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EACH FOR ALL, AND ALL FOR EACH

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Editorial Notes.

International Co-operative Day:

Elsewhere we have reproduced the inspiring message of Mr. R. A. Palmer, Vice-president of the *International Co-operative Alliance* issued on the occasion of the International Co-operative Day which was celebrated all over the world on July 3 while it is to be observed in India on November 6. We would invite all Co-operators to read it carefully and realise the high purpose for which the Movement stands and the part it can play in the period of post-war reconstruction. The Declaration of the *Alliance* which follows the Message is also worthy of the close attention of Co-operators in India. The emphasis on the advantages and potentialities of the Co-operative Economic System should not only be remembered but also no efforts should be spared to demonstrate the truth by putting it into effect in all spheres of economic activity.

THIS ISSUE CONTAINS

War and Co-operative Banking.
Chinese Economic Policy in Wartime
Twenty-first International Co-operative Day.
Reviews.

A peep into the Co-operative World of
Madras through the War Services
Exhibition.
Working of Societies.

Order.

May we also appeal to Co-operators all over the presidency to celebrate the Day in a suitable manner and adopt the draft resolution circulated by the *Alliance*. In the strenuous times through which the world is passing and the strain the circumstances created by the war have imposed on organisations promoting the economic activities of the community, the Co-operative Movement has so far stood the test and continues to promote the interests of the community mainly guided by service motto. May it continue to do so and grow from strength to strength will be the prayer of every Co-operator.

Chinese War-time Economy :

We need offer no apology for reprinting a somewhat lengthy article from the *International Labour Review* dealing with the Chinese Economic Policy in War-time. The economic organisation set up to meet wartime conditions which enabled China to overcome wartime problems and also promote rehabilitation of the Chinese peoples from portions overrun by the enemy deserve careful attention. The phenomenal growth of large-scale industries to further war effort and that too when conditions were none too favourable for such development, is astonishing. The Co-operative Movement too has played a notable part. Our readers are already familiar with the growth of industrial co-operatives which have materially assisted the economic rehabilitation of China. The article contains valuable information on other items of economic interest. We implore our readers to peruse the article especially as China and India have so much in common and one should understand and emulate the other.

Social Security :

All over the world there is a great deal of discussion on the topic of social security. What is known as the Beveridge plan is being discussed and support canvassed for the various recommendations contained therein. The importance of the proposals contained in the Beveridge Report has been recognised even by the Government of India and they have issued a summary for the use of the Indian public. But it should be recognised that what is meant for a highly industrialised country like Great Britain cannot be made applicable to India which is primarily an agricultural country. We are indebted to the *Indian Express* for a cable from its London Correspondent which gives what Sir W. Beveridge himself thinks of the applicability of his plan to India. We need make no apology to reproduce his views here.

EDITORIAL NOTES

"I do not advocate my social security plan for India. The plan is irrelevant to the Indian situation. Your country is agricultural. What you need is, firstly, development of your industries. My plans can be applied usefully only to countries which are highly industrialised. What is wanted is raising of the productivity in India. She can and must develop her new industries avoiding the mistakes that we have committed. Your mass unemployment can be solved by other methods wherein your landlords and your industrialists can play an important role. Yes, I would like to see a virile trade union movement and an equally strong co-operative movement in India; above all the early introduction of unemployment and health insurance schemes in your country. That will go a long way in reducing unemployment."

This leads us to the question whether some plan of post-war reconstruction for the development of agriculture and industries is not necessary and if so what efforts are being made to evolve it. We hear of Committees dealing with problems of post-war reconstruction. In most of these either the official element is predominant or there are no non-officials at all. India is a continent and conditions in different parts of the country vary so much we feel the problems should be considered first of all on a regional basis and then on an all-India basis. The leisurely manner in which this question is being tackled is no doubt in consonance with the bureaucratic spirit of administration. But even bureaucracy must be made to change its ways. Age-long and time-worn methods should be abandoned and the feeling that wisdom is the monopoly of officialdom should be given up. A drive is necessary. We wonder if it will be forthcoming. Other preoccupations should not deter the Provincial Governments and the Centre from giving their close attention to this all-important subject.

We are gratified to learn that Sir W. Beveridge, in the extract quoted above, wishes to see not only a virile trade union movement but also an equally strong Co-operative Movement in India. Official world may or may not value the Movement as a potent force in post-war reconstruction. But Co-operators who believe in the co-operative economic system as offering the best solution for the economic ills of the community cannot afford to sit quiet. We should move in the matter, consider the problem in all its aspects and produce a plan worthy of our past. We have no doubt official co-operation will be freely forthcoming in this important task.

Co-operative Stores :

We have published the Government Memorandum dealing with the subject of distribution of controlled commodities through co-operative agencies. While in many districts the Collectors have recognised the service motive governing the transactions in the co-operatives and have encouraged them, we must regretfully say there are still some Collectors who still do not see any reason why the co-operatives should be shown any consideration. We hope they too will revise their views and conform to the spirit underlying the Government's directions. The co-operatives as such do not seek any preferential treatment. All they seek is their supplies should have relation to the demand they are required to satisfy. We are also glad that co-operatives other than the stores will be recognised as distributive agencies. Their very existence as fair price shops will have a wholesome effect.

We are inclined to think that the Government have greatly exaggerated transport difficulties for entrusting distribution to the central or wholesale stores in regard to supplies to their affiliated primary stores. While we recognise certain difficulties do exist in the arrangement, we wish to emphasise the advantages outweigh the disadvantages. Most primary stores are not in a position to command the credit necessary to secure adequate supplies. Even if supplies are directly made, we hope it will be on the advice and on account of the wholesale stores. Any direct supply without reference to the wholesale stores should be more an exception than a general rule. We have no doubt the Registrar of Co-operative Societies will bring to the notice of Government all difficulties, especially on the financial side, which the proposed arrangement will cause.

We deeply regret that even in places where no co-operative exists, the Government do not consider the village panchayats as suitable distributive agencies. In times such as these every available organisation should be utilised to ensure adequate supply and proper distribution of foodstuffs. No better agencies can be thought of than the village panchayats. In fact these bodies should be encouraged to undertake such activities which benefit the community as a whole. Indirectly they will help to popularise the idea of local self-government. We hope the Government will reconsider their decision. If no co-operative exists or even if it exists it is not prepared to undertake distribution, it is hoped at least the Government will themselves open fair price shops in such areas instead of

leaving the rural population entirely to the tender mercies of the retail dealers. The panchayats can best be utilised as their agencies for the purpose and thereby minimise the cost of administration. In times such as these the local self-government institutions should play their part and they should be assisted in every manner to undertake the task and discharge it efficiently. It is not understood why there should be any hesitation in this regard.

Cattle Wealth :

It may be remembered time and again we have referred in the past to the need for prohibiting the transport of cattle etc., in order to conserve the live stock of the province which was reported to be getting depleted. We are glad the importunities of many like us have had their effect resulting in the prohibition of transport of cattle, goats or sheep from Madras province except under permit. Though we wish this prohibition had come earlier, putting a stop to transport of cattle to places like Ceylon, all the same we believe in the adage, 'it is never too late to mend.' It is hoped the Civil Supplies Commissioner or the officers specially authorised by him will be very sparing in granting exemptions and will satisfy themselves in regard to cattle that they are not meant for slaughter.

We have since perused the Press Note of the Government on cattle prices and military requirements. We are thankful to Government for going into the question thoroughly and furnishing facts and figures to assure the public that cattle fit for agricultural purposes will not be slaughtered either for military or civilian needs. It is stated that the Government of India have directed that as regards supply of meat to the Defence Forces, the slaughter of working bullocks in good state of health below 10 years, cows in milk and pregnant cows should be prohibited. This is sought to be imposed by inserting a clause in all contracts for the supply of beef. We have more than once pointed out that this prohibition should be enforced by a rule under the Defence of India Rules. Now that the Civil Veterinary staff will be allowed to inspect the cattle collected by the contractors before they are tendered to the military for acceptance, the enforcement of the rule will be effective, as otherwise the Civil Veterinary staff will have no power to enforce the clause in the contract as the accepting authorities are the military. It has come as a surprise to the public to learn that in practice the military are not paying more than Rs. 30 per animal to their contractors as it is a matter of common knowledge in the rural parts

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that much more is offered by the contractors. While we do not assert that the facts disclosed in the Press Note are not in consonance with the facts generally known to all, we venture to suggest to Government that they should be pleased to cause further enquiries to be made and satisfy themselves that valuable live stock are not being slaughtered to feed the army by offering tempting prices. It would also be desirable for Government to publish figures of the number of working bullocks in good state of health below the age of 10 years, cows in milk and pregnant cows from such statistics as they can obtain. To base their conclusion that there will be over 9,00,000 cattle available for slaughter for the army and the civilian needs on the census of 1940, which according to them contains figures of cattle over 3 years of age is, we venture to submit, not very convincing. However, we are glad that the Government propose to take action in accordance with the recommendation of the Provincial Live Stock Improvement Board to prevent the slaughter, whether for civilian consumption or the army, of dry cows and heifers fit for breeding and young bulls fit for work. We hope the instructions given to the Civil Veterinary staff will be sufficiently clear to enable them to take necessary action when they are offered for inspection by the contractors. We plead this inspection should be extended for cattle intended for civilian consumption also. The Civilian Veterinary staff should have the last say in the matter and any one contravening their decision should be liable for prosecution. The cattle wealth of the country should be conserved at all costs.

May we also venture to suggest that 'Save the Cattle' campaign should go hand in hand with 'Grow More Food' campaign. They should be treated as complementary to each other. The cost of feeding stuffs has risen far beyond the capacity of ordinary people and the control of their prices and arrangements for their equitable distribution are also equally necessary. We trust these matters also will continue to receive the attention of Government.

Exemption from registration fees :

We had occasion in September 1942, to plead for the extension of this privilege accorded to the members of the scheduled classes which was then due to expire on March 31, 1943. We are glad to announce that the request has been complied with as and from April 1, 1943, for a period of two years. The Registrar of Co-operative Societies and the Government are entitled to our gratitude. We hope refunds will be ordered for payments already made upto date.

The Madras Provincial Co-operative Union.

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GROW FLOWERS FOR PLEASURE AND RELAXATION

War and Co-operative Banking.

BY T. R. NAGARAJA RAO,

The Madras Provincial Co-operative Bank, Ltd.

BANKING is essentially a peacetime business. "War and Banking are incompatible companions," says Hartley Withers. In wartime, the environments are not congenial to banking business. Where countries become the battle-grounds, Banks are, perhaps, wiped out of existence for the time being. For instance, we know nothing authentic about those great Banks in Western Europe where mighty battles were and will be fought. In areas where warfare is not actually carried on, England, U.S.A., and allied countries, for example, Banks are having their normal life though their activities are controlled by wartime legislation. If one turns over the pages of the Banking Journals, he will find how numerous are the regulations about what Banks should and should not do. In India too, we have similar control. We have freezing orders, blocked accounts, exchange control, loaning restrictions, control of capital issues, to name only a few. In wartime, the resources of Banks are used to finance war effort. Money is one of the sinews of war. The other day at the War Services Exhibition we heard that an army in war time needs (sic) 40,000 items; and their manufacture requires a lot of money. Many industrial establishments that produced the needs of the civil population are now engaged on military work; or, their productions are taken over by the military, leaving but a small quantity to be rationed out for civilians: "Wartime starvation of consumers" as an American writer has put it. These concerns which mainly depended on Banks for working capital finance, now can and do obtain advances from Governmental agencies, and their dependence on Banks to some extent is diminished. With the scope for loaning operations curtailed and the almost total stoppage of normal channels of trade, the Banks have an embarrassing amount of deposits. The Government is expected to find money for the war by taxation and borrowing; but the Printing Press comes in handy and quickly too. More money (in the aggregate) circulates in the hands of the public, and part of it is turned over to Banks as deposits. Banks take up Government loans in large amounts (it is a case of Hobson's choice) and persuade customers to do likewise.

2. In illustration of what is above stated, we give the figures of Indian Banks as on 20th August 1943, the date for which figures

are available. The consolidated statement of the Scheduled Banks shows the Demand Liabilities at the high figure of Rs. 438.80 crores and Time Liabilities at Rs. 135.53 crores. Since the beginning of the war, the demand liabilities of these banks have risen by Rs. 304½ crores (about one half of the increased note issue) while the time liabilities have gone up by Rs. 34 crores. Total increase in bank deposits is thus Rs. 338½ crores. Against this, advances have gone up only by Rs. 42 crores, from Rs. 102 crores on 1-9-39 to Rs. 144 crores on 20-8-43. The cash balance with the balances with the Reserve Bank have increased by Rs. 50 crores. It is computed that the investment made by Banks in Treasury Bills and Government securities in the four years of war must amount to about Rs. 250 crores. That, in rough outline, is the picture of wartime Joint Stock Banking whose business extends on a countrywide scale, and dealing with big business.

3. Co-operative Credit Societies—miscalled Banks—have an humbler role and are mainly intended to assist persons of “limited means”—the common man: the labourer, and the cultivator. The banks are designed to deal with small credits only. The operations of the Banks are confined to a village or group of villages, or a Municipal Town or part thereof. The object of a Co-operative Bank is to provide facilities to the common-man to deposit his savings, if he has any in these difficult times, and grant him credit if he is creditworthy. The maximum that one could borrow is about Rs. 500 to Rs. 1,000, except in deltaic areas where the figure is a little higher. The banks cannot lend for periods beyond three years. Of course, they do obtain from their borrowers as safe a security as is exacted by any Joint Stock Bank. Though in theory, the Banks will lend only for productive purposes, in practice, a great majority of the loans are for consumption purposes—at least it is so in urban areas. In rural areas, though the members are engaged in productive occupations, Agriculture in the main, the loans they require are generally for purposes not directly connected with Agriculture.

4. What these credit societies—Rural and Urban—where the main and real lending is carried on, have been doing during the last two years of war, we have no authentic means of knowing. Information particularly about the Agricultural Societies would be valuable: what they have done to increase the food crops, what additional credit they have sought, how they have used it, and with what results; in fine, the effect of the “Grow more food” campaign

undertaken in recent years. The official Administration Report of the Co-operative Department which is the source book of statistical and other information in this country, has not been published for 1941-42 and may not, perhaps, be published for 1942-43 also. We are therefore, left to gather their activities from the Reports of Central Co-operative Banks whose financial statement for the year ending 31-12-1942 is now available.

5. We have, in this Province, 30 Co-operative Central Banks—only the Central Institutions are called Co-operative Banks in European literature. Every district has one bank, and a few more than one. Their operations extend to the whole district; they carry on *pucca* banking business. They accept deposits from the public; Current, Fixed, and Savings, and carry on such general banking business as is permitted by the Co-operative Act. But they can lend only to a Co-operative Society in their area of operations. At the Apex, there is Provincial Co-operative Bank, the members of which are the 30 Central Banks. These organizations together, commanded resources of over Rs. 9 crores on 31-12-1942.

6. The figures in more detail are given below:—

ITEMS.	Provincial Bank.	Central Banks	TOTAL.
	Rs.	Rs.	Rs.
Share Capital ...	6'70 lakhs.	50'59 lakhs.	57'29 lakhs.
Reserve and other funds ...	33'90 „	65'94 „	99'84 „
Deposits from Co-operative Societies ...	134'58 „	192'84 „	327'42 „
„ from other sources.	146'18 „	279'65 „	425'83 „
Total ...	321'36 „	589'02 „	910'38 „

Their liabilities in the aggregate stood at Rs. 753'25 lakhs, of which the Demand liabilities were Rs. 262'83 lakhs, and the Time liabilities Rs. 490'42 lakhs. The progress of Resources during the war years is given below:—

Year.	Provincial Bank.	Central Banks.
	Rs.	Rs.
1939	207'00 lakhs	507'96 lakhs.
1940	262'61 „	515'46 „
1941	275'38 „	...
1942	321'36 „	589'02 „

Two facts are clear : the resources have increased, though slowly, and the war had no adverse effect on the banks. Some of the bigger banks have had an increase in Deposits.

7. A war is the testing time for the principles and policies professed by Banks. The first effects of a war are on deposits. Folk take it into their heads to withdraw money from their banks, and only if enough people follow the practice of taking money home and hoarding it, the strongest banks come to the end of their supply of cash. The Co-operative Banks have, fortunately, in this Province, a level-headed body of depositors who have stuck to our banks right through. For the protection of depositors, several safeguards are provided by the rules. The banks have to maintain Fluid Resources in the form of cash and Government Securities on a prescribed scale. Limits to borrowings by way of Loans and Deposits, have also been set down. These scales have been found adequate through years of trial. Twenty years ago when this question was discussed, some feared that the scale fixed was high and some thought it was low. As a matter of fact, the banks do not carry heavy demand liabilities which are subject to sudden and heavy withdrawals. Whereas the demand liabilities of the Scheduled Banks are about $3\frac{1}{2}$ times their Time Liabilities, that of the Co-operative Banks is about one half. That is a great factor that ensures some steadiness. There will be a gradualness in withdrawals if that should occur. There is time to prepare themselves for it. And the banks have Rs. $1\frac{1}{2}$ crores of Reserve Fund Deposits of Societies that are practically non-withdrawable. All these factors have contributed to carry the banks successfully through these difficult years.

According to the prescribed scale, the Central Banks had (as on 31-12-42) to maintain fluid resources in respect of liabilities amounting to Rs. 59.96 lakhs; but they had actually cash on hand Rs. 66.46 lakhs and Government Securities to the extent of Rs. 53.56 lakhs. The Provincial Bank which stands in a class by itself, had cash Rs. 74.49 lakhs and Government Securities for Rs. 183.21 lakhs, against liabilities of Rs. 33.44 lakhs to be provided for. The resources are ample for the normal needs of business.

8. The first shocks of a war are on Deposits, and if they are intense, are passed on to Loans. Banks call in loans, quite unwillingly, to replenish their cash position. The liquidity and the safety of loans on which the Banks pride themselves, are put to the test. If

the crisis is big enough, the Government proclaims a moratorium. "A moratorium may be defined as an arrangement under which it is legally enacted that creditors cannot, for a certain specified time, claim payment of what is due to them. It postpones the dates on which debts have to be met". As in this article, we are concerned with Co-operative Banking, we shall refer only to their operations. During the last war, the co-operative banks were in their infancy, and their business was small. Now they have attained some proportions, and have passed through 25 years of good and bad times. There have been no occasions in the past when the banks had to call up their loans to meet a run. In their very nature, co-operative loans are not capable of being repaid at a moment's notice. They have been granted to several thousands of borrowers, spread over a whole district, in small sums, and they are generally seasonal repayers. The main customers of the Central Banks are Agricultural Societies. The Urban Societies and banks have never been large borrowers from Central Banks; they have been self-supporting institutions depending more on local capital than on outside banks. For example, the Urban Societies—Non-Agricultural Societies as they are called in official language—owed the Central Banks Rs. 31.80 lakhs on 31-12-42, while their working capital was between Rs. 3 and $3\frac{1}{2}$ crores. Agricultural customers who are the mainstay of Central Banks require loans at particular seasons, and can repay only when they realize the proceeds of the harvest. There is a long time-lag between the two. It is to meet their needs and circumstances that Co-operative banks are designed. "The Joint Stock banks do not handle Rural Credit, which involves cutting up the resources of the bank into hundreds or thousands of small loans, and collecting them in instalments so fixed as to meet the repaying capacity of the borrower, and to make due provision for the vicissitudes of the season and other risks connected with agricultural industry". The purpose of Co-operative Societies, aided by the financing banks, is to grant small loans, for short periods, for productive or provident purposes, on personal security, and recover them in easy instalments on agreed dates. Most of the borrowers do repay as agreed upon, but we have always a good number of delinquents—quite good and safe but slow in repayment. And so we have the overdues occurring in bad times and repaid in good times. The war has not affected the even course of this business in any considerable degree.

9. The Agricultural Societies owed the Co-operative Banks on 31-12-42 a sum of Rs. 259.92 lakhs, of which Rs. 29.94 lakhs were

on produce. In recent years, this loan business, after recording some rise, has been going down.

We must here refer to one activity viz. Produce loans, which has had a set back as a result of war conditions. We gave the start to Co-operation in India by the organization of Credit Societies. The pioneers believed that if the Agriculturist was helped with cheap money, all his troubles would be at an end. Experience has, however, shown that the supply of credit alone cannot bring about a betterment in the villager's life. The burden of the advice now given is "Grow more. Sell together. Buy together. If you unite, you prosper." In furtherance of this, we went about starting Loan and Sale Societies, and thereby tried to secure increased incomes to farmers by holding up produce for a better market. The business of these societies progressed and the financing banks found a new outlet for their credit, while the old channels were getting blocked up for reasons which may not be quite relevant to mention here. In 1938-39, the banks lent Rs. 95.86 lakhs to these Societies, in 39-40 Rs. 107.30 lakhs in 1940-41 Rs. 110 lakhs (about). The Provincial Bank, particularly, found an useful and profitable source of outlet for its large funds. That Bank lent Rs. 40.14 lakhs in 1938-39, Rs. 62.35 lakhs in 1939-1940, Rs. 92.13 lakhs in 40-41, Rs. 95.94 in 1941-42, Rs. 33.91 lakhs in 1942-43. Though there has never been much of a seasonal ebb and flow of loans corresponding to Deposits, the loans went out in December—April, and returned in May—September, and gave some useful employment for the funds. Now the bank finds itself with expanding resources, and contracting credit channels. If we may venture to give a reason, it is this. The Government as a wartime measure, has prohibited the movement of produce, and is itself purchasing grains in villages, paying spot cash for it at a fixed price. There is no free market or a better price and Loan and Sale societies have not much to do. The war has, however, given an impetus for Consumers' Stores and Weavers' Societies. Financing those activities may, perhaps, provide an outlet for the accumulating funds. Co-operative Banking in wartime, is marking time.

10. Agriculturists are believed to be now receiving greatly increased prices for their produce. I am a consumer, and am paying very much higher prices than before. Everything, with the single exception of asafoetida, has gone up in price; some have doubled in price, and a good number trebled, and quadrupled. Some of the increase must be going into the hands of agriculturists. One question that arises is, are our old overdue debts being repaid as a result of all

this increased prices? If low prices were the cause of overdues as we were then told, have the high prices induced members to clear them? Here are some figures. The overdues to Central Banks on 30-6-42 were Rs. 91 lakhs under principal and Rs. 1.96 lakhs under interest; on 30-6-43, they were Rs. 68 lakhs and Rs. 1.55 lakhs respectively. We shall never get back these debts if we do not recover them now. As Hartley Withers says "In times of crisis, leniency towards debtors is like the quality of mercy—it is twice blest; it blesses him that gives and him that takes." In good times, no leniency should be shown to those that have the ability to repay but would not.

11. Summing up, I have tried to state in general terms what the effects of a war are on Banks, on their Deposits, on their Loans and Investments. I have tried to point out the special characteristics of co-operative banks, and how the war has touched them. Let me conclude by quoting the Viceroy-Designate, Lord Wavell's observations at a meeting in London on 16-9-43. "It has always seemed to me a curious fact that Money is forthcoming in any quantity for war, but no nation has never yet produced the money on the same scale to fight the evils of peace—poverty, lack of education, ill-health, unemployment". To give an example, President Roosevelt told the Congress, on almost the same day, that the total amount spent on war from May 1940 to date, is 128,123,000,000 dollars (Read it yourself). That is equal to 38,436 crores of rupees. U.S.A. is spending 250 millions of dollars a day and England 15 or so million pounds a day. England's National Debt stood at £17,000 millions in March 1943 end as against £8,000 millions at the end of March 1939. Bank of England's fiduciary Note Issue now stands £1,000 millions. Years ago, when the Co-operative Banks were struggling to make headway, Sir Daniel Hamilton was pleading that the Government should finance the Co-operative Movement, by issuing paper money secured on the assets of Co-operative paper. No notes without gold was the orthodox answer. The war has now taught us to do what then seemed impossible. Fortunately, the Co-operative Movement at present does not want much money, but good and sound members, earnest and honest workers, and wise leaders.

Chinese Economic Policy in Wartime.

BY GENERAL HO YAO-TSU

Mayor of Chungking and Member of the Standing Committee of the General National Mobilisation Council.

The International Labour Office is glad to publish the following article, which the author was good enough to undertake in response to a request from the Acting Director for an authoritative survey of current developments in China and the Government's social and economic policy. The article deals with numerous measures, taken during the five years of war, for the improvement of agriculture, industry, transport and communications, finance and trade. These measures, though primarily designed for the better organisation of the country to meet the pressing exigencies of the war, have already left a deep impress on its economic structure and may be expected to influence the trend of evolution in the years immediately following the cessation of hostilities. The article, it may be added, was sent from Chungking in December 1942.

The reader may find it convenient to refer to another article entitled "Wartime Economic and Social Organisation in China", published in the December 1942 issue of the Review, for supplementary information. The two articles together may be said to constitute a comprehensive outline of the changes wrought by the war in China.

The incident of 18th September 1931 which marked the invasion of Manchuria by Japanese forces convinced the Government and people of China that a total war of resistance had become inevitable. As a result of this realisation, the whole nation was galvanised into action, and great efforts were made and large sums of money were spent in order to expedite the work of national reconstruction which was already in progress. Japan was so impressed by these efforts, so surprised by the united front in China at the time of the Sian incident¹, and so anxious to penetrate the country before substantial progress had been made with the scheme for reconstruction, that the superior weight of the Japanese military machine was directed against China in the hope of overpowering the country at a single stroke. But the war of resistance has now been going on for over five years and, although ultimate victory depends to no small extent upon the assistance received from the other United Nations, there has been ample evidence of the irresistible spirit of the Chinese people, of the strong foundations on which the social and political institutions of the country are being built, and of its vast human and material resources. When the war of resistance has been brought to a successful conclusion, there is much that China can contribute to the permanent peace of the world and to the attainment of the freedom and equality of mankind.

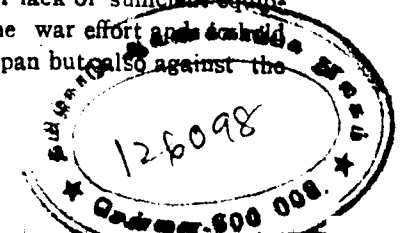
¹ The reference is to the incident in December 1936 when Generalissimo Chiang Kai-shek, while on a tour of inspection, was temporarily detained by Chang Hsueh-liang.

THE BACKGROUND.

The Chinese people have a cultural heritage going back for more than five thousand years, and their indomitable spirit of resistance to aggression is inspired by their love of peace and patriotic fervour, qualities for which they have been conspicuous through the centuries. There may be a few traitors but, as has so often happened before in Chinese history, they are unable to influence the course of events. The nation has found a resolute and brilliant leader in Generalissimo Chiang Kai-shek, and the organisation of the country for the emergency is well in hand and proceeding satisfactorily.

The basis of national life is still the family. *Chias*, *paos*, *hsiangs* or *chings*, and *hsiens* from the units of social organisation. Ten families from one *chia*, ten *chias* one *pao*, ten *paos* one *hsiang* or *cheng*, 15 to 30 *chings* a district, and several districts one *hsien*. The *hsien* is the unit of local self-government. The system was reorganised in 1940 with a view to greater administrative efficiency; the heads of families, *chias*, *paos*, and groups of *paos* were charged with specific duties and required to report to their official superiors. The new system has already been applied in the provinces of Szechwan, Chinghai, Chekiang, and Kwangsi, and is being gradually extended to Honan, Yunnan, Hupei, Kwangtung, Fukien, Shensi, Kansu, Hunan, Kiangsi, Shangtung, Ninghsia, Kweichow, Sikang, and Anhwei.

Moreover, in provinces, cities, and *hsiens* representative bodies known as people's councils have been set up, while an organisation entitled the People's Political Council has been established in the Central Government. The function of this Council, which is composed of representatives of the different provinces and experts in diverse fields, is to advise the Government on the formulation of policy and its application. A network of representative bodies extends over the whole country, which provide the necessary machinery for, giving effect to national policy and serve to direct the energies of the people to the work of political and social reconstruction. The foundations of democratic government have thus been laid and the people have acquired political consciousness. Political power is widely distributed and extends to every social stratum. There is a marked spirit of co-operation and harmony. National power is being consolidated and efficiently employed, thanks to the habits of industry and perseverance deeply ingrained in the Chinese people. While the armed forces of the nation are engaging the enemy, sometimes thousands of miles from the base, in the rear the civilian war effort continues unceasingly. The Chief of the General Staff, Ho Yin-chin, has stated that 'the Chinese combatants are five million strong. There are fifty million people of military age, thirty million of whom have been trained. We have a mighty military force and we have no reason to be afraid.' It is for this reason that the Chinese people, notwithstanding their lack of sufficient equipment, have been able to persevere unceasingly in the war effort and hold their own not only against the armed forces of Japan but also against the



threats, enticements, and oppression of puppet governments in the occupied areas. These latter, and others at the service of the invader, are promoting their own private interests, and it is no wonder that they and their ways have given rise to the greatest resentment among the large majority of the people. Close connection is being maintained between free China and the Chinese guerrilla troops in the occupied areas. They are already at the first favourable opportunity to deal with the mercenaries. These facts have to be stated so that the peoples of the United Nations may appreciate the situation.

THE DEVELOPMENT OF NATIONAL RESOURCES.

While the prime object of the Government's economic policy in wartime is to develop the resources of the country so that military requirements may be fulfilled, due regard is paid to the amelioration of living conditions. The policy is inspired by the teachings of Dr. Sun Yat-sen and directed by Generalissimo Chiang Kai-shek. It aims at the development of the national resources in accordance with a carefully considered and well co-ordinated plan calculated to meet wartime needs as well as to facilitate post-war development.

Agricultural Production.

China is still a country of small farmers. Sun Yat-sen's Three Principles laid down that the aim of agricultural policy should be to protect the farmers and to assist agricultural tenants and labourers to acquire the land they till. The work of land survey and registration, in which considerable progress has been made, is being continued. In Western Hupei farm rents have been reduced by the adoption of emergency measures. The Ministry of Agriculture and Forestry has taken action which has led to the adoption of similar rent reduction measures and of measures for the settlement of tenancy disputes in Chekiang. The Ministry has also been responsible for the introduction of regulations relating to the methods of renting agricultural land in the province of Kwangsi.

Measures for Increasing the Production of Foodstuffs.

The Ministry has, however, been concerned mainly with increasing the country's food supply, and with this end in view it has adopted a three-year Administrative Plan. The plan aims at the production of a sufficient supply for the needs of the armed forces and the civilian population. Stocks are also to be laid in as a precaution against famine, and in regions where famines have been frequent measures for the prevention of their recurrence are to be accelerated. While particular attention is given in the plan to food crops with a plentiful yield, the importance of the cultivation of wheat and other cereals as well as of rice is not minimised, and production is to be concentrated, as far as possible, in areas removed from the zone of military operations and as near as possible to the markets.

An increase in the production of foodstuffs is to be brought about by the utilisation of uncultivated land and the substitution, in some measure, of food

crops, for other crops, the use of quality seeds and fertilisers, the improvement of the methods of cultivation (employment of mechanical devices, for instance); and women and children, party members, civil servants, soldiers, and students are to be pressed into service for seasonal work. As a result of these measures, in 1940 in the provinces of Szechwan, Kweichow, Kwangtung, Kwangsi, Hunan, Yunnan, Hupei, Fukien, Shensi, Honan, Chekiang, and Kansu there was an increase of 9,200,000 *mow*¹ under wheat, 1,700,000 under barley, and 2,000,000 under beans. The total increase in the food-stuffs produced amounted to over 15,000,000 *piculs*². In 1941 in the provinces of Szechwan, Kwangtung, Hunan, Kiangsi, Kwangsi, Chekiang, Shensi, Kweichow, Kansu, Hupei, Honan, Anhwei, and Ninghsia, the additional area brought under cultivation for the raising of food crops was over 32,430,000 *mow*, with an aggregate increase in production of over 73,800,000 *piculs*. The results were twice as good as had been anticipated, thanks to the favourable seasonal conditions in the last five years.

Measures for increasing the production of Raw Materials for Industry.

The three year Administrative Plan of the Ministry of Agriculture and Forestry provides for an increase in the production of cotton and improvement in the quality of the crop, and for similar improvements in the supplies of other industrial raw materials. Arrangements have been made for the close co-ordination of the demand for and supply of such materials with a view to eliminating waste. The Central Government assists the provinces in giving effect to various schemes drawn up in accordance with the plan. As a result of such action, in the province of Szechwan the area under high quality Sino-American cotton was increased from over 6,700 *mow* in 1938 to over 131,000 in 1939 and over 381,000 in 1940. In Shensi the total area under Stoneville and Trice cotton was increased from 73,000 *mow* in 1938 to 250,000 in 1939 and to 941,000 in 1940. Work was started in Northern Shensi in 1941 with a view to extending the area under Stoneville cotton to 1,600,000 *mow* and the total output to 300,000 *piculs*. In Yunnan the area under high quality Sino-American cotton was increased from over 50,000 *mow* in 1938 to over 89,000 in 1939 and over 129,000 in 1940 in addition, long-fibre wood-cotton, which is not inferior in quality to Sino-American cotton was introduced, and the plants, which numbered 57,000 in 1938, totalled over 340,000 in 1939, about 500,000 in 1940, and over 1,100,000 in 1941. In Kweichow, the area under fine American and Chinese cotton was extended from over 13,000 *mow* in 1939 to about 20,000 in 1940. The planting of cotton is also being vigorously pursued in the provinces of Kwangsi, Hunan, and Kansu; in Kwangsi, the area was increased from 128,000 *mow* in 1939 to over 197,000 in 1940, and in Kansu from over 10,000 in 1940 to over 65,000 in 1941.

¹ 1 *mow* = 6.66 acres.

² 1 *picul* = about 110 lbs.

Action was likewise taken for increasing the area under rape, the seed of which is in the present emergency a valuable source of motor oil and of edible oil. The total area under rape in the fifteen provinces in the interior, which during the period 1931-1937 amounted on an average to 42,490,000 *mow* per year, was increased in 1941 to over 56,480,000 *mow*, with the result that the total quantity of seed produced rose from 36,640,000 to 45,630,000 *piculs*. Attention has also been given to the enlargement of the area under castor oil plants, and in Kweichow in 1940 the harvest amounted to over one million *catties*.¹ The cultivation of hemp and tobacco has been likewise stimulated.

Numerous measures have at the same time been taken for the better utilisation of water power, the development of rural finance, the construction of silos, the reorganisation of agricultural associations, the technical training of agronomists, land reclamation, the selection of seeds, and other similar improvements calculated to stimulate rural life and strengthen the national economy. One such measure, designed to eliminate the waste inevitable in small farming, merits particular mention. Large Government farms are set up in suitable places and farmers are taught improved methods. In this and other ways agriculture is being modernised.

Industrial and Mineral Production.

The total number of factories registered with the Government during the period 1932-1939 was 4,277, with an aggregate capital of over 390 million dollars and a labour force of half a million. Nearly 85 per cent. of these factories, with a capital of about 89 per cent. of the total, were located, mainly in the coastal regions, in Kiangsu, Chekiang, Shangtung, Shensi, Hopei, Hupei, Kwangtung, Nanking, Shanghai, Tsingtao, Peiping, and Weihaiwei. As much as 59 per cent. of the total capital mentioned above was engaged in the light industries; spinning and weaving, food, paper and printing, and tobacco. Before the war, industrialisation in general, and the establishment of heavy industries in particular, had made little progress in the provinces in the interior. When one by one the coastal provinces fell into the hands of the enemy a sudden and severe blow was dealt to the industries that had been built up with much effort during several decades. But the loss has been made up to a certain extent, and in the last five years new factories have been set up and mines have been opened in inland areas.

Arrangements were made, in the first place, for the removal, as far as possible, of the coastal factories to the interior and for their enlargement, as well as for the extension of those that had previously been established there. The possibilities of industrial and mineral development in the different areas in the interior were then carefully surveyed, and a scheme of reorganisation, in which the present and future needs of each district were fully taken into account, was drawn up and put into effect.

¹ 1 *catty* = 1½ lbs. = 604.8 grams.

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The main principles of the industrial reorganisation may be said to be the following: (1) the nature of the light industries to be developed to be determined with reference to the heavy industries which it is proposed to establish; (2) the heavy industries, including the defence industries, to be, as a rule, State-owned; and (3) the small-scale industries and handicrafts to be assisted and subsidised by the Industrial and Mining Adjustment Administration of the Ministry of Economic Affairs. It was decided that such assistance and subsidies should be provided in respect of: (a) evacuation from the occupied areas, and acquisition by purchase or lease of the necessary land for the new premises; (b) storage of raw materials,¹ rationing and distribution of the scarcer raw materials, and installation of and repairs to machinery; (c) construction of buildings and removal of factories (loans at low rates of interest); (d) construction of branches in areas removed from the zone of military operations, construction of underground workshops, protection of important machinery, and insurance against war risks; (e) training of technical staffs and workers, provision of facilities for research and of special grants-in-aid to research workers, and protection of inventors' patent right; (f) reduction of or exemption from customs duties or taxes on raw materials; (g) reduction of charges for transportation on means of communication maintained by the Government and provision of special facilities for the transportation of raw materials, machinery, and accessories and of supplies of essential commodities for the workers; and (h) provision of special loans to factories and establishment of model factories.

It need hardly be added that in wartime the measure of subsidy and assistance to private enterprise provided by the Government is much larger than in peacetime. The outcome has been satisfactory, as may be seen from the following returns. While at the end of 1938 the factories which had resumed work after being removed to the hinterland totalled 143, with an aggregate production valued at over 5.5 million dollars, at the end of the following year the number had risen to 219 and the value of the total output to over 34 million dollars. At the end of 1940, the number of registered factories in the interior was 1,350, or approximately four times the number before the war, and of these 1,243 were in the hands of private individuals. During the year 1940-41 there was a marked increase in the production of a wide range of commodities compared with that in the previous year, as appears from the following figures: copper, increase of 122.75 per cent.; grey pig iron, 401.04 per cent.; engines, 205.70 per cent.; machine-tools, 127.27 per cent.; alkalis, 300.00 per cent.; bleaching powder, 348.30 per cent.; alcohol, 104.82 per cent.; cotton yarn, 327.94 per cent.; flour, 139.23 per cent.; paper, 400.00 per cent.; soap, 143.27 per cent.; matches, 137.50 per cent.; leather, 126.92 per cent.

¹ The department responsible for the storage of raw materials may contract to purchase manufactured goods from the factories, determine the kinds of goods to be manufactured, and buy up surplus stocks in order to maintain production.

State-owned industrial and mining undertakings are for the most part operated or controlled by the National Resources Commission. They engage in the production of materials needed for national defence, such as liquid fuel, coal, iron, copper, lead, zinc, machinery, electrical equipment, and materials for export, including tungsten, antimony, mercury, bismuth, and copper. At the end of October 1941, the capital invested by the Commission amounted to over 267 million dollars. In the province of Kansu, which is rich in petroleum, the provincial bureau of mineral oil is operating the wells. In the establishment under the control of the National Resources Commission, the increase in 1941 in the production of petroleum, as compared with 1939, was 3,497.77 per cent. while the corresponding figure for oil extracted from charcoal was 3320.31 per cent., and that for alcohol and other petroleum substitutes was 461.76 per cent. The Commission has accelerated coal mining, and in the mines under its control the average monthly production in 1941 was 23 times as high as in 1939. As regards the production of iron ore, there was an increase of 133.10 per cent. in the first six months of 1941 as compared with the corresponding period of the previous year. During the same period the electric power houses operated by the Commission in different localities increased the power generated by 149.20 per cent., and similar progress was also made by machine shops, electrical works, and other heavy industries.

Tungsten and antimony are among the more important items of export, and previous to the establishment of the National Resources Commission the trade in them was in the hands of private firms. In 1936, the Commission established a Bureau of Tungsten and Antimony Control in Kiangsi and Hunan. Following the out-break of the Sino-Japanese hostilities, various agreements for the payment of foreign debts were signed and some of these debts were paid by the export of tungsten and antimony. In 1939, tin and mercury were added to such exports, and the control of these minerals, which had been confined to Kiangsi and Hunan, was extended to other provinces such as Kwangtung, Kwangsi, Szechwan, Kweichow, and Yunnan. During the initial stages of development, while the Government acquired the mines, their working was left to private enterprise, although measures were taken to provide the necessary encouragement and to prohibit smuggling. Later on the difficulties of transportation increased, and it became necessary to reduce the bulk of the material to be carried, by refining the ore locally. During the period 1936-1941, antimony, tin, and mercury totalling 95,509 tons and valued at U. S. \$70,794,744 were exported.

It may be added that no mention has been made above of munition factories, or undertakings operated by the provincial authorities and small-scale industries which have not yet been registered with the Government.

REORGANISATION OF EXPORT TRADE.

In addition to tungsten, antimony, tin, mercury, bismuth, and copper, the main items of export are tea, raw silk, tung oil, wool, and bristles. Silk and tea, which have been important export commodities since the days of the Tsing Dynasty, retained their primacy during the first ten years of the Chinese Republic. In the last ten years, however, they have been supplanted by bristles and tung oil. The reorganisation of the export trade has been one of the main preoccupations of the Government since the outbreak of war. In 1937 the Government established the Trade Adjustment Commission under the National Military Council in order to deal with all matters relating to export. In February 1938, the Commission was reorganised and absorbed by the Foreign Trade Commission. The control of foreign exchange and of trade agreements, designed to secure the means to pay for foreign debts, passed to the Commission, but subsequently the Executive Yuan set up the Barter Trade Commission. Imports from Russia are paid for mainly by the export of tea and wool, and the Government at an early date set up a monopoly of the trade in these two articles. When trade agreements were signed with Great Britain and the United States of America, a Government monopoly was also set up for the trade in tung oil, which is an important item of export to the United States, and in bristles, which are chiefly exported to Great Britain. In March 1940, the Ministries of Economic Affairs and Finance together promulgated new regulations for the control of exports (Revised Measures Governing the Declaration of Exports and the Surrender of Foreign Exchange Realised therefrom). The regulations applied to fourteen types of articles, namely, eggs, feathers, sausage skins, leather, fur, nutgalls, medicaments, oil tallow and wax, seeds, tobacco, lumber, cocoons, ramie and cotton.

Some account has been given above of the measures taken for the control of production and of export and the co-ordination of the country's trade. The manner in which the production and sale of some of the main export commodities has been increased and brought under control may now be briefly considered.

Tung oil. The average annual production of tung oil in the country is estimated at approximately 1,430,000 quintals. More than half of this total is produced in the two provinces of Szechwan and Hunan. A five-year plan with the object of increasing the production by 544,500 quintals has been prepared by the Government. The plan provides for measures for the conservation of 3,190,000 acres of tung forest and the plantation of 5,070,000 acres in the provinces of Szechwan, Hunan, Kwangsi, Kweichow, and Hupei.

The export of tung oil, which in 1912 amounted to 352,481 quintals, rose to 1,029,789 quintals in 1937. The oil was exported to as many as thirty countries, although the bulk—70 per cent.—went to the United States.

Since the outbreak of the war and the subsequent disruption of communications in the Pacific, the exports have shrunk. The Government has caused research to be undertaken with a view to the utilisation of the oil as a suitable substitute for gasoline, now in short supply. Should these efforts be successful, it would be possible not only to create an internal market for the oil but also to ensure the stability of the employment of those engaged in the industry.

Tea. Tea, as is well known, is one of the oldest of the country's exports. The war has had little effect on the export trade in tea, most of which is with the Soviet Union. The average annual export for the period 1927-1941 amounted to over 347,000 quintals.

Raw silk. Although at one time the export trade in raw silk was as important as that in tea, since 1929 there has been a steady decline owing to Japanese competition and the manufacture of rayon in increasing quantities. The principal silk-producing areas are on the south-eastern seaboard, and when the region was occupied by the enemy the supply was cut off. The total annual production of silk in the provinces in the interior amounts only to 30,000 *piculs*. Every effort is being made to increase the output and improve its quality so that the country may regain its place in the export trade.

Bristles. The annual production of bristles before the war was 130,000 *piculs*. At the present time, the provinces in the interior, with Szechwan leading, produce as much as 50,000 *piculs* a year. Bristles being an important raw material for war industry, an increase in the demand may be expected.

Wool. China and India are the main suppliers of wool and rugs, and at one time wool formed one of the chief items of export from China to the United States. While the war has resulted in the occupation by the enemy of North China and Chekiang, which are among the main centres of the goat-hair woollen industry, the sheep-wool production in the pastures of the great north-west has not been interrupted. Since 1939, when a trade agreement was signed with the Soviet Union, three-fourths of China's exports of wool have gone to that country. The proportion of the exports to the United States is 11 per cent. of the total. The average annual production of wool before the war was 687,500 *piculs*, while the corresponding figure for the period 1938-1941 was 478,000 *piculs*.

The war gives rise to such rapid changes as to make it necessary to reconsider country's economic and trade policy at every stage. The main objectives may, however, be mentioned here. Every attempt will be made, regardless of the difficulties, to deliver the supplies required for the United Nations' war effort. The control of the export trade by the State as well as the Government monopolies will be maintained. Measures will be taken for the more careful selection, grading and packing of the articles. Greater attention will also be paid the development of the internal and neighbouring

markets. Facilities will be provided so that as far as possible the finishing processes in the manufacture of different articles may be undertaken locally. Every effort will be made to maintain production unimpaired, notwithstanding the heavy capital investment that may be needed, with a view to favouring post-war international reconstruction.

THE DEVELOPMENT OF TRANSPORT AND COMMUNICATIONS.

Not only have the difficulties of shipping increased enormously since the outbreak of war, but the areas in the northern, southern, and central parts of the country, with their comparatively highly developed communications, have been occupied by the enemy. During the early stages of the war the large-scale evacuation of factories and of the civilian population, as well as the transport of materials imported from abroad to the interior and of foodstuffs to the armed forces on the different fronts, placed a very heavy strain on the existing communications. The Government policy in the last five years has been designed to improve the communications system mainly with a view to meeting wartime requirements. Accordingly, new international trade routes have been opened and inland waterways as well as other means of transportation improved.

With regard to international trade routes, at the outset the Canton-Hongkong line was used a great deal. Before the fall of Canton in November 1938, a large stock of imported war materials and building materials, amounting to several hundred thousand tons, was transported to the interior by the Canton-Hongkong Railway. When Canton fell the Yunnan-Indo-China Railway was used. A road from Indo-China to Kwangsi and the Hunan-Kwangsi railway were completed. Supplies received at Liuchow by road or inland waterways were transported to the fighting fronts in Hunan and Kwangtung or to the provinces of Szechwan and Kweichow in the interior. When Nanning (in Kwangsi) fell in November 1939, all communications with Indo-China, with the exception of the Yunnan-Indo-China Railway, were cut off. The road from Kweichow to Kaoping in Indo China was hastily completed within two months, but in June 1940 the Government of Indo-China closed the roads to Chinese traffic. Thereafter, the Yunnan-Burma road, popularly known as the Burma Road, with Rangoon as the port head, was largely used, although a substantial amount of materials was conveyed to the interior by the Chekiang-Kiangsi Railway *via* Chinghwa. With the fall of Rangoon, Lashiao, and Chinghwa, a new plan had to be drawn up. It consists of the full utilisation of the India-Chungking airways; the development of road and railway communications in the north-west, more particularly the route from Lanchow to Kulun *via* Ninghsia so that it may serve as a link with the Siberian Railway and Vladivostock, as well as the route from Lanchow to Sinkiang leading to the Soviet Union; and the construction of roads along the ancient trade routes from Sikang to India.

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The most substantial results in respect of the development of inland waterways have been obtained in Szechwan province. As a result of dredging, the blasting of rocks, the construction of dams, and the preparation of navigation charts—operations which have been going on for some time—the Kialing River, which constitutes an important link between Szechwan, Shensi, and Kansu and the road system of the north-west can now be used all the year round over the whole length of 919 kilometres from Chungking to Kwangyuan. Similar improvements have also been made as regards navigation on the Wu, Yeau and Yuan rivers.

Reference must also be made in this connection to the success achieved in the manufacture of suitable gasoline substitutes, such as charcoal oil, for motor vehicles, and to the organisation of a system of transportation employing animal and even human power.

In January 1940 the National Bureau of Stage Transportation was set up under the Ministry of Communications. At the end of that year the roads and waterways in the provinces of Szechwan, Shensi, and Kwangtung totalled 8,660 kilometres. To these were added 27,381 kilometres in 1941 (1,955 kilometres in Fukien, 4,825 in Chekiang, 1,222 in Yunnan, 4,881 in Kiangsi, 1,420 in Anhwei, 5,053 in Kwangsi, 2,350 in Kansu, 1,571 in Hunan, 2,384 in Szechwan, 686 in Honan, 1,034 in Shensi). Camels, donkeys, horses, and buffaloes are used on the road for hauling a variety of vehicles, ranging from simple wooden country carts to carriages with steel-rimmed, rubber-tyred wheels, with a carrying capacity varying from 300 to 1,350 kilograms. The waterways employ steam boats, wooden boats, sampans, and rafts. The Bureau has at its disposal 119,378 carts, 18,840 boats, and 325,367 porters, with a total carrying capacity corresponding to that of 208,733 two-ton trucks. During the year ended August 1941, the total material transported by the communications mentioned above amounted to 99,332,374 kilograms, while the branch lines in the provinces accounted for an additional 119,889,392 kilograms.

It may be added that while the routine of transport administration still rests with the Ministry of Communications, the administration of wartime military transport has been entrusted to the Bureau of Transportation Control of the National Military Council.

THE CO-OPERATIVE MOVEMENT.

The co-operative movement in the country is only twenty years old but it has made rapid progress during the past seven or eight years. Whereas in 1927 the co-operative societies numbered 584, with a total membership of 14,000, at the present time there are over 110,000 such societies in the provinces in the interior, with a total membership of over 9,000,000. The movement has been carefully fostered by the Government. In 1934 the Legislative Yuan passed the Co-operative Societies Act for the regulation of the activities of such societies; in the following year a Co operative Division

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was established in the Ministry of Industries¹, rules were issued for the administration of the Co-operative Societies Act, and a School of Co-operation was set up in the Central Political Institute for the training of workers in the co-operative movement. Following the incident of 7 July 1937, which marked the outbreak of hostilities between China and Japan, the movement was further reinforced. The National Co-operative Administration was set up under the Ministry of Economic Affairs, and numerous bureaux of co-operative affairs were established in the provinces which, linking up with the new *hsien* system, are to extend the movement to the *hsiens* and villages. In 1941 the National Co-operative Administration was transferred to the Ministry of Social Affairs.

The first steps in the organisation of industrial co-operatives were taken by some industrialists in Shanghai in April 1938, and in August of the same year the Chinese Industrial Co-operative Association was set up in Hankow. The movement began at a time when, as a result of enemy action, industry was considerably disorganised. The industrialists were aware that industrial reorganisation in the interior would be a long process, and the skilled workers were scattered in the villages, for the most part unemployed. In these circumstances, the movement served a real need, for it not only proved to be a source of employment for unemployed workers and disabled soldiers returning from the front but was also useful as a means of utilising the local supply of raw materials in the villages for much needed consumers' goods. So great was the stimulus it provided to local initiative that it soon assumed ampler proportions, and the industrial co-operatives undertook the production of supplies for the local markets as well as for military requirements and for export.

Such is the explanation of the rise of the Chinese Industrial Co-operatives, the first of which was established on 26 August 1938 in Pochi in the province of Shensi, with an initial capital of 2,000 dollars loaned by the Association of Industrial Co-operatives. It made soap and candles. At the end of 1940, there were 1,655 industrial co-operatives in Shensi, Kansu, Nighsia, Chinghai, Kiangsi, Fukien, Kwangtung, Hunan, Kwangsi, Szechwan, Sikang, Yunnan, Kweichow, Shansi, Honan, Chekiang, and Anhwei, with a total membership of 20,787 and a monthly production of goods to the value of approximately 11 million dollars. While spinning and weaving are the most popular and promising of the activities of the industrial co-operatives, these include also the manufacture of electrical apparatus, metal working, ore smelting, and the manufacture of chemicals and food products.

CONTROL MEASURES.

Some account has been given above of the control of exports. Measures have also been taken for the control of foodstuffs and other commodities essential for daily life.

¹ The Ministry has since been abolished.

Foodstuffs.

The supplies for the armed forces have been from the outset under the control of military authorities. Those for civilian consumption were in the early stages of the war under the control of the Agricultural Credit Administration. But in August 1940, when the National Food Control Bureau was set up, the control was transferred to that body, and food control machinery extending to the provinces and cities was established for the purpose of regulating supplies and determining prices. When the food situation became acute, the Central Executive Committee of the Kuomintang (at the eighth plenary session) decided to establish a Ministry of Food. The Ministry was set up in July 1941. With a view to the control of supplies, markets, and prices and the expansion of the national revenue, it was decided at the same time that the land tax should be collected in kind and, in addition, that cultivators should be required to sell foodstuffs in specified quantities to the Government. The collection of the land tax in kind has been in force since September 1941, and in June 1942 it yielded 22 million *piculs* of foodstuffs, or 3 per cent. more than the original estimate. This is an unprecedented result and the provinces that contributed most to it are Szechwan, Kwangtung, Honan, Hunan, Kweichow, and Ninghsia. It may be recalled in this connection that Generalissimo Chiang Kai-shek in his inaugural address at the National Food Administration Conference emphasised the importance of the problem of food supply. "Second only to military affairs," he said, "comes food administration. The proper enforcement of the national food policy is equal in importance to that of the work of the unification of legal tender undertaken by the Ministry of Finance in 1935. It is, indeed, a matter of great urgency, for on it depends the life of the nation. Food policy not only constitutes the main basis of wartime finance and economy and an essential condition for victory, but is also an important means of realising in the future the Principles of Livelihood, enunciated by Dr. Sun Yat-sen." The wartime national food policy is based on the principle of equal responsibility for all and is designed to take more from those who can give more. It is expected that the total collection for the current year will be approximately 80 million *piculs*.¹

Other Essential Commodities and War Materials.

Under the revised Regulations for the Control of Agriculture, Mines, Industries and Commerce in Wartime, promulgated by the National Government on 6 October 1938, the Ministry of Economic Affairs, with the approval of the Executive Yuan, may take control of a wide variety of specified agricultural and mineral products² and may add to the number

¹ Cf. *International Labour Review*, Vol. XLVII, No. 4, Apr. 1943, pp. 486-489.

² Cotton, silk, hemp, wool, and articles made of these materials; gold, silver, steel, iron, copper, tin, aluminium, nickel, lead, zinc, tungsten, antimony, manganese, mercury, and articles made of these materials; and foodstuffs, vegetable oils, tea, sugar, leather, lumber, salt, coal, charcoal, petroleum, gasoline, charcoal oil, lubricating oils, paper, varnish, alcoholic spirits, cement, lime, acids, alkalis, matches, transportation equipment, electrical equipment, educational equipment, soap, porcelain, bricks and tiles and glass.

from time to time. All these products and the undertakings engaged in producing them are at present under the control of one authority or another. The Commodity Administration of the Ministry of Economic Affairs controls raw cotton and cotton textiles, while the Ministry of Agriculture and Forestry is responsible for the extension of cotton cultivation. Exports of silk, hemp, leather, lumber, cotton, and drugs are under the control of the Foreign Trade Commission of the Ministry of Finance. The Ministry of Economic Affairs controls the production of gold and silver, which has been nationalised. The production, transportation, and sale of iron and steel were formerly controlled by the Iron and Steel Control Commission, but with the abolition of that body their control has been transferred to the Industrial and Mining Adjustment Administration of the Ministry of Economic Affairs. The National Resources Commission of the Ministry controls the production, purchase, and transportation of copper as well as of tin, aluminium, nickel, lead, zinc, tungsten, antimony, manganese, and mercury. Foodstuffs, as already stated, are under the control of the Ministry of Food. Tung oil is a monopoly of the Foreign Trade Commission, and tea of the China Tea Company of that Commission. Sugar, salt, and matches are also monopolies under the control of special bureaux set up for the purpose by the Ministry of Finance. The Commodity Administration controls edible oils and paper, and the Fuel Control Bureau of the Ministry of Economic Affairs, coal and charcoal. The supplies for civilian consumption of petroleum, gasoline, charcoal, lubricating oils, and alcoholic spirits, which were formerly under the control of the Liquid Fuel Control Commission of the Ministry of Economic Affairs, are at present under the control of the Ministry of Military Affairs. The Cement Control Commission of the Ministry of Economic Affairs has been abolished and the production and sale of cement have been transferred to the Industrial and Mining Adjustment Administration. The Bureau of Transportation Control of the National Military Council and the Ministry of Communications control all equipment for transport and communication services. Drugs are under the control of the National Health Administration. Acids, alkalis, electrical equipment, electricity, machine-tools, educational equipment, soap, porcelain, bricks and tiles, glass, lime, and varnish, with the exception of supplies required for the fighting forces or produced by State-owned establishments, are under the control of the Industrial and Mining Adjustment Administration of the Ministry of Economic Affairs.

Measures have also been taken for the stabilisation of prices. Under the regulations issued by the Ministry of Economic Affairs on 20 February 1939 for the purpose of stabilising prices and preventing hoarding, the *hsien* and municipal governments under the control of the Executive Kuan are required to establish price stabilisation commissions in their respective localities after consultation with the producers' associations concerned.

The chief articles subject to price stabilisation measures are essential commodities such as vegetables, meat, eggs, and clothing. Supplementary measures for the stabilisation of prices of essential commodities were promulgated on 5 December 1939. The Bureau of Price Stabilisation was set up, its main function being that of offering essential commodities for sale at cheap prices. The Bureau, together with the Agricultural Credit Administration and the Bureau of Food Control, is at present responsible to the Commodity Administration of the Ministry of Economic Affairs. The Administration has, since July 1942, applied a scheme of rationing cotton cloth, edible oils, and coal for civil servants, who were particularly affected by the marked rise in prices. In addition, special measures were issued on 3 January 1942 for the prevention of hoarding. These measures provide severe penalties for those who, with the intention of making profits hoard commodities specified by the Ministry of Economic Affairs with the approval of the Executive Yuan, such as rice, flour, kaoliang, maize, beans, raw cotton, cotton, yarn and cloth, linen, leather, coal, charcoal, salt, pepper, soap, matches, rapeseed and rapeseed oil.

While prices were fairly stable in the first two years of the war, since 1939 they have tended to rise in the case of imported goods and manufactured articles, and this has in turn reacted on the general price level and on wages. The result has been a vicious circle and the problem has presented serious difficulties. China is, however, an agricultural country, with 80 per cent. of its population living in rural areas and using a comparatively small amount of imported goods. The rise in the prices of these articles therefore does not affect the great majority of the population to a substantial extent, and the general rise in prices in the present emergency may indeed be said to have had a beneficial effect on the farmers. Farmers and workers are generally better off than they were before the war, and consequently their will to resistance has been appreciably strengthened. They cheerfully face the heavy duties prescribed by the Government. The foundations of the rural economy of the country are being thoroughly reorganised and strengthened.

Currency and Finance

Finance has naturally presented many difficulties, but the problem may on the whole be said to have been dealt with successfully. There have been several changes during the last five years in the methods of financing the war. The central banking institutions have been reinforced by the establishment of a unified control over them in virtue of measures promulgated on 8 September 1939. The Joint Board of the Four Government Banks has been reorganised and its powers have been increased. The local banks in the provinces have also been reorganised and integrated with the banking system of the country more closely than before. A severely conservative policy has been followed in respect of the issue of

bank notes. Strict control is also exercised over foreign exchange. Gold and Silver are bought by the Government; every effort is made to encourage thrift by the adoption of measures such as the raising of the rate of interest on savings and the institution of special collections; bonds are converted; and idle capital is absorbed. The activities of the banks and exchanges are subject to strict control and steps are taken to prevent inflation and hoarding and other similar abuses.

In the budget estimates for 1942, while 34.4 per cent. of the expenditure is accounted for under general heads (central as well as provincial) and 32.4 per cent. has been allotted to special items, the remainder has been set apart for economic reconstruction, which is an indication of the importance attached to such work by the Government. The revenue is derived mainly from direct taxation. The income, excess profits, inheritance, and stamp taxes have been substantially increased. Indirect taxes have also been raised as, for instance, those on luxury goods such as cigarettes and wines. A wider range of goods is taxed than formerly and the rates are determined *ad valorem*. Government monopolies have been established, as previously mentioned, in cigarettes, sugar, matches, and salt. The land tax is collected by the Central Government. In addition to the collection of the land tax in kind, the taxes on flour and cotton yarn are raised by the Ministry of Finance of the same system. The reorganisation of the *hsien* system to which reference has been made earlier in this article is also calculated to improve the national finances, and every effort is being made to weed out abuses and corrupt practices.

With a view to co-ordinating the different controls and policies outlined above, the National Economic Council was set up under the Executive Yuan in February 1941. It consisted of senior officers of the Government and representatives of Ministries or ministerial establishments concerned with economic reconstruction. Its functions were both administrative and advisory and it was called upon to consider the plans referred to it and to enforce the policy decided upon. With the extension of the war in the Pacific, however, the situation changed greatly, and in order to meet the resulting increased demands upon the country, the National Government promulgated the National General Mobilisation Act on 29 March 1942. In May of that year the National Economic Council was reorganised as the National General Mobilisation Council. The powers of the Council were substantially increased, its organisation was strengthened, and it was made responsible for co-ordinating and promoting the work of general mobilisation. This step marks the determination of the country to mobilise its man-power as well as its material resources to the fullest extent, and to centralise control. There need be no doubt that the nation will contribute its utmost to the war effort of the United Nations, so that the unconditional surrender of their common enemies, the attainment of victory, and the restoration of civilisation and world order may be expedited.

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THE OUTLOOK ON POST-WAR RECONSTRUCTION

As will have been seen above, the economic policy of the country is no longer passive, as it was before the war. The war has effected a radical change. *Laissez-faire* has been replaced by a policy of controlled economy. It has been a great step from an unplanned and unorganised economy to a planned and organised economy, and from divergent to unified control. The State, which is no longer content merely to promote, encourage, and protect agricultural, industrial, and commercial enterprise, is actively participating therein. State undertakings and private undertakings alike have undergone considerable expansion. Collective farms operated on scientific lines have been gradually developed. The foundations have been laid for the mechanisation of agriculture. The banking system has been extended to the whole country, the finances have been centralised, and the national economy has been systematised. The direction and control of the economic life of the nation are more efficient and economic activities are more lively than before the war. The way has thus been prepared for post-war economic reconstruction.

The main lines for the economic development of the country were clearly traced by the founder of the Chinese Republic, Dr. Sun Yat-sen, in his well-known work *International Development of China*. It was written over twenty years ago and envisaged the development of Chinese industry with international assistance, including the employment of foreign technicians. It is remarkable how sound the plans set forth there in such detail still are, although the situation has changed considerably. Before the war the Chinese Government was mainly inspired by that work in the determination of its national policy. It has remained the chief guide of Governmental policy during the war and may be expected to continue to inform the nation in its effort for regeneration in the years that lie ahead.

It will be recalled that *International Development of China* is divided into six parts, in each of which a particular plan of development is set out.¹ These plans may be expected to provide China with three major ports, a

¹ The principal features of each of these plans may be summarised as follows: (1) Construction of a big port in the north and of a north-western railway; colonisation of Sinkiang and Mongolia and the opening of a canal to connect North and Central China with the proposed port in the north; development of coal mines and establishment of iron and steel works in Hopei and Shensi. (2) Construction of a big port in the east; measures to improve communications by the Yangtse; establishment of inland ports and improvement of inland waterways and canals; establishment of cement works. (3) Development of Canton into a world port; improvement of the Pearl River system; construction of a south-western railway; building of commercial and fishing ports along the coast; and establishment of a big shipbuilding centre. (4) Completion of the central, south-eastern, north-eastern, and Plateau railway systems; extension of the north-western railway system; establishment of railway workshops to provide facilities for the manufacture of locomotives and rolling stock. (5) Development of food, clothing, building, and printing industries. (6) Development of copper, iron, petroleum, and other mines; establishment of smelting works and engineering industries.

CHINESE ECONOMIC POLICY IN WARTIME

large number of smaller ports, several thousand miles of railways, roads, and water ways, and a wide range of industries.

In sum, the 450 million Chinese people are animated by Dr. Sun Yat-sen's ideal. The wartime changes in the national economy will leave an indelible mark on the economic structure of the country. The lines already laid down will be followed in the future. Meanwhile, it may be recalled that China was the first country to attempt to return the blow of the Japanese militarists. "Our firm resolution", said Madame Chiang Kai-shek in her recent address to Wellesley College in the United States (from which she had graduated), "our fearless will to resist . . . may be accounted for by the supreme faith that when the war is over, freedom, righteousness, and equality will be the foundation of the new world organisation." By freedom and righteousness, explained China's Foreign Minister, Mr. T. V. Soong, the Chinese mean political freedom and economic justice. These two great objectives are wholly in accordance with the spirit of the Atlantic Charter, which is fully understood and supported in China. Willing to suffer and sacrifice for the sake of victory and prepared to undertake the responsibilities of creating a new Asia and a new world, China is co-operating with the other United Nations and expects reciprocal co-operation from them.

—*International Labour Review*, July, 1943.

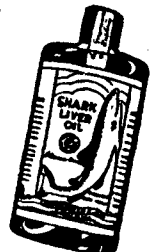


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Twenty-first International Co-operative Day.

Saturday, November 6, 1943.

A Message from R. A. Palmer, Vice-President, I.C.A.

The Celebration of the Twenty-First Co-operative Day falls at a time which is likely to be a great turning point in human history. Such an occasion presents unique opportunities for co-operators the world over, and I hope they will seize those opportunities and make the fullest possible use of them. A second universal war is reaching its climax. That war has profoundly disturbed the social conscience of the people of all nations. They recognise that the old social system is no longer adequate. In their anxiety they seek a solution to the great problems of the future, and Co-operators in their own Organisations and in the extension of their system can provide a sound remedy.

For that reason, on this Twenty-First Co-operative Day, all of us must determine to assert, as we have never done before, the importance of Co-operation, its aims and methods. A war has been waged for Freedom. What, then, is to happen to Freedom when that war is won? Are we to sell liberty won at so high a cost to totalitarian regimes of one kind or another, or are we going to prove to the world that freemen and freewomen can by their own effort, inspired by a sense of fraternity, equity and love of justice, remedy the past and create a new system—one worthy of enlightened democracy? That is the challenge we must meet this Co-operative Day.

Already the time is fast approaching when those carefully considered plans for the future of the Co-operative Movement and its international organisation may be revealed and, I hope, acted upon. In China, in North and South America, there are indications of new and extensive co-operative developments. In Europe, we have evidence that Co-operation has not proved to be so timid and fragile under the pressure of Nazis and Fascists. These are encouraging signs and must stimulate the co-operators of the free countries of the world to have heart and go forward courageously carrying their brave message for the future.

Those valiant co-operators who inspired and instituted Co-operative Day believed that the extension of the Co-operative Movement and its spirit of democracy and fraternity would, when extended to the far ends of the earth and properly practised, preserve the world from war and want. To those whose faith in Co-operative Principles is apt to falter, I would say—"Remember, Rochdale finally emerged as the result of many failures. So, too, in the international sphere, past failures are but the breeding ground of future success".

As far as the future is concerned, much depends upon the attitude of States, but far more depends upon the attitude of the people for, armed with Freedom and following Co-operative Principles, they have vast realms to conquer on their own account.

TWENTY-FIRST INTERNATIONAL CO-OPERATIVE DAY.

Declaration of the International Co-operative Alliance.

The International Co-operative Alliance, the greatest Voluntary Organisation of the People which at the outbreak of the war united in membership the National Co-operative Organisations with their 72¼ million individual members in 34 countries, recalls that International Co-operative Day, the World-Wide Festival of Co-operators which has now reached its 21st Celebration, was established to demonstrate to the whole world the Solidarity of Co-operators and the Efficacy of their Organisation as a means of Economic Emancipation and a Guarantee of world Peace.

Great as has been the influence of Co-operation in the past, the Movement has never attained the important place which it should have in National and International Life, partly because its members have been unappreciative of the great economic and social force which their Movement represents.

To-day—in the midst of this stupendous armed struggle between the forces of freedom-loving democratic nations and of those whose present rulers would enslave the whole world to their totalitarian aims and ambitions—the advantages and potentialities of the Co-operative Economic System are being more and more recognised amongst all sections of the people and of their leaders in the search for a new basis of world economy which will do away with the evils and inequalities of the old profit-making system and will assure freedom and security to all nations and individuals alike.

On this 21st International Co-operative Day, *The I.C.A. Re-affirms its conviction that International Co-operation is the only sound foundation for such a New World order and that the spirit of true co-operation can surmount all obstacles which vested interests, capitalist power and propaganda, and exaggerated nationalism may place in the way of post-war reconstruction*, and calls upon its affiliated Organisation in all lands—

To Prepare energetically to play their part in the restoration of national and international life after the war;

To Give their full support to the efforts which the Alliance is making to assure, and to contribute to, the rehabilitation of the Co-operative Organisations in the occupied and war-stricken countries;

To Promote by all the means in their power a deeper understanding of the Co-operative Idea and its further penetration into national life and national economy;

To Achieve an ever-increasing degree of unity within and between different sections of the Movement, and a further appreciation and acceptance of individual responsibility on the part of their members;

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To Pledge themselves to secure for the Co-operative Movement its rightful place in national and international life after the war.

Finally, the International Co-operative Alliance appeals to its members to make the coming year a fitting prelude to the 100th Anniversary of the Rochdale Pioneers. May the centenary mark the beginning of a new era in the life of the world-wide co-operative movement—an era in which co-operators of all lands, united by the spirit of service and association, will see the realisation of their goal—the co-operative commonwealth.

In addition to the foregoing Declaration, the following Resolution has been sent out by the I.C.A. for adoption at International Co-operative Day meetings—

RESOLUTION.

This Assembly of Co-operators met together under the Rainbow Banner—which is the symbol of International Co-operation—to Celebrate the 21st International Co-operative Day—

Re-affirm their faith in the Principles of the Rochdale Pioneers; Rejoice in the universal and successful application of those century old principles in all spheres of economic activity; and Declare them, before the whole world, to offer a sure foundation for a New Social and Economic Order calculated to realise the promises embodied in the Atlantic Charter;

Remember with deep sorrow their Fellow Co-operators in the occupied countries, and express the most earnest hope that they will maintain their fortitude and courage until the hour of their liberation;

Reiterate their promise to do everything in their power to assure, and to contribute to, the restoration of the Movements which have suffered at the hands of the enemy; and

Join in spirit with true Co-operators in all lands in the desire and the unshakable will to help in building a new and better world upon the basis of True and Free International Co-operation.

The Bombay Co-operative Insurance Society, Limited.

Figures from 1942 Report.

Total Assets over Rs. 18 Lacs.	Life Funds over Rs. 16½ Lacs.
Total Income over Rs. 7½ Lacs.	Total Business in force over Rs. 1 Crore 29 Lacs.

Expense Ratio—Overall 31 per cent. : Renewal 18.7 per cent.

Head Office :

Co-operative Insc. Building,
Sir Pheroze Shah Mehta Road, Bombay.

Madras Office :

44, Luz Church Road,
Mylapore, Madras.

INDIA'S PROGRESSIVE LIFE OFFICE FOR THE MASSES.

A peep into the Co-operative World of Madras through the War Services Exhibition.

(By the Registrar of Co-operative Societies, Madras.)

The War Services Exhibition is said to have attracted its record number of visitors in Madras a number higher than at any other places so far covered in its itinerary. The 'Madras Mail' attributes this to the capacity of the Madrassi to appreciate really good things. Whether one agrees with this or not, no visitor can hide the fact that the exhibition evoked a wonderful response from the public. Those of us who had a hand in the shaping of this great and worthy demonstration have however to regret that more people from this province could not come and see it. But that could not be helped in a province so wide as from Vizagapatam to Cape Comorin and from Mangalore to Madras. So far as the co-operative movement is concerned, this article is intended to give those who were not fortunate to see the Exhibition "a picture of our work as demonstrated at the Exhibition."

2. Early in July detailed instructions were issued to Deputy Registrars and to the more important co-operative societies that were expected to participate in the Exhibition. Government were simultaneously addressed to place the required funds at my disposal and they were pleased to allot as much as Rs. 2,000 for the expenditure to be incurred by the Co-operative department. Two large rectangular sheds were taken up adjacent to each other in the eastern arc of semi-circle in one of which the Madras Handloom Weavers' Provincial Co-operative Society, Ltd. exhibited handloom textiles, together with the Provincial Textile Commissioner. The other shed was devoted exclusively to the exhibition of the products of co-operative cottage industries societies, and to the demonstrations by the Triplicane Urban Co-operative Society, Ltd. The sign boards in front of these sheds were visible even outside the Exhibition grounds. The space between the two sheds was the way leading to the imposing circular shed just a few yards further east in which was run the Milk Bar of the Co-operative Department. Somewhat removed from these, and rather close by to the sheds of the Agricultural Department relating to the Grow More Food campaign and their model farm was the stall of the Provincial Co-operative Marketing Society, Ltd. It was but appropriate that agricultural marketing on a co-operative basis, which this society undertook to demonstrate should be by the side of the farm. Exhibits were pouring in from the middle of July right up to the 30th of August. On the 24th of August just two days prior to the date originally scheduled for the opening of the Exhibition by His Excellency the Governor of Madras everything was in its place. Rains interfered and caused the postponement of the opening to 1st September. This gave us some time to trim up further. I will now take the reader round the stalls and explain the exhibits in them, of course mentally and not physically.

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3. Entering the first stall one would have met at the beginning what may be called the 'Food supply section.' The Triplicane Urban Co-operative Society, Ltd. put on show pictures, placards and charts to explain the gallant part played by it in April 1942, during the emergency when it was practically the sole supplier of essential food stuffs to the citizens of Madras. One of its chekkus operated by electricity was converting gingelly into oil while handpounding of paddy was also demonstrated nearby. Next to that there were the improved pottery of the Vellore Pot-makers co-operative society and an actual demonstration of pot-making by its members. Passing on there was always a crowd very curiously peeping into the interior of the shed. The attraction was the process of button making by the members of the Thiruppanangadu Button Manufacturers Co-operative Society in the North Arcot District. Their finished products *i.e.* buttons of several varieties were also on view. Then there was a member of the Bisalahalli Cumblly Weavers' Society in the Bellary District playing his loom while samples of the cumblies supplied by the society for the army were exhibited close by. Next to him was a Muslim member of the Ellore Pile Carpet Weavers' Society very patiently carrying on the intricate process of pile carpet weaving, giving the onlooker a clear idea of how the carpets of such wonderful designs were made. There too was a rare opportunity of seeing the Kuppam Quiltweaver at work on the special type of loom, which produces the seamless quilt which most of us have seen and admired, wondering all the time how the cotton got inside the sheeting without any stitching anywhere. Turning round almost every visitor was struck by the demonstration of poultry and eggs by the Katpadi Egg Marketing Co-operative Society. The other corner of the stall was occupied by the Perambur Arunthathiyar Leather Workers Co-operative Society, Ltd., while some of its members were at work turning out leather goods of the kind that were on show. The following were the exhibits that were on show in this stall, products which were not articles of food.

Cumblies	Pottery.
Pile carpets	Toys.
Mats	Quilt.
Brass Vessels	Leather goods.
Wooden spoons and vessels	Cutlery and
Buttons	Caskets.

Articles turned out by co-operative societies for war supplies like camouflage nets, sandals, chaplis, table knives, clasp knives, brass buckles, and gloves were also on show.

4. Passing on, there was the shed containing the exhibits of the Madras Handloom Weavers' Provincial Co-operative Society, Ltd. and the Provincial Textile Commissioner. This society which is now a gigantic

A PEEP INTO THE CO-OP. WORLD OF MADRAS THRO' THE W. S. E.

organisation of the handloom weavers of this province, provided interesting fare for the visitor. The services rendered by the society in the execution of war orders to the extent of 4 million yards and 6,82,000 towels and handkerchiefs, the attempts made by it to produce cheap handloom standard cloth for civilian consumption, the fact that more than 25,000 looms had been pressed into service, the delicate varieties of ordinary handloom textiles, and the array of attractive designs of sarees, dhoties, and towels, these were of high educative value. Everybody who has at heart the interests of the numerous handloom weavers in the province and of their decadent profession, should have felt encouraged by a visit to this stall by the enormous possibilities of resuscitating the industry and placing it on a sound footing. Weaving on handlooms was also demonstrated practically here.

5. The part played by co-operative societies in the Grow More Food campaign was to a certain extent revealed in the exhibits put on show under the auspices of the Provincial Co-operative Marketing Society, Ltd. Products of co-operative societies which are of food value like Honey, Eggs, Fruits, Vegetables, Cocoanuts, Potatoes, Handpounded Rice, Jaggery and Sugar were shown. The sugar was from the co-operative Sugar Factories at Podanur and Ettikoppaka. The potatoes were from the Nilgiris Potato Marketing Society which also arranged to exhibit the manure mixtures supplied by it to the cultivators in the Nilgiris. There were potatoes from Palnis too. Paddy seeds from Agricultural Improvements Societies in the Tanjore and Kistna Districts were also on view.

6. The Milk Bar was the most popular resort of the public. Thousands of visitors dropped in to have a drink. It was very kind of the exhibition authorities to have permitted the running of this bar, because in the spacious exhibition grounds where the visitor felt compelled to spend not less than 3 hours at a stretch, the provision of such an amenity was availed of to the utmost. The Bar was principally run by the Madras Co-operative Milk Supply Union Ltd., though milk products like butter, cheese, palkova, and casein manufactured by other co-operative milk supply unions and societies were also shown and sold. Milk shakes, Ice cream and hot and cold drinks were provided to the visitors at nominal rates. His Excellency the Governor of Madras and the Honourable Lady Hope visited the Bar on 3-9-43.

7. It is difficult in the course of a brief article to make individual mention of every society and of every exhibit. The studious visitor should have seen many that are not described here. In particular the placards and banners bearing slogans like "Arrest Inflation", "Save Now to Spend Later", "Waste Not, Want Not" and "Do Not Hoard" would not have missed notice. Nor would the figures and graphs prominently displayed to illustrate some facts about the Movement's

contribution to the war have missed their notice. For instance it was explained in one of them that co-operative societies had put in 78 lakhs of rupees in Defence Loans, Defence Savings Certificates and other forms of defence savings. Another drew pointed attention to the fact that co-operative societies have so far contributed Rs. 1,10,782 to His Excellency the Governor's War Fund. Thrift certificates from Central Banks and the cheap insurance policies of the South India Co-operative Insurance Society, Ltd., represented another aspect of our efforts to check inflation.

8. Co-operation is the true democratic method of doing good to the people. I trust the Exhibition has demonstrated the great variety of ways in which economic prosperity can be built up in the co-operative way.



Reviews.

"FARMING IN SOUTH AFRICA."

*Special Fruit—Production Number (Winter Rainfall Area)
Volume 18 No. 207, June, 1943.*

The Department of Agriculture and Forestry, Union of South Africa, Pretoria (5 s. per Annum) 6 d. per copy.

In many countries of the world the present war has brought home to the commercial fruit-growing class very clearly, that the development of the fruit industry has been mostly one sided and unbalanced and its foundations insecure. Where the fruit industry owed its development to export trade, the inevitable problem of the disposal of the surplus produce during the war time presented itself as a seemingly insuperable barrier. The processing and subsidiary channels of disposal could not be developed to the necessary extent for lack of suitable plant and machinery. The development of local markets was by no means easy owing to the inevitable restriction in railway and other transport facilities. Shortage of labour, packing and spraying materials, fertilizers and a variety of other orchard requirements further aggravated the position. Above all, the drive for increased production of quick-growing food crops reduced the chances of the extension of orchards of tree fruits or improvement of orchard practices. The fruit industry, therefore, is faced with formidable problems which demand the utmost endeavour of the growers to adapt themselves to the changing economic conditions of the day.

In devising the food production policies for the duration of the war, every nation, however, has placed the increased production of fruits as the chief source of protective food for the civilian and military population among the main planks of its wartime activity. In the United States of America fruits have been placed in the highest food crop class in the listing of farm production essential to the war, because they form the most valuable protective foods and lend themselves for use in fresh, dehydrated and several preserved forms.

The International Food Conference held recently at Hot Springs has also laid great stress on the necessity to expand fruit production in all parts of the world to meet the nutrition requirements both during the war and the post-war periods. The task of increased fruit production in the face of the varied present day difficulties, is one which is engaging the attention of the nations both among the exporting and the deficient categories.

The Union of South Africa was essentially a fruit exporting country prior to the war. The publication under review has been brought out with a view to acquaint the growers the various methods of securing the future development of their fruit industry, both by change of psychological outlook and also by a modification of their orchard practices and organisations. The hints given by the Director of Stellenbosch Fruit Research Institute,

with the above aims in view, are indeed very illuminating and deserve attention by the fruit growers in all lands and climes. In this country where fruit exports are of insignificant proportions the problems are not necessarily identical with those facing the South African growers. Nonetheless, the hints for better organisation of the industry, exploitation of local markets, elimination of marginal or inferior lands for fruit planting and of unsuitable varieties, and also for improvement of orchard practices are such as should make an appeal to the Indian growers with equal force.

The publication also contains informative articles on the cultivation of several fruits and on fruit dehydration. While it is recognised that the recommendations cannot lend themselves for wholesale application under Indian conditions, the value of these articles in provoking thought of the reader and enabling him to review his methods and practices in the light of his own peculiar conditions, cannot be over emphasized. The publication serves as a model which may well be profitably adapted for the issue of practical hints on fruit-growing in this country.

K. C. N.

The Health of India—by John B. Grant
(Oxford Pamphlets on Indian Affairs.)

The Oxford University Press is to be congratulated for inaugurating the publication of series of pamphlets on Indian Affairs produced by writers who are eminently fitted to deal with the topics handled by them. Dr. Grant is not merely content to analyse the causes for the existing unsatisfactory state of health in India but deals with the need for improving the general standard of living and spread of education as equally essential for safeguarding the health of the community. Factors which can bring about an improvement in the standard of living must be mobilised and all the available resources, though limited they may be, must be husbanded for this main purpose. In view of the recent discussions on this subject in the Central Board of Health, Dr. Grant's observations are of more than ordinary interest. Dr. Grant is not satisfied with the development of public health services. The war has given an impetus for the training of a large number of doctors and nurses. When peace is restored, it is hoped the State will find use for this army of trained personnel to perfect their public health services and in doing so it is also hoped the needs of the rural population will be borne in mind.

Passing of the Madras Public Health Act, 1939, to which Dr. Grant makes commendatory reference, was also hailed with joy. Much improvement was expected. Whether any improvement has taken place is still questioned in certain quarters. However, mere legislation alone cannot bring about the desired results. Dr. Grant has done great service to stimulate public interest in a matter of utmost importance for the future of the country.

R. S. R.

Annual Report (Twenty-fourth) of the Viziavada Co-operative Central Bank, Ltd., for the year ended 30-6-1942.

The Bank had, on 30-6-1942, 272 societies affiliated to it and the paid up capital was Rs. 2 lakhs. The Reserve Fund and the Bad Debt Fund were Rs. 51,000 and Rs. 47,000 respectively.

2. The Bank's working capital was Rs. 19 lakhs, of which Rs. 15'88 lakhs were borrowings; of the latter, Deposits were Rs. 7'94 lakhs and loans from the Provincial Bank were Rs. 7'94 lakhs, (half and half exactly). The loans due from societies Rs. 16 lakhs and from depositors Rs. 15,000. There has been a fall under all heads over that of the previous year, but it is not very material.

3. The Bank disbursed loans for Rs. 15'93 lakhs and almost the entire amount was lent for short term. The overdues under Principal and Interest were Rs. 3'48 lakhs and Rs. 567 respectively, which is 18'1 per cent. and 0'69 per cent. of the demand. What matters is the duration of the overdues and no information is furnished on that head; out of 240 indebted societies, 145 had overdues to the Bank.

4. The Bank had a successful year. The net profit amounted to Rs. 15,121 and a dividend of 4½ per cent. was paid. The balance was appropriated to the statutory and other Funds.

One point that requires mention is that the Bank should build up liquid resources of its own and come up to the level suggested by the Reserve Bank.

T. R. N.

Annual Report (Thirteenth) of the Bombay Co-operative Insurance Society for the year ended 31-12-1942.

The Society had a membership of 11,696 on 30-12-1942 and the total Policies in force on that day was 13,299 for a total sum assured of Rs. 1'21 crores. The new business written during the year was 1963 policies for Rs. 21'31 lakhs. The Premium Income, during the year, less that paid on re-insurances, was Rs. 7'28 lakhs; and Interest, Dividends, Rent etc., received was Rs. 57,534. The aggregate income was Rs. 7,87,759. The expenses amounted to Rs. 2,35,511 and claims and surrenders totalled Rs. 1,12,681. The net addition to the Life Assurance Fund was Rs. 4,39,567, raising that Fund from Rs. 11'88 lakhs on 31-12-1941 to Rs. 16'28 lakhs on 31-12-1942. This is substantial progress for a year and the Society is gathering strength as it goes along as is the life insurance way.

2. The overall expense ratio was 31 per cent. as against 46'9 per cent. in the previous year and the reduction is substantial, though still high. Every effort is being made to reduce it, though cost of every item is increasing.

3. *Investments.* They are well-spread. Government Promissory Notes amount to Rs. 9'82 lakhs; Co-operative Securities Rs. 80,000; Shares

Rs. 45,000; house property Rs. 4'42 lakhs; and loans on Policies Rs. 77,000. One wishes that Co-operative Securities should increase but there are limitations.

4. The yield was 3'63 per cent. in 1941, and 3'23 per cent. in 1942 as against 3'75 per cent. assumed in the last valuation. The question of earning adequate returns is engaging the attention of the Management; the Chairman in his speech at the Annual Meeting referred to the operative factors. While the Insurance Act leaves 45 per cent. of the Investments to the choice of the Board, (it is obligatory to invest 55 per cent. in Government Promissory Notes) the Co-operative Societies Act narrows down the field of selection still further. Income tax levies a heavy toll. These factors tend to reduce the yield. The Government refuse to relax the provisions of the Co-operative Act. New business is falling, and the Chairman appeals to its members to propagate the cause of the Society.

On the whole, the Society had a good year.

T. R. N.

Report of the Co-operative Department, Holkar State, Indore, for 1940-41.

There were, on 30-6-1941, 864 Societies in the State, with a membership of 30,108 and a working capital of Rs. 93'41 lakhs. Agricultural Societies numbered 782, the non-agricultural 76, and the Central Banks 6. The State is of about the same size as the neighbouring state of Baroda but has a lesser population: the size of the Co-operative Movement is, however, about the same.

2. *Financing Banks*: The Bank at Indore is the only one of any importance. Of the 858 Primary Societies in the state, 548 are affiliated to the Indore Bank; and out of the working capital of Rs. 29'40 lakhs. Rs. 22'64 lakhs relate to the Indore Bank. The other 5 banks are not getting on well. "The financial position of these banks is deteriorating from year to year. The position in regard to frozen assets, overdues, bad debts, and unrealized interest is unsatisfactory. The Thasil or district centres do not attract human material as well as deposits that are necessary to run a Central Bank". They have therefore been mainly financed by Government. About 70 per cent. of their total borrowed money is from Government. (Rs. 2'32 lakhs borrowed from Government out of the total borrowings of Rs. 3'73 lakhs). The progress of Indore Bank is satisfactory; but one point requires special mention. The bank's lending rate to societies was 9 per cent. generally, and the societies lent at 12 per cent. These are quite high rates even for these abnormal times of high agricultural prices.

3. *Primary Societies*: The Agricultural Credit Societies had a working capital of Rs. 32'48 lakhs of which Rs. 17'57 lakhs represented borrowed capital. Loans outstanding against members were Rs. 32'13 lakhs. New advances were Rs. 1'39 lakhs and recoveries Rs. 2'11 lakhs. No information is available about overdues.

The Urban Credit Societies had a working capital of Rs. 30'63 lakhs; out of 27 societies, 24 societies are working in the Indore city. Loans outstanding against members amounted to Rs. 15'50 lakhs out of which Rs. 3'43 lakhs were overdue. The Report states "Proper type of members of Managing Committees have yet to be secured". That is the problem every where in this country.

4. *Non-credit activities*: Attempts were made to make surveys and experiments for leading the agricultural movement in different channels for the economic amelioration of the cultivators. These are in the trial stage and there is not much to report. Adat shops (marketing and supply) were working in 6 centres under the auspices of the Indore Central Bank and they did business for Rs. 3'27 lakhs. Owing to the pre-occupation in matters pertaining to reorganization of the Co-operative Credit Movement it was not possible to devote more to marketing activities. The shops are proposed to be converted into sale and supply unions in due course and linking them to credit societies as per plan in view.

There were 4 stores in Indore city and the total sales were Rs. 10'953: very poor indeed. There is an Insurance Society but the work was stagnant. It had issued 397 policies amounting to Rs. 2,62,300.

5. *General*: "The movement is passing through a crisis no doubt" the report states, and that was two years ago. We hope the steps taken in this interval have produced beneficial results.

T.R.N.

Report of the working of the United Provinces Co-operative Union for the year ending 30-6-1942.

The U.P. Co-operative Union is both an administrative and a propagandist body. It supervises the working of societies throughout the Province. The Registrar is its President, and he has delegated all his powers to the Deputy Registrar who is also a member of the Executive Committee.

2. The Union had a membership of 124—7 nominated, 17 Ex-Officio and 100 Society members, the bulk of whom are Central Banks. During the year 1941-42, the Union received from Govt. grants to the extent of Rs. 2,24,597, and the contributions from Societies amounted to Rs. 1,05,875. Insufficient finance is the theme of their Budget and a deputation waited on H.E. the Governor. They were heard with "sympathy" and the Government grant for Supervision of Credit Societies was increased by Rs. 25,000. Lucky indeed!

3. The Supervising staff consisted of 575 supervisors, including 6 ladies; it is no easy job to control such a large executive staff from the centre. Some information may have been usefully given in the Report on that head.

4. The Report gives information about some of the main activities.

Credit work. There were 7,887 Primary Credit Societies in charge of Supervisors. 29 Supervisors were employed for the organization of new

societies and 750 new societies were organized. The better class of cultivators are joining credit societies to take advantage of marketing, better farming, or better living activities.

Ghee Societies. These numbered 700 and the activity is a special feature of the Province. They sold 7,503 maunds of ghee worth Rs. 3,48,694 and made a profit of Rs. 53,829. Co-operative ghee has now established its reputation and now sells at a premium. How we wish we had some societies here of that type. The Government gave a grant of Rs. 21,500 and 34 supervisors are employed on the work.

Milk Societies. Lucknow and Allahabad Societies had a good year. The former sold milk for Rs. 82,249 and the latter for Rs. 23,000. The former wiped off the old losses and made a profit of Rs. 4,565, but the latter closed with a loss of Rs. 1,644.

Marketing of Agricultural Produce. 170 Supervisors look after marketing operations and the Government gave a grant of Rs. 98,159 for this work. The commodities marketed are wheat, barley, gram, rice, oil seeds, and pulses. The organizations handled 5.10 lakhs of maunds of the value of Rs. 20.88 lakhs and the profit made was Rs. 1.88 lakhs. Fruit, Vegetables and Potato were also handled.

Work among women. The number of women societies (registered and unregistered) remained stationary at 142 with a membership of 2,480. There were 8 women supervisors and the Government grant was Rs. 2,658. Women welfare work including thrift, engaged the attention of the staff.

Industrial activities. Some idea of the work turned out is given in the last paragraph.

The Provincial Co-operative Conference was not held owing to want of funds.

Training class was not held, as there were enough trained hands.

U. P. Co-operative Journal is a quarterly publication with a circulation of 500. The Government gave a grant of Rs. 1,190. The Editor is Rai Bahadur B. Mukherjee.

Address to the Governor. On the 28th March 1943, the Governor was pleased to receive an address and it contains some interesting information. Out of Rs. 18 lakhs in the Reserve Fund of Central Banks and limited liability societies, Rs. 5 lakhs has been invested in War Bonds and Defence Savings Certificates and the rest invested in G. P. Notes. The amount contributed by societies to the Central War Fund was Rs. 53,000 in addition to that made to district authorities locally. Production of war supplies on co-operative lines has been organized by the U. P. Industrial Co-operative Federation. They have arranged to supply goods to the Supply Department for Rs. 34.5 lakhs and orders for the value of Rs. 45 lakhs are under execution. The Government has advanced Rs. 24 lakhs for financing war orders besides providing the necessary staff. The Governor was presented with a purse of Rs. 14,327-1-2 for war Purposes Fund and a bundle of the value of Rs. 5,000 containing articles for Red Cross work.

5. The Union is discharging the heavy burden of responsibility creditably.

T. R. N.

Working of Societies.

(Contributed.)

Co-operative Stores in the Chittoor District for the quarter ended 30-9-43.

There were 24 Primary Co-operative Stores besides The Chittoor District Co-operative Wholesale Stores in this district at the commencement of the quarter. Three stores were registered during the quarter and one was liquidated. In the food conference convened by the Collector on 31-5-43, it was decided to utilise to the fullest extent these co-operative stores wherever they are available and to eliminate the merchants in places where these stores are working side by side, with a view to guarantee equitable distribution of controlled commodities. With this end in view, the stores were required to open depots to enable them to undertake equitable distribution on a large scale. Accordingly, it was decided in consultation with the Revenue Authorities to open 24 depots in the district as adjuncts to the Primary Stores already working. 16 out of these have since been opened. The Collector has however decided not to permit the opening of any more depots beyond the 16 already organised. Rationing of rice and kerosene has been introduced in Chittoor, Tirupati and Madanapalli. The 3 Primary Stores and their 5 depots—4 in Madanapalli and 1 in Punganur are being utilised for the purpose. The scheme is working quite satisfactorily. The total sales in all the Stores and their Depots in the district during the period amounted to Rs. 3,59,600.

The Anantapur Co-operative Wholesale Stores.

During August 1943, alarming reports about the grave situation in regard to food supplies in Guntakal and Kodiri were received by the Anantapur Co-operative whole sale Stores. Unless prompt measures were taken to relieve the scarcity immediately there was the danger of the looting of the grain depot of the wholesale in these two places, where stocks of ragi earmarked for famine camps were kept. The wholesale stores rose to the occasion and released a portion of the stocks for the civil population in anticipation of approval by the Collector and an emergency was temporarily tided over. The Collector has since approved the action of the wholesale stores.

The Sankarankoil Stores.

The Adi Thapas festival is one of the biggest festivals in the district when several thousands of pilgrims visit the ancient shrine of Shri Sankara Narayana at Sankarankoil. Tanjore Rice was distributed in retail to the pilgrims on the 13th and 14th August which are the important festival days. I made special arrangements for this and the distribution was made at the Panchayat Board Office. An adult was given rice for 8 as. and boys and girls for 4 as. each. 2403 Madras Measures of rice were distributed to 1365 pilgrims and the value of rice sold was Rs. 962. The local Tahsildar, the Sub-Magistrate, the District Health Officer and the Assistant Commercial Tax Officer visited the distribution centre and were pleased with the

arrangements and the help given to the pilgrims. The Tahsildar offered to give more rice by requisitioning stock with merchants; but unfortunately no stock could be secured as they had disappeared overnight.

The stores also arranged to supply cooked food—sambar bath and curd bath—to the pilgrims on those two days at the special request of the festival committee. 965 persons were served with food and the stores earned a small profit of Rs. 8 in this. But the service rendered by the stores in supplying Tanjore rice and food was greatly appreciated by the pilgrims.

Exhibition of handloom fabrics.—The Sankarankoil Stores also made elaborate arrangements for the exhibition of the handloom fabrics during the Adi Thapas festival. I arranged with the weavers societies in the district for sending their production to the exhibition and a salesman from each society was also present. I camped at Sankarankoil and personally supervised the arrangements in order to give the widest publicity to the handloom products. I also arranged with the Provincial Society for the exhibition of cheap cloth and other products in the emporium and the District Supervising Officer was present with the exhibits. Two Inspectors were also deputed to assist the stores. The total sales amounted to Rs. 2507 and 1969 persons made purchases. But the exhibition had a tremendous advertisement value as nearly 20,000 persons visited the stall. All the officials who were camping at Sankarankoil also visited the stall. The visitors were struck with the fine varieties of the exhibits and saw for themselves how skilled workers in handlooms could produce varieties as good as those made in the mills. At a public meeting over which I presided and which was attended by nearly 2000 people I took the opportunity to explain the working of weavers societies, the production of cheap cloth undertaken by them and appealed to them to help the handloom weaver who produced goods by his sweat and labour by purchasing only the handloom variety. This had the desired effect as there was a great rush at the stall the next day. Exhibitions like these have a great educative and propaganda value.

(By the Deputy Registrar of Co-operative Societies.)

The Harur Co-operative Union, Ltd., for the year 1942-43.

All the societies affiliated to the Union have discharged the entire overdues to the Central Bank and the Union showed nil balance on 30-6-'43. This is the first year in which all the affiliated societies in this Union were able to clear the overdues to Central Bank. The immovable properties, purchased in execution of decrees and held by many societies for the last several years, were disposed of during the year. This helped us considerably in showing nil balance. The statement showing the financial position of affiliated societies for the last 16 years is annexed separately at the end of the Administration report.* The Union will devote its attention in the coming years in organising fresh societies and

* Omitted.

developing the transactions of existing societies. The programme of work for the current year is given in page 8 of the report.

Special activities—(1) Agricultural implements:—

With a view to give the benefit of improved agricultural implements, particularly to middle class ryots and with a view to facilitate production cheaper and efficient, the Union placed orders to P. S. G. & Sons, Coimbatore through the Dt. Agricultural Officer, Salem for supply of improved agricultural implements to the value of Rs. 565 for being given to half a dozen Co-operative Societies. The societies purchase them out of general fund and the implements will be given to members on hire basis. Only good societies have been selected for this purpose. The implements have arrived in the Union and they will be distributed to the respective village societies on 19th inst. through the Dt. Agricultural Officer, Salem, who has kindly consented to dress the ryots on the use of such implements.

(2) Stud bulls:—

This taluk had not hitherto experienced the advantages of maintaining stud bulls as a step to improve the breed of cattle. On the requisition of the Union, the District Board recently sanctioned two bulls, on Halikar and the other Kangayam breed. They are stationed at Jammanahalli & Ponneri under the auspices of the respective Co-operative Societies. The proposal is to arrange for getting more bulls in the coming years and keep them in different centres of the Taluk.

The year 1943-44 is a new era to this Union to start with more useful work in the coming years.

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Order.

GOVERNMENT OF MADRAS.

DEVELOPMENT DEPARTMENT.

MEMORANDUM No. 20698 J/43-3, dated 27th September 1943.

CIVIL SUPPLIES—Controlled Commodities—Distribution through Co-operative agencies.

The Government consider that Co-operative Societies should be used as far as possible in the distribution of controlled commodities even at the risk of reducing the volume of business done by other wholesale and retail dealers. Collectors are therefore requested to show preference to Co-operative Societies to the extent possible in the issue of licences for controlled commodities and to allot liberal quotas to them.

2. It has been represented to the Government that Collectors do not frequently take into account the increase in the number of people who look to the co-operative stores for the distribution of essential articles and the consequent need to increase the supply of controlled commodities allotted to the Societies, from time to time. Collectors are therefore requested to consult the Deputy Registrars of Co-operative Societies concerned when allotments are made to Co-operative institutions or allotments once made have to be revised.

3. The Registrar of Co-operative Societies has issued instructions to all Deputy Registrars to permit good credit societies in areas not served by co-operative stores to purchase and sell controlled articles to members and non-members, suitable provision being made for this purpose in their bylaws. The Registrar of Co-operative Societies is requested to issue instructions to these societies to apply to the Collectors or the local Revenue Officers concerned for an allotment of the controlled commodities.

4. It has been suggested that District Co-operative Central or Wholesale Stores should be recognised as the Central Distributing agency for the primary stores in each district and that free movement of stocks from the Central Stores to the primaries should be permitted. The Government however consider that if this suggestion were to be accepted in its entirety transport complications may arise and that the Central stores are bound to experience difficulties and delays in the despatch of small consignments to the various up-country stores. The Government are therefore pleased to direct that the District Central or wholesale stores may be recognised only as one of the important distributing agencies wherever this is possible but not as the sole distributing agencies for the primary stores.

5. It has also been suggested to the Government that in the absence of co-operative institutions, village panchayats may be utilised for the distribution of controlled commodities. The Government however do not consider that village panchayats are suitable agencies for this purpose.

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Secretary : SRI T. RAGHAVENDRA RAO.

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

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

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- | | |
|--------------------------|--|
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| 3. Purasawalkam | 25-B, Subrahmanya Mudali Street, |
| 4. Wall-Tax Road | 19, Wall-Tax Road, |
| 5. Kilipauk (No. 1) | 14/7, Ormes Road, |
| 6. Kilipauk (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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