

Regd. No. M. 1284.

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THE

Madras Journal of Co-operation

EACH FOR ALL, AND ALL FOR EACH

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

MARCH 1945.

No. 9, Vol. XXXVI

Price 8 As. 5

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Editorial Notes.

Food Consumption :

From figures published in a White Paper, it is noticed that in the United Kingdom short supplies of most staple foodstuffs, excluding bread and potatoes, have compelled the people to eat more bulky and starchy foods, and to replace certain foodstuffs by others. If similar statistics are compiled in our country, we have no doubt they will reveal a tragic situation. Even in ordinary times people subsist more on bulky and starchy foods and even these are in short supply. There is no question of replacement by other foodstuffs. So not only the quality of food consumed has deteriorated but also the quantity which was insufficient even in normal times has diminished. We wish the Indian Famine Commission which is engaged in enquiring into the food requirements of the country and suggest measures for improving food supplies would look into this aspect of the matter. It ought to be easy to gather consumption figures especially in rationed areas and find out the intake now as compared with that in normal times.

We wish it were possible also to examine the effects of war-time measures and conditions on the supplies of certain civilian goods and expenditure on durable consumer goods. This should be possible at least in regard to clothing. However, we venture to make this suggestion hoping it would receive the consideration of the authorities.

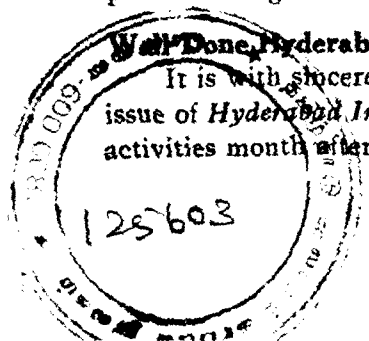
Average consumption in 1938 and later year after year may reveal an astounding state of things and provide basis for post-war development of certain essential goods. Otherwise it will be merely groping in the dark. The industrialisation of the country may be vigorously pursued without any reference to the needs of the population. This war has taught the valuable lesson that self-sufficiency should be the ideal of every country.

T.V.A.

We have heard a great deal about the achievements of the Tennessee Valley Authority and thanks to the United States of America authoritative accounts of this, one of the most interesting experiments in State-planned and directed economy, are now available. We in this country also are anxious that experiments on T. V. A. lines should be started bringing much needed relief to areas which remain either undeveloped or suffer from floods or famine. The success of the T. V. A. has been so outstanding, President Roosevelt has outlined a nation-wide programme of flood control and power development on the pattern of the T. V. A. According to the President's programme, the whole country will be divided into seven regions, with an authority like the T. V. A., to harness rivers and streams in order to prevent floods and soil erosion, provide irrigation for arid farm lands and supply electricity to consumers. We have every reason to believe Madras Province is particularly suited for setting up authorities on the pattern of the T. V. A. to harness many of its rivers and streams whose waters are now wasted, sometimes even causing floods and the consequent damage. A careful survey of our water resources and a division of the Presidency into regions to secure regional development are essential. Prompting of the Government of India or their initiative for developing our resources is not necessary, for if we depend on them it may never come at all. What is required is a vision and the will to achieve. Madras has always been in the vanguard and we hope even in this regard she will not lag behind. She can easily set an example to other parts of India by making proper use of her enormous developed and undeveloped resources. Perhaps a Planning Act may be necessary to prevent unregulated development.

Well Done, Hyderabad:

It is with sincere pleasure we read the following in the February issue of Hyderabad Information which gives an account of the State's activities month after month.



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A novel scheme has been introduced in the Nalgonda District for the supply of food-grains to non-agriculturists in rural areas. The system involves the double process of collection and distribution. Grain is purchased from big cultivators through the agency of Co-operative Societies and is distributed to non-agriculturists and petty cultivators through Sale Societies. For this purpose a large number of Sales Societies have been established to cater for the needs of a number of villages grouped together to constitute a unit. The system having proved both simple and efficacious in practical working, especially during the lean months of the year, is well on its way to become a permanent feature of village economy in the district of Nalgonda. It has been attended with such phenomenal success that it is proposed to launch it throughout these Dominions with such modifications and variations local conditions may demand.

Speaking at the State's Economic Conference, the Supply Member announced that co-operative societies are being utilised more and more to procure food grains on behalf of Government. The success which has been achieved in Nalgonda district referred to above has led to the extension of the scheme to other districts as well where a net-work of purchase and sale societies is being set up. Hyderabad believes—need we say rightly too—that a sound co-operative marketing organisation would prove a great asset not only in times of emergency such as those through which we are passing but also for rehabilitation in the post-war period. We hope similar efforts on a province-wide scale will be made in Madras also and the Madras Provincial Co-operative Marketing Society will be utilised to serve as the co-operative marketing organisation for the whole Province. Greater use will have to be made of co-operative organisations in the procurement scheme now in operation in certain districts. Purchase and sale societies should not be allowed to languish on account of war-time controls.

In this connection we would commend to the notice of our readers the work of the South Kanara District Wholesale Stores which has undertaken a stipendous task. While we heartily congratulate the Stores on its achievements and wish it every success, we have our own misgivings of the system of the Wholesale Stores itself working through its branches scattered all over the district. We would any day prefer the Nalgonda experiment which possesses undoubted advantages. Above all it is more 'Co-operative' in conception and working.

Cane Growers' Societies :

Speaking before the Consultative Committee of Economists, Sir Khareghat paid a tribute to the working of Cane Growers' Societies in the United Provinces. As we know we too in this Province have some Cane Growers' Societies, we were anxious to know how they were faring. We are obliged to the Registrar of Co-operative Societies for a note on the subject which we have reproduced elsewhere in this issue. We must express our utter disappointment and sincere regret that the necessary staff sanctioned for the purpose has been withdrawn with the winding up of the Sugar Excise Fund Scheme. There is no doubt the societies have done admirable work in assisting the cane grower in various ways. We doubt very much if the need for such assistance does not exist any more. We believe the cane grower needs help in some form or other as long as he continues to grow cane. The factory owners were naturally suspicious and would never take to them kindly. That need not surprise anyone. That should be an additional reason for maintaining these societies. They are still young and have yet to stand on their feet. Withdrawal of assistance by Government and the opposition of the factories are not circumstances favourable for their growth. We shall not be surprised to learn that some are already dead and some are languishing, well on their way to extinction. We shall be pardoned if we venture to state that it was a short-sighted policy to have withdrawn the necessary staff. If the funds were not forthcoming from the Sugar Excise Fund Scheme of the Government of India, certainly the Madras Government can afford to maintain the staff at their expense. We feel there has not been proper appreciation of the results achieved and the scheme has been abandoned automatically as soon as the subsidy from the Central Government ceased to come. Our province has to be made self-sufficient in regard to supply of sugar and these societies are greatly helpful in that task. We may give below the achievements of these societies as admirably summarised by the Registrar of Co-operative Societies :

- i. Introduction and growing varieties of cane best suited to the locality and the factory.
- ii. Introduction of early and late maturing varieties so that the factory working season may be extended as long as possible.
- iii. Adoption of measures to protect the cane crop from insect pests and diseases.

- iv. Improvement in the reduction in the cost of cultivation such as manuring, irrigation, etc.
- v. Taking measures to improve means of communication so as to facilitate transport of cane to the factory, e.g. demonstrating the advantage of rubber-tyred carts.
- vi. Increasing facilities for the ryots to check weighment of cane at the factory and to avoid delay in the disposal of cane etc.
- vii. Financing of cane growers through the societies at the right time, e.g. for the purchase of seed, manure, harvest etc.

These achievements are by no means small; the societies deserve to be assisted still more. May we, therefore, appeal to the Madras Government to revive the scheme, to sanction the necessary staff and enable the Registrar of Co-operative Societies to continue the good work the Department has to its credit. Let the interests of the growers and not the idiosyncracies of factory owners weigh with the Government as the interests of the growers are intimately bound up with those of the community. In good time we have no doubt even the factory owners will shed their prejudice and appreciate the good work of the societies. Five years is too small a period to bring about real conversion of hard-headed businessmen.

Co-operative Planning :

We are gratified to learn that after all the Government of India have appointed All India Co-operative Planning Committee. We have no doubt the appointment of this Committee is a recognition of the fact that the co-operative method and the co-operative spirit should form an integral part of any future plan of development. The problems this Committee has to tackle are many and varied and their solution depends on the hearty co-operation between officials and non-officials. Therefore, we welcome the appointment of officials to this Committee. At the same time we should put in an emphatic demurrer for not appointing at least one non-official representative from Madras. Madras has been foremost in the development of all co-operative activities and in recent times the consumers' movement has made rapid strides. The non-officials have played a great part in sponsoring this movement and making it a success it has undoubtedly been. A non-official representative especially on the financing side would have proved a great accession of strength to the Committee at least in considering the consumers' movement in the post-war period. The official nominee can only represent certain aspects of the Movement. We deeply regret the omission of at least one non-official

representative from Madras, for after all it is the non-officials in Madras as elsewhere who have to give effect to the recommendations of the Committee. It is strange this consideration should have escaped the attention of the Madras Government. It is never too late to mend.

Working of the Cane Growers' Co-operative Societies in Madras

(Registrar of Co-operative Societies, Madras)

Introductory. The phenomenal rise of the sugar industry, since the grant of protection in 1932, is one of the chief features of the industrial progress of the country during the last decade. From an insignificant position it has jumped to a prominent place among the industries of India. Though the Coimbatore District sugar cane has been hailed as the best variety and introduced in other parts of the country still for various causes the industry is concentrated in the United Provinces and Bihar. These two provinces have more than 100 factories out of a total of 143 reported to be working in India. As regards production of sugar, the United Provinces manufactured about 57 per cent and Bihar about 24 per cent out of a total of about 10 lakhs tons of sugar produced in the whole of India. But the development of the sugar industry in this Province has been very slow although her soil and climate are exceptionally favourable for the cultivation of this crop. There are at present 11 factories in our Province which manufacture white sugar direct from cane. The total production of sugar by these factories is estimated at 50,000 tons as against the consumption of 1 lakh of tons per year. This production works out at nearly 4 per cent of the total tonnage of sugar produced in the whole of India. Madras is, therefore, not self-sufficient in regard to sugar.

The Madras Presidency lies between $8^{\circ}41'$ and $20^{\circ}26'N$ and is entirely within the tropics. Although nowhere in India are the climatic conditions more favourable for the successful cultivation of cane than they are on irrigated lands in Madras the area under sugarcane in Madras is both small and scattered. The acreage under cane is little over 1 lakh. In spite of its tropical advantage Madras offers limited prospects for cane, due largely to the widespread preference for paddy wherever supplies of irrigation water are assured as the cultivation of sugarcane is not so simple and easy as paddy crop and to the very scattered area on which cane is now grown. To add to this the average size of a holding in Madras is small and the difficulties in the way of sugar factories obtaining control over a sufficiently large area of cane are very great. All these factors have retarded the growth of this industry in this Province in the past. But Madras has need of more factories unless it desired to remain dependent upon Java or Northern India. From the point of view of national importance, there is need for promoting more sugar factories in Madras. Further as the production of sugar, here is far short of its needs the expansion of the sugar industry in this province both by way of the development of the existing factories and by the starting of more factories is a promising way of development. It will provide excellent avenues for investment of money by small capitalists in this Province, without taking any great or undue risk in view of the fact that the industry has been assured of protection by the Government. The co-operative movement should also share in this development especially as there are ample funds available in the central banks. There are already two co-operative sugar factories working in this Province at Podanur and Ettikoppaka. They have already provided an example of the benefits

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that can be conferred on the ryots by a co-operative sugar factory. Sugar factory may be organised on co-operative basis wherever cane area is concentrated within a radius of 20 miles of a factory site. It is hoped that the people of this province will realise the importance of developing this industry and will seize the opportunity to start co-operative sugar factories wherever feasible.

2. *History of co-operative organisation.* During the first years of the development of sugar industry there was considerable inefficiency and confusion visible, chiefly in the matter of cane supplies. There was no intelligent arrangements for cane supply. It was also later found that on the one hand, sugar manufacturing companies were making large profits, sugarcane growers on the other, were not always getting the full advantage which it was intended they should receive from the policy of protection. Therefore, the Government of India proposed a scheme for enabling sugarcane growers to secure fair prices from the Central Sugar Excise Fund. But the problem in Madras was not so much of safeguarding the interests of the grower against exploitation by the factory owner as of teaching the grower to grow the varieties of cane best suited to the localities, to grow early and late maturing varieties and to teach him how to effect economics in the cost of cultivation. It was found that the white sugar manufacturing factories in Madras could develop their operations and hold their own against their longer established competitors up in the north only if they could secure cane with a higher sucrose content, at a cheaper cost, and for an extended period and this was found possible only if the ryot could be helped to obtain a larger yield at lesser cost of improved varieties of cane, suitable to each locality but grown at times which would permit of well regulated harvest to keep the factory fed for an extended working season and if this was done, the ryot could always be certain of securing fairer prices for his cane. This then was the crux of the problem in the south and it was felt that the grant from the Sugar Excise Fund could not be spent for better purpose than the solution of this problem. A sum of nearly Rs. 1½ lakhs was placed by the Central Government out of the Central Sugar Excise Fund at the disposal of the Government of Madras for a period of five years for the purpose of assisting the organisation and operation of co-operative societies among the canegrowers so as to help them in securing fair prices or for other purposes directed to the same end. In sanctioning the scheme the Government of India decided that a period of five years of the working of the scheme would be sufficient to complete a process of organization which would enable the cane cultivator, afterwards to protect himself effectively. The main object of the scheme was therefore based on the idea that the grant should be spent by the Registrar of Co-operative Societies through co-operative societies or unions of co-operative societies of cane growers in factory areas. Sugar cane growers' co-operative societies and unions were accordingly organised in all the factory areas in the province and the scheme was introduced with effect from 5-1-38. It has been worked in the districts of South Kanara, Trichinopoly, Kistna, Coimbatore, Bellary, Vizagapatam, East Godavari, North Arcot and South Arcot. The scheme was worked under the control of the Registrar of Co-operative Societies and was in operation since 1938. The scheme was wound up on 30th June 1944.

3. *Working of cane societies.* Twelve cane growers' co-operative societies and 5 unions of canegrowers' co-operative societies were organised in 9 districts in the factory areas. Necessary co-operative and agricultural staff were lent to them by Government for working the scheme. Each society was first provided with a certain amount of capital for the purchase of implements, rubber-tired carts, necessary apparatus, equipment, seed and manure. The capital provided for the purchase of implements to societies was not recovered. But the capital provided for the purchase of seed and manure to select members was recovered after harvest. The amount thus recovered was utilised for similar purposes in the subsequent years. The amount recovered at the end of the fourth year was spent in giving premia during the fifth year to members who grew the best variety of cane and to those whose yield

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per acre was the greatest. The scheme has to a large extent already achieved the object with which it was introduced and may be summarised as follows :—

- (i) introduction and growing varieties of cane best suited to the locality and the factory.
- (ii) introduction of early and late maturing varieties so that the factory working season may be extended as long as possible.
- (iii) adopting of measures to protect the cane crop from insect pests and diseases.
- (iv) improvement in the reduction in the cost of cultivation such as manuring, irrigation etc.
- (v) taking measures to improve means of communication so as to facilitate transport of cane to the factory e.g. demonstrating the advantages of rubber-tired carts;
- (vi) increasing facilities for the ryots to check weightment of cane at the factory and to avoid delay in the disposal of cane etc.
- (vii) financing of cane growers through the societies at the right time e.g., for the purchase of seed, manure, harvest etc.

The scheme worked by the Registrar of Co-operative Societies for so many years has yielded fruitful results and the cane growers are unanimously requesting the extension of the scheme.

4. *Short comings and their future.* The achievements of cane societies have been many. In the field of cane development they have done intrinsic work in introducing seed of developed varieties and getting cane sown according to improved methods. The yield per acre of sugarcane has definitely increased. The societies have also done extremely useful work in combating diseases and pests of cane. They have played an important part in the regulation of supplies and in ensuring correct weightment and payment for cane. They have been instrumental in providing a very cheap supply of credit.

Cane societies are yet young. With the winding up of the Sugar Excise Fund scheme the necessary staff has been withdrawn and for want of assistance from the factories many of them may have to close down. The factories never look kindly to them and were their chief critics. They object to the continuance of growers' societies which may ultimately prove very inconvenient to them.

IS IT A SMALL A THING?

*Is it so small a thing
To have enjoyed the sun,
To have lived light in the spring.
To have loved, to have thought, to have done ;
To have advanced true friends, and beat down baffling foes ?*
Mathew Arnold.

The Fifteenth Conference of Land Mortgage Banks

10th February 1945

Extracts from the Address of Dewan Bahadur C. S. Ratnasabapathi Mudaliar C.B.E.

As you are aware this Bank has been started for the sole benefit of the agriculturist. During the period of the great depression, it helped the indebted ryots by issuing loans for long periods and averted forced sales of their land. In those days high rates of interest, even as much as 6½ per cent, had to be paid on debentures and the money borrowed was passed on to the agriculturist with a margin of 2 per cent which was shared equally between this Bank and the primary banks. When the high interest bearing debentures were redeemed, the benefit of such reduction was passed on to the borrowers, the Bank maintaining the same margin of 2 per cent. In the years 1936—38, the Bank raised its debentures at 3 per cent and was, therefore, able to issue loans to the ultimate borrower at 5 per cent. But from the year 1938 at the instance of the Government, the margin between the borrowing (debenture) and lending rates had to be raised in two stages to 3 per cent. This meant that when our debenture rate was 3 or 3½ per cent, the ultimate borrower had to pay 6 or 6½ per cent.

We have been repeatedly pleading for a reduction in the margin with a view to reduce the rate to the agriculturist. Sir Hugh Hood, in his opening address at the last Provincial Co-operative Conference, referred to this as a controversy and said "The Land Mortgage Banks are for the benefit of ryots and it is desirable to lend to ryots as cheaply as possible. But if that Bank fails the ryots will get no help at all and if it just totters along, its reputation will not permit of its borrowing at the lowest possible rate, so again the ryot suffers. That Bank must be in an unassailable sound financial position. Otherwise the ryots will not get the best advantage from it." I agree with what has been stated above. But when he goes on to observe that for this purpose it is necessary that the Central Land Mortgage Bank should maintain a 3 per cent margin and that too after 15 years of its working and building up of large capital and reserves, I am constrained to differ from him. Whatever might have been the justification for keeping the margin at 3 per cent in the past, it no longer exists. The owned capital of the Bank which was 9.07 lakhs in 1938 is nearly 26 lakhs now bringing in a steady income. The transactions of the Bank are large and its outstanding loan amount of 2½ crores fetches an average return of 1.67 per cent. (excluding 1 per cent. allowed to primary banks). The income that the Bank derives from the existing business and its owned capital is adequate to meet the necessary expenditure and leave a substantial amount to be added to the reserves every year. The burden of indebtedness is found to weigh hard on the small holder with 5 acres and less. In our Province the average holding is reported to be 4.91 acres. As stated by Sir Hugh Hood himself, Land Mortgage Banks function for the benefit of the ryot and it is their primary duty to see that the burden that the ryot is called upon to bear is as light as possible.

The agriculturist is able to borrow from private parties at less than 6 per cent, which is our present lending rate. Some of our borrowers are clearing their loans by contracting new debts from individuals. Agricultural credit in our country has for a long time been in the hands of money-lenders with its inevitable evil consequences. Institutional credit has been introduced in order to free him not only from high rates but also from the other consequences of private credit. It should, therefore, be our aim to finance agriculture at rates lower than those offered by individuals in order to attract and keep the agriculturist within the fold of the co-operative institutions which have been started for his benefit. Statistics

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for the year 1941 collected in the U.S.A. revealed that the average rate of interest on farm mortgage loans by Commercial Banks was 5.56 per cent., by individuals 5.17 per cent. by insurance companies 4.46 per cent., while the rate on loans by Federal Land Banks was 4 per cent which again was reduced to 3½ per cent. by an Act of the Congress. If it is necessary in an advanced country like the U.S.A. to keep the lending rate of agricultural credit institutions at a comparatively lower level the need to keep the rate low is all the greater in our country where the money-lender has still a strangle hold over his victims.

Agriculture, being the basic industry of the Province, has a right to be maintained at a high level of efficiency with the whole-hearted support of the Government. Credit plays a dominant part in every industry and in agriculture its part is pre-dominant. If in our country, agricultural industry has not been the success that it is in other countries, it is due among other reasons, to want of a sound agricultural policy, including provision of cheap credit facilities. While other industries are able to borrow at 2½ per cent to 4 per cent, it is not right that agriculture should be made to pay much higher rates.

In the United States of America, the Federal Government, in addition to the guarantee it gave to the bonds of the Federal Land Banks, has subscribed heavily to their capital and placed at their disposal large amounts to be returned without interest when circumstances warranted. In order to ensure that the agriculturist gets his loans at cheap rates, it has been provided in the Federal Land Bank Act that the margin between the borrowing and the lending rate should not exceed 1 per cent. As a result of this provision, the Banks were lending to borrowers at 4 per cent. With the outbreak of the war, there was great need to increase the production and the Federal Government restricted the rate of interest on loans to 3½ per cent, itself undertaking to make good the loss in income to the Banks on account of this reduction.

In England, the Agricultural Mortgage Corporation borrowed its funds in 1930 and 1931 at 5 and 4½ per cent and lent them to the agriculturists. In order to keep the loans to the farmers at a remunerative level the rate of interest was reduced in 1934 from 5 to 4½ per cent. In 1939 the British Government in the Agricultural Development Act made provision for financial assistance to the Corporation of £60,000 a year to enable them to continue to lend at 4½ per cent. Even this was not considered adequate and in June 1944, provision was made by Parliament to render further financial assistance to the Corporation to enable it to bring down the rate of interest to 3½ per cent. which is now the prevailing rate. It is thus a recognised principle that agricultural credit should be made available at the lowest possible rate of interest, the State bearing the necessary financial responsibility to ensure the success of such a liberal policy. But unfortunately, in our province in spite of the fact that the Bank is borrowing at 3 per cent and is willing to advance loans at 5 per cent, the Government do not permit it and insist upon the 3 per cent margin being maintained. It is highly desirable to re-examine old decisions in the light of new facts. The financial position of the Bank is stronger to-day. Its owned capital is 9.4 per cent. of its borrowings. As already observed some of the agriculturists are repaying the loans by borrowing from individual money lenders, as they can get the loans cheaper and without delay, trouble and expense inevitable while borrowing from Land Mortgage Banks. This state of affairs, if continued, is bound to nullify the good work done by our banks in the last 15 years, and I most earnestly urge upon the Government to immediately re-examine the matter and permit a reduction in the margin from its present level of 3 per cent to its original level of 2 per cent.

It has been our standing grievance that the Government are collecting the cost of their officers employed for land mortgage work from the Central Land Mortgage Bank while the cost of the officers doing the work of the other co-operative societies is met by them. The officers are doing the work of detailed inspection of Land Mortgage Banks, as the other officers are doing the work of inspection in regard to the other co-operative societies. The Bank had to pay last year a sum of about Rs. 70,000 towards the cost of these officers. On

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account of the revision in their scales of pay and travelling allowances, the Bank may, this year, be called upon to pay as much as one lakh of rupees towards the cost of these officers. If the Government relieve the Bank of this burden, it will help greatly in reducing its working expenses. The amount thus released may with great advantage be utilised to help the primary banks, especially to place the financially weak banks on a sound basis and for popularising amongst agriculturists the advantage of utilising long term loans for improvement of lands. Last year 25 banks worked at a loss while some worked at a nominal profit. The Central Bank is giving small subsidies to these banks to enable them to carry on propaganda in the villages in their jurisdiction. More effective and substantial help is necessary if some of the primary banks that are now working at a loss or nominal profit are to be placed on a financially sound basis.

It has been said that Land Mortgage Banks have concentrated their attention on redemption of prior debts to the exclusion of loans for productive purpose. Though the loans were issued for redemption of prior debts, some of them were originally incurred for productive purposes like improvement of land. From statistics collected, it is seen that out of Rs. 380 lakhs lent up to 31-12-43 to pay off prior debts, a sum of Rs. 17.4 lakhs only had been originally borrowed for improvement of land. During the last two years, vigorous attempts were made to secure applications for land improvement loans. The primary banks have carried on propaganda in the villages advising agriculturists to take loans for improving their lands. The response, however, has not been encouraging. If the rate of interest is reduced we can expect a better response.

The great need for provision of irrigation facilities in dry areas cannot be over emphasised. In the more fortunate areas the main irrigation canals fed by rivers or tanks are provided by the Government and water is made available for irrigation at certain rates. In the less fortunate areas, where the only way of providing water for purposes of irrigation is the construction of wells, the agriculturist is left to make his own arrangements. Of course, through the Takkavi loans, the Government have been, to a small extent, financing ryots for constructing wells. When the ryot in the more fortunate area is provided with irrigation works, constructed at the cost of the Government, it is but reasonable, to expect them to extend similar help to the less fortunately placed. We have been anxious to lend moneys in dry areas for construction of wells for irrigation purposes, but have not been able to do much as the agriculturist is afraid to undertake such work, as it might end in his ruin, should the well prove a failure. It will not be asking too much of the Government to have a comprehensive plan to make subsoil water available for irrigation purposes. Government may give free use of the services of expert water diviners and engineers and the free use of power drills bearing also the charges of their working in deserving cases and thus help agriculturists to ascertain the possibilities of subsoil water before actually embarking on the construction of wells for irrigation purposes.

The Post-war Reconstruction Committee on Agriculture suggested that wherever possible, well digging should be accompanied by facilities for pumping by engines or by electric power. This is in line with the resolution passed at the last conference by which Government were requested to supply power to the agriculturists for pumping water for irrigation purposes. This does not seem to have received at the hands of the Government the attention it deserves.

I wish to emphasise that in the interests of the agricultural industry it is necessary that the Government should maintain a stable and remunerative price-level for the produce from the land. Otherwise, with the termination of the war, there is bound to be a great fall in the prices, bringing about great distress amongst the agriculturists of the province. They have hardly recovered from the evil effects of the last depression and it would be cruel to expose them to a spell of another depression even before they had time to recover. The fall in the prices of agricultural commodities is bound to affect adversely all other sections of the community as agriculture is the back-bone of our country. Finally I wish to stress that the policy

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of Government helping the agriculturists in all possible ways should be considered not in terms of money spent or lost but in terms of life and death.

In my address last year to the 14th Conference of Land Mortgage Banks, I referred to the advantages of investing surplus principal collections in the bank's own business, instead of continuing to invest the amount in the Sinking Fund accounts. We have not received the Government's orders on the subject. In the meanwhile the large surplus collections received during the last year have been invested in Government securities. The position of the Sinking Funds at the end of the last co-operative year was that instead of a sum of Rs. 27.50 lakhs as required in the Trust Deed, actually a sum of Rs. 78.20 lakhs was invested. At least a part of this excess could with great advantage have been utilised in the Bank's own business. I trust Government will pass early orders on the subject.

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Opening address of Sir Norman Strathie, K.C.I.E.

As Diwan Bahadur Rathnasabapathy Mudaliar has anticipated, I am very glad to renew my acquaintance with this sturdy child which I helped in its early years. Sir M. Ramachandra Rao, Mr. P. Sitaramayya, myself and a loyal band of workers, in those early days, did labour hard to see that the early loans were sound and that the bank was given a good start. I remember sitting up late at nights going through loan applications and threshing them out in that hot upstairs room in Mount Road on Saturday afternoons, when other people were at the Races. I used to concentrate on repaying capacity while Sir Ramachandra Rao devoted himself chiefly to the soundness of the security offered. I remember, there were very often complications and his great legal knowledge and carefulness were of inestimable value. I have often wondered whether all these early loans have proved sound, and hoped that none of them are included in the comparatively small overdues of Rs. 80,000 shown in your last report. When one thinks that we had so much work in issuing loans only from Rs. 5 to 6 lakhs per annum, one wonders how the Executive Committee dealt with loans of from Rs. 40 to 50 lakhs during the period from 1938 to 1941. Ever since those early days, though I have never had any connection with the Central Land Mortgage Bank, nor with my other child, the Co-operative Insurance Society, I have watched their progress with pride and satisfaction. I know that this bank of yours is passing through difficult times at the moment, through shortage of loan applications and advance repayments. But I am not seriously distressed. Through the wise policy adopted in the past, the bank is in a very strong position, able to stand a good deal of buffeting yet. Even in a year of poor business such as you are now considering, the year 1943-44, it has been able to put Rs. 42,000 to statutory reserve and to pay the maximum dividend of 4 per cent. You need not complain. You were created to wipe out agricultural indebtedness. Theoretically, from the very start it was obvious that if the bank succeeded, it must die, and the quicker it succeeded, the sooner it would die. All that has happened is that other factors, viz., the high prices obtained for agricultural produce are expediting the process of redemption. It is by no means certain that these factors will continue indefinitely to operate with the same force. When they cease to operate the bank's business will expand again. I would, therefore, advise that you can face the future with equanimity. There is no need yet to get unduly alarmed.

2. I now turn to some of the specific points raised by your President in his opening address. I cannot deal with them all.

He has again urged, as was urged at this time last year, that the margin between the borrowing and lending rates should be reduced from 3 to 2 per cent. You know the position at present. The bank is borrowing at 3 per cent and lending at 6 per cent. Diwan Bahadur says that the agriculturist is now borrowing from private parties at less than 6 per cent and he wants to reduce the bank's lending rate. Frankly, I beg leave to doubt whether the agriculturists are really borrowing on any large scale at less than 6 per cent. I know that

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your President's statement is based on material collected by the Sub-Registrars from the primary banks. But subsequent detailed enquiry by the Registrar showed that that material was not reliable. In 866 cases examined, 134 were stated to be of less than 6 per cent, that is, 15 per cent of the cases examined, but of these 134 it was found that in some cases, though 6 per cent was shown in the bonds, there was an understanding that interest should be paid at 8½ per cent. In other cases, the creditors were insisting on execution of mortgages with possession or were demanding lands, calculating the lease amounts so as to get even 15 per cent. I personally feel quite sure that there are very few agriculturists getting loans nowadays at 6 per cent and that a reduction in the bank's rate to 5½ per cent would not result in any appreciable increase in loan applications. The present level of prices encourages repayment, rather than borrowing and no reduction in the bank's rate, within the range of practical politics, will alter that position.

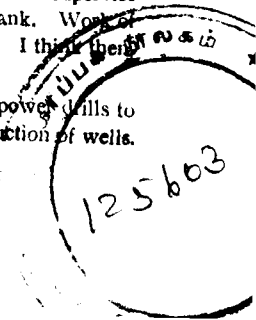
The Diwan Bahadur has urged that in view of the bank's strong position, there is no need to maintain this ratio of difference. It is true that you have now an owned capital, i.e., share capital plus reserves, amounting to Rs. 9.4 per cent of your borrowings. But you are still short of the 10 per cent limit which the Reserve Bank of India suggested as the criterion of stability. It is doubtful whether in the immediate future you will be able to build up reserves at the same rate as in the past. I would, therefore, advise that it is very desirable to hold on to your present margin for a little time longer till you have reached the 10 per cent recommended by the best experts we have.

Assuming that you do accept the position that your reserves must be built up a little more, I do not see how you can do it with a smaller margin, unless indeed the Government contribute more to the bank—a point with which I shall deal shortly. I see no opportunity for any great economy in staff or in working expenses. You might certainly reduce the dividends a little. The shareholders are lucky in getting 4 per cent on what is practically a guilt-edged security. But this reduction would, by itself, not enable you to reduce the lending rate.

3. Next, your President refers to the standing grievance that the Government are collecting the cost of their officers employed for land mortgage bank work, while the cost of officers doing the work of other co-operative societies is met by Government. The position is that 3 Deputy Registrars of the Co-operative Department are employed for the Central Land Mortgage Bank and 30 Sub-Registrars for the Primary banks. The Central Bank bears the cost of the 3 Deputy Registrars and half the cost of the 30 Sub-Registrars, Government bearing the other half. It was not always so. In the early days, in my days, Government bore the whole cost of the staff. That was at a time when the bank could not have carried on without such a help. There was every justification then for the Government making a contribution from the moneys of the general tax payer to give this beneficent institution a start. I would not admit that the same justification exists now. The bank is a business institution and should be able to stand on its own legs. The case of this land mortgage staff is not the same as that of the general body of co-operative societies. In their case, except for new institutions, and ones that obviously need help, the co-operative staff are only fulfilling the general Government duty of inspection, supervision and control. They are not actually carrying on the work of the societies. The Sub-Registrars allotted to primary land mortgage banks are solely engaged in the investigation of loan applications, scrutinising of titles, gathering soil and lease statistics, appraising the land and gauging the repaying capacity of the applicants for loans. They also revalue properties mortgaged with the bank periodically and see that the amounts lent have been properly utilised. The three Deputy Registrars are to supervise the work of the Sub-Registrars and safeguard the interests of the Central Bank. Work of such a purely administrative nature is not done in the case of other societies, I think, and that this claim for increased subsidy is not justified.

4. The Diwan Bahadur has referred to the need for a better supply of power drills to ascertain the possibilities of sub-soil water before ryots embark on the construction of wells.

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We have an Industrial Engineering branch of the Department of Industries and Commerce with this very object. Thousands of borings have been made all over the Presidency and advice is being given to agriculturists. Bore hole maps have been prepared for various districts and the results have been tabulated with the survey conducted by the Geological Department of the Government of India. We would gladly extend these facilities, but at present the number of boring sets is limited and there is a great demand for them to investigate schemes connected with the "Grow More Food" campaign and the colonization proposals for demobilised soldiers. We are doing our best to increase the supplies of necessary equipment.

5. Reference has also been made to the desirability of increasing the facilities for electric pumping for irrigation. I can assure you all that the Chief Engineer for Electricity is fully aware of the need for this. He has done and is doing all he can but he is hampered by short supplies of plant and equipment. He has been receiving many applications especially since the price of draught bulls rose so high and he is doing his best to supply that. He has definitely stated that no one is refused electric supply if it can possibly be given.

6. Lastly, I would refer to the request that you should be given powers to invest advance collections on fresh loans instead of taking them to the sinking fund and investing them on Government securities earning a lower rate of interest. On this point, the Registrar has reported that there is likely to be little demand for such short term loans. The problem is not an easy one. The Government hope to be able to issue orders on your request shortly.

Now I must get on to my main business of declaring this conference open and then, if you will excuse, I must leave you and get back to the "multifarious activities" mentioned by the President. In doing so, I would only say again how glad I am to have had this opportunity of renewing old friendships and I would express the hope that the business of to-day and to-morrow and all your future business will be carried on in that same spirit which has actuated all your dealings in the past. I know that in my day, the whole body of Directors were a united band with one object before them—to help the agriculturists, and so far as I have heard, that has been the attitude throughout. In the Central Land Mortgage Bank, there have been no personal jealousies or factions. You have always thought not 'who is right', but 'what is right'. That is the spirit we need to face the difficulties of the future.

Speech of Mr. S. V. Ramamurthi, I.C.S., C.I.E., Adviser to His Excellency, the Governor of Madras, in connection with the unveiling of the portrait of the late Mr. V. Ramadas Pantulu on 10-2-45.

It is kind of the Co-operative Central Land Mortgage Bank, Madras, to have invited me to unveil the portrait of the late Mr. V. Ramadas Pantulu. For the greater part of the last quarter of a century, Mr. Ramadas dominated co-operation in this Presidency, both as President of the Provincial Co-operative Union and the Provincial Co-operative Bank. He was the acknowledged unofficial leader of Co-operation in this Province. The progress of the Movement bore largely his impression. He became further the recognised leader in all India Co-operation, loved and revered outside Madras under the generic title of Mr. Pantulu. His guidance was sought by many a Province and State. He edited the Indian Co-operative Review. His eminence in India was acknowledged in International Co-operation. Truly Mr. Ramdas has won his title as a great Co-operator of India.

The Co-operative movement in Madras owes much to lawyer-co-operators. I would mention four such leaders—Mr. Ramdas and Mr. M. Ramachandra Rao from the north and Mr. T. Ramalingam and your own Chairman Mr. C. S. Rathnasabapathy from the south. It seems to me natural that lawyers should develop as co-operators. Law and co-operation are akin to each other and correct each other. Both seek a balanced life. Their appeal is universal and not partisan. Law works through the cold intellect. Co-operation works

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through the warm emotions. Law is static. Co-operation is dynamic. Law and Co-operation have the same vision of society. But to this vision, Co-operation adds faith and action. Co-operation indeed has the union of the three yogas—Jnana, Bhakthi and Karma, Vision, Faith and Action. Lawyers who feel dissatisfied with the cold life of law find satisfaction for both head and heart in co-operation. Hence perhaps we can understand the almost religious fervour which we find in the true co-operators. Such fervour was certainly found in Mr. Ramadas. He gave up his lucrative practice in law for his co-operative career. He gave up even political leadership and while he remained a congressman by persuasion, he was a co-operator in active life.

How do men become leaders? Leadership grows in two ways—from within and from without. The former is of the nature of immanence, the latter of transcendence. The sanction for the former is truth; that for the latter, power—be it of position or personality. In India the traditional growth of leadership is of the former variety. Leaders lead because of their quality, their nature, the truth that is in them. They express some of the contents of our own selves. Each of us is a world of instincts and concepts, memories and longings. A leader incarnates some common measure of ourselves. What is it in India that Mr. Ramadas as a co-operative leader incarnated?

Co-operation needs two to co-operate. Yet the two operate as if they were one. Co-operation has thus a dual nature—diversity and unity. This duality is at the very basis of human life. Both in body and in mind, men have our sides. This duality of human nature finds its reconciliation in co-operation—of man with man, of all men with each man. Like co-operation democracy too has a dual nature. Democracy is not merely the freedom of each man but even more, it is the reconciliation of the freedom of each with the freedom of all. Each and all are two sides of the same concept. In the union of co-operation and democracy, we shall perhaps find an idealogy which suits the Indian genius more than individualism or communism. India needs a modern form for its ancient concept of Dharma which is neither individual right nor social duty but a synthesis of both. In the progress of co-operation and democracy in India, I see the reincarnation of an Indian concept in a modern European form. It seems to me that Mr. Ramadas has won his place as a great leader because he was a pioneer of this reincarnation.

It has often been said of the co-operative movement in India that it is largely a credit movement. But credit societies have been the nurseries for raising co-operative seedlings. Co-operation bids fair to cover broad fields of economic life in India. The Government of Madras have adopted with success the co-operative principle for land tenure. Land is assigned to co-operative societies, so that its members who retain their rights while they function as members of the society, get a right to the use of the land but not a right to the land itself. Function thus takes the place of status. Co-operation has been under the influence of War been applied to procurement of food. Co-operative Marketing Societies have begun to work with success and on a large scale in several districts. In distribution, the development of co-operative stores societies have been remarkably rapid in the last two years. In Industry, co-operation has been applied to cottage industries. But it bids fair to be applied to large industries too, where public control and private enterprise may function together to mutual advantage.

It is thus a large vista which co-operation in which Mr. Ramadas was a pioneer and great leader opens up for India. With conflicting ideologies taking up a militant stand in the world, it needs courage and faith on the part of India to pin its hopes to an ideology true to its own genius. Men who establish this faith in modern forms are among the makers of an India, old yet new.

In Mr. Ramadas, Madras and India generally have had the good fortune to find such a leader. May his portrait serve long as an inspiration to co-operators.

Recent Utterances.

THE TWELFTH ALL-COORG PROVINCIAL CO-OPERATIVE CONFERENCE.

*Extracts from the Presidential Address
By Rao Saheb Dr. B. V. Narayanaswami Naidu.*

Co-operation is the challenge of the small farmer and the isolated and powerless individual to the threat of capitalistic tyranny and exploitation. Co-operation is an offshoot of the "live and let live" policy of the State. Capitalism by its very nature placed the consumer at the mercy of the middleman who demanded high prices for inferior goods so as to maximise his own emoluments. Industrialism widened the rift between the farmer and his markets and made it difficult for the agricultural producer to secure a fair price for his goods or obtain articles of consumption at a just cost. So sheer necessity drove the farmers to constitute various forms of co-operative effort by which they could unitedly resist the onslaught of cut-throat competition and capitalistic exploitation. Thus originated agricultural co-operation. In a similar way industrial workers organised consumers' co-operative societies by which they could set aside the middlemen and straight away obtain materials for domestic use at wholesale prices. Co-operation, therefore, means the abandonment of competition in distribution and production and the elimination of middlemen of all kinds. It is a special form of economic organisation in which individuals voluntarily work together in mutual help with a view to realise the higher and more prosperous standard of life which has been characterized as "better business, better farming and better living". The association is for securing a common economic end and in as much as it is the result of co-operative endeavour, it is the sublime symbol of the noblest economic idealism. But it has not the tinge of political complexion. Co-operation is the direct answer to the threat of economic iniquity in so far as it seeks to buttress the weak and the poor individual against the menace of capitalistic oppression. But then it does not breed classwar. It is an innocuous institution fostering self-help, economy and mutual confidence among the poor and the needy. It blends business with ethics, thus breathing into our present economic system a spirit of commercial integrity. So the hall-mark of the co-operative organisation is the fusion of the moral and the material aspects. Economic betterment as well as moral uplift is the aim of co-operation. The material advantages accruing to the constituents of the co-operative movement are the outcome of selfless common service. If capitalism encourages the sordid profit motive, co-operation encourages mutual assistance that makes possible the attainment of material advancement even by the poor and the powerless. If capitalism permits cut-throat competition, co-operation nurses concerted action which in its turn creates self-reliance. Thus in rendering self-help effective through organisation co-operation ennoble the character and elevates the moral tone of business activity and promotes the development of a feeling of "all for each and each for all" among the people. Co-operation is often mixed up with Socialism. Socialism is apparently at variance with capitalism, but in fact whether in the collectivist order in which the State is the owner of all capital and industry or in the communist order in which there is absolute equality of return to all workers, it is difficult to keep away the dangers of capitalism which co-operation is at pains to avoid through mutual trust, mutual knowledge and mutual help. In collectivism, which means state-ownership of capital, individual initiative is paralysed, extravagance replaces saving and the incentive to independent and efficient organisation is likely to be lost. In communism which means a colossal centralised control of capital there is really no true equality of workers either because some among the workers may be idlers and wastrels or because they may fail to reach that high personal standard which alone can maintain an effective equality. Accordingly even Socialism which has to maintain capital cannot escape the disastrous effects of competition and exploitation through middlemen. But co-operation, by binding men together, teaches them self-reliance and gives them independence. While collectivism would depose the capitalist only to exalt the bureaucrat, thus

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leaving the worker as dependent as before, co-operation would make him his own master and render capitalistic abuses impossible. Co-operation, unlike collectivism does not aim at the expropriation of vested interests. It defrauds no man, neither does it cripple the nation with any scheme of wholesale compensation. Unlike capitalism, co-operation does not primarily aim at profits, so that efficiency and service are preferred to merely monetary balances. Co-operation, by substituting for the self-interest of an individual or a small group of individuals the interest of the whole community of workers puts each worker in the position of being, in a sense, his own master and secures a higher standard of work, since he receives his proportionate share of the proceeds in full. Therefore, the co-operative movement is a potential social weapon by which the less privileged and the less circumstanced combat the evils of industrial capitalism and win for their benefit all the material, intellectual and moral advantages of a modern civilisation.

The development of co-operation has varied in accordance with differences as between countries. Thus it began as credit co-operation in Germany, it originated as productive co-operation in Denmark; it sprang up as consumer's co-operation in Britain; and in Canada it was co-operative marketing that was dominant. But in the present epoch co-operation has invaded every sphere of human activity in its battle against the profiteering capitalist and has given proof of its being an efficacious prophylactic for the anti-social evils of competitive rivalries and self-centred exploitation.

In India, the principles of co-operation may be discerned in the joint family and the framework of the caste system which have maintained their stand in our society from very early times. But in a technical sense co-operation is a business concept recently evolved by the West. It was the Government that ushered into our country the co-operative movement for the first time in 1904. The movement was initiated as a credit movement in order to save the poor farmers from the stranglehold of usurious money-lenders and give them loans with which they could redeem their debts, carry on current agricultural operations or tide over crises in times of bad harvests. A review of the progress of the Movement from 1904 onwards shows how the development has been phenomenal, more than fulfilling the expectations of its promoters. In Madras the new scheme had struck such deep root that rural credit societies still represent above 90 per cent of the total number. The rest of the co-operative organisations represent the agricultural and animal industries, cottage industries, marketing, sale, etc.

Looking at the progress of the non-credit co-operative movement, agricultural non-credit societies strike us as being the more numerous among such societies. In a country like ours where the agricultural occupation is the most predominant one, engaging not less than 90 per cent of India's teeming millions, the onerous burden of indebtedness has been a deadweight crushing down the poor cultivators whose conditions of living beggar description. This deplorable plight of the people cannot escape the observation of the governing authorities. It was the sagacious prescience of the Government then in power that initiated co-operation in our country to tackle a pressing problem. The credit facilities now provided by the co-operative movement to farmers cover but a very small proportion of their requirements. We have already seen that neither socialism nor communism can be a panacea for the afflictions and miseries of the agriculturists. Co-operation alone can rise equal to the colossal task of ridding the peasantry of its load of indebtedness by providing cheap credit and also at the same time it can open the eyes of the agriculturists to the value of such qualities as self-help and thrift by which further indebtedness can be averted. However the fact remains that the agriculturist debtor has not fully benefited by the services of co-operation; for in spite of the remarkable progress of the co-operative movement in Madras, not more than a tenth of our population have been influenced by its impact and even they have not derived the fullest advantage from it.

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Co-operation divorced from honesty is a sham and runs counter to the accepted principles on which the Movement rests. I have myself emphasised, while writing in 1933 on the progress of co-operation in Madras, that "faction, favouritism and nepotism have no place in the economy of co-operation" and that "incompetence and dishonesty must be cut off with a ruthless hand if the Movement should have a strong and healthy growth." Party rivalries and differences should not tarnish the selfless service, expected of the co-operators, in the cause of agricultural uplift. As the Madras report on the working of co-operative societies for 1940 rightly observes, the success of the co-operative movement lies "in a real change of heart among the members of societies." However vigilant and watchful the Registrar and his subordinate staff be, the deterioration of the Movement consequent upon the insincerity and remissness, prevalent within, cannot be checked. If co-operation is to pave the way for the regeneration of agriculture and the attainment of a better standard of living every society should fortify its leadership as well as membership with the strength of integrity. Dilatoriness, negligence, inelasticity, inefficiency of control and such other glaring defects impeding the successful working of the Movement are the inevitable concomitants of the want of basic uprightness on the part of the members. Unless rectitude as a moral truism is followed in actual practice by the co-operators, and unless the faults and misdemeanours of the members are condemned and checked by the sponsors of the Movement, no amount of lip service can help the progress of co-operation. On the contrary, the Movement will before long end in a despicable fiasco, apart from its continuing to remain only as a mirage.

At the beginning I referred to the co-operative movement as a voluntary association; but in relation to our country wherein we find the appalling illiteracy of more than 85 per cent of the population, such a definition cannot hold good. Co-operation bases itself not only on integrity of character but on popular will for the creation of which it behoves the leaders of the Movement to address themselves to the task of liquidating the palpable illiteracy of the masses and training them as true citizens with a keen and live sense of their social progress. In general it can become a reality only in a country in which every individual, whether he be rich or poor has a deep insight into the psychology of united effort, correctly appreciates the good things of life, and is inspired by the high-souled motives of self-effort and altruism; we should strive hard in every direction to dispel the gloomy clouds of ignorance and conservatism in which the masses of our country are enveloped and to educate them in such a way as to enable them to participate in all social activities. I will be mere persiflage to talk of the achievements of the present system of education; for it is an admitted fact that all that our present educational scheme has done amounts only to a scratching of the surface.

Besides general education, there is another factor of importance that has been rightly emphasised by various committees on co-operation and that is well directed propaganda, the value of which in rousing popular fervour and zest for co-operative leadership can hardly be exaggerated. But then the practical value of propaganda has a direct bearing upon how far the public have been educated in the basic principles of the co-operative organisation. Special training is a pre-requisite for the success of a specialised work like co-operation. Though official and non-official sources have imparted guidance and training in this direction, a centralised institution for the purpose is absolutely essential for producing skilled officials and leaders who will see to it that the members of co-operative societies are equipped with the necessary knowledge of the fundamental co-operative principles. The organisation of the central institution should be on the same lines as any other educational institution for professional training like the Medical College or the Engineering College. I am at one with the suggestion made by the Madras Committee on Co-operation that only as a Government managed institution can the central college secure the services of talented teachers with a public spirit untrammelled by extraneous interference.

In this connection reference may be made to the subject of Government control of the co-operative societies. It has been contended by some renowned sponsors of co-operation that if non-official initiative and enterprise are not to be discountenanced official control must be relaxed. Co-operative freedom alone can enthuse and enkindle a keener sense of responsibility among the non-official co-operators. While I proclaim myself as an ardent votary of democratic idealism in co-operation, I am firmly of conviction that the extent social conditions such as the ignorance, the apathy and the reluctance of the rural population require a certain amount of governmental supervision and control, more in the nature of a spontaneous co-operation with the non-official agencies. There should be a harmonious correlation of their work that will be to the best interests of the movement. In course of time, with the dissemination of the co-operative ideals through adequate education among the people, the need for official control will be less felt. So then on the one hand it is incumbent upon the non-officials to canalise their efforts in the direction of educating the illiterate agriculturists through lectures and propaganda in order to inculcate in them a proper sense of appreciation of the value of co-operation. On the other it is equally incumbent upon the officials to popularise the movement more and more and at the same time be argus-eyed so as to stamp out ruthlessly dishonesty, misappropriation, and favouritism wherever it may exist.

The co-operative movement in Coorg has made steady progress from its inception in 1904. Taking the movement as a whole you had in the year 1930-31, two hundred and thirty-nine societies with a membership of 14,037; paid up share capital of Rs. 2.49 lakhs and a working capital of Rs. 5.43 lakhs. By the year 1938-39, that is just before the outbreak of the present war, the number of societies increased to 286; membership to 19,988; paid up share capital to Rs. 3.4 lakhs and working capital to Rs. 14.25 lakhs. As is the case elsewhere in India the present war has given a stimulus to the growth of the movement in Coorg also and the progress made by you in the years since the outbreak of the war has no relation to the progress made by you prior to 1938-39, as is evidenced by the following figures. You had 306 societies of all types with a membership of 25,680 and a working capital of Rs. 17.11 lakhs at the end of the year 1942-43 and certainly the increase of 30 in the number of societies, 5,692 in membership and Rs. 2.86 lakhs in working capital is not a mean achievement in three years. The owned capital of the societies formed over 50 per cent of the working capital and is creditworthy. I note with great satisfaction that there has been a further increase in the number of societies, membership and their working capital which is more than twice that of last year's. You have at present 315 societies with a membership of about 30,000 and a working capital of nearly Rs. 20 lakhs. The percentage of collections to demand increased from 75.33 in 1941-42 to 84.51 in 1942-43. As this increase in collections is attributed largely to the present high ruling prices of agricultural commodities, I believe the collections have recorded a further increase in the following year. The audit classification of your societies disclosed that 170 societies were in class A, 100 in class B and 30 in class C, out of the total number of 303 societies audited by the end of the year 1942-43, while only 3 societies were considered to be very bad. This is certainly proof of the soundness of your movement and testifies to the efficiency and care with which the societies are fostered. I am extremely happy to find that the Movement has covered all the 274 revenue villages scattered over the area of 130,000 acres and is serving about 80 per cent. of the 168,000 inhabitants in the province, reckoning one member to represent a family of five members. From the manner in which you are progressing it is needless to say that you are on the way to achieve greater results in the near future by expanding your Movement in all directions so as to bring the whole population of the province under co-operative influence and confer the benefits of co-operation on the rich and the poor alike.

Your Co-operative Central Bank is virtually the apex bank of the province and is the chief financing agency of the Movement in Coorg. After another year's successful working

the share capital of the bank stood at nearly Rs. 80,000 and the working capital at Rs. 7.39 lakhs. It is a pleasure to find that the bulk of the working capital of the bank is derived from deposits which constituted nearly 80 per cent while deposits from individuals taken alone constituted nearly 50 per cent. This is evidence of the extent of confidence and patronage enjoyed by the bank at the hands of the public. I learn that the working capital of the bank has since increased to Rs. 10 lakhs. The bank disbursed loans to societies during the year 1942-43 to the tune of Rs. 2.26 lakhs. The percentage of collections to demand which was 87.13 in 1941-42 improved to 93 in 1942-43. Not only there has been a rise in the percentage of collection to demand but there are also advance repayments which amounted to about Rs. 85,000 in 1942-43. It is perhaps owing to experience gained all these years that you have now thought fit to open a separate long-term branch in your Central Bank for dispensing mortgage credit up to a period of 20 years. I hope the scheme that has been submitted to the Government for examination would be approved and the proposal for opening the long-term branch of the bank would soon materialise to so finance the credit societies as to enable them to dispense mortgage credit for longer periods and in a more efficient manner.

You had at the end of the year 1942-43, 180 agricultural cash-credit societies with at membership of 12,281, paid up share capital of Rs. 2.23 lakhs and a working capital of Rs. 12.05 lakhs. The percentage of owned capital to working capital worked out to 51.71. During the year 1942-43 the societies made loans to the extent of nearly 3.5 lakhs. It is gratifying to note that nearly 66 per cent. of the total number of loans disbursed by primary credit societies were for Rs. 50 and below. The amount of loans outstanding against members at the close of the year was Rs. 9.32 lakhs and the percentage of collections to demand was as high as 83.46. The one peculiar feature of the working of your credit societies is that every one of your 180 societies is a miniature land mortgage bank and that it makes loans to members for periods not more than 10 years. It is agreed on all hands that the financial needs of agriculturists are many and varied and that the agriculturists require credit for periods longer than 10 years also. So land mortgage credit in your province remains to be developed still so as to finance the agriculturist to enable him to meet all his demands without creating to him the necessity of approaching the village money-lender for finance under any circumstances. It is a matter of satisfaction for me to find that the rate of interest charged on loans to members ranged from $7\frac{1}{2}$ to $8\frac{1}{2}$ per cent, while a few societies charged as low as 5 to $6\frac{1}{2}$ per cent. I hope that with the establishment of a long-term section of your Central Bank all the societies will find it possible to reduce the lending rate of interest to members to 5 per cent. One peculiar feature of the working of your societies is that almost every society has been running a death fund for its members to which the dividend amounts were also added.

The development and working of your grain banks of which you had at the end of the year 1942-43 seventy-eight with a membership of 5,467 and a working capital of Rs. 68,050 calculated at Rs. 3 per batti of 80 seers, is more than of ordinary interest to co-operators outside Coorg. Organised in 1914-1915 your grain banks, which have been developed on sound lines, contributed to the steady elimination of Mappillas who for years dominated the field for the supply of rural finance in Coorg. And now perhaps your grain banks have taken over completely the financing of the poorer classes of the population in your province. They disbursed during the year 1942-43 Rs. 49,900 worth of paddy as loans to members. The percentage of collections was high and stood at 87.26. The outstandings against members at the close of the year was Rs. 34,004 worth of paddy. But I personally feel that the rate of interest charged on loans which varied from $12\frac{1}{2}$ to 20 per cent is high and hope you will make all efforts to advance at lower rates of interest.

I am interested to find that you have not altogether overlooked the development of the non-credit side of the Movement. You had as many as 10 credit societies at the end of the

year 1942-43 which undertook multi-purpose activities and I learn that some of the other well-managed societies also undertook multi-purpose activities such as arranging for joint purchase and sale of the requirements of members. Also you have developed co-operative marketing considerably and you had 16 societies working at the end of the year 1942-43 for marketing of agricultural produce. The Coorg Provincial Co-operative Marketing Federation which was organized only a year ago with the main object of co-ordinating the activities of all marketing societies and stores in your province did a business of Rs. 25 lakhs and earned a net profit of about Rs. 30,000 in a year's working and is commendable. The start is encouraging and holds out promise for the future development of co-operative marketing in your province. Your Honey and Wax Producers' Co-operative Society through the efforts of which Coorg honey has earned great reputation all over the country and your orange growers' Co-operative Society which was started recently deserve special mention, among your marketing societies. I hope, with the materialisation of the scheme which I understand is under examination by your Registrar for the extraction and preservation of orange juice, your Orange Growers' Co-operative Society will soon come into prominence and occupy a unique position.

Your consumers' movement is no small one. You had 6 students' stores, 1 teachers' store and 5 cloth and provisions stores with an aggregate working capital of Rs. 1.25 lakhs. The Teachers' Co-operative Store at Virajpet the silver jubilee of which was celebrated last year and which owns a building and a printing press with a membership of 267 is an outstanding example of the successful working of store movement in your province. Another pleasing feature of your Movement is the active part the women are taking. It is gratifying to note that the three women members who are deputed by the Mahila Co-operative Society were appointed as women co-operative organisers and that another lady candidate has been sent to Mysore to undergo training in the nursery school work.

Let me take this opportunity to pay my tribute to the various non-officials who have been working enthusiastically for developing this Movement in Coorg. You have, indeed, a very energetic and enthusiastic Registrar who has been doing yeoman service for this movement. May I take this opportunity on my behalf and your own to congratulate him and his staff for the good work they have turned out.

Co-operation and Post-war Reconstruction.

Post-war reconstruction has come to occupy the foremost place in all public discussions to-day. After the last gun has ceased to fire, when the war-time economy requires to be adapted for peacetime uses, numerous problems would arise that would require immediate solution if an economic catastrophe of post-war slump is to be averted. That is why even now when final victory of the United Nations is in sight, national as well as international planning for reconstruction and rehabilitation is engaging the serious attention of Governments and the people. It is of fundamental significance that any such scheme of post-war reconstruction must be based on sound economic principles. Unfettered private enterprise must be avoided as much as complete and throughgoing regimentation of economic activities by the state. Basic and heavy industries may require vast capital, the development of which may be undertaken by the state or by the state or by private capitalists under strict state control. But small scale industries should not be kept in an unorganised condition. It is in the encouragement of such industries co-operation has a great role to play. In Japan 60 to 70 per cent of the industrial workers are employed in domestic industries, each factory employing only about 10 persons. The scope for organising industry on this pattern is wide and unlimited in Coorg as well as it is in the whole country.

Among the post-war problems agricultural and industrial regeneration deserves to be given a top place. The minutely subdivided and fragmented condition of agriculture is

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widely deplored; this curse of Indian agriculture can be eradicated only by the introduction of co-operative farms. Hence inculcation of the spirit of co-operation in matters of production and sale should be more widely diffused than it is at present. The administration should work in this field with a pioneer and missionary zeal and all the departments of state—agriculture, veterinary, public works and finance—should co-ordinate in the uplift of agriculture from its present sad predicament. The widely felt shortage of food in this country and the prevailing high price level have supplied a favourable psychological set-up among the agriculturists of this country. This congenial attitude of the agriculturists towards constructive effort must be fully utilised by a vigorous re-organisation of agriculture.

It is common knowledge that the agriculturists are faced with involuntary idleness for more than six months in a year. No scheme of reconstruction can afford to leave this vast amount of human resources in idleness. Proper utilisation of this human material must be an important plank in any programme. But the obstacles in the way are lack of organisation, dearth of capital and shortage of technical skill, all of which can be overcome by means of co-operation and State help. Organisation, co-operation can supply; capital must be forthcoming in the form of Government subsidies and technical skill must be given in special regional institutes located in towns accessible to the villagers. In this connection such of the demobilised soldiers who have acquired technical skill can be of service.

After the formulation of these broad principles involved in the utilisation of the co-operative ideal in the post-war reconstruction planning, I may now point out some of the small scale industries that may be profitably started in Coorg. In the adjacent province of Madras co-operation has made some headway in the promotion of small scale industry. To-day we find there cotton spinning and weaving, dyeing and printing, manufacture of fancy articles and toys, fibre, glass and bangles, mat and metal industries, oils, soaps and perfumes, wood carving and cabinet making and wool industry organised to a limited extent on co-operative basis. Your area is rich in wood, lac and other forest produce which can supply raw materials for the setting up of cabinet making, wood carving and bangles and toy industries. Oils can be extracted; soaps and perfumes can be manufactured. The prospect of wool and silk industry is also bright. The establishment of all these industries all over Coorg will give a corrective to the economic structure which is now too much based on agriculture and plantation. It will result both in diversification of industries and in harnessing the idle resources of Coorg that go to waste now.

In achieving this end, the State has to evince a direct interest. Finance, supervision, regulation, direction and control will have to come from the Government in the initial stage. The people must be so well educated in the blessings of these subsidiary industries that they may themselves generate the necessary momentum to carry on the work independently and without State aid. Further the Government should provide cheap power in the form of electricity in which case every home in Coorg will hum with productive activity, bringing prosperity and good cheer to every individual in the society.

The State must also provide the cottage industrial co-operatives with cheap mechanical appliances. For this purpose, the establishment of co-operative workshops by the demobilised soldiers with technical skill must be widely encouraged. In that case the technical personnel would also not relapse into unskilled workers due to lack of exercising their recently acquired faculties but also provide the subsidiary industries with the necessary tools. Wood is plentiful here; iron can be imported from the adjacent state of Mysore. Not only small workshops manufacturing simple instruments and implements but also repair shops must be set up all over the area. In starting these work and repair shops, the State will have to supply finance as well as other facilities.

RECENT UTTERANCES

Lastly I do not want to close without referring to the potentialities of women's co-operative societies. They can very usefully engage themselves in tailoring and needlework, embroidery, preparation of pickles, making of pappadams, doll-making, crochet, lace-making, and stitching of leaf plates. The women of Coorg, I am sure, will take to these kinds of dainty work with enthusiasm. They require only guidance and it should, let me repeat come from the Government.

In all these endeavours co-operation has a distinct part to play. From the Indian Industrial Commission of 1916-18 down to the authors of Bombay Plan, all public committees and private individuals have harped on the valuable service that can be rendered by co-operation in the economic regeneration of this country. Let me also add my feeble voice to the chorus of opinion on the significance of co-operative enterprise in the national economy.

The Madras Provincial Co-operative Union
Esplanade, Madras.

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A Committee will Judge the essay and award the prizes. The prize essay will be printed in the Madras Journal of Co-operation if space permits.

Essays should be sent to: V. VIYYANNA, B.A., B.L.,
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தவணைத்தாள்.

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