,218 in the previous year. The gross profit was Rs. 2,551, the overhead charges Rs. 1,453, and the net profit Rs. 1,109. The sales were about $3\frac{1}{2}$ times the capital, the gross profit works out to 11.8 per cent. on sales, and the net profit was 4.3 per cent. of the gross profit. These are satisfactory figures for so young a society.

3. A dividend of $6\frac{1}{4}$ per cent. plus a bonus of 3 pies in the rupee worth of purchases was paid and this absorbed Rs. 339 out of the profits; Rs. 277 was placed to the Reserve Fund and Rs. 292 to a Bad Debts Reserve.

4. The Society, like others of its class, sells to non-members, as a war-time exigency. It would be interesting to know what proportion of the sales, is made to non-members. The society's progress in its second year was quite satisfactory.

T. R. N.

Orders and Circulars.

G. O. No. 1695, 4th August 1943.

AMENDMENT.

In rule XIII-A of the said rules, the note shall be re-numbered as Note (1), and the following shall be added as Note (2), namely:—

"Note (2).—Nothing in this rule shall apply to the investment of the reserve fund of a society and such investment shall be governed by rule XIII."

CIRCULARS.

R.C. 5710/43-S.

16th July 1943.

Sub:—Co-operative Wholesale Stores—Retail sales—restriction of—instructions issued.

The question has been raised whether wholesale stores can ordinarily undertake retail distribution and sell to individuals. With the development of the stores movement, it has become necessary to define the functions of the wholesales and primary stores. The main function of the wholesale is to co-ordinate the activities of the primaries, arrange for bulk purchases of commodities from production centres and for prompt supply of stocks to the primaries at competitive rates and if necessary, to disseminate market intelligence among primaries. If the Central Stores have begun to work in right earnest on these lines and aim at building up their wholesale functions in an efficient manner, they can hardly undertake retail distribution. They should not ordinarily encroach on the activities of the primaries which are intended for retail sale. Further, retail distribution by the wholesales may bring them into conflict with the primaries working in the same areas. This is not desirable in the interests of the consumers' movement as a whole. Each institution should develop itself in its own field of activity and try to discharge its responsibilities with ability and efficiency.

2. There are, however, some exceptions to the general rule. The wholesales may undertake retail distribution in some exceptional cases described below:—

(i) The wholesales may undertake retail sales in places where there is no primary stores or where the primary stores is dormant. But as soon as a primary stores is formed or an existing stores is revived and is in a position to undertake effective retail distribution, wholesales should leave the business to the primaries and withdraw from the field of retail distribution;

(ii) in times of emergency, when there is a break-down in the normal distributive system, wholesales may step in and open retail depots to supplement the efforts of primary stores and to relieve the strain on the primaries. This should be only a temporary arrangement and should be given up as soon as normal conditions prevail;

(iii) when the monopoly of distribution of a particular commodity in a town or a specified locality is given to a central stores or when a particular

scheme of distribution of an essential commodity is entrusted to it by the Collector, because of its financial resources and business efficiency, it may open retail depots for retail distribution for the duration of the scheme. The primary stores by itself with its limited resources may not be in a position to cover the entire field. As soon, however, as the primary stores is in a position to undertake the scheme, the wholesales in consultation with the Collector, should consider the desirability of handing over the retail distribution to it.

3. The Deputy Registrars are requested to bear these instructions in mind and see that the institutions concerned develop their respective trading functions without friction or conflict. The primaries should make the best use of the wholesales in getting their supplies, and the central stores, in its turn, should see that the needs of the primaries are promptly catered to at competitive rates.

4. Another point which has, in one or two cases, been made to take a controversial character, relates to the propriety of retail sales to individual shareholders of the central stores. It is contended that some individuals have become members of central stores with a view to secure from them their requirements at wholesale market rates. This is not the correct position. It is true that individual members are rendering great service to the consumers' organisations but the intention is that they may join the wholesales as members in a spirit of voluntary public service, to supply capital and to provide business ability rather than to obtain their requirements which can be had from any retail store, just in the same manner as the individual shareholders do in co-operative Central Banks. The wholesale store's are essentially federations of primary stores and are intended to act as the latter's supplying agencies. This main objective should govern their working.

R. C. 6582/43-S.

23rd July 1943.

Sub :—Co-operative Stores—purchases—Co-ordination of activities and exchange of market intelligence—instructions.

Some of the stores—both wholesale and retail—desire information on how far the central stores situated in other districts can be of help to them in securing them supplies, of commodities produced or manufactured, in those districts. This is a new line of business with vast possibilities of development. Central stores could arrange to supply these commodities on an indent basis and charge a small commission for the services rendered by them. Now that each central store has been building up a machinery for purchase, they should be in a position to undertake the supply of such commodities at reasonable rates. For instance, the Central Stores at Guntur may supply chillies to central stores in districts which are deficient in chillies. Similarly the Godavari Central Co-operative Stores can supply pure gingelly oil or oil seeds (Samalkota variety) to stores in other districts which require them.

This will tend to co-ordinate the activities of wholesale stores and remove the private wholesaler at the producing end from the chain of middlemen in the process of purchases.

Each wholesale store is requested to compile a list of commodities it can purchase in the district, with such particulars as place of production, variety of the article, season at which it can be had cheapes etc., and communicate the list to all the other wholesale stores and send a copy of it to the Registrar and the local Deputy Registrar for information.

A list of reported private merchants and wholesales who can be of help to the central stores in making their purchases will be communicated in due course.

R. C. 6038/43-S

31st July 1943.

Sub :—Co-operative Stores—distribution of Glaxo Products—arrangements for moffusal towns.

At the instance of the Registrar, Messrs. H. J. Foster & Co., Broadway, Madras, have agreed to distribute their products to the primary stores* concerned, with a view to ensure strict supervision over the equitable distribution of their products.

2. The conditions governing the distribution have been communicated to the stores concerned in the Company's circular letter dated 11-3-43. They are recapitulated below :—

- (1) that no goods purchased from the company should be sold to the public at rates exceeding 25 per cent of the invoice price ;
- (2) that supplies should be made available to members and non-members alike without any distinction ; and
- (3) that supplies to individual purchasers should be rationed according to the availability of stocks, not only to conserve but also to prevent, as far as possible speculative purchases.

3. Under this arrangement, responsibility has been cast on the wholesale stores for the proper supervision over the distribution of the products in accordance with the terms stipulated by the company. The Registrar hopes that the wholesale stores would exercise effective control over the primaries and see that none of the conditions is violated.

4. Owing to the inadequacy of stocks, the company is unable at present to add any new stores to the list of approved customers and make supplies to them. For the present, their supplies will be confined to the 19 primary stores noted below. The goods will be ordered by the primaries directly to the company as usual, and they will be despatched with invoice to the wholesale stores concerned on behalf of the primary and a copy of the invoice alone will be sent to the primary stores to intimate the despatch of goods. Wholesale stores should supply the goods only to the primary on

*Already on their list of approved customers through the wholesale stores

whose behalf it was received. When the position of stocks improve, the company will be able to add more stores to the list and eventually leave the question of distribution in the hands of the wholesale stores.

5. Wholesale stores coming under this scheme of distribution are requested to see that arrangements now proposed work without any hitch. Whenever stocks are received directly by the wholesales, they should be taken delivery of *promptly* and despatched to the stores concerned *without any delay*. Where stocks are booked direct to the primaries, the Railway Receipt and the invoice will be sent to the wholesale stores concerned through a Bank. They should pay at once the value of the goods and take charge of the Railway Receipt and send it on the same day to the primary stores concerned to enable it to take delivery of the consignment without incurring any demurrage. Company is allowing a margin of 25 per cent over the invoice price. The difference between the invoice price and the retail selling price, after meeting all incidental charges as Railway freight, Bank Commission, Cooly charges etc. may be divided between the wholesale stores and the primaries in equal parts.

6. The Deputy Registrars concerned are requested to see that the stores in their district strictly adhere to these instructions.

Copy of G. O. No. Ms. 1538, Development department, dated 20-7-43.

Sub:—War—Organisation of food supplies—Insurance against War and Fire Risks—Orders passed.

As the Co-operative Stores which come under the scheme of distribution of foodstuffs sanctioned in the Government Order cited above should sell their goods both to members and non-members, the Government are advised that they are "sellers of goods" as defined in S- 2 (f) of the War Risks (Goods) Insurance Ordinance. Under S. 7 (i) of the Ordinance read with Rule 9 of the Rules issued under the said Ordinance, these stores should insure their goods against war risks, if the value of the goods which are for the time being owned by them within one and the same Presidency—town or district exceeds Rs. 20,000. Insurance in such cases is compulsory.

2. Insurance against war risks in cases where the value of the insurable goods does not exceed Rs. 20,000 and insurance against fire risks which do not come under "war risks" as defined in S. 2 (c) of the Ordinance, are optional.

3. The cost of the insurance will be met by the stores from their own funds. If this cost involves the selling of the commodities at a slightly higher rate no discrimination should be made between the selling price to members and to non-members as the society as a whole will benefit by this insurance if any damage is suffered.

R. C. No. 6449/43. S.

31-7-1943.

Sub: Stores Societies—Bonus to employees—provision in by-laws.

Ref: Resolution No. 13 of the Conference of Stores Societies held in Madras in June 1943.

The Conference of stores societies held in Madras in June 1943 resolved that provision might be made in the by-laws of primary stores for the payment of bonus to staff of an amount varying with the net profits of the stores, but not exceeding 15 days pay in the half year.

2. The payment of bonus to the employees is more or less a common feature in many private trading concerns. There is no reason why stores, being essentially business institutions, should not follow the practice of the successful private concerns in this respect. The advantages of such a system are obvious. It will induce in the employees a keen enthusiasm in the working of the stores. They will try to identify their interests with those of the stores, which may result in an all-round improvement. Wastage and depreciation may be reduced to the minimum. Their polite attention to customers would result in an expansion of the business of the stores. In normal times there may not be any objection to the payment of bonus to the employees by such of the stores as are in a position to do so.

3. In view, however, of the overriding necessity for conserving the profits and building up the reserves of the stores, the Registrar considers that this proposal may be held up for the duration of the War. Instructions are separately issued for the payment of a reasonable rate of dividend, for strengthening statutory and business reserves, etc., to enable the stores to withstand the post-war reactions. Further, the employees in many of the stores have been granted a dearness allowance to meet the increased cost of living. There is, therefore, no immediate need for the stores to introduce the system of bonus to employees. Once the stores have developed their business and strengthened their resources, they can take up the broader question of framing suitable service conditions for employees including provident fund and bonus.

4. Model by-law 40 (1) provides for the payment of honorarium for the Secretary and Assistant Secretary equal to 15 per cent of the net profits, subject to a maximum of Rs. 200. Most of the stores have appointed paid Secretaries or Managers to carry on the routine administration. The Conference of Stores societies held in June 1943 also resolved that stores whose annual sales exceed Rs. 50,000 should appoint a paid Secretary or Manager. In view of the paid staff and the narrow margins on which many of the primary stores are working, the desirability of retaining the provision in the by-laws for the payment of honorarium to the Secretary and the Assistant Secretary is open to question. The Registrar suggests the deletion of this provision in the case of stores which have appointed a paid staff.

The Deputy Registrars are requested to examine the by-laws of such stores and suggest the deletion of the provision relating to the payment of honorarium to office-bearers, wherever necessary.

3943/48.

20-8-1943.

Sub : The Madras Provincial Co-operative Union—increasing membership of supervising unions—instructions :—

Ref : Registrar's circular R. C. 510/41., Dated 21—1—1941.

In the circular cited above the attention of all the Central Banks was invited to the fact that many supervising unions had not joined the Madras Provincial Co-operative Union since Central banks did not provide for subscription, to the Provincial Co-operative Union, in the budgets of the unions. The contribution payable by a union is Rs. 5 a year. It is needless to state that the Provincial Co-operative Union is the only propaganda body for the whole Province, to promote the Welfare of the Co-operative Movement, to propagate the principles of co-operation and to agree as the recognised exponent of non-official co-operative opinion in the Province. While the union will have the benefit of the supply of the journal, their subscription will go a long way to strengthen the finances of the Provincial Co-operative Union and make it a very useful institution. Every effort should therefore be made to strengthen it. Central Banks are requested, therefore, to co-operate with the management of the Provincial Co-operative Union in their attempts to put it on a sound basis and make necessary provision in the budgets of the unions, or the contributions to the Provincial Co-operative Union.

Sub : The Madras Provincial Co-operative Union—strengthening of steps to be taken for larger membership of co-operative institutions—instructions.

Ref : Registrar's circular R. C. 51. B, dated 21—1—1941.

The attention of the Deputy Registrars and Assistant Registrar, the Nilgiris is invited to the circular cited above in which instructions were issued to persuade all eligible institutions to become members of the Provincial Co-operative Union. A copy of by-laws No. IV (a) and VI (i) of the Provincial Co-operative Union regarding the kinds of institutions which are eligible for membership and the annual subscription payable by each of them is enclosed. The Provincial Co-operative Union is the only propaganda body for the whole Province and in view of the great need for co-operative propaganda every effort should be taken to strengthen that body. The Deputy Registrars and Assistant Registrar, Nilgiris, are requested to circularise to all societies eligible for membership in the Provincial Co-operative Union to join it and also see during their tours that as many as possible of such societies become members.

Copy of by-law IV (a).

Membership of the Union shall be open to—

(a) Societies registered under Act X of 1904 of Act II of 1912 or any other Act, for the time being in force, and falling under any of the following classes :—

- (i) Provincial Societies,
- (ii) Language Federations,
- (iii) District Federations,
- (iv) Local Unions,
- (v) Central Banks,
- (vi) Urban Banks whose working capital on the 30th June preceding the date of application for affiliation is not less than Rs. 20,000.
- (vii) Non-credit Primary societies, on limited liability basis not falling under any of the classes above.
- (viii) Co-operative Training Institutes, and
- (ix) Primary Land Mortgage Banks.

By-law VI. (1) :

(1) Member societies shall pay annual subscriptions as provided below :—

- (a) Every Provincial Society shall pay Rs. 100.
- (b) Every Language Federation shall pay Rs. 25.
- (c) Every District Federation shall pay Rs. 15.
- (d) Every Local Union shall pay Rs. 5.
- (e) Every Central Bank, Urban Bank or other Primary Non-credit Society shall pay Rs. 5 on every lakh of its working capital as on the 30th June of the previous year, or a fraction thereof subject a maximum of Rs. 25.
- (f) Every Training Institute shall pay Rs. 15 and
- (g) Every Primary Land Mortgage Bank shall pay Rs. 10.
- (h) The Executive Committee, subject to the ratification of the Board, shall have power to exempt partly or wholly any affiliated societies for such time as the committee may think fit from the payment of the fees prescribed for membership.

The annual subscriptions from member societies shall fall due at the commencement of each co-operative year and be payable not later than the 31st October of the year. They shall be recoverable as debts due to the Union.

R. C. 4639/43. S

27-8-1943.

Sub : Organisation of Food Supplies—Moffusal Towns—Scheme for distribution through co-operative stores—Scope of Government guarantee—defined.

Read : (1) G. O. No. 397 Dev. dated 26-3-43
(2) Registrar's Circular No. 3324/43 S. dated 5-6-43
(3) G. O. No. 1870, Dev. dated 16-3-43

In G. O. No. 397 Development dated 26-3-43 Government were pleased to stand guarantee for the repayments of loans advanced, in connection with the special stocks to be held under the food supply scheme to Co-operative Wholesale Stores and the 3 retail stores at Salem, Trichinopoly,

and Mangalore which are covered by the scheme, by District Co-operative Central Banks either from their own funds or from borrowings from the Madras Provincial Co-operative Bank. In Registrar's circular No. 3324/43 S. dated 5-6-43 instructions were issued to the wholesale stores for the maintenance of separate accounts for the business transacted under the scheme. In the last paragraph of the circular, it was stated that certain points raised in connection with the nature and the scope of Government guarantee were under examination and that any modification in the form of accounts suggested in the circular would be communicated to the stores on receipt of orders from Government. The suggestions of the Registrar regarding the nature and scope of Government guarantee have been accepted by Government in G. O. 1870, Development dated 16-8-43. The following instructions are given to the stores for their guidance.

1. A special Trading and Profit and Loss Account should be maintained by the 15 wholesale stores and the 3 retail stores at Salem, Trichinopoly and Mangalore in respect of the stock held under the scheme. A subsidiary cash book will have to be maintained for recording the transactions relating to the purchase and incidental expenditure of the scheme stock, which will have to be kept separate from the normal stock. A separate purchase and sales register will be necessary for the essential commodities. Any release from the scheme stock should be treated as sales from the point of view of the scheme accounts and purchases from the point of view of the general trading accounts. The selling price of the scheme stock should be the same as the wholesale market rate on the date of release. The stock released should immediately be replaced either by fresh purchases or from the general stock. If commodities are transferred from the general stock to the scheme stock for replacing the periodical releases the transactions should be treated as one of purchase from the point of view of the scheme and the price charged should be the wholesale market rate on the date of transfer.

In order to facilitate the maintenance of separate accounts, stores have been requested to split up the overdrafts or cash credit account with the financing Bank into two parts—one for the requirements of the business under the scheme, and the other for the normal business. All payments towards purchases of scheme stocks should be made from the special overdraft or cash credit accounts. If withdrawals of stores from the scheme stock are not replaced on the same day, the special overdraft account should be credited with the value of sales by necessary adjustment entries in the two overdraft accounts under advice to the Central Bank. The entries should be reversed whenever scheme stock is replenished from the general stock. The scheme accounts, if maintained on the above lines, would show the cumulative effect of the periodical replenishments of the special stocks. If the cost of replenishment is more than the original purchase price of the scheme stocks, there would be a profit from the point of view of

the scheme trading account. If, on the contrary, the cost of replenishment is less than the original costs, the transaction would result in a loss from the scheme trading account. The interest paid by the stores on the special overdraft account sanctioned by the Central Bank, depreciation due to deterioration wastage, dryage, shrinkage etc., rent for the premises or portion of the premises where the reserve stocks are held, insurance charges and proportionate cost of over head expenses and contingencies should be debited to the special Profit and Loss account. Stores have already been instructed to allow depreciation once a quarter on the scheme stock. The cost of over head expenditure contingencies and other expenditure of a general nature should be apportioned once a quarter between the general Profit and Loss account and the scheme Profit and Loss account in the proportion of the sales of essential commodities to the primary stores (including the retail depots of the Co-operative Wholesale Stores in the select towns where primaries are not functioning).

2. The Profit and Loss exhibited by the special Trading account should be ascertained once a quarter. In additional Joint Registrar's circular R. C. 33231/43 S. dated 14-4-43, the wholesale stores coming under the scheme have, already been requested to send Quarterly Trading and Profit and Loss accounts to the Registrar through the Deputy Registrars concerned. The 3 primary stores at Salem, Trichinopoly and Mangalore covered by the guarantee of these requested to send similar quarterly trading and Profit and Loss Accounts for scheme business through the Deputy Registrars. The report for each quarter may be sent to the Deputy Registrars concerned before the 20th of the succeeding month; so that he may scrutinise it and submit it to the Registrar before the end of the month. The loss, if any as exhibited by the Quarterly Profit and Loss account need not be made good by Government every quarter. Stores are "going concerns and losses, if conditions should so arise may likely be recouped by future trading. Therefore the loss will be made good by Government under the guarantee not every quarter but only at the time of the winding up of the scheme; or on the date of the withdrawal of Government guarantee or when a store covered by the guarantee goes into liquidation even before the close of the scheme which will indeed be a very rare event.

3. On the date of the winding up of the scheme or on the date of the withdrawal of Government guarantee the reserve stock held by the stores will be valued at market rates and made over to the normal business of the stores. The final Profit and Loss account would show the net results of the working of the scheme. Though the periodical Quarterly Profit and Loss account would show the financial liability of the Government from time to time the final results could be judged only when the scheme is wound up or the guarantee is withdrawn.

4. Any profit earned on the business connected with the scheme during a quarter should not be allowed to be added to the profits realised on the

normal working of the stores and made available for distribution as dividend etc., to the shareholders, but should be conserved to meet any future losses in the scheme business and made available to the stores on the termination of the scheme. Inter profits on scheme business should therefore be shown separately as an item of liability.

5. In arriving at the final profit or loss, the share capital, reserve funds and other assets of the stores would be kept in tact. The final Profit and Loss account, if it exhibits a net loss, would represent the inability of the stores to repay the special advances to the Central Bank to the extent of this loss keeping its other funds such as share capital, reserve fund, business reserves etc., in tact the Government would make good the amount of net loss exhibited by the special trading and Profit and Loss accounts at the time of winding up of the scheme, in fulfilment of their guarantee, to enable the stores to pay in full the special dues to the central bank, without drawing upon their owned capital or reserves.

Wholesale Stores are requested to note that Government guarantee will be applicable only to such of the stores that maintain separate accounts as instructed in Registrar's circular No. 3324 43 S. dated 5-6-1943.



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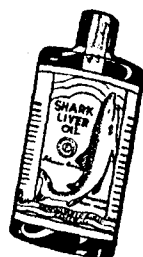
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(Registered under Madras Act VI of 1932, formerly Act II of 1912)

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EGMORE „ Ebrahim Colony, Egmore „ 510.
TRIPLICANE „ 111, Big Street, Triplicane „ 196.

President: SRI T. A. RAMAKRISHNAN CHETTIAR, B.A., I.L.C.

Secretary: SRI T. RAGHAVENDRA RAO.

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(Registered Under Madras Act VI of 1932.)

President: SRI RAO BAHADUR M. GIRIAPPA, B.

Head Office: 5/14, Stringers Street, Loane Square, G.T.,

BRANCHES.

- | | |
|--------------------------|--|
| 1. Theagarayanagar—No. 1 | 27, Pondy Bazaar, |
| 2. „ No. 2 | 53, Oosman Road, |
| 3. Purasawalkam | 25-B, Subrahmania Mudali St |
| 4. Wall-Tax Road | 19, Wall-Tax Road, |
| 5. Kilpauk (No. 1) | 14/7, Omes Road, |
| 6. Kilpauk (No. 2) | 11, Rajaratna Street, |
| 7. Nungambakkam | 1, New Street, |
| 8. Chetpat | 19, Muthiappa Gramani Street |
| 9. G. T. Madras | 39, Malayaperumal Street, |
| | (For sale of Potatoes & standard cloth.) |
| 10. „ (Fruit Branch) | 38, Bunder Street, |
| | (For sale of Kodur Sathukudi Oranges.) |
| 11. Barbers' Bridge | (For sale of Charcoal and Firewood.) |
| 12. Theagarayanagar | Sivapragasa Mudaly Street, |

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