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EACH FOR ALL, AND ALL FOR EACH

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Editorial Notes.

Consumers' Movement:

It may be remembered we announced last month that a deputation of the representatives of stores societies sponsored by the Madras Provincial Co-operative Union and lead by Sri T. A. Ramalingam Chettiar waited on the Adviser to H. E. the Governor. This deputation was appointed by a Conference of representatives of the Wholesale and Primary Co-operative Stores convened by the Madras Provincial Co-operative Union which considered at great length the situation created by the decision of Government in regard to stores societies and passed a resolution which we reproduce below as it generally conveys the wishes of co-operators:

"In view of the large increase in the number of co-operative stores in the Province and the large expansion of the Stores Movement, it is resolved that it is the duty of the Government to

THIS ISSUE CONTAINS

Co-operation and Post-War Reconstruction.

Assignees of Award.

Recent Utterances.

Consumers' Co-operative Movement in Madras—Supplement.

arrange for closer and constant supervision, and that the present staff employed should be strengthened for the purpose. The help rendered by Government in other directions to stores societies should also be continued, and that a representation to this effect may be made to the Government (through the Registrar).

The Government are requested to consider the large investments made by the Provincial Bank and the Central Banks and the great service rendered by the stores in the Province in the procurement and distribution of foodstuffs which is the main problem of the day. If the Government do not provide the necessary direction, supervision and audit of the stores, the Movement will have to undergo contraction and serious inconvenience and suffering will ensure."

As a supplement to this issue we are issuing an account of the Consumers' Co-operative Movement in this Province. It is an official review and, therefore, the facts and figures referred to therein are authentic. We have no doubt this statement of progress will be considered as an unanswerable argument in favour of the view-point urged by non-official co-operators in regard to supervision, control and audit of stores societies.

Can it be True?

Under the caption—"Japan's Master Spy. Is Dr. Kagawa his successor?" appears the text of an address delivered by one Dr. Goddard in the *Co-operative News*, published in Adelaide. Any one who reads the address cannot help feeling how war blunts our sense of human values and makes us come to conclusions which in peacetime would horrify the world. 'Nothing good can come out of Nazareth' seems to influence this speaker. This Pharisee who talks glibly of Dr. Kagawa and casts aspersions on this good Christian does not, in our opinion, deserve such publicity as he has received. But when War is on and nations are vying with one another in destruction, the nationals of the involved countries are prone to lose all sense of proportion. But even in Nazi Germany, Fascist Italy and Militarised Japan there must be some men, good and true, who abhor war as much as we do and equally condemn the atrocities committed by their countrymen. As their voice is hushed in silence, it can never be heard. All those who know Dr. Kagawa and have heard about and seen the great work he is doing require much more proof than what has been vouchsafed by Dr. Goddard to convince them that Dr. Kagawa is the successor of 'Japan's Master Spy.' We have no doubt the Christian World in which Dr. Kagawa extensively toured will be horrified to read this story. Co-operators in India

who welcomed this Christian savant and from whose lips they heard the graphic story of co-operation in Japan can hardly believe that he was acting as a Master Spy during his travels. Whatever others may be, co-operators should be wary in accusing their brothers elsewhere of nefarious methods. Incidentally it may interest our readers to know that a few individual co-operators in England and Scotland have raised their voices to have Mr. Vaine Tanner, Finnish President of the International Co-operative Alliance, removed from the Chair. Dr. Warbasse, the American representative on the I.C.A., has published a vigorous defence of Mr. Tanner's position and insists Mr. Tanner should be given an opportunity of vindicating his position before judgment is passed upon him. May we plead the same for Dr. Kagawa? We believe it is persons like Mr. Tanner and Dr. Kagawa who, at the end of the war, will help to build bridges of reconciliation between the co-operators of the different countries and restore their collaboration.

Post-War Period:

The advent of peace will bring into prominence many problems which now under the stress of war lie hidden. In fact fresh problems almost baffling solution will crop up. How co-operation can attempt their solution and promote rehabilitation avoiding further disturbances in the economy of their countries is engaging the attention of co-operators all over the world. In England the initiative was taken by Mr. R. A. Palmer, Acting-President of the International Co-operative Alliance, to convene an International Co-operative Conference. At this Conference Mr. Hough, Economic Adviser to the British Union, read a paper on 'The Place of Co-operation in Post-War Economy.' The interesting discussion which followed on the points raised by Mr. Hough shows the faith of co-operators in their Movement as the only way for the solution of the world's ills. Mr. Walworth, Agricultural Adviser to the British Union, read a paper on 'Relations between Co-operative Consumer' and Agricultural Producers' Organisations.' The discussion which took place on this paper also is very interesting and instructive. We hope to reproduce in our later issues the papers together with the discussions. Meanwhile the conclusions arrived at as a result of these discussions formulated in the form of recommendations are reproduced to enable our readers to realise how active and watchful co-operators are in pressing their point of view in regard to post-war economy of the world.

Recommendations.

Believing that the organised Co-operative Movement, National and International, must play an active part in the peace and the re-shaping of the world, and that its aim must be the creation of an organic collective economy based upon mutuality and self-help—which are basic principles of Co-operation—this Conference of Representatives of Consumers' and Agricultural Co-operative Organisations submits the following problems for the consideration of the Authorities of the International Co-operative Alliance when deciding its post-war tasks and policy :—

1. The imperative need for a wider knowledge and understanding of the Co-operative System of Economy—its significance and aims—by those in power as well as by the masses of the people outside the ranks of the Movement.
2. The necessity of assuring freedom of action and development for Voluntary Co-operative Organisations in every country, and the freedom of the individual to organise co-operatively.
3. The removal of barriers to free intercourse of people and goods between all countries, as soon and as far as possible having regard to the necessity of certain sections of producers, especially agricultural, adjusting themselves to conditions of freedom of exchange.
4. The prohibition of private cartels and monopolies and capitalist agreements which benefit private enterprise at the expense of the consumer.
5. The expansion of International Co-operative Trade between the various National Co-operative Movements, Consumers' and Agricultural ; and the creation, as soon as possible, of an International C.W.S. and its necessary complements—an International Co-operative Bank and Assurance Society.
6. The desirability of international co-operative action in certain spheres of production.
7. The rational organisation of agriculture by the utilisation of co-operative methods with a view to an expansion of production, and the raising of the levels of nutrition and standards of living and health, both of consumers and agricultural producers.
8. The application of the Co-operative Principles in the exploitation and distribution of the natural resources of the world : and in the organisation of international trade and transport.

This Conference of Representatives of Consumers' and Agricultural Co-operative Organisations endorses the decision of the International Co-operative Congress held at Basle in 1921 that by the establishment of direct relations between Consumers' and Agricultural Producers' Organisations, and by the unification within the International Co-operative Alliance of the Co-operative Organisations of the whole world, the foundations will be laid for a World Economic System in which the spirit of strife and competition will have no place ;

Believes that the triumph of the Co-operative Idea and the attainment of Co-operation to a dominant place in national and international

economy have been impeded by the lack of co-ordination between Co-operative Producers and Consumers, and
Recommends :

1. That an Intensive Effort be undertaken by the I.C.A. in collaboration with the National Movements and with other International Co-operative Organisations, with a view to the unification of all National Co-operative Organisations of all types for common action.

That the basis for the unification of all National Co-operative Organisations must be the acceptance by all the basis Principles of Co-operation.

2. The laying down of appropriate regulations governing the business relations between the different branches of the Co-operative Movement, National and International, and the clear definition of the functions of each branch to prevent overlapping and to promote harmonious collaboration.

That the basis for collaboration must be the conception of the Co-operative Movement in all its ramifications as an economic and spiritual whole, and the recognition that mutual understanding and unity of purpose are indispensable to successful co-operative action. On this basis the concrete shape of the relationship between Co-operative Organisations could vary from country to country according to the conditions in each—economic, social, legal, political, etc.

3. Since collaboration between Consumers' and Agricultural Co-operative Organisations is of particular importance in view of the great problems of rehabilitation with which the Movement will be confronted after the war, a definite division of functions of Consumers' and Agricultural Producers' Societies must be agreed upon, and, wherever possible, a jointly administered Central Organisation established as a firm foundation for collaboration.
4. The development of Organisations for Joint Co-operative Action in the sphere of Education, Propaganda and Common defence, and also in the field of Scientific Research, with a view to improving methods of production, marketing and processing, and thereby raising the nutritional value of all foodstuffs.

A Conference of International Co-operative Reconstruction also met later at Washington. This Conference received the blessings of President Roosevelt who sent an inspiring message enthusiastically received by the Conference. The Conference also concerned itself with the problems similar to those which engaged the attention of the London Conference and resulted in drawing up a programme of reconstruction.

Programme :*International Co-operative Collaboration.*

1. To establish an International Co-operative Trading and Manufacturing Association.

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2. To expand international co-operative business between the various National Co-operative Movements, Consumer and Producer.
3. To work closely with Producer Marketing Co-operatives to the end that goods may be moved directly from such groups to and through Consumer Purchasing Co-operatives.

Relief and Reconstruction.

4. To urge the creation in U.N.R.R.A. of a Co-operative Division to make maximum use of Co-operatives in relief and rehabilitation.
5. To mobilise the resources, experience and worldwide connections of the Movement for full Co-operation with U.N.R.R.A.
6. To request U.N.R.R.A. to set up a Central Loan Fund to rehabilitate Co-operatives in stricken countries.
7. To launch a Freedom Fund to be raised by popular subscription to be used in helping rehabilitation of Co-operatives in stricken lands.

Co-operative Policy.

8. To encourage freedom of action and development for Voluntary Co-operative Organisation in every country.
9. To develop a wider knowledge and understanding of the Co-operative System of Economy.
10. To work for removal of international barriers to the free intercourse of people and movement of goods and currencies.
11. To insist upon the application of Co-operative Principles in Ownership, development and distribution of the natural resources of the world.
12. To seek additional curbs on cartels and monopolies.

In Australia too an All-Australian Co-operative Conference met at Canberra which resolved to form a Federation of consumers and producers. The Conference also appointed a Deputation to wait on Mr. Forde, Acting Prime Minister.

While in many parts of the world the place of co-operation in post-war economy is being discussed, we, in India, have bestowed little or no attention to this important question. The Government too, are not evidently as keen as they ought to be to utilise the Movement to solve post-war economic problems. Such publications or writings as have appeared on the subject, we venture to submit, do not indicate a thorough grasp of the problem based on intimate knowledge of the conditions prevailing in the country, and the real effects of war on our economy. We earnestly plead the Government should take the lead and set up a Committee mainly for this purpose as an integral part of post-war reconstruction plans. No time should be lost in undertaking this important enquiry.

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—Commerce, 29th May, '43.

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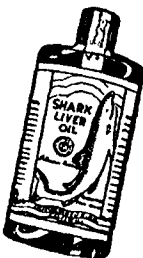


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Consumers' Co-operative Movement in Madras.

I. GENERAL REVIEW OF PROGRESS:

Introduction. Easily the most outstanding feature in the working of co-operative societies during the year 1942-43 is the expansion of the stores movement and the part played by stores societies in the distribution of the necessities of life. Not only has the number of stores doubled itself during the year under report, but the value of goods distributed to the public through the agency of co-operative stores has increased three-fold. The number of retail stores rose from 432 to 938 on the last day of the Co-operative year 1942-1943. Their sales reached the peak figure of Rs. 3 crores during this period. The year also witnessed many developments in other directions. The first Provincial Conference of co-operative stores societies was held at Madras on the 5th and 6th June 1943 at the instance of the Triplicane Urban Co-operative Society. Delegates from 40 stores attended the Conference. Resolutions on important subjects touching the several aspects of the working of stores were passed. It was also resolved to form a Provincial Organisation of consumers' societies primarily for the purpose of education, propaganda and training of staff and secondarily for the collection and dissemination of information useful to stores societies. The year also saw the completion in the organisation of District Wholesale or Central Co-operative Stores at the rate of one for each district or for two contiguous districts and on 30-6-1943 there were 21 District Wholesale or Central Stores, serving all the 24 districts except the City of Madras. During the year, Government passed orders on the report of the Special Officer appointed to work out the details for the scheme of emergency food supplies through Co-operative Stores in selected mufasal towns in the Province and the scheme has been in force from 1-4-1943.

Popular Demand for stores: The war has brought about regrettable changes in the food position of the Province which has been faced with a shortage of the staple food grains and other necessities such as sugar, kerosene, etc. With a shortage in essential commodities, with a lot of cheap money in circulation, with war-time transport difficulties, the problem of even distribution of available food supplies in the country has become complicated. Hoarding, high prices, profiteering and black-marketing have often characterised the process of distribution and necessitated a number of Government measures to deal with them. In spite of the vigilance of Government, private traders have not been slow to exploit the difficulties of the consuming public. This has naturally resulted in a revulsion of feeling against the inequities of the private distributive system.

In the words of Sir P. T. Rajan, Divisional Organiser of National War Front, Madura and ex-Minister of the Government of Madras, "Merchants succumbed to the temptation of making easy money by exploiting the abnormal situation created by the War, and hoarding and blackmarketing were resorted to practically by all the merchants. The ugly situation created by them would have created the greatest possible hardship to the public, especially the poor, had it not been for the timely intervention of co-operative stores which have been doing great social service." It is against this background one has to view the new-born faith of the people in the essential social justice and democratic methods of business associated with the co-operative distributive system. That the people of this Province have acclaimed the formation of co-operative stores as the best form of distributive agency is evident from the application for the registration of new stores daily pouring in from different quarters, besides the fact that the public have voluntarily contributed nearly Rs. 38 lakhs (as on 30-6-43) towards the share capital of stores societies. The share capital of primary and wholesale stores as on 31-1-1944 was Rs. 47.58 lakhs. Leading non-officials from all walks of life have come forward to manage the stores. The fact that stores are people's organisations, run and managed by them in their capacity as consumers and in their own interest has had a great attraction to the public. The present abnormal and difficult conditions have provided an admirable opportunity for the stores societies to render social service to the community, and it is an encouraging sign that managements of stores have never hesitated to avail themselves of the opportunities to be increasingly useful to the people.

Government's support for the Movement: Government have recognised the suitability of co-operative stores to undertake the distribution of foodstuffs and are encouraging the development in a number of ways. Besides utilising the agency of co-operative stores in organising emergency schemes for supply for certain towns, they have instructed the Collectors to assist the working and development of stores societies, to allot them liberal quotas of "controlled commodities" and to make wide use of them in schemes of rationing of food grains. They have relaxed the rules and permitted stores to sell to non-members also for the duration of the War. They have directed that the limit of one year's previous experience in the trade, usually required of licensees under the various "control orders" need not be applied to co-operative stores provided they sell to members as well as non-members. Co-operative stores run for the benefit of Government servants or industrial employees are eligible for this concession, even if they sell only to their members. They have sanctioned additional staff for the audit of stores societies and have exempted them from the payment of audit fees for the

first 3 years of their working and in subsequent years if their sales do not exceed Rs. 10,000 per annum. They have appointed a staff of 18 special Co-operative Sub-Registrars for the general supervision of stores in districts where the number is large. The Triplicane Urban Co-operative Society entrusted with the working of an emergency scheme in the City of Madras, is given an interest-free loan of rupees two lakhs and another Rs. 2 lakhs at a low rate of interest. Other stores societies coming under emergency schemes are also given special assistance by way of free services of staff, special guarantee to financing institutions, etc.

Distribution of food grains to the public and the role of district co-operative wholesale stores in schemes of food supplies and distribution: The entry of Japan into the War and her occupation of Indo-China, Siam and Burma and the consequent cutting off of supplies of rice from this source had a markedly adverse effect on the food position of this Province, which used to supplement its production by import from these countries. The position has been aggravated by the almost total failure of food crops in the Ceded districts during 1942-43. But Government have all along been alive to the gravity of the situation and thanks to the timely steps taken by them, a crisis in the food position has been averted here. Apart from devising measures to increase food crops, Government have taken timely steps to ensure equitable distribution by controlling the movement of food grains from surplus districts to deficit ones. Governmental purchasing agencies have been set up in all surplus districts where paddy or rice is available for export. The deficit districts are allotted monthly quotas according to their requirements and they are supplied to the various distributing agencies in the districts, which alone can import food grains from the surplus districts to which they are attached.

District wholesale or central co-operative stores play a prominent part in the imports and distribution of food grains in the deficit districts. Though they were normally designed to supply the requirements of the primary or retail stores affiliated to them, many of them have been permitted to undertake the wholesale distribution of food grains among co-operative stores and private traders. The district wholesale or central stores of the Chingleput, Chittoor, Madura-Ramnad districts have been given the entire quota of imported rice for the districts concerned, while the stores at Coimbatore, Tuticorin and Salem are allotted a major portion of the district quota.

After the close of the co-operative year, the central stores in the districts of Anantapur, Bellary, Cuddapah and Kurnool have been recognised as the sole quota importer of rice and given the

monopoly of importing of rice into the districts concerned. They distribute the stocks to co-operative stores or private retailers under the orders of the Collectors. With a view to enable the co-operative wholesale stores in the Ceded Districts to remit in advance the purchase money for the quotas allotted to them their credit limits have been temporarily relaxed. At present the co-operative wholesale Stores at Anantapur, Bellary, Cuddapah, and Kurnool enjoy a maximum credit limit of Rs. 16, 10, 14 and 12 lakhs respectively. The Anantapur and Cuddapah co-operative wholesale stores are directly financed by the Madras Provincial Co-operative Bank while the other two are financed by the District Central Banks concerned. In order to safeguard the interests of the Provincial Bank, responsible officers of the Bank are stationed at Anantapur and Cuddapah to hold joint custody of the stocks and also to the proper utilisation of the funds advanced by the Bank. The Deputy Registrars concerned have been entrusted with supervision of the working of the scheme. The wholesale stores are assisted each by a Special Co-operative Sub-Registrar appointed at the cost of the co-operative wholesale stores under Fundamental Rule 127. To facilitate the easy distribution of rice to the licensed retailers, these stores have opened a number of distribution depots in all the important centres of the districts. Some of them have taken the loan of the services of departmental officers of the grade of Senior Inspectors and Junior Inspectors to manage these depots. Consignments are directly booked to the depots from the Supply Centres to avoid delay and duplication in transport. Stocks are released to authorised retailers both primary stores and private merchants only on the pre-payment of the value. Primary stores which enjoy credit accommodation with the co-operative wholesale stores are of course permitted to take limited stock on credit. If the stores carefully conserve the profits on this business, they will have an appreciable reserve to their credit.

Scheme of procurement of food grains in deficit or self-sufficient districts and participation of co-operative wholesale stores in the Schemes.

Apart from the import of the food grains into deficit districts there are also schemes of procurement, stocking and distribution of food grains locally produced within the deficit and self-sufficient districts. The main object of the scheme is to prevent the hoarding of the stocks by the producer and to prevent their passing into "black markets". The schemes naturally vary from district to district according to local conditions. The salient features of the scheme are briefly described below. A procuring agency is selected for the district. It is required to open reception depots in all the paddy (or other food grains) producing centres. The surplus stocks with the ryots are requisitioned and notices are served on them through the Revenue Department to surrender the food grains

to the nearest reception depot within a specified period. Agriculturists are exhorted to give up the produce without recourse to commandeering. If appeals for voluntary surrender of the requisitioned stocks are not successful, then steps are taken to acquire the food grains by commandeering the surplus under the Defence of India Rules. The ceiling price are fixed by the Collector and arrangements are made for the immediate payment of the value to the producers. The procuring agent then arranges to hull the paddy into rice by engaging rice mills, or by getting them requisitioned if necessary and to store the rice in central godowns situated in important consumption centres. The stocks are periodically released to authorised retailers under the instructions of the Collector. The wholesale selling price fixed by the Collector usually leaves a margin of profit to the procuring agent after meeting his cost of procurement, hulling, storage, interest charges and other incidental expenses.

The Chingleput Co-operative Wholesale Stores, the South Kanara District Co-operative Wholesale Stores and the Malabar Co-operative Wholesale Stores and the Chittoor Co-operative Wholesale Stores have been entrusted with the monopoly of procurement operations in their respective districts. In August 1943 when the Collector of Chingleput began to commandeer the paddy grown within the district, he appointed the co-operative wholesale stores as the sole procuring agent of the requisitioned paddy. The stores opened 18 reception depots and appointed agents to be in charge of them. It also engaged rice mills for the conversion of paddy into rice. The scheme worked for about 2 months, at the end of which there was a fall in the price of paddy owing to the coming in of the new crop. This rendered the scheme superfluous and it was accordingly wound up. The stocks of rice built by the co-operative wholesale stores are being diverted by the Collector for distribution in places where rationing on a statutory basis has been introduced. During the period the scheme was in force, the co-operative wholesale stores procured nearly 66,000 bags of paddy at a cost of about Rs. 5.49 lakhs and converted it into about 29,000 bags of rice. If the scheme had gone according to the original plan, a sum of about Rs. 20 lakhs would have been required for the purchase of paddy.

In South Kanara District the price of rice rose up to an unreasonably high level on account of the combination of a section of the land holders and the rice merchants, who put up the prices. The Board of Revenue (Civil Supplies) considered that it was time that the merchants were ousted from the field and invited the South Kanara Co-operative Wholesale Stores to undertake the procurement of paddy and rice in the district. The co-operative wholesale

stores has opened 70 reception depots. Some of them are managed by rural credit societies, some others by local co-operative stores and the rest by private agents. The co-operative wholesale stores is not obliged to arrange for the milling of paddy as the ryots themselves get it handpounded and deliver it in the form of rice in hay bags. It is expected that the stores will have to handle about $5\frac{1}{2}$ lakhs of murras of rice and the estimated investment is about Rs. 60 lakhs. Till about the end of February, the Co-operative Wholesale Stores purchased 1.41 lakhs of murras of rice valued at Rs. 14.1 lakhs and 18,000 murras of paddy valued at Rs. 80,000. So far the Co-operative Wholesale Stores has procured 1.41 lakhs of murras of rice at a cost of about Rs. 14.1 lakhs. One noteworthy feature in the working of the scheme is the close co-operation between the land-holders' association and the agents of the co-operative wholesale stores which has rendered legal commandeering almost unnecessary in many parts. As leading non-officials in the district are associated with the Co-operative Wholesale Stores the scheme has secured popular support and goodwill an essential condition for the successful working of schemes of this kind.

The Collector of Malabar has selected the Malabar Co-operative Wholesale Stores as the procuring agent in Palghat and other surplus taluks in the district. The Co-operative Wholesale Stores has opened a branch at Palghat under a manager to facilitate the procurement operations. It expects to handle about 10,000 bags of rice in a month. The scheme has just been put into operation.

In Chittoor, the Collector has asked the co-operative wholesale stores to open reception depots in all surplus taluks for the purchase of paddy and already it has opened 3 depots and expects to start 7 more depots. It has to get the paddy hulled into rice, arrange for wholesale stocking and distribution under the rationing arrangements in Chittoor and Tirupati Municipal Towns. Part of the stocks, it is expected to hold as reserves for the district needs. The Collector has appointed a Grain Purchase Tahsildar to assist it in the procurement business.

The network of over 1,000 stores in all the important centres of the Province play a vital role in the retail distribution of food grains, though the quantity available to each retail stores varies from district to district. The recent instructions of Government that the services of co-operative stores should be largely utilised in the distribution of food grains and that the quotas allotted to them should be periodically revised, taking into account their increased membership, would, it is hoped, go a long way in removing complaints regarding inadequate supplies.

It may be of interest to note the growing collaboration between wholesale stores in deficit districts and producers' organisations such as Marketing Federations wherever they exist as in Tanjore, West Godavari and Nellore districts or sister district wholesale stores in the absence of Marketing Federations as in South Arcot or East Godavari districts, in the procurement of rice or paddy from surplus districts. The Tanjore Marketing Federation marketed produce, mainly paddy and rice, to the value of Rs. 18.59 lakhs by acting as agents on behalf of the quota-holding co-operative stores in deficit districts which are attached to the Grain Purchasing Officer, Tanjore, for the supply of paddy or rice. Apart from this, district co-operative wholesale stores situated in producing centres act as agents for the stores in the other districts and supply their requirements on an agency basis. For instance, the Trichinopoly Co-operative central stores supplied Sengal Dhall to the Tanjore Co-operative Central Stores. This kind of mutual assistance promises to open a new line of business to the central stores which is worth exploiting to the full. The statement appended to the report will show the services rendered by co-operative wholesale stores in this direction from 1-4-43 to 31-1-44 (Appendix I).

Distribution of "Controlled Commodities" other than Food Grains

Apart from food grains, the Province is deficient in the production of sugar, pulses and grains, wheat and wheat products. Of course, kerosene has to be entirely imported from outside. The dealers in all these articles are licensed by Government and the wholesale as well as the retail selling prices are fixed by the authorities. The Province is divided into zones for the purpose of distribution of sugar and the factories in the Province are made to supply the requirements of certain districts in the neighbourhood of the factories. The remaining districts are allotted North Indian Sugar imported by Messrs. Parry and Company. A portion of the requirements of the Province in respect of pulses and grains and the entire receivements in respect of wheat and wheat products such as sooji, atta, etc., are imported into the Province under the basic purchase plan and quotas are allotted to each district by the Board of Revenue (Civil Supplies). Kerosene is supplied by the 3 oil companies, viz., the Standard Vacuum Oil Company, the Caltax Oil Company and the Burmah-Shell Company. There are secondary wholesale dealers who import into the district the entire quota allotted to a district and distribute it among the primary licensees for retailing to the public. Some of the district wholesale or central stores have been recognised by the Collectors as secondary wholesalers for the district. For instance, the Chingleput Co-operative Wholesale Stores and the Chittoor Co-operative Central Stores in respect of sugar, and Guntur

and Madura-Ramnad Co-operative Wholesale Stores in respect of wheat and wheat products are the sole importers for the respective districts. Almost all the primary co-operative stores are dealing in "controlled" articles. Government have also permitted for the duration of the War, good rural credit societies to undertake the purchase and sale of controlled articles both to their members and non-members.

Range of services of Co-operative Stores—Sale of cloth, firewood, etc.

Though the majority of stores are dealing in foodgrain and other provisions required for domestic purposes, some of the well-established and a few of the more venturesome stores have increased the range of their services by opening cloth sections, fuel depots, medical branches, etc.

A good number of the stores are dealing in handloom goods both the "standard" and the normal varieties. They purchase handloom goods either from the Madras Handloom Weavers' Provincial Co-operative Society or from its affiliated production societies and distribute them to the public at fixed or reasonable prices. A few of them are dealing in mill-made standard cloth too. It is roughly estimated that hand-loom goods to the value of Rs 2.20 lakhs have been purchased by stores societies during the year 1942-43.

Shortage of fuel has been experienced in many urban areas. Normal trade channels were either unable to cope with the needs of the situation or unwilling to shoulder the responsibility, with the result that some of the co-operative stores have practically been obliged to undertake this business in recent months. The Madura City Stores is the pioneer in this new line of business. It took on lease 2 coupes from the Forest Department and arranged to supply fuel to people in the city of Madura at a time when there was acute scarcity of firewood. Firewood is informally rationed to the public by the Stores through its depots at the rate of $\frac{1}{2}$ "gundu" per week on the production of kerosene coupons.

The Chingleput Co-operative Wholesale Stores has undertaken the distribution of firewood in the Madras belt area from December 1943. It has opened 3 depots at Saidapet and one at Kodambakkam. Firewood is supplied at the depots on the production of rice ration cards at the rate of one "gundu" (56 lbs.) for a family for ten days. It has so far sold 1,003 tons and realised Rs. 22,415.

During September and October 1943 there was a shortage of firewood in Guntur town owing to the demand of firewood as substitute for coal in the tobacco barns. The price soared from Rs. 25 to

Rs 35 a ton. At the instance of the Collector the Guntur Co-operative Wholesale Stores have undertaken the distribution of firewood in the town from December 1943 and has opened 6 fuel depots. It has brought down the price to Rs 27-11-0 per ton. It gets its supplies from the adjoining forest through the efforts of the Collector. Upto the first week of February it sold nearly 600 tons of firewood. The primary stores at Tenali (Guntur District) also has opened 2 fuel depots.

The Co-operative Wholesale Stores at Kurnool has also undertaken fuel distribution in the town. After December last many of the fuel dealers closed their shops and there was acute scarcity. Here again at the instance of the Collector, the Co-operative Wholesale Stores undertook the distribution of firewood and sold 85 tons during January 1944. From 1-2-1944, it has been recognised as the sole firewood (wholesale) distributor in Kurnool town.

Similarly, the Co-operative Wholesale Stores at Cuddapah and Salem have taken up this business in their respective towns. It is a new business to the stores. Depreciation due to dryage, retailing, etc., is very large. Considered from the strictly business point of view, it may not be a commercial proposition to many stores. Nevertheless they have undertaken it out of a spirit of service in order to relieve the acute distress in some of the towns in the Province.

Apart from the regular medical stores formed for the benefit of medical practitioners, about 20 ordinary consumers' stores have taken up the distribution of pharmaceutical products and patent medicines. Owing to the shortage of supplies "black market" was fast developing in such goods. Some of their distributors were not slow to recognise the advantages of co-operative retailing and have made use of them in the distribution of their products. The fair manner in which these articles are retailed by the stores to bona fide consumers at rates fixed by the companies has received praise from impartial observers.

Another interesting form of their service is that stores have tried to cater to the needs of the pilgrims to important festivals. The Atmakur Co-operative Stores in Kurnool district opened retail depots at Sreesailam during Sivarathri festival and distributed essential articles to the pilgrims at very reasonable rates. It was able to sell a cocoanut at two and a half annas, while private shopkeepers were charging four annas for it. The stores at Sankarankoil (Tinnevely District) and Tiruvannamalai (North Arcot District) did useful service to the pilgrim public by selling cooked food in packets (curd, sambar and tamarind bath) during "Adi Thapas" and

"Karthigai" festival respectively. Apart from supplying clean food practically at cost price to the pilgrims, the stores made a valuable contribution to the public health of the places on these occasions.

Emergency Food Supply Scheme: Owing to an increasing appreciation of the usefulness of co-operative stores their services have been utilised in diverse ways for the running of special schemes of food distribution in an emergency. The success of the Triplicane Urban Co-operative Society in organising the work of supply during the critical months of April and May 1942 when panic overtook traders in the City of Madras, has won for the stores movement in the Province recognition and support at the hands of Government who have entrusted the special schemes to co-operative stores in preference to private organisations.

(i) **City Emergency Food Supply Scheme:** The first and foremost among such schemes is the one run for the City of Madras through the agency of the Triplicane Urban Co-operative Society. It is keeping stock of all essential commodities required for $\frac{1}{4}$ th of the population of the City for a period of 10 days. To prevent deterioration the stocks are turned over periodically in the normal business of the stores through its 35 branches and 30 emergency depots. Government meet the entire cost of running the 30 emergency depots and the profits accruing from the sales in these depots are credited to Government. Government have also given an interest free advance of Rs. 1 lakh which has subsequently been raised to Rs. 2 lakhs and another sum of Rs. 2 lakhs at a low rate of interest to meet the additional working capital. It is also given assistance in replenishing the emergency stocks from time to time and some transport has been placed at its disposal for the removal of stocks from the main godowns to the retail depots.

(ii) **The Vizagapatam Emergency Scheme:** A similar scheme, but on a smaller scale, has been introduced in Vizagapatam town from 1-4-43. The scheme provides for the stocking and distribution by the Vizagapatam Co-operative Stores of 18 essential commodities costing Rs. 70,000 required for 20,000 people for a period of 15 days. The society which opened three depots in different parts of the town has now raised them to nine and has a central godown in which the reserve stocks are held. Government have sanctioned a subsidy of Rs. 510 to meet non-recurring expenditure connected with the opening of depots and the central godown and have also advanced about Rs. 4,000 towards the recurring expenditure to be incurred by the stores in running depots and agreed to recover it only if it works at a profit. They have also guaranteed the repayment of Rs. 70,000 to the Vizianagram Co-operative Central Bank which is financing the

stores, besides undertaking to make good the business losses of the stores in running the scheme. The services of a Senior Inspector and those of a Junior Inspector at half cost have been sanctioned for the supervision of the scheme. The period of the scheme as originally sanctioned expired on 30-9-43 and it has now been extended till 31st March 1944.

(iii) **Mufassal Towns Food Supply Scheme:** Government have also sanctioned a scheme of distribution of essential foodstuffs in 35 select towns in the Province through the agency of co-operative stores with effect from 1-4-43. Eighteen wholesale stores working in the districts where the scheme has been introduced are entrusted with wholesale stocking and 68 retail stores working in the select centres with retail distribution to the public. The objects of the scheme are to stabilise prices, to prevent profiteering and to meet any unforeseen emergency. The retail stores are to build up stocks of essential commodities up to one month's requirements of $\frac{1}{8}$ th of the population of the respective towns and the wholesales upto two months' requirements of the primaries coming under the scheme. The stocks are to be constantly turned over in the business of the stores to prevent deterioration. The funds required for the purchase of essential commodities are provided at 4 or 4½ per cent by the District Co-operative Central Banks either from their own resources or from borrowings from the Madras Provincial Co-operative Bank. Government have agreed to stand guarantee for the repayment of advances made to district wholesale stores for holding the special stocks. The retail stores are expected to trade on their own responsibility. Almost all the district wholesale stores have been given the services of Co-operative Sub-Registrars or Senior Inspectors to work as their Secretaries or Managers free of cost for the first year. Well-established retail stores have been grouped together for purposes of supervision and an Inspector has been sanctioned for each group. Other retail stores coming under this scheme have been given the services, free of cost, of a Junior Inspector each to work as the Secretary or Manager. Co-operative stores are also given representation on the Taluk Prices Advisory Committees. On 30-6-43, the retail stores coming under the scheme had opened 108 branches or depots. The value of the stock of essential commodities held by the wholesale stores on 30-6-43 was roughly Rs. 11 lakhs. They owed Rs. 34.55 lakhs to the District Central Banks on the last day of the co-operative year.

(iv) **Scheme for feeding the Police force through Police Co-operative Stores:** At the instance of the Inspector-General of Police, separate co-operative stores have been formed in all the districts to cater to the needs of the members of the Police force. Their services are also utilised for holding in stock essential commodities required for the

feeding of the members of the Police force in a serious emergency. Government have advanced funds towards the working capital of the stores and interest is payable only if the stores work at a profit. In an extreme emergency, they are expected to place their stocks at the disposal of the District Superintendent of Police for the free feeding of Police force and the value of foodstuffs will be paid to the stores by Government.

(v) **Rice distribution for Estate Labourers in Government Plantations :** The services of the co-operative stores at Anamalais in the Coimbatore district and Naduvattam in the Nilgiris district have been utilised for the purchase, stocking and distribution of rice to the estate labourers engaged in the Government Cinchona Plantations in the Anamalais and in the Quinine Factory at Naduvattam. Government have sanctioned a loan of Rs. 50,000 and Rs. 15,000 to the Co-operative Stores at Anamalai and Naduvattam respectively.

Stores and their reaction to actual emergencies : Fortunately, the opportunities for judging how co-operative stores would stand the test of a real emergency have been rare. Except for an emergency in April 1942 and an aerial bombardment of Cocanada and of Vizagapatam harbour, the Province has been spared the ravages of the present War. Even on these occasions, the stores have stood the test extremely well. The part played by the Triplicane Urban Co-operative Society in April-May 1942 is very well known and was dwelt at length in the Administration Report for 1941-42.

In Kurnool town the Co-operative stores played a noteworthy part in relieving distress in the days immediately following a looting of grain shops by an infuriated mob in March 1943. When all the private retailers and wholesalers closed their shops for fear of looting, the entire distribution of food grains was undertaken by the district wholesale stores and the primary co-operative stores in Kurnool till the position became normal. As these institutions are manned by public-spirited gentlemen with a bias for social service, it is hoped that they will continue to serve the people even in times of emergency as they do in normal times.

There are many instances where co-operative stores have come to the assistance of the public when there was a temporary shortage of food grains or essential commodities owing to breakdown of normal trade channels, disruption of communication, civil commotion, etc. In places where they are successfully working, they have checked the rise in prices and put down black markets so long as their stocks lasted. If they were not able to show a greater achievement in this direction, it was not because they were incapable of doing so, but because of the restricted stocks made available to

them. Some of the typical instances showing the part played by stores in checking rise in prices and the social service rendered by them is appended to this report. *Vide* Appendix II.

Stores Societies and Rationing : Rationing on a statutory basis was not introduced during the co-operative year ended 30-6-1943. But some of the stores had evolved their own methods of informal rationing. It is hardly possible to give an account of the sound arrangements in force in this respect. A few examples of informal rationing may, however, be noted here. In Punganoor in the Chittoor district, sale of food grains was restricted to one rupee at a time to a person and a 'chit' system was introduced to enable all the householders to get their share. The Tirumalai-Tirupathi Devasthanam Co-operative Stores took a census of the number of persons in each member's household and fixed ration for each family to last for 3 days. Tirupathi town stores introduced a system of 'identity card' for the sale of kerosene and sugar. The Palni and Dindigul stores limited the sale of Tanjore rice to eight annas to a person at a time to prevent hoarding. In Bellary stores, members were given ration cards for rice, sugar and kerosene. By the various voluntary steps taken by them to ensure equitable distribution of scarce commodities, stores have shown to the public that they would easily fit into any scheme of urban rationing. Government have given instructions to the Collectors to make a wide use of the services of co-operative stores in any scheme of rationing of food grains.

Collectors of deficit districts have devised schemes of their own for the distribution of food grains in large towns. Co-operative stores play a prominent part in the retail distribution. It is noteworthy that the entire retail distribution of food grains has been entrusted to co-operative societies in the towns of Anantapur, Tadipatri, Gooty and Guntakal in the Anantapur district. In Salem town, the City Co-operative Stores served nearly 50 per cent of the people through its 41 branches and 21 depots before the introduction of rationing on a statutory basis.

Rationing of food grains on a statutory basis has been introduced in about 50 municipal towns up to 15-2-44. It is proposed to be introduced in more municipal towns in deficit districts and in the belt area around them before the end of March 1944. In the City of Madras, the first town in which rationing of rice was first introduced in the Province, all the branches and depots of the Triplicane Urban Co-operative Society and the Provincial Co-operative Marketing Society and 3 other retail stores have been given 70 out of 519 retail shops and they serve about 26,417 card-holders who form nearly 13 per cent of the card-holders in the City. Co-operative stores in mufassal

towns play an important part in the retail distribution of food grains under the rationing scheme. The following table will show at a glance the number of retail depots allotted to them and the number of card-holders served by them as on 15th February.

District.	Name of the town.	No of Retail Shops Ration.			No. of Ration Cards.		
		Total.	Run by Co-operative agencies.	Percentage.	Total.	attached by Co-operative Departments.	Percentage.
Madras	Madras City	484	86	18.7	2,19,261	31,026	14.1
Chingleput	Belt area	81	7	8.6	40,621	3,038	7.5
"	Chingleput	9	2	22.2	3,897	571	14.7
"	Conjeevaram	42	12	29	19,300	5,035	26
Coimbatore	Coimbatore	87	23	26.4	39,000	9,123	23.4
Vizagapatam	Vizagapatam	107	15	14	18,500	3,715	17.8
"	Vizianagram	67	10	14.9	21,000	2,750	14.9
"	Anakapalli	24	1	4.2	8,821	219	2.5
Salem	Salem	84	23	27.4	40,855	10,405	25.9
Nilgiris	Coonoor	28	1	14.3	7,197	1,522	20.3
Malabar	Calicut	71	9	12.7	27,802	2,751	29.9
"	Cannanore	32	2	6.2	10,148	483	4.6
"	Tellicherry	22	1	4.5	27,540	243	3.2
Tinnevely	Tuticorin	39	12	30.7	22,253	8,021	36.4
Cuddapah	Cuddapah	20	10	50	27,103	2,726	36.3
"	Proddatur	14	14	100	7,283	7,283	100
North Arcot	Vellore	59	7	14	22,000	2,907	13
"	Gudiyatham	14	1	7	7,899	560	6
"	Tirupattur	16	1	6.3	4,697	...	...
"	Vaniambadi	18	1	5.5	7,395	...	...
"	Wallajpet	7	1	14	2,810	489	7
"	Tiruvannamalai	12	1	8	6,834	492	17
Trichinopoly	Karur	20	2	10	8,324	845	10
Anantapur	Anantapur	12	12	100	5,284	5,284	100
"	Tadpatri	7	7	100	3,583	3,583	100
"	Hindupoor	8	3	100	4,300	4,300	100
Madura	Madura	135	20	15	64,925	8,988	13.8
Kurnool	Kurnool	26	26	100	10,639	10,639	100

The wholesale distribution is in the hands of Government and food grains are imported on Government account in important towns like Madras, Salem, Vizagapatam, and Vizianagram. Still in some districts the services of the District Co-operative Wholesale Stores have been utilised as the wholesale stockists and suppliers under the rationing arrangements. In the belt area around the Madras City where statutory rationing was introduced from 7-11-43 the Chingleput Co-operative Wholesale Stores is the sole supplier of rice to the authorised retailers. From November 1943 to January 1944 it supplied nearly 45,000 bags of rice in this area. The Tinnevely District Central Co-operative Stores at Tuticorin has been recognised as the sole wholesale importer of rice for the town under the rationing arrangements. It imports from Tanjore or South

Arcot District monthly about 1,100 tons of rice for this purpose. The Co-operative Wholesale Stores at Cuddapah has been appointed as the wholesale supplier for the ration shops in the towns of Cuddapah and Proddatur in the Cuddapah District. Similarly the Co-operative Wholesale Stores in the Anantapur District is the supplier of food grains to the retail ration shops in Anantapur, Tadpatri and Hindupur. The Co-operative Wholesale Stores in other Districts have been given a share in the wholesale distribution in towns where Government purchase system is not in force.

Present Problems of the Stores Movement.

(i) **Consolidation:** The rapid expansion in the number of stores has brought in its wake a crop of problems connected with their development, management, financing and supervision. Though the popular demand for stores is unabated, the larger interests of the consumers' co-operative movement do not suggest expansion to outrun the availability of men of transparent honesty and integrity with business experience or desire for social service. A stage has now been reached when the Department has begun to divert its energy and attention for consolidation rather than expansion in order that post-war conditions of trade may not take an unduly large toll of the stores the foundations of most of which are now being laid in the travail of the war.

(ii) **Dearth of trained employees:** The rapid expansion of the stores movement has brought to the forefront the question of trained men to man the stores. On 30-6-1943, stores societies employed over 4,500 men in all grades of service such as accountants, clerks, salesmen, shop-assistants, etc. The speed of expansion of the consumers' co-operative organisations to tackle problems of just distribution of the necessities of life and to check profiteering hardly gave the co-operators—official and non-official—to train men for the different kinds of jobs which the stores provided. It is hardly surprising, therefore, that some of the employees were hastily recruited and not adequately trained. There is need, too, for creating a reserve of men trained in accounts, book-keeping, shop-keeping and salesmanship so that the existing untrained hands may be gradually replaced and the newly formed stores may find qualified employees without difficulty. With the approval of Government, the staff of the Madras Central Co-operative Institute has been told off for holding special peripatetic classes for the purpose in the following centres. Madras, Vizianagram, Bezwada, Kurnool, Salem and Calicut. In addition some of the District Central or Wholesale Co-operative Stores took the initiative, organised short courses of training for the candidates for employment in primary stores and thus met the local need for trained men. Such courses were run in the East Godavari and Madura; South Kanara is just arranging to conduct a course of training.

(iii) **Financing of Stores** : Next comes the problem of financing the central and primary stores. It can hardly be disputed that the financing of trading organisations which stores societies really are is attendant with risk greater than that of credit societies. Though there was a fall of over Rs. 56 lakhs in the lendings of Central Banks to agricultural credit societies, their outstandings in respect of loans advanced by them showed only a reduction of less than Rs. 3 lakhs. This is explained by the fact that the District Central Banks have switched on to a new clientele in the form of stores societies and weavers societies and have made up their shrinkage of business in agricultural societies by loans to their new customers. Though one must acknowledge with gratitude the liberal manner in which store societies have been financed by District Central Banks and the Provincial Bank, there is still a not-entirely-unjustified feeling of hesitancy on the part of some banks to lend to stores. The vigilance on the part of the directors, honesty of management and the effective prevention of fraud and malpractices alone should convince the financing banks that they are not running an undue risk in leading to stores societies. It is upto the co-operators in the consumers movement to satisfy the Central Banks in this respect. In order, however, to ensure protection against losses and the safety of the creditors, vigorous steps are being constantly taken to strengthen the financial foundations of the stores societies. A sustained campaign has been asked to undertake by the district officers and the stores to improve and strengthen the share capital structure of the consumers' societies. A second line of defence is sought in a greater allocation to the statutory reserve fund from the net profits creation of business losses and depreciation reserves and limitation of dividends and if possible of rebates. Stores societies have long been advised to carry 40 to 50 per cent of their annual net profits to the statutory reserve fund and 15 to 20 per cent to depreciation and business losses reserve and to restrict dividend on share capital to 4 or 5 per cent in view of the present cheap money market conditions. It is gratifying to record that many of the stores societies have given effect to or agreed to carry out these suggestions, while some others have also suitably amended their by-laws providing for the disposal of their annual net profits in this manner.

Supervision of Stores . Allied to financing is the question of supervision of the primary stores. Thanks to Government some departmental staff is now available for the general supervision of stores in 18 districts. In each of these districts, an officer of the grade of a Co-operative Sub-Registrar is in charge of supervision of stores and assists the Deputy Registrar in matters tending the advance of the stores. Proposals have been submitted to Government for employment of staff in the remaining districts also. But the

magnitude of the task, involving intensive and continuous supervision, surprise verification of stocks, examination of accounts books, etc., is too much for a single officer to attend to effectively. It is necessary to supplement the supervision now exercised by the limited Government staff by the appointment of non-official Bank Inspectors and Supervisors. Some of the Central Banks have already recognised the need for this and have appointed additional staff. Instructions have also been issued since for the levy of supervision fund on well-established stores (*i.e.* those registered prior to 1-7-42) at the rate of 4 annas per every hundred rupees of sales subject to a maximum of Rs. 150 per annum and from the newly started stores at the rate of Re. 1 per thousand rupees of sales subject to a maximum of Rs. 50. The amount will be posted in the Central Banks and it is hoped that the Supervision Fund payable by the stores would be sufficient to cover the greater part of the cost to be incurred by Central Banks in the appointment of additional hands.

(iv) Relationship between primaries and District Wholesales.

Lastly the question of establishing satisfactory business relations between the primaries and the district wholesale or central stores is one that should tax the resources of both officials and non-officials. The present relations between the two in some cases are not satisfactory and one often hears mutual allegations. From the information available for 1942-43 it is seen that the primaries purchased less than one-fifth of their requirements from the co-operative wholesale stores. While central stores level the charge of lack of loyalty on the part of primaries, the latter point to the rather high prices charged or the inferior quality of stuffs supplied by the wholesale. Such mutual recriminations are not conducive to the establishment of satisfactory and abiding business relations between the two component parts of the structure of consumers' co-operation. Sometimes the wholesalers are to blame, for they have not yet developed business habits of large scale purchases from sources of supply or market centres. Sometimes the primaries are to blame since vested interests created by their employees or office-bearers is reported to stand in the way of their loyalty to the wholesales. No effort is being spared to study and ascertain the causes of the friction and no time is lost in issuing instructions or making appeals for collaboration and integration of purchasing and selling policy between the two ; for organising on the one hand, the purchasing machinery or departments of the wholesales on a far more efficient basis, for a closer study of markets and supply centres and of price trends and for making judicious bulk purchases at proper time and for a better exhibition, and on the other, of the loyalty by the primaries towards their wholesales consistently with business considerations.

There is hardly any doubt that both are suffering from the usual infantile illnesses.

The Future: It is no exaggeration to state that in many places the public are looking to co-operative societies for equitable distribution of such articles. By their very constitution, co-operative stores are considered the most suitable agencies for the task. They are not profiteering concerns, anxious to secure a high yield for the investments of their share-holders. The maximum rate of dividend they can declare on the paid-up share capital of their members is limited by Statute. They distribute a good part of their surplus income as rebates on purchases to members in proportion to the value of purchases made by them during the year. They maintain strict accounts which are audited by Government staff. Their working is above board and they are under the administrative control of the Registrar. They are manned by influential persons with a desire for social or public service. They can be depended upon to co-operate with the Government in giving effect to their orders and policies. In an emergency they can be relied upon to serve the public to the best of their abilities. The subtle methods of business which the private merchants or dealers practise are alien to them. The systematic issue of bills for all purchases and the elaborate stock accounts maintained by them render it practically impossible for the employees to manipulate the accounts and carry a portion of the stocks to the black market. They have no incentive to profiteer at the expense of their customers by adulterating the articles or giving short weights in normal times as their transactions are confined to their members. These practices stand them in good stead even when they have thrown open their sales to the public as a temporary measure. They show no partiality in the distribution of scarce commodities. They do not sell more than the minimum quantity prescribed by the authorities to a customer at a time; nor do they refuse the minimum to any one if they have stocks. This cannot be said of all private dealers. There is a growing feeling that one of the effective measures of driving a nail in the coffin of the black marketeer is to utilise the services of co-operative stores to an increasing extent in the distribution of controlled articles. It may be of interest to record that even private distributive agencies of repute are inclined to retail their products through the agency of co-operative stores which strictly adhere to the price regulations. For instance, Messrs. H. J. Foster and Company have utilised some of the co-operative stores for the distribution of their Glucose-D. Government have also considered that co-operative stores should be used, as far as possible, in the distribution of controlled articles and have issued instructions accordingly for the liberal issue of licences, the generous allotment of quotas and the

periodical revision of allotments in consultation with the local Deputy Registrars to provide for their increasing membership. The announcement by Government of their policy towards co-operative stores and their instructions to Collectors have no doubt cleared the air but the translation of this policy into action by some of the Collectors has been rather slow and many of the subordinate Revenue Officers feel it rather hard to adopt this essentially sound social policy.

Many of the co-operative stores have been registered under the stress of the conditions created by the War. They are yet to find their feet and establish themselves firmly in the field of retail and wholesale trade. What will be the position of many of the stores after the War is over? How many of them will survive the War? Will the district wholesale stores, the oldest of which is less than 4 years old, have a place, when controls are removed and the present trade restrictions disappear? One often hears these and similar questions raised. The future of the stores is bound up with the post-war reaction in the business world. Unless they strengthen their resources, adopt and assimilate business methods, have on their managements and establishments men with business experience and acumen and make themselves really useful to the public, and not depend on outside prop they may have to face difficulties or to struggle for existence in the post-war world. Again, they may have to face severe competition from private traders and they should prepare themselves even now by conserving their profits and creating adequate reserves. Above all, the future would depend upon the determination, practical realism, material and intellectual contribution and the spirit of service of the large body of co-operators engaged in running them. Even now many of them are devoting their spare time to the development of stores. In recording the Administration Report for 1941-42, Government have appreciated the valuable services rendered by stores societies to the community as agencies for the distribution of essential foodstuffs at fair prices. In his opening address on the occasion of the Provincial Stores Conference held in June 1943, the Registrar expressed his grateful thanks to the large body of non-official workers engaged in the stores movement. If they continue to evince the same interest and to show the same spirit of self-sacrifice and voluntary service even after the termination of the War, the future of the stores movement will have been assured.

PART II.
STATISTICAL—BIRD'S-EYE-VIEW.

A. PRIMARY OR RETAIL STORES.

(i) General :

The following table will show at a glance the progress made by primary co-operative stores during the last four years.

Year.	AS ON THE LAST DAY OF THE CO-OPERATIVE YEAR.			Value of annual sales (in lakhs of rupees).	Remarks.
	No. of stores.	No. of members.	Paid up share capital (in lakhs of rupees).		
1938-39	85	**	**	23.77	**Separate figures are not avail- able in respect of members and share capital for the year 1938-39.
1939-40	198	34,400	3.20	33.07	
1940-41	300	54,700	4.71	59.75	
1941-42	399	71,600	6.43	91.45	
1942-43	938	213,000	23.85	298.49	
From 1-7-43 to 31-1-44	1,138	311,000	25.36	378.05	

(a) *Number of stores, membership and share capital:* The average number of stores working on the last day of the co-operative year 1942-43 in the district was 37. Except in Anantapur, Bellary, Madras and the Nilgiris districts, there were more than 25 stores in all the districts. The number was 50 and above in the districts of East and West Godavaries, Guntur, Madura and Tinnevely, the last named district leading with 67 stores. Besides their head offices, the stores had opened 228 branches or depots on the last day of the year. That in spite of the rapid progress, the stores societies have attracted but a very small percentage of the population in the centres served by them will be evident from the fact that their number of members in all stores on 30-6-43 formed less than 2 per cent of the population in the centres. The number of members has trebled during the year and there were nearly 2.13 lakhs of members on 30-6-43 which gives an average of 227 members for a store. There was corresponding increase in share capital, too. It rose from Rs. 6.42 lakhs as on 30-6-42 to Rs. 23.85 lakhs as on 30-6-43 which works out to an average share capital of a little over eleven rupees per member. No efforts are spared to strengthen the share capital of stores societies and one can consider the position satisfactory only if a consumers' society can secure from its members all the capital

it requires not only for its current trade but for the gradual expansion of its trade. Until that standard is attained, no stores can afford to relax its efforts to gather more and more shares from its members. The membership and share capital of all primary stores on 31-1-44 were 311,000 and Rs. 35.36 lakhs respectively.

(b) *Reserve Fund:* The Reserve Fund of all the stores societies as on 30-6-43 amounted to Rs. 3.34 lakhs of which Rs. 1.13 lakhs were invested in the Central Banks and the rest utilised in the business of the stores. It is needless to state that many of the stores being of recent growth and the margin of profit on business in "controlled commodities" being very small, it is indeed difficult for them to build up strong reserves as quickly as possible; but as already stated, the need for setting aside the bulk of their net profits to reserve of all kinds has been sufficiently impressed and realised by all thinking co-operators in charge of these institutions. With that realisation they should be able to strengthen the reserves in the near future.

(c) *Borrowings:* The primary stores borrowed a sum of Rs. 105.40 lakhs during the year and repaid Rs. 77.82 lakhs leaving an outstanding of Rs. 36.52 lakhs at the end of the year. Of this, only about a third, viz., Rs. 11.49 was due to the District Central Banks and the rest, viz., Rs. 25.03 lakhs was owing to depositors and private bodies, mostly mills which finance their own employees' co-operative stores. Practically the same proportion is noticeable in the borrowings also. The total working capital of all the stores was Rs. 77.68 lakhs on the last day of the year.

During the year 1942-43, they purchased goods to the value of Rs. 315.76 lakhs. Of this, the purchases from the District Wholesale Stores amounted to Rs. 53.74 lakhs which works only to 17 per cent. No doubt, most of the wholesales have been recently started and some of them missed the last year's purchasing season. Hence they could not effectively cater to the needs of the primaries. Still this is indicative of the paramount need for closer collaboration between the two and for more loyalty on the part of the primaries. The percentage is very poor in the districts of Chittoor, Malabar and Nellore. All the primaries sold goods to the value of Rs. 298.46 of which sales amounting to Rs. 120.34 lakhs—nearly 40 per cent—were accounted for by non-members. The percentage of sales to non-members was high in the districts of South Arcot, Chingleput, Cuddapah, Guntur, Kurnool and Ramnad. The stock held by the stores on the last day of the year was valued at Rs. 47.55 lakhs. Their sales during the first 7 months of the current co-operative year amount to Rs. 378.05 lakhs.

(d) *Trading Results* : Only 66 stores worked at a trading loss of Rs. 18,000 while the rest worked at a gross profit of Rs. 21.30 lakhs. They maintained nearly 4,500 employees of all grades and their annual establishment bill mounted to Rs. 5.13 lakhs. They paid audit fees amounting to Rs. 14,500, sales tax amounting to Rs. 42,700. Their total establishment and contingent charges amounted to Rs. 10.02 lakhs. 219 stores worked at a net loss of Rs. 65,500 and the rest at a net profit of Rs. 13.27 lakhs.

(ii) *Stores for Industrial Employees* :

A noteworthy feature is the formation of co-operative stores as part of the schemes for the social welfare and contentment of industrial labourers in the Province. Almost all the important industrial centres such as Coimbatore, Madura, Koilpatti, Ambasamudram and Tuticorin have co-operative stores for the benefit of mill labourers. They have made remarkable progress. The employers have evinced considerable interest in the formation and working of these stores and have given them many concessions. For instance, the employers deposit trade advances on behalf of the employees and recover them from their wages in easy instalments or undertake to recover the amounts in respect of credit purchases from their wages; the stocks are transported free of cost in the vehicles of the Mills; interest-free advances or loans at comparatively low rates of interest are given to the stores by the employers; services of clerks and salesmen are given to stores free of cost; buildings and go-downs are placed at the disposal of the stores at nominal rents; furniture and stationery are supplied to them free of cost; subsidies are also sometimes given them to enable them to sell provisions or cloth at cost or below cost price on important festival occasions and to make good the resulting loss or deficit from the subsidies. Many of the stores have already established themselves with the generous help of the employers and it is not too much to hope that they will become permanent adjuncts to all industrial concerns and form an integral part of schemes of social security for the industrial labourers.

On 30th June 1943, there were 50 mills employees' stores with a membership of 45,806 and a paid-up share capital of Rs. 3.69 lakhs. Of the total number nearly 74,000 employees in the concerns which have co-operative stores nearly 62 per cent enrolled themselves as members in the stores. In consideration of the fact that the several members of one and the same family are employees in the Mills and that it is not necessary for all of them to become members of the stores for the purpose of making purchases, this percentage should be considered very gratifying. The stores are almost entirely indebted to the Mills authorities rather than to the financing banks. During

1942-43 they borrowed Rs. 27.36 lakhs from the Mills and repaid Rs. 26.92 lakhs. There was a balance of Rs. 6.99 lakhs outstanding against them at the close of the year. They owed only Rs. 1,862 to Central Banks and Rs. 1.23 lakhs to other depositors. They have invested about Rs. 32,000 in the shares of the District Wholesale Stores. Their purchases during the year amounted to Rs. 59.20 lakhs and sales to Rs. 57.01 lakhs. All of them worked at gross profit though only two of them incurred a nett loss of Rs. 144. The remaining 48 stores worked at a net profit of Rs. 4.29 lakhs.

The Madura Mills Workers' Co-operative Stores, Madura, is one of the biggest employees' stores in the Province. On 31-4-43 it had over 7,000 members on its rolls with a share capital of Rs. 1.01 lakhs. Purchases and sales during the year 1943 amounted to Rs. 14.17 lakhs and Rs. 15.00 lakhs respectively. It has opened a cloth section and has a branch at Harveypatti Labour colony. It also owns a rice mill with electric motor for hulling its own paddy.

(iii) *Sectional Stores* :

The demand for sectional or departmental stores for public and quasi-public office and large private firms is on the increase. The scarcity for foodstuffs and the rush of buyers at the shops have necessitated the formation of separate sectional stores for employees in public and private offices. On 30-6-43 there were 59 such stores. They had membership of nearly 18,800 with a paid-up share capital of Rs. 1.21 lakhs. They purchased goods worth Rs. 16.19 lakhs and distributed articles valued at Rs. 16.11 lakhs. 48 of them worked at a net profit of Rs. 69,000 while 3 sustained a net loss of about Rs. 5,000.

(iv) *Communal Stores* :

The formation of stores on communal lines is not encouraged. Hence the number of such communal stores is very small, less than 1 per cent. There were only 6 communal stores with a membership of 775 and share capital of Rs. 21,000. Their turnover in respect of purchases and sales were Rs. 4.16 lakhs and Rs. 3.78 lakhs respectively during the year 1942. Four of them worked at a net profit Rs. 8,000 and two of them at a net loss of Rs. 460.

(v) *Rural Stores* :

An interesting line of development is the headway that the consumers' movement has made in rural areas. Till recently, the stores were confined to towns and had no appeal to the villagers. With the growing scarcity of certain essential articles, the demand for the formation of stores in rural areas is increasing. Even in the rich delta areas where there is no scarcity for food grains, there is demand for stores, evidently because of the people's faith in them as

agencies for the equitable and fair distribution of controlled articles such as sugar, kerosene, wheat, etc. On 30-6-43, there were 487 rural stores as against a total of 938 primary stores. Their membership was 69,000 and their paid-up capital Rs. 9 lakhs. During the year they purchased goods worth Rs. 76.55 lakhs and their sales totalled Rs. 64.55 lakhs. It is difficult to prophesy the future of the rural stores. For various reasons such as limited wants of the rural population, their generally low standard of living, the economic self-sufficiency in many cases of villages in regard to food grains, the preference of rural classes to make purchases annually, the absence of the habit of cash purchases on their part, etc., it has long been held that consumers' organisations have no place in the rural co-operative economy and the Townsend Committee on Co-operation (1927-28) has stated it as its opinion that there is little likelihood of stores being established successfully in villages or even in small towns. The war has, however, brought about conditions which rendered the formation of co-operative stores in villages necessary both for the fair distribution of scarce or "controlled" commodities and for checking profiteering or "black markets". Broadly speaking they have served these purposes admirably well. And it is probable that the post-war slump and the return of normal conditions of trade might push out of existence a small or large number of rural stores. There need be no general regret at this prospect. For, they came to serve a definite want and have been serving it well. Should conditions, however, arise in which the need may not be felt in the same acute form as now, it is for the rural co-operators to decide whether or not their new-born faith in the consumers' co-operation and its social justice should continue unimpaired. Nearly a third of them *viz.*, 144 worked at a net loss during the year, estimated at Rs. 33,000 while the rest earned a net profit of Rs. 3.33 lakhs.

Another 198 stores are classified as semi-urban institutions. They had nearly 34,000 members on their rolls with a share capital of Rs. 3.85 lakhs. Their transactions were considerable—nearly Rs. 44.53 lakhs in respect of purchases and Rs. 42.60 lakhs in respect of sales. The rest are urban stores. Though they formed about 25 per cent of the total number of stores as on 30-6-43, they contributed to more than 60 per cent of the total turnover in respect of sales, for some of them are older and more well established than the rural stores. The sales of Triplicane Urban Co-operative Society alone amounted to Rs. 58 lakhs during the year.

B. DISTRICT WHOLESALE OR CENTRAL CO-OPERATIVE STORES.

General:—A special feature in the structural development of consumers' stores in this Province is the formation of the District

Wholesale or Central Co-operative Stores. With the starting of a number of primary stores in each district, the need for a central organisation was thereby felt, as otherwise the primary stores were at the mercy of private wholesalers who lost no opportunity of profiteering at their expense. It was also found that isolated stores could not confer the maximum benefit unless they purchased their goods in bulk from sources of production or centres of supply at favourable prices in the proper seasons and that a central agency such as a District Wholesale with its large financial resources, efficient management and business ability would be in a better position to make seasonal large-scale purchases, from production or market centres and ensure supplies to primaries at reasonable rates. So the District Wholesale Stores came into existence one after another. There were only 8 stores at the beginning of the year and 13 new stores were registered during the year, bringing the number to 21. They are for all the 24 districts except the City of Madras, the stores at Madura, Coimbatore and Rajahmundry also serving the neighbouring districts of Ramnad, the Nilgiris and the West Godavari respectively. On 30-6-43, the oldest of them had not completed 4 years and the youngest of them was but a few months old. Some of them have shown signs of vigorous growth and promise to be sturdy infants. Some others appear to be weaklings.

Membership and Share Capital.—Membership in the Central Stores is thrown open to primary stores, other co-operative institutions, individuals, etc. On 30-6-43, there were 4,841 members composed of 827 primary stores, 158 other co-operative societies, 2,725 individuals and 131 other institutions, etc. 111 primary stores remained unaffiliated to the District Wholesale Stores. Their paid-up share capital was Rs. 7.60 lakhs. The target figure in this regard is Rs. 50,000 in the case of smaller stores and Rs. 1 lakh in the case of bigger ones. The figure was reached during the year only by the Madura-Ramnad Co-operative Central Stores, whose share capital stood at Rs. 1.13 lakhs. The stores at Tuticorin (Tinnevely District Co-operative Central Stores) and Coimbatore have since crossed the one lakh mark. The need to increase the paid-up share capital is being stressed and a sustained drive towards the collection of share capital is kept up. It is hoped that many stores would reach the target figure during the current co-operative year. On 31-1-44, their paid-up capital reached Rs. 12.21 lakhs while three of them exceed Rs. 1 lakh; 10 others very nearly reached or exceeded Rs. 50,000 each.

Finance: The normal credit limit of District Wholesale Stores is 10 times their share capital and Reserve Fund and the Registrar has the discretion to relax the limit and permit them to borrow in

excess of it in special cases. Most of them have confined their borrowings to the District Central Banks. They borrowed Rs 94.44 lakhs during the year, and repaid Rs. 48.31 lakhs leaving an outstanding amount of Rs. 52.16 lakhs at the end of the year. Their borrowings from other sources were very meagre and amounted to Rs. 3.19 lakhs of which only Rs. 0.47 were outstanding at the end of the year. Their total working capital on 30 8 43 was Rs. 62.34 lakhs. They have invested in the District Central Banks Rs. 0.96 lakhs as share capital and Rs. 0.13 lakhs as Reserve Fund.

Business : Their purchases during the year amounted to Rs. 96.36 lakhs made up as follows: from local merchants Rs. 23.97 lakhs, from centres of production within the district Rs. 13.41 lakhs, from production or supply centres from outside the district Rs. 39.58 lakhs and from other sources Rs. 13.40 lakhs. Their purchases from centres of production both within and outside the district was a little over 50 per cent of the total purchases during the first 7 months of the current co-operative year the value of their purchases amounted to Rs. 213 lakhs. They sold goods to the value of Rs. 53.75 lakhs to the primaries, to the value of Rs. 4.08 lakhs to the public in their retail depots, and to the value of Rs. 22.22 to private retailers and wholesalers. The sales in the last category were confined to the sale of "controlled" articles in respect of which monopoly of distribution has been given to the District Central Stores. Their sales to the primaries contributed 67 per cent of their total turnover. The book value of stock with them on 30 6-43 was Rs. 22.93 lakhs. The turnover in respect of sales has registered a remarkable progress during the current year. This sale from 1-7-43 to 31-1-44 amounted to Rs. 215 lakhs.

Trading Results : All of them worked at gross profit of Rs 3.63 lakhs. Their annual establishment charges amounted to about Rs. 57,000. They paid sales tax amounting to Rs. 8,200. The audit fees paid by them was Rs. 1,000 as two of them were liable to pay audit fees, having completed 3 years of their existence. A sum of Rs. 76,900 was spent by them on contingencies. Their establishment and contingent charges during the year amounted to Rs. 1.42 lakhs. Three of them sustained losses amounting to nearly Rs. 6,000 while the remaining 18 stores worked at a net profit of nearly Rs. 2 lakhs. They have been advised to carry nearly 40 per cent to the Reserve Fund and also to create fund for business losses and depreciation reserves.

The District Wholesale Stores constitute as it were an experiment in the structural organisation of consumers' movement. It is too soon to judge the results. Some of them, especially those situated in the surplus deltaic districts where the people are able to get food grains locally, have not yet firmly taken root. It is possible that some of them may not be able to withstand post-war reactions. Another feature emphasising their essentially war-time activities is that many of them are dealing in "controlled" articles, quotas of which are assigned to them by the Collectors. They have not yet established business contacts with the world of commerce and trade and some of their purchasing and business methods are not altogether satisfactory. Still if they can exploit the war-given opportunities

for the development of their business and the strengthening of their reserves, there is no reason for any undue pessimism about their future.

Name of the commodity.	Consigner stores.	Consignee stores.	Quantity.		Value of Consignment.
			Tons.	Cwts.	
1. Choram.	Godavari Central Co-operative Stores.	Coimbatore Central Co-operative Stores	288	11	1,14,385
2. Horse gram.	Do.	Kistna Agricultural Co-operative Improvement Society.	35	0	7,216
3. Chillies.	Tinnevely District Central Co-operative Stores.	South Arcot District Central Co-operative Stores.	25	0	16,223
"	Do.	Malabar Co-operative Wholesale Stores	3	0	1,776
4. Tamarind.	Salem Co-operative Wholesale Stores.	Trichinopoly Co-operative Central Stores.	32	6	13,287
5. Red gram dhall.	Trichinopoly Central Co-operative Stores.	Tanjore Central Co-operative Stores.	15	2	5,967
"	Do.	South Arcot District Central Co-operative Stores.	20	4	8,029
6. Cocoa-nut Oil.	Malabar Co-operative Wholesale Stores.	Guntur Co-operative Wholesale Stores.	1	11	1,688
7. Coffee Seeds.	Madura-Ramnad Co-operative Wholesale Stores.	Provincial Co-operative Marketing Society.	0	16½	2,675
8. Maida.	Chingleput Co-operative Wholesale Stores.	South Arcot District Central Co-operative Society.	3	0	1,438

(i) Instances where stores were able to check rise in prices and maintain them at reasonable levels:—

(a) In Guntur, the rice position was very bad in May 1943. A bag of rice was selling as high as Rs. 28-8-0 and Rs. 29 per bag. Merchants sent their stocks underground and would not release them except at exorbitant prices. The Central Stores immediately purchased 9,000 bags of rice and sold them at Rs. 25 to Rs. 25-8-0 per bag. The merchants finding no sale for their stuff, were obliged to bring down their prices to the rates charged by the stores. The

rvices of the stores in this and other directions have found recognition in the following resolution of the District Food Council, intur, presided over by the Collector, which met on 31-12-43. Resolved that the Deputy Registrar of Co-operative Societies be requested to open more co-operative stores in order to bring down the price of rice and the Grain Purchase Officer be requested to supply rice to co-operative stores at controlled rate".

(b) In November 1943, when there was a shortage of green gram in the East Godavari district and when the rate per bag was ranging from Rs. 24 to Rs. 26, the Rajahmundry Central Stores released its stock at Rs. 20 per bag through the primary stores and co-operative provision depots and effectively brought down the prices of the same.

(c) In December 1943, when the Collector of Coimbatore ordered the freezing of the stocks of red gram dhall with the wholesalers, there was a sharp rise in the prices. The price of dhall which was sold at 5 annas per $\frac{1}{2}$ Madras measure shot up to 11 to 12 annas and there was panicky buying by the public and soon the dhall was not available with private retailers. The Coimbatore Stores and Bank immediately released its stocks, fixed its selling price at 7 annas per $\frac{1}{2}$ Madras measure and introduced a system of formal rationing, limiting the sale to a maximum of Re. 1 per individual at a time.

(d) In Palghat, chillies were selling at 12 annas a lb. and shall at Rs. 1-2-0 a Madras measure. The Palghat Stores which was allotted a small portion of the quotas of these commodities, sold them respectively at 6 annas 10 pies a lb., and 14 annas a Madras measure and effectively brought down the market prices. In recognition of its good services, the Sub-Collector has allotted to it the entire quota of 200 tons of chillies.

(e) In Coonoor, there was a general shortage of red-gram dhall in November 1943. Merchants put up the price of dhall and were selling the available stock with them at 10 annas a Madras measure. The Nicholson's Co-operative Stores immediately released its reserve stocks for sale to the public at 8 annas a Madras measure consequently forcing the merchants too, to sell at its rate.

The Stores also did useful service to the public, especially the poorer classes, by distributing 8 annas and 4 annas rice coupons, which was very much appreciated by the authorities and the public. The Commissioner of the Coonoor Municipality in the course of his broadcast talk to Indian Soldiers Overseas observed, "Our thanks are due to Nicholson Co-operative Stores for the excellent help that has been done in the supply of rice and its distribution to every citizen, irrespective of his or her membership. Had it not been for this very good help in time of need, even starvation would have had to be felt in this town."

(f) In Tiruvarur and other towns in Tanjore district the price of chillies showed a tendency to rise. A bag of 1-5/8 maunds was selling at Rs. 15 to Rs. 16. The Tanjore Central Stores released large stocks through its depots and primaries at Rs. 13 per bag and effectively brought down the prices. In October 1943 again, the price of chillies shot up to Rs. 20 to Rs. 24 per bag. The Stores immediately released 1,600 bags of chillies at prices varying from

Rs. 15 to 18-8-0 per bag and effectively prevented the sharp rise. In the same month it also released 200 bags of Sengal dhall at Rs. 31 to Rs. 33 per bag while in the market it was selling at about Rs. 35 and brought down the prices.

(g) During the months of July to October 1943, rice in Tuticorin was selling at $1\frac{3}{4}$ Madras measure per rupee. In order to arrest the rise and to bring the prices down to reasonable levels, the Tuticorin Co-op. Stores purchased 142 tons of paddy, converted it into rice and sold it at $2\frac{1}{2}$ Madras measures per rupee. The merchants could no longer keep their stocks underground or sell at high prices. They were compelled to sell rice at the price charged by the co-operative stores.

(h) The price of potatoes at Cuddalore was going up in October 1943 and a viss was being sold at 12 to 14 annas by private merchants. With a view to relieve the situation, the South Arcot Dt. Co-op Central stores got a consignment of 180 bags of potatoes from the Nilgiris Marketing Society and distributed it to the public through its affiliated stores and their depots at 8 annas a viss. This had the immediate effect of bringing down the price of potatoes in Cuddalore town. The action of the Stores was very much appreciated by the Collector and he instructed the Tahsildar to see that merchants responsible for profiteering did not get any further supplies.

(ii) Instances where stores have prevented black marketing in scarce commodities:—

(a) In Guntur District, the wholesale quotas for wheat and sugar were first given to the merchants. The stocks went underground and were selling in the black market at very high prices, ranging from Re. 1 to 1-4-0 per seer. There was general scarcity of the commodity. The entire quotas for wheat and sugar were subsequently given to the Central Stores and ever since, both wheat and sugar are available to the public at controlled prices.

(b) In Palghat, there were 64 approved kerosene dealers and 32 sugar retail distributors. As the Sub-Collector noticed black market methods practised by retail merchants, he cancelled their licences and allotted the entire quota of 900 tins of kerosene and 240 bags of sugar to the Palghat Stores for distribution to the public with effect from 1-12-43. In the towns of Ponnani, Manjeri, Manantoddy, Badagara, Tellicherry and Cannanore also, the entire distribution of sugar and in the towns of Manantoddy, Manjeri and Ponnani, the entire distribution of kerosene have been allotted to the co-operative stores in view of their honest dealings.

(c) In Salem, a bottle of Horlicks has been selling at Rs. 5-8-0 though Messrs. Parry & Company have fixed the retail selling price at Rs. 3-8-0. The Salem City Stores is the solitary institution in the town which has been selling it at the prescribed price. In respect of Messrs. Foster & Company's products also the Salem Stores is the only organisation that has been adhering to the prices fixed by the Company.

(d) In Rajahmundry town, the public were experiencing great difficulties in obtaining supplies of the products of Messrs. Foster & Co., especially Glaxo and Glucose-D. The Company, at the instance of its Travelling Agent, entrusted to the Godavari Co-operative

Central Stores as an experimental measure, a small consignment for distribution in the town. The stores has been selling the products to *bona fide* consumers at the rates fixed by the Company and has ensured an even distribution. Impressed by the good work of the stores, the Company has increased supplies to it. This has practically led to the suppression of black markets in these articles. Before the stores undertook the sale of these articles, the public had to pay Rs. 8 for a 2 lbs. tin of Glaxo and annas fifteen for a quarter lb. tin of Glucose-D as against the controlled rates of rupees about 5 and Re. 0-7-6 respectively. This is no longer the case now.

(iii) Instances where the stores have served the public during periods of acute scarcity of foodstuffs:—

(a) In December 1943, there was a crisis in Mangalore in respect of rice when ceiling prices were fixed by the Collector on 11-12-1943. Merchants who were selling rice at Rs. 18 to Rs. 21 per mura until 10-12-43 sent their stocks underground. The Mangalore Stores came to the rescue and through its depots it was the solitary institution selling rice at the fixed price. One could imagine the situation from the tumultuous scenes at the depots if the stores had not come to the rescue.

(b) In October 1942 when there was a general rice scarcity in Venkatagiri and its surrounding areas and rice was selling at 3½ seers per rupee, the local stores purchased paddy, got 3 to 6 candies milled every day, stocked 300 candies during the paddy season and sold Molagolukulu (old) rice at 4½ seers for Rs. 0-15-0 and boiled rice at 8 seers for a rupee to about 1,000 people daily and continued to do so till February 1943 to relieve the distress.

(c) In May 1943 the food situation in Salem was very bad. The Central Stores did valuable service by undertaking sole retail distribution of rice and selling rice to the people for the period from 1-5-43 to 10-8-43.

(d) In April 1942, the merchants at Tuticorin evacuated the town owing to the intense war scare that was then prevailing on account of enemy bombing of some places on the Coromandal Coast. The people of Tuticorin, particularly the members of the essential services, could not get foodstuffs. The Collector of Tinnevely advanced Rs. 5,000 to the Central Stores for purchasing and distributing foodstuffs. The stores readily responded to his call and did valuable service notwithstanding the difficulties.

(e) In October 1943, Chicacole and its surrounding parts suffered from a terrible cyclone. Several factories, mills, godowns, standing crops, etc., were damaged and there was widespread distress. But for the timely help of the Vizagapatam Central Stores and the primary stores in the area there would have been starvation and untold suffering. [We are indebted to the Registrar of Co-operative Societies for this excellent account of the Consumers' Movement and for according permission to publish the same.]

Co-operation and Post-war Reconstruction.*

BY V. KANNAMACHARY, B. A.

Senior Inspector of Co-operative Societies.

Twice within one generation a bruta country threatened destruction of democracy and extinction of liberty throughout the world involving several nations in utter misery. The present war may not end as suddenly as in 1918. It may end in different parts of the world at different times. It looks probable that though the war may end in Europe, we may still find ourselves involved in a desperate struggle with Japan for a long time to come. Our post-war plans must therefore be based on this assumption. But we may assume that the condition at the close of the war may be something like the same disorder that manifested itself after the first World War except that its maladies will be even graver and more dangerous. So far by God's grace we are spared the mighty task of post-war physical reconstruction that has fallen to the lot of a few battered countries, viz., England, Russia, Poland and Yugo-Slavia where the bombed cities have to be rebuilt and all blitz devastation repaired. But our fate and future in this regard is in the lap of Gods. As it is, the problem of social and economic reconstruction is beset with formidable difficulties because the war has effected a radical change in our entire body politic. Production and consumption, commerce and communications, taxation and currency are all deeply tinged by the exigencies of warfare. Therefore, if our post-war policies and programmes should square with realities, we have to plan boldly but correctly and not allow our schemes become mere anthologies of pious wishes. In the following pages, I have not given one more Utopia for the post-war world but tried to give a picture drawn on my own actual experience of 14 years in the co-operative movement, guided and governed by what is now going on in the world of to-day.

Necessity for Post-war Planning.

We still remember the short lives of our stores co-operative societies and as to how the co-operative movement in general received a tremendous set-back after the close of the first World War. Hence if history is not to repeat itself, we must be prepared for the future and plan accordingly. The following are some of the reasons as to why we should plan beforehand.

1. On the excuse of the war, several vested interests have been created which will seek to become permanent when the war is

* Prize essay in the competition conducted by the Madras Provincial Co-operative Union.

over. These interests entrenched under special privileges granted by the authorities due to the exigencies of war should not be allowed to exist any longer as they are a menace to the economic development of our country. Hence co-operators must evolve a concrete plan to dislodge these individualist interests.

2. The war has been responsible for creating a great incentive in the productive energies of our people. At the close of the war this creative energy should be properly harnessed on co-operative lines in order to produce the maximum good to the people and not made to serve the profit-seeking capitalists.

3. The demobilization of labour and capital, and men and materials engaged in the war and their re-absorption in the peacetime economy is a long, tedious and difficult affair. In the absence of a pre-arranged plan, the whole body politic would be thrown out of gear.

4. The present standard of living of the vast many involved in the war has undergone an artificial change which cannot be maintained when the war is over and demobilization sets in. To expect these men to revert to their original sub-standard of living is to court trouble. To leave this change uncontrolled as it arises, and, after it has risen to leave it unplanned, is very dangerous.

5. In the immediate wake of the war there may be mass unemployment and if this is coupled with depression as before, we may then have to face anarchy and discontent. Under these circumstances, a comprehensive and co-ordinated plan of post-war reconstruction is indispensable.

Why "Co-operation" should play a major role in Post-war Reconstruction.

The tragic events of the world of 1918 and the economic blizzard that reigned in the decades that followed, are too fresh in our memory. Almost everywhere in the world, there was cold despair and intense suffering. Agricultural prices were so low that crops were fetching less than they costed to raise. The ryots were left destitute. The plight of the industrial workers was equally desolate. But one thing that sticks out of this dark history is that it is in countries which superseded or subordinated the profit motive that the economic depression left no mark. While unemployment kept mounting everywhere, in the Soviet Union there were more jobs than hands. Everywhere else the economy withered but in the Soviet

Union it appeared to be all buds and blooms. Russia, which was regarded as a Pariah outside the circle of capitalist comity, achieved prodigious results through its successive five-year plans and Co-operative Collective Farms. During this brief period of men's history after the world war, these experiments in the material basis of living changed at a pace undreamt of by those who preached Liberty, Equality and Fraternity in that dawn when Wordsworth found it blest to be alive. Even Japan's immense success in capturing world markets has been due to the suppression of individual profits and expansion of large-scale co-operative enterprises. The Nazis too, could not have achieved their disastrous economic and military strength if they had not held their capitalists by their necks and run the industries on non-profit basis. In the Scandinavian countries, flagrantly radical cabinets gave increasing support to the "Co-operative Movement". Additional evidence of this phenomenon is afforded in the recent economic history of the United States of America where "the New Deal" represents a novel experiment of collective action which entirely subordinated private profit. The rise of the Chinese Industrial Co-operatives in the din and struggle of the war, producing an infinite variety of goods not only for their internal consumption but also for military requirements, is an unanswerable challenge to any private enterprise.

Hence it is that private capital is an obsolete instrument for handling economic problems of a nation and that its place must be taken up by co-operatives. The pivot of post-war reconstruction must remain the co-operative society suitably enlarging its functions in various spheres. And after all it must be conceded that as between pure capitalism and pure socialism, co-operation is a safe system which will bring the greatest attainable good to any nation. This road will shift progressively in a direction which will leave more and more vested interests out in the cold. Unless the men in possession are prepared to adapt themselves and compromise, there is no alternative to a complete socialist revolution.

Principles and ideals that should govern Post-War Reconstruction.

Extensive post-war plans are being made now in every country of the world, both by the United Nations and the Axis. It is, therefore, necessary to state here what should be the principles that should govern in planning post-war reconstruction.

1. In all spheres of human activity, the competitive principles must be replaced by the co-operative. The motive of personal gain

must be banished and substituted by a desire to secure the common good by collective effort.

2. All necessary physical things exist to supply all reasonable wants of all the people. "Enough for all" should serve as a second clarion call even as the first, viz., "each for all and all for each".

3. A World Co-operative Federation should be set up with branches in every country all over the world which should be sufficiently powerful to voice the feelings of an aggrieved constituent unit that may fall a victim to the economic imperialistic greed of any other country. This World Co-operative Federation should have the status and authority to collaborate with a World Sovereign authority that is likely to be set up to prevent aggression and war in future. The problem of constituting this new political authority is not for us to solve. But the constitution of the World Co-operative Federation may be decided upon with little difficulty.

4. It should be the general rule in all economic activities that production for use should be substituted as much as possible for production for exchange. Trade must be a consequence of regional surplus rather than of differences in comparative costs. Under such a re-organisation, all intrigues due to economic greed will be rendered impossible.

Co-operative Agricultural Development.

It has become the fashion to say that India's growing population and her non-industrialization are the chief causes for all her ills. Even our own economists are never tired of making disparaging remarks on the so-called excess population in our country. God in His infinite mercy has given us our five hundred million acres of richly endowed lands. Almost anything and everything produced on the face of the earth could be grown in India. You cannot grow cotton in England nor apples in Arabia. But our country is a gifted country. Instead of utilising the tremendous man-power of nearly 400 millions to press the soil to yield her bounteous wealth and thus reckon this man-power as a source of strength, we deride it on out-worn foreign economic theories and draw perverse conclusions. Let us examine the other accusation—that of non-industrialization. In spite of rapid industrialization in recent times, the total number of persons so employed in organised industries is not more than two millions. In case several industries get started after this war is over, probably another five millions may be absorbed. But in India the

number of unemployed runs to tens of millions and nearly every unemployed is an agriculturist. Thus, there is no indication that industrialization by itself would cure our ills. India lives in its villages. If there is anything wrong with her body economic, we should look to villages and that is agriculture and ascertain what is wrong with it. And we know that everything is wrong with it. There is no need to go on with the tragic enumeration of defects in the agricultural economy as they are oft-repeated and *ad nauseam*.

Co-operative Farming.—Now it must be an important plan in our post-war programme to intensify agricultural production on a mass scale just as in Russia and China. The Indian ryot living a hand to mouth existence cannot be expected to adopt improved and scientific methods of cultivation. Demonstration of improved methods of agriculture, reduction of agricultural indebtedness, provision of cheap credit and such other high sounding phrases can be successful only with a solvent peasantry. It is beyond the pale of a primary rural credit society to effect this reformation in the existing conditions. The only solution is the immediate formation of a number of Co-operative Collective Farming Societies. It is the State's special responsibility to inaugurate this scheme on an elaborate basis. The local landlord possessing the landed wealth must be roused to undertake his true role—that of the pioneer of capitalistic agriculture. Legislation, if necessary, should be enacted to make absentee landlordism impossible in future so that these gentlemen at large may not spend their income in big cities to the detriment of the interests of the village ryots, leaving them unorganised and leaderless in the countryside. Collective farming has not been tried in earnest so far. It has been successful in the Punjab and can be so everywhere in India. A Government communique published a few days ago stated that a million acres of land was brought under cultivation under the "GROW MORE FOOD SCHEME". But there are still about 150 million acres of cultivable waste lands which could be brought under cultivation. Co-operative farms of about 50 acres each should be created installing 4 cultivators with their families on each such farm and provide them with necessary accessories for cultivation. It is modestly estimated that the agricultural output would thus be augmented by 50 per cent. An economist even estimates that Rs. 800 crores of food and raw materials could be produced every year after the first ten years of initiating this experiment. Only a bold step on the part of the State is necessary to achieve these marvellous

results. The way how the Jewish immigrants of Palestine increased their agricultural output by 50 per cent through their Co-operative Collective Farming Societies should convince the powers that be about the practicability of the scheme. These same Collective Farming Societies formed overnight in the most inhospitable soils of the Urals and the Siberian plains enabled the U.S.S.R. to recoup most of the wheat lost to them through the loss of the Ukraine to the Germans last winter. It is better to concentrate our attention on a few experiments such as the above rather than evolve several schemes and fritter away our energies on them. As a next step and in God's own good time, it may be possible to mechanise agriculture with the use of tractors, reapers, and cheap power to obtain increased production. This in main is our immediate problem and I feel there are no other alternatives or short-cuts to achieve the desired results we want. The British Propaganda booklet about " Fifty facts about India " published recently showed that there are 90,000 co-operative societies in India. There are seven lakhs of villages in India and this shows that the co-operative movement has not touched even a fractional part of the country. The ideal should be one society for each village or for a group of 2 or 3 villages in close proximity, dispensing short-term credit and providing agricultural facilities to every ryot in the interior.

Industrial Expansion on Co-operative lines.

The times are so changed that it is well to state certain principles that should govern in framing proposals of post-war industrial expansion. Production is the most vital activity of a nation. Gambling in industrial counters is a malignant disease both for the industry and the nation. Therefore, these industries must be run on co-operative lines and not by private concerns intent on acquisition of gain. It is only in co-operative institutions that the interests of the consumers and the producers are treated alike. In our future co-operative expansion, we need not copy many of the western models. For example, we do not require the extravagant advertisement and high-pressure salesmanship. These activities seek to push up things which people do not really want or can afford to obtain them. They put novelty before quality. Advertisement is legitimate when we want to introduce a new and valueable commodity in the market and let people know where they can get what they want. In all other cases, I believe, these to be far more insidious than street-corner betting. Competing with others in advertisement is a costly extravagance which we co-operators cannot afford. On the other hand, it is up to

the co-operators to let the public to resist the blandishments of salesmen and advertisers. We have to adopt a new code to capture and retain our markets. The final price of an article sold to the public is made up of the costs and profits of production and distribution respectively. The proportion of the first has been diminishing and that of the second has been increasing for a long time past. The profiteer's sole aim is to reduce the production costs while extravagantly increasing the distribution costs. Neither the producer nor the ultimate consumer is benefited under the scheme. It is for the co-operative enterprisers to equalise this inequality and put up fair prices based on no secret formulas or costings. It must be accepted that Government control has come to stay even in the post-war period and we, the co-operators, need not have any objection to this, provided the Government, though armed with over-riding control, do not interfere with the day to day administration any more than any share-holding member does now. In our co-operative concerns, labour should be given a voice in the direction of industry. It may even be given representation on Boards. I even hold that the workers should be allowed to become acquainted with the finance which lies behind the undertaking they work for. Under these conditions, labour will be a contented labour which will be an efficient labour. This contented labour will produce more than in a capitalistic concern. This is an added gain. In stating the broad principles as detailed above, I have not touched upon bigger issues such as fiscal policies, railway rates, tariffs, discriminations, and foreign trade. These are larger issues to be tackled by bodies other than co-operatives.

It required the savage impact of a total and flaming war to reveal to us our productive capacity when we are fully energised. Little vision is required to see that our productive machine can produce plenty for peace as well as for war. Given proper organisation and opportunities, we can rise to great heights. But while planning we have to remember that India's economic problems being so very different from those of other countries that it is folly to seek to apply the formulae of post-war industrialisation now programmed in other countries. The examples of England and America cannot serve as pattern to us as they are predominantly industrialised. We should not apply hot-house methods to push industrialisation forward at any cost. There should be a well-balanced economy as efficient as possible both on the agricultural and on the

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manufacturing side, each being essentially supplemental to the other in character. Further such well-balanced developments form "a valuable insurance policy" against unsettled times such as these occasioned by the war. We are witnessing how one-sided development has affected the body politic of those countries which neglected the other.

In a programme of industrial planning for India, there should be a correct perspective of large scale and small scale industries, the latter being specially suited to the natural genius and particularly needed in the rural areas to supplement the ryot's income. These small scale industrial co-operatives have a great part to play as in the case of China in the industrial development of our country. India, as already stated, is a land of plenty, rich in all sorts of wealth. The coal reserves in India is estimated at 60,000 million tons. Next to the U. S. A. and France, we possess the world's largest iron ore reserves which are reputed to be the world's best in quality. In respect of manganese ore, we are the second largest producers in the world with 414,000 metric tons. Similarly, our forest wealth is even more prodigious. It is estimated that our forests can keep us supplied with 100 million tons of fuel every year without being any the thinner for it. Economists have said that there are nearly 34 million families in India whose fuel consumption will be about 68 million tons. Then why should there be such scarcity of fuel in the metropolis? It is again the curse of hoarding and hoarding. To-day only a fraction of our national resources for industrialization is being utilised. India still lacks many of the key industries without which her economic structure must be vulnerable. A survey of the industrial resources should be made under the authority of the State to know what large scale industries could be developed on co-operative lines. This survey will be the basis for planning.

Already Government have taken considerable part in the running of many war industries which have been greatly expanded by Government funds. Some of these plants after the close of the war should be transferred or placed in the hands of co-operative organisations and arrangements made for their orderly conversion to civilian use. An All-India Co-operative Technical Board may be constituted which may get into touch with the Central and Provincial Governments to negotiate and obtain from Government such plants and machinery and also secure the services of necessary technicians who will be available in good number after demobilization.

To dispose of the Government-owned plants and machinery to private enterprises is to deprive the co-operative movement of a great opportunity to industrialize and thus serve public interests better. As an instance in point, Co-operative Transport Agencies may be formed all over the country through the use of demobilised military motor lorries and vehicles and thus carry transport facilities to the ryots in the interior. Through these Co-operative Transport Agencies, rates, fares and running schedules may be controlled more closely in the interests and convenience of the general public.

Let us then consider the twin requisites for running our industries *viz.*, labour and capital. In 1921, there were 291 persons unemployed for every 1000 of India's population. The next census saw the number rise to 407 and to-day it is 478 for every 1000. Thus, there are tens of millions unemployed. Therefore, there is any amount of labour available though unskilled it be. In the words of Henry Ford "in these days of automatic machinery, the problem of skilled labour is a matter of time". The necessary skill can be readily learnt at home or abroad if there is only a definite resolve and plan. The "Bevin Boys" scheme is a welcome precedent and we may look to an extension of the scheme.

Capital—It is not true to say that sufficient capital is not available in India and that we should, therefore, invite foreign capital to develop our resources. Notwithstanding the proverbial shyness of Indian capital, necessary finance will not be lacking if we only remember how several industries expanded after the last war. The presence of crores of deposits in the Reserve Banks, Imperial and other Joint Stock Banks, not to speak of the Postal Savings and the Co-operatives and the spectacle of accumulating sterling balances go to prove that there is absolutely no lack of necessary capital, if only a determined policy of industrial development is pursued.

Co-operative Industrial Banks

We see from the economic career of western nations that savings pooled in industrial and investment banks are converted into capital to finance industrial concerns. In India, unfortunately, there are no such banks. We cannot expect the poor and the lowly to save in these days of stress and strife. The Thrift Co-operative Societies have a sorry tale to tell. Our campaign for effecting savings should, I feel, be directed to higher classes of our society who

are wasting their resources in unthinkable ways. There is much spending of improper kind and also saving of improper kind. It is a matter of common experience, that the savings by a particular community are mostly invested in gold jewellery and diamonds. This craze for precious stones has overtaken all other classes now. No where else can we find an array of diamond shops except in India. Another type of anti-social profitless saving is hoarding of money which is very common in India. If all the private hoarding of gold and money in our country is unearthed, I am confident that no country on earth can finance industries to the extent that we can. If our Nagarathars and other "pet children of fortune" contribute their vast wealth to the development of industrial concerns instead of competing with one another in building choultries and Dharmasalas, our national wealth will greatly increase. Therefore, there should be a net work of Co-operative Industrial Banks and Investment Boards with adequate State control to attract the savings.

A few hopes and fears of weavers' Co-operatives.

A post-war programme will be incomplete if it does not include a solution for the current perplexing problems touching weavers' co-operative societies which are now engrossing the minds of co-operators. I do not propose to sing praises to the past glory of our textiles which are as old as our civilization itself, nor expatiate on the tribulations which the handloom industry underwent with the advent of machinery, mills, and foreign goods. All this is past history and I therefore proceed straight to the present day problems requiring solution. After years of patient toil and clearing several hurdles, the weavers co-operatives were resurrected, as it were, and given a new life and put in proper working order. Production came to be systematised and brought under control. And efficient marketing structure, which was a long felt desideratum, was at last created and perfected. All defects and deficiencies in the internal working of weavers' co-operative societies were corrected as far as it was humanly possible. Just as we heaved a sigh of relief and looked forward to an era of progress and expansion, new difficulties cropped up chilling the ardour of even the most robust optimist. A bold and ambitious plan of expansion was conceived and immediately put into execution. But as ill-luck could have it, unexpected chaos was precipitated in the Textile Market in the wake of our

launching this scheme. The baffling manoeuvres of Spinning and Weaving Mills, the unsocial acts of private dealers coupled with the antics of master weavers contributed to this chaos. The various Control Orders of the Central Government, producing alternate fears and hopes, reacted whimsically on the market, disturbing a market already unsettled. Financial institutions to which the primary weavers' societies look to for accommodation began naturally to adopt critical attitude in the matter of providing a free flow of finance. Is there at all a real hope for the handloom industry? Can the State perceive our difficulties and modify the Control Orders to the extent possible? Can the freakish rise and fall in the prices of yarn be checked? Can it be possible for the State to hold prior consultations with representative handloom institutions in the matter of policies and contemplated measures to ascertain beforehand as to how far they may re-act on the handloom industry involving the fate of 40 lakhs of persons whose welfare must be the equal concern of the State? These are a few of the anxious thoughts now worrying the minds of interested co-operators.

It is a curious commentary on the existing state of affairs when we see large stocks of finished goods in one part of the country and scarcity of essential clothing in other parts. Only a week ago an ex-premier wrote in a leading journal about "the nakedness that is distressingly familiar in parts of Bengal and Orissa where elderly women and even grown-up girls have no sufficient clothing to cover their modesty". Already India's consumption of cloth per head was so low as 14 yards per year and we are still further sinking below this sub-standard in spite of intensification of production. What are these inconsistencies due to? I feel reserved markets for handloom goods, freedom of movement, railway transport facilities, and, continued State patronage may go a long way to solve our difficulties. There should be, therefore, a plan for solving these problems if we are to protect an industry which is 'the next biggest to agriculture'.

Co-operative House-Planning.

In advocating a scheme for a proper Co-operative House-Planning, I do not think in terms of architectural beauties of construction, or providing mansions and other luxurious paraphernalia concerning upper classes which may not be the immediate concern of the co-operatives. My suggestions are for town-planning for the labour classes and lower middle classes and country-planning for the poor agriculturists to remodel and re-build their residences

in order to provide the legitimate amenities in the country side. This is an urgent social problem superseding all others in importance. Unless there is vast improvement, the masses, either in towns or villages, will continue to be living under conditions degrading to humanity. Whole families are huddled up living, eating, drinking and sleeping in common spaces not exceeding 20 square feet in area. It is worthwhile to be bombed and blitzed if these stinking localities are to be done away with if only to provide better and decent abodes for these people. Co-operators can at best execute schemes or plans for re-modelling. But to plan the scheme is the work of the Government, the Municipalities, the local boards and the employers. There should be legislation compelling the latter, *viz.*, the public bodies to embark upon a scheme of large scale construction of tenements for the working classes. These working classes may not entertain ambitions of owning house properties. Therefore, for their benefit, co-operative building trusts may be formed to construct flats and tenements at low cost and let them on rents. These workmen may be spared the proverbial nuisance and worries caused by petty house owners, making their daily lives unpleasant and irksome.

Post-war Food Planning.

The food problem has assumed such proportions that it comes next in importance to military affairs. If this problem on which depends the very life of the nation is not solved, then the very basis for war effort will be seriously disturbed. We are everywhere witnessing most disgraceful anti-social ways and profit-seeking impulse of criminal hoarders. Merchants have become princes and traffickers the lords of the earth and between these two the co-operators are manfully fighting to cater to the essential needs of the middle class and the poor even in the remotest areas. The array of controls imposed by Government has only tended to intensify the sufferings of the people as our traders have become adepts in by-passing every issue. Can the food crisis in the country be solved at all? It certainly can be. The reasons are simple. We still have sufficient food in the country to feed the people. As against estimated annual requirements of the country under rice and wheat of 278.5 lakh tons and 99.82 lakh tons respectively, the actual production in 1942-43 amounted to 262.3 lakh tons of rice and 104.4 lakh tons of wheat leaving a deficit of 16 lakh tons of rice only. But what do you find to-day? For a large number of people food simply is not there. It has vanished from the open market. If

some way is found to make the hoarders release their hidden stocks, people can get food here and now. This is the plain truth. But this is a big "if".

Trust Co-operative Stores in a Greater Measure.

There is only one solution to the problem. In future all stocks of grain must be stored in public godowns under Government control and retailed only through co-operative stores and their prices brought down to the purchasing capacity of the ordinary consumer. The general public should co-operate with the Government in relentlessly tracking down these social enemies. The suspected hoarders must be shunned and left severely alone. Only then will it be possible at least to check further hoarding of either of the fresh crops as they come or supplies of foodstuffs from abroad.

Price Control.

The conditions which necessitated the institution of controls during the war will not disappear as soon as peace is declared. There can be little doubt that some degree of price control will be retained during the transition from war economy to a normal peace time economy. But it may be unnecessary to maintain an over-all control for very long. The general price-ceiling should gradually give way to a system of collective controls confined to commodities which are relatively scarce. In some instances, it may be expedient to replace the maximum price with some other form of control. At all events the media of co-operative stores for distribution serves as a safety valve checking abuses. This in itself will be a control in the post-war transition period if only Government make use of the stores institutions as the sole distributive agencies.

Post-War Co-operative Health Societies.

Partly on account of the food scarcity and partly due to inferior quality of food grains supplied, several diseases have sprung up here and there. Further, in accordance with age-old experiences, pestilence and disease follow in the wake of mass starvation and other world upheavals. Plague is virulent in Bengal. Many succumbed to cholera in Malabar, week by week, and several infectious and concomitant diseases are likely to spread countrywide. Here, it is the co-operators have a special duty to organise a net work of Health Societies in order to enable the poor and the forelorn in the remote countryside to obtain medical help. The Palapatti Co-operative Health Society in Salem District has done good work and affords a

suitable model. With Government aid and the support of local bodies and philanthropic institutions, the future of these Health Co-operatives is very great.

Some helpful features propitious for Post-War Reconstruction.

In spite of the polemic discussions about the applicability of the Atlantic Charter to India and notwithstanding the evasive utterances of a few British Statesmen, we may bank upon a few public assurances given by the President of the U.S.A., that India too, will find a place in the new world they design to set up after the war. Can we not entertain hopes when the President says "All the free peoples must plan, work, and fight together for the maintenance and development of our Freedoms and Rights?" Can we not believe him when he guarantees equal access to security and equal access to trade and to the raw materials of the world which are needed for the economic prosperity of all? The conditions in the present times have so changed that it is plain enough to any one who can spare mental eyes to look upon the world to see that in future no country can exploit another for its selfish ends. Henceforth each country must rely on its own resources and on its ability to exchange such surpluses as it can produce for the surpluses, and no longer for the necessities of others. In future it looks as though the shaping of the destinies of all backward countries will be left to the United States of America and the Soviet Union. Britain, hard-pressed with the post-war problems to retain its pre-war standard of living, may not be looked up to for any elaborate help. Hence given the collaboration of the former two countries, the pursuit of a policy of plenty throughout the world will be assured. The economic development of China and India will be their common care and other countries which are in possession of advanced industrial equipments will readily fall into line. On no other basis can a new economic order of plenty be built. The economically advanced countries must set out deliberately to teach the peoples of the backward countries on the most up-to-date and productive techniques in both Industry and Agriculture.

Conclusion.

Whatever domestic policies we may adopt in future, it will be height of folly to refuse the above advantages in the pursuance of any theory of exclusive economic nationalism. Much valuable time will be lost especially in the post-war period if we do not take steps to industrialise immediately. India might as well grant a preference to the U.S.A. as regards products of those industries for developing which, our country is not yet prepared. In return for such preference India might receive assistance in other lines of industrialisation. Before closing I cannot but appeal to co-operators not to permit war weariness overtake them as we have to plan and solve problems of "winning the peace" after military victory is achieved. Co-operation is the only hope to secure the happiness of our people. It is the nuclei of a new social consciousness on which the practical architect can build the new order of to-morrow.

Assignees of Awards.

BY P. K. SRINIVASA RAGHAVA CHARIAR.

What is the position of persons who take assignments of awards passed under section 51 of Act VI of 1932? This question is not a purely academical one. Instances where assignees of awards experience difficulties have come to my notice and my object in writing this article is to bring to the notice of the authorities concerned that rules have to be framed regulating the procedure to be adopted in such cases.

Award like every other property can be transferred. On such a transfer the property in the award passes to the person to whom it is so transferred and the latter can exercise all such rights as his transferor could have exercised. Provisions have been made in the Code of Civil Procedure prescribing the course to be adopted by such transferees and the limitations subject to which the transferees may execute the decrees that they get a transfer of. Section 49 says that every transferee of a decree shall hold the same subject to the equities (if any) which the judgment debtor might have enforced against the original decree holder. Rule 16 of Order XXI enables the transferee to apply to the court that passed the decree for executing it. For the purpose of the present article it is sufficient if it is recognised that there are provisions in the Code of Civil Procedure which contemplate transfer of decrees and the maintainability of an application for execution by the transferee.

Under the Rules framed by the Local Government under Act VI of 1932 there is no provision analogous to Rule 16 of Order XXI of the Code of Civil Procedure. Clause (dd) of the rule containing the definitions lays down the definition of "decree holder". It means any society or any person (including the Government) holding a decree as defined in clause (d). Clause (d) says that "decree" means any decree, order, decision or award referred to in section 57-A of the Act. Section 57-A of the Act refers only to cases where the decree holder is a society including a financing Bank, Liquidator or the Government. Hence taking all these provisions together it is evident that the Registrar of the district cannot execute any decree held by an individual *against a society*. In cases falling under section 51 it may be that an arbitrator may have to decree that a society shall pay a certain sum of money to a party. Such decrees as section 57-A at present stands are not executable by the Registrar

of the district. They have to be executed by the holders of such decrees through the Civil Court as per the provisions of Rule XV (7) (c). It may also be safely urged that the word "person" in clause (dd) may be deleted since section 57-A of the Act does not empower the Registrar of the district to execute an award at the instance of a person.

In considering the question of transfer of awards the following cases have to be noted :—

- (a) Where the award or decree has not been executed through the Registrar.
- (b) Where the award or decree has been executed through the Registrar.
- (c) Where the award has been executed through the Civil Court.
- (d) Where the assignee is a society.
- (e) Where the assignee is a member of the society that is the assignor.
- (f) Where the assignee is not a member of the assignor society.

It is fortunate that the Madras High Court has held in *Munuswamy Chetty versus Chanchu Naidu* 52, M.L.J. 335=A.I.R. 1940—M. 849=(1940) 2 M.L.J. 216, that a civil court can recognise the assignment of an award that has been filed in that court. It does more expressly lay down that a civil court can recognise the assignment of an award that has not been put into it. But the language of Rule XV (7) (c) does not prevent a person to whom an award is assigned from putting into court a copy of such an award and praying at the same time that the transfer of such an award to himself may be recognised. The Rule does not make any difference between a member and a non-member or between an individual and a society. Hence it may be safely held that in cases where an award has not been executed or where it has been executed through a Civil Court assignments of awards do not create difficulties.

Coming to cases where the award has been executed through the Registrar of the district there is no provision as has already been stated which enables the assignee whether it is a society or an individual to execute it through the Registrar. Where there is no provision enabling the Registrar to execute an award at the instance of assignee any action by him towards executing it on the application by the assignee cannot be held *intra vires* of his powers. Any order

passed by him can only be held void and of no effect whatsoever. In such cases the only course that appears is to move the Registrar of the district under Rule XV (8) (a) to send such decision or award to a Civil Court of competent jurisdiction. The assignee may then apply to the Civil Court for recognition of the assignment under Order XXI Rule 16 and in cases where the assignee is a society the transferee may get the award retransferred to the file of the Registrar of the district under Rule XV (8) (b). The existence of the word "person" in that sub rule also is without any purpose since as has been already pointed out the Registrar of the district is powerless in cases where the decree holder is not a society.

I would suggest that the Registrar may be kind enough to appreciate the difficulties that are pointed out and amend the rules so as to provide for execution of awards or decrees through the Registrar of the district at least in cases where the transferees are societies without having to undergo the cumbersome process of invoking successively the help of Rules XV (8) (a) and XV (8) (b). I would also suggest that either the provisions of Section 57-A should be amended so as to enable a decree holder whether it be a society or an individual to execute it through the Registrar provided it is an award under section 51 in cases the decree holder is an individual or to delete the word "person" appearing in clause (dd) of the definitions in the rules and in rule XV (8) (b). Clause (dd) of the definitions may profitably be amended as follows:—(dd) "decree holder" means any society or the Government holding a decree as defined in clause (d) and also shall enable an individual to execute such a decree under section 57-A except for purposes of recognising its assignment and transferring it to a Civil Court of competent jurisdiction for execution.

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It is often said that nothing is wholly evil and I think, wars are no exceptions. The present war, despite the unprecedented sufferings it has inflicted on the people, has demonstrated the adaptability of the co-operative movement to the needs of the hour and has definitely brought out the potentialities of co-operative stores as fair price agencies of distribution. The co-operative movement in this Province has within the last 3 or 4 years largely switched over, with commendable promptitude, from co-operative credit to the more fruitful fields of co-operative production and distribution. The twin problems of clothing and feeding the people now engage the attention of co-operators in this Province. I shall not dwell here on the achievement of co-operative weavers' societies and their role in the production of standard cloth or war textiles. I shall confine myself more appropriately to co-operative stores societies.

Before the outbreak of the war, there were less than a hundred stores with an annual turnover of about Rs. 23 lakhs. District wholesale stores there was none. What is the position today? We have now very nearly 1,200 primary stores in all important urban, semi-urban or rural centres of the Province. There are general stores for all classes of the people, stores for employees Government or local bodies, stores for industrial labourers employed in mills or factories and so on. Their membership is over 3 lakhs. The share capital voluntarily invested by the public in them—a sure indication of their popularity—exceeds Rs. 35 lakhs. Their monthly turnover comes to about half a crore of rupees. Apart from them, we have to-day 21 District Wholesale Stores serving all the 24 districts of the Province except Madras. All of them have been started after the outbreak of the war. They have a membership of about 6,000 with a paid-up share capital exceeding Rs. 13.5 lakhs. Their sales during the first 9 months of the current co-operative year have exceeded Rs. 3 crores. The monthly sales turnover of the primaries and the wholesales in the Province amount to Rs. 80 lakhs, and at this rate, I expect the annual turnover for the year 1943-44 to reach the magnificent sum of 10 crores of rupees—no mean achievement considering the age of these institutions and the infantile troubles which they are experiencing. The working capital of both the primaries and the wholesales exceeds Rs. 2 crores made up of borrowings from co-operative financing banks amounting to Rs. 125 lakhs, share capital of about Rs. 50 lakhs and deposits of Rs. 30 lakhs. This is indeed remarkable progress of which any Province can be proud and shows alike the faith and the confidence of the people in these institutions which are doing their best to ensure an equitable distribution of essential commodities and a check in rise in prices or creation of black markets.

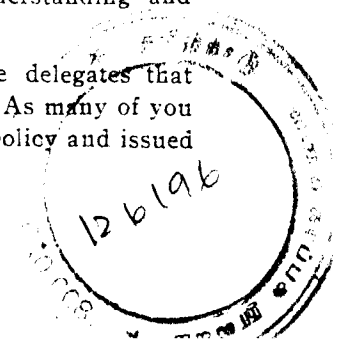
RECENT UTTERANCES

There are many instances in which the stores have brought down prices and rendered great service to the people and as you may be aware of them I do not propose to deal with them.

Your district has also made its own contribution to the growth of consumers' co-operation. Four years ago you had only 24 stores in the district. To-day you have more than three times that number. Fifty-two (52) primary stores are functioning in the district with a membership of about 17,000 which I should consider poor when compared to other districts. The share capital contributed by the members of the primaries amounts to Rs. 1.61 lakhs. The sales of all the primaries from July 1943 till March 1944 amount to nearly Rs. 22 lakhs. Your district wholesale stores was one of the last to be organised. Till recently its share capital structure was weak; but thanks to the efforts of its President and Directors it has been raised to about Rs. 52,000. I am sure they will not relax their efforts till they collect at least one lakh of rupees which is so very necessary for a wholesale stores in a deficit district like Malabar. Now that it has been entrusted with the procurement of rice in the Palghat taluk and has been appointed as one of the two wholesalers in connection with the rationing to be introduced at Palghat today, there are vast possibilities alike of developing its business and of being of greater service to the people in the district.

I may at this stage add that I have heard during my tour in your district that the wholesale stores has not stocked all the essential commodities required by the primaries or that some of the primaries cannot take advantage of the wholesale stores because of the long distances they have to traverse. Presumably the wholesale stores has not yet formulated a satisfactory purchase programme and arranged to secure from production and supply centres within or outside the district all the essential commodities in demand by the primaries. It is necessary that it should do so if it is to be of real service to the primaries. It is equally necessary for it to consider how far it can decentralise its business and open branches or depots in a few important centres in the district to facilitate purchases by the primaries without heavy transport charges. This is a matter which I commend to the attention of the Directors of the wholesale stores. Since I came here, I have also heard that the primaries do not make their purchases even when the required goods are available in the wholesale stores and that the commodities would deteriorate if it should depend upon the custom of the primaries. All this surely shows the need for better mutual understanding and greater collaboration between the two.

I see from some of the resolutions tabled by the delegates that controlled commodities stand uppermost in your minds. As many of you may be aware, the Government have announced their policy and issued



instructions to the Commissioner of Civil Supplies and Collectors that co-operative stores should, as far as possible, be used in the distribution of all controlled commodities, even at the risk of reducing the volume of business done by other wholesale and retail dealers. Government have requested Collectors 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. They have reiterated this policy even this month and again issued instructions to the Collectors. I have been continually requesting Collectors to encourage co-operative stores, to give them liberal quotas of controlled articles, to utilise them in schemes of rationing and generally to carry out the policy of Government both in letter and spirit. Things are now much better than what they were a year ago though great improvement is possible. It is indeed difficult for some of them to persuade themselves to adopt this new social policy as quickly as you expect. Private trade interests and the normal channels of business have also to be reconciled.

Apart from these factors, the extent to which co-operative stores societies are utilised in the distribution of controlled articles in any particular district must largely depend on the degree of their efficiency of management, the confidence reposed by the consuming public and the reliance placed on them by the authorities. It is up to you to convince the authorities of the superiority of your methods of business, the impartiality of your distribution and the strict maintenance of your accounts and to secure that preferential treatment which the Government have asked the authorities to extend to the stores. I see from the information available with me that your co-operative wholesale stores has been given 12,000 maunds of imported rice out of the district quota of 4.20 lakhs of maunds for March 1944. The rice quota of the stores works out to 3 per cent and even this is intended only for distribution to rationing shops at Calicut. This is said to restrict the utility of the wholesale stores to its affiliated primaries. In other deficit areas where there are co-operative stores the wholesale stores has not been of use to them. Because of this, it has also not been able to build up any other business with the primaries, and feels that in the absence of rice, it may not be quite advisable to open branches for dealing in other commodities. I also learn that the allotment of sugar made to it which works out on an average to 200 bags a month, has not been permitted to be distributed among the affiliated stores and that under the orders of the Revenue Divisional Officer it has to distribute mostly to merchants. This is also equally unsatisfactory. The Palghat Branch, I gather, has been refused a licence for dealing in sugar and has thus been prevented from making supplies of this commodity to the primary stores in that area. I suggest that if you can put up these matters to me in the form of a memorandum,

I can consider how far I can be of help to you in solving your difficulties.

Still, that the services of the wholesale stores should have been utilised for the procurement of paddy and rice in Palghat taluk, in preference to private agencies, in spite of the initial difficulties caused by the Commercial Tax Officer in issuing a licence, is no doubt a mark of the esteem in which it is held at any rate by some of the District Officers.

As regards primaries, there may be difficulties here and there in securing quotas and it may not be all smooth sailing, but if you unceasingly persevere in the cause of public good, you are bound to succeed in the end. Sooner or later your work will be recognised and all will be well. The case of the Palghat Co-operative Stores which has secured the monopoly of kerosene and sugar distribution for the town, is an inspiring example. I am sure that your Collector will give a sympathetic hearing to all your representations and not hesitate to give effect to the policy of Government. If my help and intervention are necessary in any particular case, they will be always at your disposal.

Rationing has been introduced on a statutory basis in 3 towns in the district. But the role assigned to co-operative stores in the scheme of rationing in all of the three towns is, I regret to say, very insignificant. The reasons are, I feel, difficult to understand. In other parts of the Province, co-operative stores are playing a leading role in rationing. Many of them have been given at least 25 per cent of the number of ration shops, some 50 per cent and a few 100 per cent. I am aware that the claims of the Calicut Co-operative Stores have been very badly treated. I think it is the only solitary instance in the whole province which has come to my notice of the existing depots of a co-operative stores having been refused to be recognised as ration shops under the rationing arrangements. I took up the matter with the Commissioner of Civil Supplies and I hope your Collector will, as instructed by the Commissioner two weeks ago, assign more shops to the stores when the number of retailers is increased or when any of the existing retailers drop out.

I learn that in spite of the definite policy of Government to which I have referred a few minutes ago, the Commercial Tax Officer has been delaying or has refused to issue licences to some of the co-operative stores under the Food Grains Control Order. I am indeed very sorry for this and propose during my stay here to examine the matter.

Exemption from sales tax is often a very popular theme with the representatives of co-operative stores. Somehow or other co-operators feel that they ought to be exempt from the levy of this tax. I examined the matter and I am afraid there is no case for exemption. It is a tax

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on the consumers and stores have to collect it. If they do not pass on the tax to the buyers, it is their own mistake. They cannot claim any exemption on this score.

I may now make a few general observations and practical suggestions as regards the working of stores societies.

I find that many of the rural and even urban stores have not built up a strong share capital structure and have been depending too much on financing banks. This over-financing or over-trading is not in the long run desirable. It is the duty of the directors of stores societies to see that they strengthen their capital structure and carry on trade with their own capital as far as possible, supplementing by limited cash credits from financing banks. It is very desirable that in view of the cheap money available in the country, stores should tap local deposits at low rates of interest. They should also make their purchases from wholesale stores only on payment of cash as far as possible and avoid credit purchases.

The Government have sanctioned very limited staff for the supervision of stores societies in the Province. Much more than credit institutions, co-operative stores require constant inspection including periodical verification of stocks. Central Banks should make adequate arrangements for the intensive supervision of stores by employing additional staff. I have suggested that they may, for this purpose, collect a supervision fees from the stores and meet the cost of additional staff as far as possible from this fund. Such intensive supervision will not only ensure the safety of the funds lent by the Banks but would also result in an improved working of stores societies.

May I appeal to the directors to take greater interest in the day-to-day working of stores. I find that in many stores much has been left to the Manager or the Salesman and even purchasing committees hardly function. This is not desirable. They should frequently meet, discuss progress, take steps to improve membership, arrange for seasonal and judicious purchases of the commodities required as far as possible from the wholesale stores or from the supply centres, exercise strict control over paid employees, check the stocks periodically, examine deficits and look to the proper maintenance of accounts. In some cases, the management does not make a proper selection of employees with due regard to their character, business ability or previous experience. Much depends upon the politeness, courtesy and attention given to customers and I need hardly state that the employees should be selected with great care. It is also noticed that adequate securities are not obtained from employees with reference to the nature of work entrusted to them. This is not safe.

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It is generally noticed that accounts-keeping is not up-to-date in some of the stores and that the goods or the stock register is not posted up-to-date. Such omissions may lead to fraud or misappropriations. It is in the interest of all concerned that the accounts should be kept up-to-date. It is true that this state of affairs may be due to the non-availability of trained men or the complicated nature of the accounts in stores or lack of the requisite leisure on the part of office-bearers to attend to the work. Nevertheless, the importance of account-keeping in stores can hardly be minimised. We have been repeatedly suggesting to stores the adoption of what is called the 'double compartmental system' of holding stocks. This would reduce clerical labour to the minimum and result in saving of labour, economy in the use of paper and quick audit of the accounts. I suggest that all stores, small or big, urban or rural, should adopt this system as quickly as possible.

I may also stress the need for neat shop-keeping and expert salesmanship. It is necessary that stores should be housed in spacious buildings, capable of meeting at times a rush of customers and containing a sufficient number of rooms to facilitate the introduction of the compartmental system. It would add to the neatness and order if counters can be put up in the buildings. The need for keeping the premises clean and for the arrangement and exhibition of articles in an attractive manner can hardly be over-emphasised. The arrangement may follow the classification of goods into those to be measured, those to be weighed and those to be counted. Customers may be given opportunities through suggestion books to make their suggestions for the improvement and complaints or constructive suggestions made by them should receive prompt attention. A board should be put up exhibiting boldly the prices of all commodities including controlled goods. To propagate the principles of consumers' co-operation and to ensure increased membership, the stores should celebrate their annual day.

It is difficult to forecast how post-war conditions will shape the future of the consumers' co-operative movement in this Province. It may be that some of the weaker stores, particularly in rural areas, may disappear. But it is my conviction and belief that many of the urban and semi-urban stores may continue to live and render service to the community in peacetime as they have been now doing in war-time. But, there can be hardly any doubt as to the effects a post-war slump and keener competition from the trade will have on co-operative stores when the present system of controls is removed. It is necessary, therefore, that those connected with the stores societies should make long range arrangements even from now to strengthen their working, and prevent their mortality as far as it lies in their power. I have already referred to the need to build up the capital structure of stores. It is equally necessary to conserve the profits which they now make on their business and

make larger provision for the statutory reserve fund and business losses and depreciation reserves. It is no good frittering away the profits on large provisions for a common good fund, or unduly large bonuses. Another direction in which you can strengthen the stores is by a widening of the range of their services. They are at present confining themselves mostly to the supply of the necessities of life. There is no reason why they should not undertake to supply cloth, brass-ware, and other things which members are in need of according to local conditions. Yet another suggestion which I would offer is that stores should undertake processing and manufacturing activities, such as conversion of gingelly seeds into oil, paddy into hand-pounded rice etc., according to the local facilities available.

May I, on this occasion, make an appeal to the co-operators present here that women are as much interested in the development of the co-operative stores as men. Household management is their particular sphere both by reason of their natural instinct and their responsibility for the household. They are as well qualified to offer suggestions on the nature of commodities to be stocked, methods of distribution and management. The stores stand to gain by including educated women on their boards of management. In an educationally advanced district like Malabar, this suggestion should be capable of large-scale adoption.

Silver Jubilee of the Viziavada Central Bank.

Speech delivered by Sri Rao Bahadur J. C. Ryan, M.A., Joint Registrar of Co-operative Societies, Madras, at Bezvada when opening the Silver Jubilee Celebrations of the Viziavada Central Bank.

On an occasion like this, it is well to call back to mind the reasons which led to the introduction of the co-operative movement in this Province and to examine to what extent your Central Bank has fulfilled those objects. Co-operation was introduced in India primarily as a solution to rural indebtedness. Its aim was to liquidate the prior debts of agriculturists and to rebuild their economy on the basis of thrift. Figures are not available to show the volume of prior debts liquidated by your bank so far; but it should have discharged many lakhs of rural debts as loans for the discharge of prior debts were sanctioned by it every year. Your Bank has also played a great part in reducing the burden of debt in the countryside by bringing down the rate of interest on loans. Charging an interest of $8\frac{1}{2}$ per cent per annum in 1918, your Bank has reduced the lending rate to credit societies to $4\frac{1}{2}$ per cent. The ultimate borrower in the village is now able to obtain his loans at $5\frac{1}{2}$ per cent or $6\frac{1}{4}$ per cent. This low lending rate has had a pronounced effect on the lending rates of other banking institutions and money-lenders in the country-side. Even in the direction of promoting thrift, your Bank has done well. It cannot indeed be said, that

it has cultivated the habit of saving among rural folk in any appreciable degree; but it has certainly promoted the habit of depositing among the urban and richer folk. Beginning with about Rs. 10,000 of deposits in 1918, it now holds 13 lakhs of rupees as deposits.

There is one important feature in the development of co-operative movement in this Province to which I should like to draw attention to-day. When the co-operative movement was launched in the country on behalf of agriculturists the idea was that funds available in urban areas should be harnessed for the benefit of the countryside. Dupernex suggested the organisation of large urban banks to raise deposits in towns which could be lent to agriculturists in the country. This is the line of development that the Bombay Province has adopted. In our Province, we set up Central Co-operative Banks composed of societies and individuals which also collected deposits from urban areas and passed them on to rural credit societies. But we have now reached a stage when our Central Banks are in a position to help the urban areas themselves. One of the most pressing problems of the times is to secure and distribute foodstuffs for the benefit of the urban population. Numerous co-operative primary stores and wholesale stores have been organised for the purpose, and it is remarkable that these consumers' organisations are being financed by Co-operative Central Banks which were originally constituted in the interests of agriculturists. Your Central Bank has lent over 10 lakhs of rupees in this way during the 7 months ending January 1944 and all the Central Banks in the Province have altogether advanced during the period nearly $3\frac{1}{2}$ crores of rupees to co-operative wholesale stores and primary stores. This is a development in the right direction. In the days of adversity in the rural parts the urban population came to the aid of the agricultural population. In the days of scarcity in urban parts the countryside has come to the aid of urban areas. Here we have co-operation in excelsis—the strong going to the succour of the weak in the moment of their need.

Yet, it must be indicated that the help done by the countryside to the urban tract is not exactly on the same lines as the help that was done by the urban areas to the rural parts. Villagers to-day have not come forward in their hundreds depositing their surpluses realised on account of the increased prices of agricultural products. The Central Banks have allowed large credits to urban stores not from rural deposits but from the credit they are able to command on account of the reserve that they have built up from the interest earned on loans given in the past to the countryside. It is said that in Japan the co-operative movement in the rural parts had developed to such an extent that the Central Banks in that land have built up huge surpluses with rural deposits and these surpluses are utilised for the development of the industries in urban areas. We are not yet in sight of such an attainment. The habit of thrift in the countryside has not

yet been built up. Consequently, the borrowing habit has not yet given place to the banking habit in our villages. It ought to be the endeavour of every co-operator to snatch every bit of spare cash in the countryside as deposits in village banks. We have to toil towards altering the functions of our village bank from that of a channel which irrigates the countryside from the reservoir of the Central Bank to that of a pump which lifts the water to that reservoir. It means extensive propaganda, patient labour and persevering enthusiasm. I have no doubt that co-operators in this district who have built this Bank with honorary secretaries who drew no pay and directors who drew no travelling allowance have the necessary equipment for the task.

Another direction in which efforts are needed on the part of co-operators is one of adding to the material wealth of the district. We want productive enterprises which will increase the prosperity of the district. We want lands to be improved, and cattle to be reared in large numbers and in superior varieties. We want cottage industries to be developed, and industrial organisations to be started. The war has provided an opportunity for all this. To grow more food, lands are being improved; to provide more milk cattle breeding is being encouraged by Government; to provide the requirements of the Army and Navy and to fill up the gap in foreign imports, industrial enterprises and cottage industries are being developed. It is up to us, co-operators, to make the best of opportunities and go forward with productive enterprises. The Coimbatore Milk Supply Union has increased its milk supply by 5 thousand lbs., a day and it is working out plans to increase by another 25,000 lbs. a day. The Cumbly Weavers' Societies in the Ceded Districts are producing woollen blankets. Co-operative Societies in Chica-cole, Vizianagram and Chingleput are making hand-made paper; the Quilandy Artisans' Co-operative Society is manufacturing cutlery. The Membakkam and Kilakarai societies are producing coir goods. There are a number of leather workers' societies manufacturing durable leather goods and 24,000 hand-looms are worked on a co-operative basis. We want co-operative societies for the manufacture of lemon squash, for canning fruits, for making umbrellas and hats, for making combs, for manufacturing essential oils, etc. Our co-operative banks in the coming years have to devote more and more attention in this direction; and we, co-operators, have to study the economics of these lines of development, weigh their business prospects and make a start. The Provincial Co-operative Bank has happily given a lead in this direction. It has voted Rs. 5,000 for the promotion of cottage industries and, out of this amount, there is now a paper instructor, a leather instructor, a coir instructor, a pottery instructor, a tailoring instructor, a cooking instructor and an embroidery instructor. It is up to Central Banks to encourage the formation of co-operatives of such cottage industries as have a survival value and finance them liberally, consistent with business principles.

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The post-war period is going to be a period of splendid opportunities. We shall have men returning from the war after visiting various countries and coming in contact with various civilisations; men who have undergone rigorous military discipline; men who have received special technical training and who have actively participated in road building, motor mechanism, electrical engineering, etc., etc. These are men whose special aptitude we co-operators should harness for the economic schemes for co-operative workshops, motor transport, land colonisation etc., for ex-military men. Whatever assistance may be available from Government for these discharged soldiers, we shall be failing to make the best use of excellent human material if we fail to employ them on paying business enterprises with the help of finance from Central Banks. With judicious credit facilities given by co-operative institutions these men ought to be able to help us to take long strides in the direction of industrial development.

Gentlemen, I shall not detain you longer. Let me offer to all those who are connected with this institution every encomium on the successful conclusion of a generation. Let me particularly congratulate Mr. C. Rajagopalachari, one of the founders of the Bank, who has been the director of the bank from its very start and is its president from 1924 up-to-date. It is indeed a feat to be the president of an institution for a period of 20 years in spite of election contests. It is a compliment to the district which has been able to retain his services for such a long period. It is a testimony to the good sense of the district that they should make the best use of those who have served them well. Ladies and gentlemen, I thank you for having given me the privilege of participating in the celebrations to-day and have great pleasure in declaring the Silver Jubilee of the Vizianavada Central Bank, Ltd., open.

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 :	Madras Office :
Co-operative Insce. Building,	44, Luz Church Road,
Sir Pherozshah Mehta Road, Bombay.	Mylapore, Madras.

INDIA'S PROGRESSIVE LIFE OFFICE FOR THE MASSES.

The Madras Provincial Co-operative Bank, Ltd.

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

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EGMORE „ Ebrahim Colony, Egmore „ 8510.
TRIPLICANE „ 111, Big Street, Triplicane „ 86196.

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

Secretary: SRI T. RAGHAVENDRA RAO.

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

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

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4. Kilpauk Branch II ... No. 11, Rajaratnam Road, Kilpauk.
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7. T. Nagar Branch I ... No. 27, Pondy Bazaar, T. Nagar.
8. T. Nagar Branch II ... No. 53, Oosman Road, T. Nagar.
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12. Barbers' Bridge Firewood Depot ... Mylapore.
13. Mambalam Firewood Depot. Sivaprakasam Road, T. Nagar.
14. Nungambakkam Firewood Depot ... Avenue Road, Nungambakkam.
15. Wall-Tax Road Firewood Depot ... No. 130-A, Wall-Tax Road, G. T., Madras.
16. Triplicane Firewood Depot. No. 2, Bandi Venkatesa Naicken Street, Triplicane. (near Ganganna Mandapam).
17. Mylapore Firewood Depot. No. 18, Mundakkanni Amman Koil St., Mylapore.
18. Alwarpet Firewood Depot. Mowbray's Road, Alwarpet.
19. Chintadripet Firewood Depot ... No. 10, Mangapathi Naicken Street, Chintadripet.
20. Purasawalkam Firewood Depot ... Gangadeswaran Koil Street, Purasawalkam.

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