

The
Madras Journal of Co-operation

VOL XXXVII

NO 5

2
November 1945

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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.

NOVEMBER 1945.

No. 5, VOL. XXXVII

PRICE 8 AS. NET

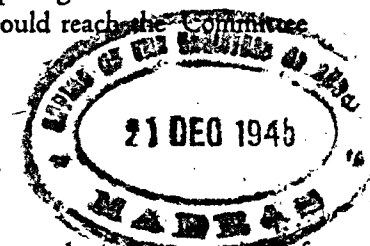
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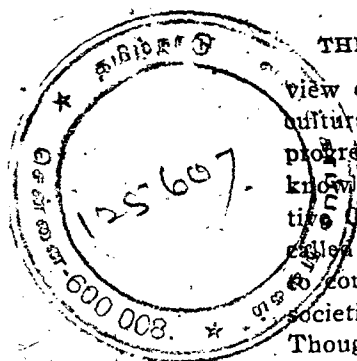
Editorial Notes.

Nature of Liability:

No scheme of development can afford to neglect the question of the liability on which the societies should be organised. We have already referred to multi-purpose societies and the basis on which they should be organised. But the allegation that the enforcement of unlimited liability has scared away a large section of the rural population which has some stake, has been made time and again though facts and figures do not show the validity of the contention. However, there is a growing tendency not to ignore the existence of this feeling as complete denial of every consideration to it, may have in the future consequences not envisaged till now. The Bombay Co-operative Banks' Association has given some thought to the subject. It invited the opinions of central financing agencies and formulated its considered opinion which it has forwarded to the Provincial Co-operative Institute. Lest we may even unconsciously fail to bring out its view-point we shall reproduce the salient portion of a letter addressed by the Banks' Association to the Provincial Co-operative Institute in view of the importance of the subject.

In the opinion of the Executive Committee, no change should be made in the form of liability adopted by existing societies. But the law should be so changed as to empower the Registrar, if it is necessary, to register agricultural credit societies with limited liability. This will involve an amendment of section 5 (2) of the Bombay Co-operative Societies Act. In



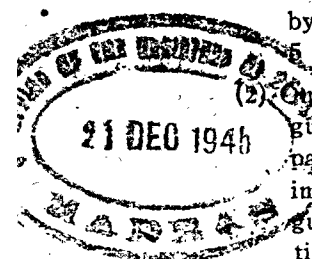


THE MADRAS JOURNAL OF CO-OPERATION

view of the experience that we had of the working of agricultural credit societies with unlimited liability and the progress that has been made in the diffusion of a general knowledge of co-operative principles and practice, the Executive Committee believes that such a change will not be un-
desirable for. While the present form of liability may be allowed to continue ordinarily, it should be open to those who form societies to organize them on the basis of limited liability. Though the Committee does not find that unlimited liability has operated harshly in practice—there having been few occasions for its enforcement—it is true that in some areas and among certain classes there is hesitation to join agricultural credit societies because of the fear entertained by well-to-do persons of their being made jointly and severally liable for the debts of the societies. Where this sentiment is strong and where there is a general disinclination to form societies with unlimited liability permission to adopt limited liability may have to be granted; otherwise, it may not be possible to find the requisite personnel for the management of societies and hence societies may either not be brought into existence or may be started on unsound foundations. At the same time, the Executive Committee would emphasise that care has to be taken to see that the acceptance of limited liability does not prevent the benefit of co-operative credit being derived by persons of small means possessing little or no landed property. In this connection, the Committee would invite your attention to the restrictions that are likely to be imposed on the grant of loans to such members as will be evident from the accompanying memorandum issued by the co-operative Department. In the second place, the Committee suggests that where limited liability is adopted, the bye-laws should provide for the building up of a substantial share capital by prescribing for the collection of share payments annually. Thirdly, the Committee believes that it may be difficult for agricultural credit societies with limited liability to command sufficient credit, at least in the earlier stages of their working to enable them to provide adequate finance for their members. Hence, the Committee recommends the introduction of a system of multiple liability or a guarantee such as is a common feature of the working of agricultural societies of various types in certain European countries. The alternative methods by which this object can be secured are as under:—

- (1) The liability of members should not be limited to the amount, if any, remaining unpaid on the shares held

EDITORIAL NOTES



by them, but should represent a multiple, say, upto 5 times the value of the fully paid-up shares.

On admission to a society, a member may assume a guarantee for the debts of the society limited to a particular figure more or less based on them encumbered immovable property held by him so that such a guarantee can become effective in the event of liquidation. (Attention is invited in this connection to clause 4 of the Bill to amend the Bombay Co-operative Societies Act—No. XXXII of 1939.)

Lastly, the Committee would observe that the adoption of limited liability may well be recommended in future for: (i) societies covering more villages than one; (ii) societies combining multiple functions and combining credit operations with supply and sale and the introduction of better-farming; (iii) societies specializing in grant of credit on tangible security such as mortgage of lands and/or crops, and the pledge of agricultural produce,

There is a lacuna in the communication to which we wish to draw the attention of our readers. The Executive Committee of the Association would emphasize that care has to be taken to see that the acceptance of limited liability does not prevent the benefit of co-operative credit being derived by persons of small means possessing little or no landed property. They do not state the compensating circumstances for its acceptance. How co-operative credit is to be ensured to this class of population, it is not stated. How care should be exercised to prevent denial of credit to persons with little or no means to offer as security except perhaps their character and ability to produce? We venture to submit the fundamental basis of co-operation "*Each for all, and All for each*" is seriously violated by the acceptance of limited liability. It is only the fortunate few who will secure the benefit of co-operative credit. The case for unlimited liability has been admirably summarised by Sri T. A. Ramalingam Chettiar in his valuable note to the Planning Committee which we commend to the notice of co-operators.

If unlimited liability was given up, the rural credit societies can lend money only on property security and this will lead to those who cannot give visible security for their loans leaving the societies. A very large majority of the people cannot give security and the societies will therefore have to contract their activities instead of expanding them. We have been complaining that not even 5 per cent of the people have come

into the Movement so far. Giving up unlimited liability will make it impossible to admit more members. The Central Banks also will not freely lend to the very large number of rural societies affiliated to them distributed over a wide area if unlimited liability is taken away. Unlimited liability is after all a reserve liability and the existence of it ensures in most cases good management. The Central Banks which finance these societies will also suffer as the depositors will be reluctant to place their money in banks which depend for their safety not on the efficient or goodness of their own administration but on the efficient and good administration of numerous societies distributed over a wide area. I am firmly of opinion that the introduction of limited liability in rural societies will very seriously affect the well-being and the expansion of the movement.

However we cannot afford to overlook the fact that the enforcement of unlimited liability, which, in the words of Sri Ramalingam Chettiar is only a reserve liability, has serious effects on the Movement. We are aware of instances in which it has worked to serious disadvantage of some members who had no voice at all in sanctioning and disbursing loans. It is suggested in certain quarters those responsible for indiscriminate distribution of loans and do not take adequate steps to collect the instalments due should first be penalised. The application of unlimited liability should first be made in their case. At present enforcement of unlimited liability is resorted to on members only when liquidation is ordered and the society ceases to function as a corporate body. Its interim application on those responsible should be made possible and that will put the Panchayat on its guard. How far this suggestion is feasible, practicable and desirable is a matter for consideration.

Cash credits in rural Societies:

In view of the inordinate delay which occurs in sanctioning and disbursing loans, it is suggested the introduction of cash credits may obviate the necessity for members of societies to secure timely credit from uneconomic resources. If the loan transactions of members of societies are scrutinised, it will be seen many have not borrowed from the societies at all and while those who have borrowed are indebted to others as well. Various factors are responsible for this state of affairs. First of all, it is complained that borrower does not secure credit easily when he is in need. Secondly, the societies are less accommodating than the sowcar for once a loan is sanctioned the

borrower is required to draw the whole amount or in cases where he needs further accommodation he cannot usually secure it till he has discharged the existing liability whatever may be his credit-worthiness. Often he may not need the whole amount of loan which will only encourage impecunious habits but he cannot draw as and when he needs money. He has also to pay interest on the whole amount. So the introduction of cash credit system, fixing his borrowing capacity once and for all and allowing the borrower to draw as and when he needs money, has been suggested. The suggestions of the Co-operative Banks' Association in this regard will be read with interest. In many urban banks the system of cash credit even in respect of surety loans already prevails. It is working satisfactorily. Its extension to agricultural societies would facilitate large turnover. The suggestions of the Bombay Co-operative Banks' Association read as follows.

- (1) Cash credits should be introduced only in societies which have been classed as A or B.
- (2) The facility should be available only to members who have a good record and possess adequate assets in land.
- (3) Ordinarily, the system should be introduced only in areas where requirements for the financing of crops are spread over a large portion of the year and the income from various crops also is received at different times of the year. Similarly, cash credits can be suitably allowed to petty traders or workers in cottage industries who are likely to draw loans and repay them frequently.
- (4) The amount of the cash credit should be based on the crop requirements and if the turnover is inadequate as gauged from the outturn of crops, the member concerned may be denied the facility forthwith.
- (5) Before introducing the system, societies should be requested to frame rules on the lines indicated above and also to adopt a new type of document which conveys a continuing guarantee both for personal and mortgage security.

The Executive Committee is of the opinion that cash credits will have to be sanctioned by banks to agricultural credit societies where cash credits are allowed to members, but in addition the system of cash credits may also be extended to other well-managed societies.

Share Capital in Consumers' Co-operatives:

We have more than once emphasised the need to increase the share capital of consumers' co-operatives by affording all facilities to

non-member purchasers to become members. If the value of share is beyond the means of the members of the working classes, a special class of membership which demands payment of a nominal value of Rs. 1 may be created and even this may be collected in suitable instalments at the time of purchases. Increase in membership and increase in share capital are very necessary for strengthening the consumers' movement. Towards this end no effort should be spared. Even a special membership campaign may be inaugurated and a special week or month may be set apart for the purpose. Prizes may be awarded to successful competitors. Some such device should be adopted and that too quickly.

There is also one danger which we cannot afford to lose sight of, viz., reduction in share capital. Withdrawal of share capital would reduce the usefulness of consumers' co-operatives. They may be practically extinguished. We must from now guard ourselves against it. There are by-laws permitting withdrawal of share capital on certain conditions. But we are not sure if such withdrawal is in any way linked up with the working capital or even only a definite percentage of withdrawal is permitted annually. In this connection we would invite the attention of the Registrar of Co-operative Societies to the by-law in Bombay in this regard. But we are not sure if this by-law will altogether rule out reduction of share capital to a limit when the usefulness of the institution, will be greatly impaired. However as a basis for consideration we reproduce the suggested by-law in Bombay.

After a period of two years from the date of registration of the society, any member may withdraw from the society at any time, provided:—

- (i) that he has given three months notice of withdrawal;
- (ii) that the working capital at the time of his notice is not reduced below a half of the capital existing at the time of the last general meeting;
- (iii) that the total amount of share capital permitted to be withdrawn in that year shall not exceed 10 per cent of the aggregate paid up share capital of the society as it was on 30th June preceeding.

Credit and Marketing:

If the credit facilities afforded through agricultural credit societies are to assist in improving the economic condition of the rural population, the borrowing members should not be driven to the

necessity of disposing of their produce soon after the harvest without holding it up for sale when the prices are more favourable. They should be enabled to secure better and more reasonable prices. For this purpose marketing societies have been established. But they are so few and are mostly scattered, far away from many societies. It is only those situated nearby which take advantage of the facilities provided. Moreover, many marketing societies have no godown accommodation. In most cases the borrowing members are required to provide it. Invariably it is the borrower's own house which serves the purpose of a godown. Then the management of most of the societies is in the hands of merchants and traders. Representatives of credit societies affiliated to them do not take a leading part in their conduct. We have more than once drawn attention to this fact. Then again most societies only do loaning business leaving it to the borrowers to find market for the produce. They receive little or no help from the marketing societies in the sale of produce. Being ignorant of market conditions, they do not at all benefit by the membership in the societies. If marketing societies are to be mere loan societies, it is doubtful if their existence is necessary at all. We reproduce below a paragraph from a representation of the Bombay Co-operative Banks' Association to the Registrar of Co-operative Societies in which the problem has been well stated.

If marketing and credit are to be co-ordinated it is necessary that marketing organisations should enjoy, as observed above, the confidence of members of agricultural credit societies. For this reason, it is desirable that the form of organisation of marketing societies that is adopted should be such as to provide for the close association of representatives of agricultural societies with the working of marketing societies. Marketing societies may, therefore, well be of the pure or mixed type rather than of the individualist type composed only of individual members or working largely under the influence of traders or landlords. It is necessary also to secure that, in the day-to-day management, persons who have knowledge and experience of the work of co-operative agricultural credit societies should be associated with the work of supervising sales and settling petty trade disputes, if any. It may be necessary also for marketing societies to engage persons of this type for establishing contacts with members of primary societies some time before harvest. Another need is the provision of suitable facilities, apart from finance, such as are enjoyed by agricultural customers dealing with private traders.

The question whether agricultural credit societies should be enabled to undertake the functions of marketing societies instead of setting up separate organisations for the purpose requires serious consideration. It may be not all the agricultural societies will be competent to do this business. It has been suggested a beginning may be made in some societies which have a good record of work as credit institutions. We understand the rate of interest charged for loans to marketing societies by the central financing agencies is generally more favourable. Why not the benefit of the margin be enjoyed by agricultural societies by the increased transactions and thereby improve their financial condition? It is a matter of common knowledge that owing to insufficient transactions, unavoidable overhead charges etc., many of the agricultural societies are running at a loss. We wish the whole matter to be examined by the financing agencies and the Department and something is done. The marketing societies as they exist are of no use at all and such concessions the financing agencies are allowing are not well deserved.

The International Co-operators' Day :

As usual the Day has been celebrated all over the province. We need not emphasise the importance of its observance, and reiteration of the ideals for which the Movement stands. The message of Mr. R. A. PALMER issued on the occasion is inspiring. Incidentally we wish to inform our readers that five Executives of co-operative societies in Britain of which MR. PALMER is one, have been detained on their way to Poland on a goodwill mission when the plane in which they were travelling was forced to land at Posen. We hope they have been enabled to continue their journey and complete their good work. Very soon MR. PALMER will take his seat in the House of Lords, an event of great importance in the co-operative world as for the first time he will be able to present the co-operative point of view in that citadel of conservatism.

Grama Sangams:

We are gratified to learn the proposal to start Grama Sangams has for the present been abandoned. We have every hope when the popular Government is set up, the rehabilitation of village communities through the Panchayats and the co-operative societies will engage their immediate attention.

Village System in the Madras Presidency.

BY THE LATE DEWAN BAHADUR S. SRINIVASA

RAGHAVA AIYANGAR, C.I.E.

3

In the Madras Presidency, the instructions of the Court of Directors in regard to the separation of Police from Revenue functions were understood as necessitating the separation of the village watchers from the village organization and the placing of them under the control of the regular police, in order, it was stated, "to ensure uniformity of discipline and action." On the recommendation of Mr. (afterwards Sir William) Robinson, who was entrusted with the duty of organizing the new Police force, the plan of appointing Inspectors to superintend the working of the village Police was tried in a few districts but was soon found to be a thorough failure. Mr. Robinson himself who had at first advocated the separation was convinced of the impolicy of the measure both from the point of view of the Police and the general administration, and thenceforward became a staunch and consistent supporter of the policy of not interfering, as far as modern requirements will admit, with the integrity of village municipal organization. In 1865, Mr. Robinson reported to Government that greater experience and careful study had led him to abandon his original views and forced him "to accept what seems the only true foundation of successful municipal working—the existing village system:—as the one which every consideration requires us to comfort and strengthen—which should be still treated as the basis of future, as it wisely has been of all past, legislation and measures." He further quoted in support of his views the remarks of the Deputy Inspector-General in his Police Administration Report for 1864 based on the working of the village Police under the new system. He stated:—

"The head of the village is the focus of interest in the police. He is the man who can really help them, and the true key to improved working lies in strengthening the position and influence of the village head, in teaching the village communities to take a larger and more active interest in its own affairs. Police officers of experience now realize that it is hopeless to expect to frame a good village police out of criminal classes under any organization. Too much stress has been laid upon the benefits to be derived from a herd of village

menials if properly organized and placed under the direct control and supervision of Government officers."

Accordingly measures were taken to restore the police functions of the legal heads of villages where these had been taken away or separated and the responsibility of these heads for the preservation of the peace and the apprehension of offenders was brought home to them.

VI—Changes introduced at the revision of village establishments.

The village servants as already stated were formerly remunerated in one of three ways viz:—

(1) By grants of land free of assessment (*inams* or *maniyams*) or subject only to the payment of a small quit-rent;

(2) By fees (*meras*) in money or kind payable by the ryots of the village; and

(3) By direct payment from the Government revenues in cases where there were no *maniyams* or fees or where these had been resumed or had become unproductive.

It was found that in the case of *inams* or *maniyams*, the lands had come to be regarded as private property of the members of the family and that this property in course of time was divided and subdivided among them through successive generations. One or more of the sharers performed the duties of the office, but many, though enjoying the profits of the land intended as the emolument of the office, never did any duty at all. The consequence was that part of the real emoluments of the office had been lost to it. To check this evil, Regulation VI of 1831 was passed declaring that *inam* lands forming emoluments of village offices shall not be alienated from the offices; but it had no retrospective effect, and in most cases the lands had been alienated before the Regulation was passed. In the case of the fees (*meras*) paid by the ryots, their collection was found to be troublesome and difficult. The rates and character of the fees had not everywhere been sufficiently ascertained, while uncertainty and irregularity prevailed throughout the country in regard to their payment. The more influential ryots withheld them on various pleas; while the poorer ryots were liable to exactions. It was accordingly decided in 1864 to enfranchise the *inams* that is to say, free them from the condition of service and assess them to the revenue, and to substitute a regular money cess for the various *meras*. The *inam*

lands were assigned to the office-holder for the time being, but in consideration of the fact that these lands had long been regarded as practically the private property of the family who held the hereditary right to the village office, only five-eighths of the full assessment was imposed as quit-rent; and this quit-rent was credited to a fund newly created called the Village Service Fund. As regards the imposition of the money cess in lieu of the *meras*, Act IV of 1864 provided that all fees collected by village officers from the ryots shall cease on the introduction of the Act, and that, in lieu thereof, a money cess shall be imposed upon all holders of land in any district or parts of district to which the Act may be extended; the proceeds of the cess being devoted to the payment of village servants employed on revenue and Police duties within the village or group of villages or township in which such cess is imposed. The rate of cess is to be determined by the Local Government, but is not to exceed one anna in every rupee of assessment and water-tax payable to Government by each land-holder. [This Act has been superseded by Act IV of 1890 the object of which was chiefly to enable the Government to constitute a general fund to be utilized for the remuneration of village officers within the area to which the Act is applied. The experiment of a separate fund for each village which was tried under the former Act, was found to have resulted in hopeless confusion, accumulation of large balances in the funds of some villages and deficits in others. The rate of cess under the new Act is to be such as will yield a sum as nearly as possible equivalent to one half of the cost of the village service within the area to which the Act is applied, but not to exceed in any case one anna in every rupee of land assessment and water tax. The other half of the cost of the village establishment is met by contributions from the general revenues.]

The proceeds of the fund thus created were applied towards effecting a complete revision of the village establishments by substituting money stipends for other forms of emoluments. The revision was taken up in 1864 and has followed the operations of the Land Revenue Settlement Department. The primary object of the revision of village establishments was to restore them to their original and proper use of collecting the revenue. Mr. Pelly, a member of the Board of Revenue was the Officer on whom devolved the duty of carrying out the revision and in his introduction to "the papers relating to the revision of village establishments" he observes:—

"It must not by this be supposed that the collection of revenue is the only duty of the village officers: they have other duties not to

the Government only but to the people generally. The policy of the day required a complete separation of police and revenue duties, and this separation was not confined to the district and taluq establishments only, but extended, at the time of revision of the village establishments was undertaken, to the village police also. The village watch was transferred to the Inspector-General of Police and placed under his direction: that officer contemplated a system of village police completely distinct from and independent of the Revenue and Magisterial part of the village establishment.

"In the revision, therefore, of the village establishments treated of in these papers, the requirements of the police in the villages were not taken into consideration; my duty was confined to a revision of the village revenue establishments. It was no doubt a mistake, as is now generally admitted, to omit the village police in this revision of village establishments; when the subject is again taken up, it must be remembered that the police is to form an essential, and not to be treated as a separate, part of the village establishments, and it must be provided for at the same time. The Inspector-General of Police is now of opinion that to attain efficiency is absolutely necessary to retain the village watch as a component part of the village community, and this can be done by simply adding when necessary one or more men to the proposed number of the village servants for this particular duty under the control of one and the same head of the village."

[It has been a subject of complaint that in too many instances the necessity of maintaining the village police up to a proper strength had been insufficiently considered when revisions of village establishments were undertaken and that the District Superintendents of Police had not been consulted in the matter. The Government accordingly directed in G. O. No. 978, dated 8th July 1897, that the Police Department should be consulted in submitting proposals for future revisions and requested the Inspector-General to report whether any increase of *Taliaries* was necessary in districts already settled. It is presumed that the strength of the *Taliaries* will be raised to present requirements wherever there is a deficiency].

In revising village establishments small villages were clubbed together in order to reduce the establishment where necessary with reference to the assets available for payment. The following rules

have been made by the Board of Revenue as regards the grouping and amalgamation of villages:—

- (1) Any two or more villages or portions thereof may be grouped or amalgamated so as to form a single new village, when the distance between the village sites does not exceed a mile and a half;

Provided that if there are outlying hamlets of importance more than $1\frac{1}{2}$ miles from the head village, the grouping or amalgamation shall not be carried out.

- (2) Uninhabited or insignificant villages and those in which the lands are so intermingled that the boundaries cannot will be separated may be grouped though the distance limit is exceeded.
- (3) Each new village shall have a headman or monigar and at least one *taliari* or *vetti*; but if the importance of any of the minor villages demands it, a separate *taliari* to reside and keep watch in such minor village may be appointed.
- (4) *Karnams'* charges may be formed by grouping several villages whether amalgamated or not.
- (5) Any village may be divided into two or more villages, whenever it appears that such a course is desirable as a matter of administrative convenience.
- (6) In forming the groups the wishes of villagers were as far as possible to be consulted.

VII.—Appointment, removal and punishment of village officers.

Madras Regulation VI of 1831 was enacted with a view to prevent the misappropriation of the emoluments annexed by the State to hereditary village and other offices in the Revenue and Police Departments and to maintain the due efficiency of those offices. As the enactment was in many ways defective, the Regulation has been superseded by Madras Act III of 1895 which now regulates the succession to certain hereditary village offices in the Presidency of Madras; for hearing and disposal of claims to such offices, and to the emoluments annexed thereto; for the appointment of persons to hold such offices and the control of the holders thereof. In *ryotwari* tracts the village officers are hereditary except in the districts of Tanjore, Trichinopoly, Salem, the Nilgiris, South Canara and Malabar.

As regards (1) Village Munsifs, (2) Potails, Monegars and Peddakapus (3) Karnams, (4) Nirgantis (5) Vetis, Totis and Tandalgars and (6) Taliaries, the following provisions regulate their appointment, punishment and removal:—

(i) Females, minors, persons physically and mentally incapable of discharging the duties of the office, persons not qualified according to certain educational tests prescribed by the Board of Revenue and persons convicted by a Criminal Court of any offence which in the opinion of the Collector disqualifies them from holding the office are ineligible for appointment.

(ii) The succession shall devolve on a single heir according to the general custom and rule of primogeniture governing succession to impartible zamindari in Southern India.

(iii) When the next heir is not qualified under (i) the person next in order of succession who is so qualified and in the absence of any such person in the line of succession any person duly qualified may be appointed.

(iv) If the person entitled to succeed is a minor, he shall be registered as the heir of the last holder, a substitute duly qualified being appointed to perform the duties till the heir becomes qualified.

(v) The Collector may fine, suspend, dismiss or remove the holder of an office either *suo motu* or on complaint, recording his reasons for doing so and furnishing a copy of the same to the village officer concerned.

(vi) A Tahsildar or Deputy Tahsildar may also fine any village officer to the extent of one rupee in each case, recording his reasons for doing so and furnishing a copy thereof to the village officer concerned.

(vii) Against every order of appointment and against all orders of a punitive nature a single appeal is allowed and in the case of the dismissal of a village headman or a *karnam* a second appeal is also allowed to the Board of Revenue.

(viii) The following educational qualifications have been prescribed by the Board:—

(a) For Karnams.—Primary examination with mensuration as an optional subject and a special examination in arithmetic up to the sixth standard; and village officers' special test in the village manual

of accounts and in the powers and duties of village officers. They have also to get a training in survey.

(b) For Monigar or Headman.—Primary school examination and village officer's special test in the powers and duties of village officers and in village sanitation.

As regards village artizans forming part of the original village organization, who render no service to Government but are in the enjoyment of *inams* for services supposed to be rendered to the villagers, though these servants receive from the villagers separate remuneration for such services, still as the *inams* tend to cheapen the cost of these services to the ryots and their general resumption would be attended with much inconvenience to the people, it was decided that the more important classes of the *inams* should be allowed to continue on their present footing, but that where the services were no longer rendered or no longer required the *inams* should be resumed. Revenue officers are not in general to interfere in the appointment of village artizans, nor are they empowered to punish them; but wherever it is customary for such officers to appoint proper persons as village artizans and enforce the due performance by them of the services to the village communities for which the *inams* were granted, the powers may continue to be exercised.

(To be Continued.)

NOTICE.

TO ALL THE MEMBER SOCIETIES OF THE P. C. U.

Member societies of the Madras Provincial Co-operative Union are requested to remit the annual subscription due to the Union for the current year (1945-46) as well as the arrears, if any, at an early date.

As per by-law No. VI (4) of the Union, "the annual subscription shall fall due at the commencement of each co-operative year and be payable not later than the 31st October of the year. They shall be recoverable as debts due to the Union."

Hence the member societies are requested to remit their subscription at an early date.

Madras,
19-9-1945.

V. VIYYANNA, B.A., B.L.,
General Secretary,
M. P. C. Union.

Producers' Societies.

BY MRS. K. SATTHIANADHAN, M.A., M.B.E.
Chairwoman, Producers' Societies.

The balance between supply and demand is, I think, one of the strongest factors in the progress of a nation. Naturally, this must be of three degrees, supply and demand being equal, or one more than the other. If the demand is constantly more than the supply, then the balance of trade is obviously against the nation. If it is equal, there will more or less be stagnation; for instance, the simple life which is so largely being advocated in certain circles in modern days, requires very simple wants; and, if these are merely satisfied, there will be no economic progress, though there may be mental and spiritual growth, all the stronger probably because of the frugality of physical life. If, however, the nation possesses a very high standard of living, and even then its wants are all met by internal production, the stagnation will probably be apparent only in the balance between exports and imports.

But, if supply is above demand, then a two-fold situation must be created. "Ask and it will be given you", says the proverb. This will be very easy; but something must be done with the surplus production. The first factor to be realised perhaps is that national wealth cannot be synonymous with national prosperity under certain conditions; for instance, where wealth is centred in the hands of capitalists, or in trade groups. The second factor is the question of imports. Here, self-sufficiency must be the aim, as far as possible, especially in essential products. For instance, if India had not been so dependent, before the war for her supply of food on exports from Burma, the deplorable famine conditions that obtained might well have been mitigated, if not completely avoided.

Then comes the question of dealing with surplus production. Either the internal demand must be increased, or an outside market created. With regard to the former, the obvious need is to raise the standard of living sufficiently high to create wants. In the present advance of civilization on all sides, a simple life will lead as said before, to national economic stagnation. Where other nations are living in comfort and luxury, one nation alone cannot live in simplicity, without unfortunate economic repercussions on the country itself. In modern days, distance is of no account. With the radio

PRODUCERS' SOCIETIES

on the one hand, and with the swiftness of air, sea and land transport on the other, even the most distant parts of the world have been brought into close contact with each other, both in thought and action. This being so, will not large variations in the standard of living between the various components of our rapidly-narrowing world most certainly lead to serious dislocation in economic trade?

A completely simple life cannot feed unemployment, though it can be said that in such there need be no unemployment since everyone can work just enough to supply individual simple needs. Yet, there can be no gainsaying human nature, which is too restless, too greedy and too ambitious to be content with stark simplicity. More wants, therefore, will naturally be created, and must indeed be created. Consumption must be increased; at the same time, it should be kept in mind that waste of all kinds should be avoided.

With regard to the creation of an outside market for surplus production, it is evident that this must be one of the most important factors of a nation's prosperity. Taking India for instance, there must be a balance of trade with other countries, and preferably in our favour. Trade must be created with outside places, where Indian commodities are not to be found, and where certain articles and commodities cannot be found in India, imports must be carefully encouraged and organised.

The material prosperity of the people can be increased in the following ways:—

(a) Agriculture must be rehabilitated by scientific methods, by improved and new implements, by better seed and manure, by new crops, crop rotation, etc. There are some conditions in India, which must always be taken into account. It should never be forgotten that India is predominantly an agricultural country, where more than 75 per cent of the population is existing on agriculture. Any attempts to industrialise India on the example of western countries, to the detriment of agriculture, must lead to most unfortunate results. Before anything further is tackled, it is very necessary to rehabilitate agriculture on a sound footing, so that the ryot can concentrate, not only on feeding himself, but also on creating a decent margin of profit for himself, to be used to raise the standard of living and satisfy a few aesthetic requirements and at least a few simple luxuries. In this connection, it must not be forgotten that, apart from the introduction of scientific methods and the proper use

of agricultural waste products, the most important part in agriculture is the ensuring for the ryot at all times of a minimum economic price.

Industry after that should be encouraged; but our object should be to treat industry as a complement to agriculture and not as a need in itself.

(b) Producers must be taught to produce wealth in their leisure hours and slack seasons during which they are more or less idle, by various industries, such as sericulture and cottage industries.

(c) The number of producers must be increased by reducing the number of those who at present add nothing to the wealth of the country, such as necessary middle-men, distributors etc.

(d) General sources of waste must be minimised, such as needlessly high prices of commodities, excessive cattle mortality, preventable sickness and inefficiency of workers, low standard of labour, excessive costs of marketing etc.

(e) Special sources of waste must be lessened, such as litigation, scattered fields, damage by insects, etc.

This list by no means claims to be an exhaustive one of the methods of increasing the wealth of a country; but it will suffice to indicate the main lines along which action should be taken.

Taking up the question of industrialisation, there can be no doubt that the establishment of large scale industries should be encouraged, not only for the direct employment which they provide, but also because they will render possible and greatly facilitate the development of new medium or small-scale industries; the finished products of the former functioning as raw materials in the processes employed by the latter. At the same time, it would not be advisable to concentrate industry in big urban areas, and only in a few hands. It should be spread throughout the country in medium and small-scale units. The main thing, however, is that it should be generally recognised that no scheme for the economic reconstruction of a great agricultural country like India can be complete without adequate provision for the introduction and development of cottage and rural industries. India chiefly dwells in the villages, and in the Madras Province 86.44 per cent of the population are villagers. The peculiar feature of agricultural industry is that it provides employment for only a part of the year. If we take the average holding to

be four to five acres of dry land, or one acre of wet land, and the average number of members in a family as five, there will be full-time work for only two of the five people throughout the year measured in terms of labour. That shows the extent of unemployment that exists in our country; but this is at present covered by the fact that people live in families and that all of them do find some little work in the fields. The difficulty is to find work for the extra time the ryots have on their hands, so as to increase not only their individual incomes, but also production in the country. Intensive cultivation of land and processing of agricultural produce will no doubt give them some useful work, but that will not be enough. It is very necessary that rural industries should be developed to provide a source of supplemental income to the rural population. Again, there are the artisans, who do not work on the land, but carry on some trade like weaving, manufacture of leather goods, hardware, pottery etc. Several cottage industries have died out, as they could not compete with goods imported or manufactured in big factories. The remedy suggested by the capitalist is to establish big factories, which will give work to all those unemployed. On the other hand, there are others who suggest that we should make the village—self-sufficient and revive all cottage industries, avoiding factories and machinery of a complicated nature. Anyway, there is abundant scope in India for the development of all types of industries, large, medium, small and cottage. The experience of Japan and other countries, in which handicrafts still flourish, will dispose of the view, which has been expressed in certain quarters that the growth of large-scale industry in India must necessarily be at the expense of cottage and small-scale workers and result in the increased unemployment among them. But, what is required is to develop both large-scale and small-scale industries side by side so that each may serve as a complement to the other.

The adoption of the co-operative method for the development of large-scale industries does not so far appear to have been tried in Madras or even in other parts of India. There are, however, proposals for the establishment of co-operative workshops in select districts in Madras for giving employment to demobilised soldiers. The main difficulty in establishing co-operative factories is in securing the large funds that will be required for putting up the necessary buildings and purchasing the needed costly machinery; moreover, the workmen, who will be the members of the societies, will be too

poor to raise the necessary capital. This difficulty is proposed to be got over in the case of co-operative workshops for demobilised soldiers by Government meeting the capital cost involved in establishing them. How far these co-operative factories will prove themselves to be a success is a matter to be seen from actual experience, but, with active assistance from Government in the matter of finance, technical advice, supervision, etc., there is every prospect of good progress.

In the case of small-scale industries, experience has shown that the co-operative method is the best suited for their organisation and development. The several disabilities from which small-scale producers suffer, such as want of adequate capital, lack of training in up-to-date and scientific methods of production, absence of facilities for securing raw materials at economic prices and for disposal of finished products in market centres at favourable prices, etc., can all be tackled on the co-operative basis, with great advantage to the producers; for, co-operation is an economic movement for the economic weaklings of society, intended to give them strength by associated effort to do what each one individually cannot possibly achieve.

Producers' co-operative societies in Madras are, however, of recent origin and development. They have certainly not been developed on the scale of other types of societies, such as credit societies or stores societies. Attempts at organising producers on co-operative lines were not made till the co-operative societies' Act of 1912 was passed. Though the Act of 1904 provided for the organisation of societies among artisans and other persons of limited means, the aim of that legislation was the furtherance of credit rather than of non-credit activities. The Act of 1912 provided for the formation of credit, as well as non-credit societies; but, even after this legislation, the organisation of non-credit activities for producers was rather low. It was of course, natural that in the initial years of the co-operative movement, attention should have been paid primarily to the provision of credit facilities to the needy and to the organisation of a large number of credit societies throughout the province. It did not, however, take much time to realise that in order to reap the full benefits of the co-operative method, either by agriculturists or by artisans, it was necessary that this method should be applied, not only to provide credit, but also to other forms of economic activity. In fact, it was found that credit could help agriculturists or artisans to solve only one of their many problems, viz.,

to obtain the funds required by them at reasonable rates of interest to carry on their occupations, but the other handicaps would continue to remain. Assistance was needed in several directions, in the matter of securing adequate quantities of seeds, manures, raw materials, etc., at economic rates, technical advice, facilities for marketing the goods, etc. It was, therefore found essential that, if co-operation was to confer any substantial benefit on ryots or on artisans, societies should be formed for them, not only for the provision of credit, but also for other purposes. Hence Producers' societies were formed in recent years, particularly after the beginning of the war and some of these societies are doing good work.

Producers' societies may be classified under two main heads, namely, those for industries akin to agriculture and carried on as a part-time occupation and those for artisans who are engaged in some industries as their full-time job. Of all the secondary occupations, those which help to add to the existing food supply are the most valuable, for in the first instance, when the main source of supply of food from agriculture fails, the secondary source will stand in good stead. Secondly, food which is a daily necessity, has a greater demand than any other commodity, and if the articles produced are consumed by the farmers and by people in the neighbourhood, the difficulties of marketing will be minimised. Thirdly, it will help to replace some quantity of grain used by the cultivator for his food, so that the latter can be made available for cattle, which form the mainstay of industry. In some of the Western countries, though agriculture itself occupies the farmer for a larger part of the year than in our country, he has a few but important, subsidiary occupations to make him self-contained in the matter of food, such as a dairy farm, a pig-farm, a poultry and a fruit farm. None of these interfere with his main industry, but aid it in several ways. They are mostly looked after by women and children. They afford him nourishing food, and, if any surplus is left and he always works for it, its sale yields an additional income which comes in handy throughout the year. The chief advantage of these industries is that, while agriculture yields income only at the end of the year, they yield income all the year round. So far as Madras is concerned, no systematic attempts have been made to encourage agriculturists to take up subsidiary occupations, not only to serve as a source of supplemental income to them, but, also to increase food production in the country. Producers' societies have been formed for milk-supply, poultry-farming, fruit-farming, vegetable-growing, production of ghee and butter

etc.; but, except in the case of milk-supply, their number is small considering the large scope for their formation. Milk-supply societies have, no doubt, made very good progress in recent years, particularly after the outbreak of the war and have helped, not only in enabling producers to get a good price for the milk produced on their farms, but also in relieving to some extent the scarcity of this commodity in some of the bigger towns in the Province.

The problem facing milk-supply are peculiar and they are best suited for tackling on a co-operative basis. Production of milk in the villages is carried on in small units and in scattered homesteads. It has been estimated that the average production of milk per day in a village in this Province is about 60 measures and that it is about 29 measures per square mile. A portion of this quantity is consumed by the producers and their families and by those villagers who do not maintain milch animals themselves. The surplus quantity of milk, that may be available in each village to be sent for sale to the nearest urban area, will therefore be small. The difficulty involved in collecting these small quantities of milk produced in individual homesteads scattered in several villages and in transporting it to the city for distribution to innumerable consumers is indeed great and particularly so because, unlike other food-stuffs, milk is a highly perishable commodity and, unless it is used or consumed within a few hours of being drawn, it becomes unsuitable or dangerous to consume. Private individuals are no doubt doing this business, particularly in villages around big cities, but neither the producers nor the consumers of milk are satisfied with it. The producers get too low a price for their produce, with the result that there is no incentive for increased production, and the consumers do not get their money's worth. Where milk-supply societies have been started, they have been able, not only to assure a fair return to the producers, but, by reducing the number of intermediaries in the trade, have also succeeded in supplying milk to consumers at less cost than before. Owing to the high prices of milch animals and or cattle feeds, cow-owners find it difficult to maintain an adequate number of animals to meet the increasing demand for milk in most urban areas. By forming these men into milk-supply societies and by giving them loans for the purchase of additional cattle, etc., not only the cow-owners but also the consuming public as well have been greatly benefitted. These societies have rendered signal service by supplying milk to the Military in Madras and Coimbatore. In Madras, they also supply milk to all the State Hospitals. Government have

given liberal assistance in the development of these societies. There are at present 94 milk-supply societies and 20 milk-supply unions in the province and they have sold during the year 1944-45 milk worth about Rs. 33.4 lakhs and milk produces to the value of about Rs. 2.6 lakhs.

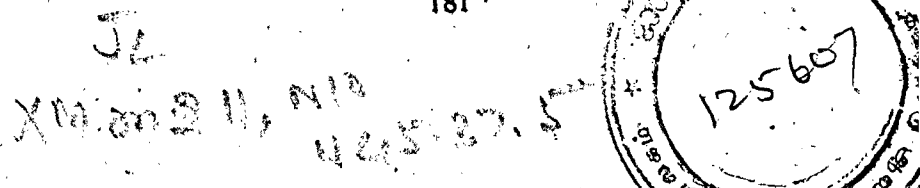
Of the other producers' societies designed to increase the income of the ryots, mention may be made of the Katpadi Egg Marketing Society, which sold, during the year 1944-45, eggs worth Rs. 36,200 and the Kodur Fruit Growers' society, which sold fruits worth Rs. 9.1 lakhs. Other societies of this type have done no work worth mentioning.

As for societies for artisans who carry on industries as their full-time occupation, the most important of them are for weavers. There has been a rapid development of the handloom industry on co-operative lines in recent years. There are now 311 Weavers' societies which produced and sold during the last year goods worth Rs. 1.74 crores. There is, however, scope for further development and it is understood that plans have been drawn up for the purpose. The problems facing weavers' societies are however peculiar and they are not dealt with here.

Non-agricultural producers' societies, other than weavers' societies, have not made much headway in the past, due mainly to the following reasons:—

(1) Indebtedness of workers, (2) want of proper human material to work the societies, (3) the illiteracy of workers, (4) want of loyalty to the societies, (5) lack of facilities to obtain the necessary articles, goods and raw materials at economic prices, (6) lack of technical assistance, (7) difficulty in finding a suitable market. What is required is, not only a systematic survey of the possibilities of organisation and development of the industries which have a survival value, but also a sustained attempt to make the societies that may be formed progress on sound lines. That such a development is essential in the national economy of the country is quite obvious.

Producers' societies for cottage industries have not been started hitherto according to any plan. A few have been formed here and there in the past; but such have not rendered a good account of themselves, except a few which no doubt are doing good work but whose number is very small when compared to the great possibilities.



which these industries offer. The method, which holds out the best solution for most of the problems facing the future of the producers' movement, is co-operation among artisans. What is required is a definite policy and a plan. With regard to the development of cottage industries, several suggestions have been made, but they have not been followed up by necessary action. Hence, lack of proper supervision, guidance and help seems largely responsible for the poor progress of these societies. Even the District Industrial Museums, when they were established, were full of promise for the development of cottage industries. But the hopes raised, however, yet remain to be fulfilled. Thanks to the Madras Provincial Co-operative Bank, a beginning was made towards the end of 1943 for the development of cottage industries on a sustained basis. In that year, the Madras Provincial Co-operative Bank appointed a small committee and placed funds at the disposal of the committee for this purpose. The Bank gave out of its Common Good Fund a sum of Rs. 3,000 for the development of cottage industries among men in the Province and Rs. 2,000 for the development of cottage industries among women in the Madras City. Similar grants were made during the next 2 years also. With a view to introduce improved methods of production, four technical instructors were appointed for leather, ceramic and coir industries and hand-paper making and were supplied with the necessary equipment. If their services are availed of by every producers' society for cottage industries, it should be possible to make appreciable progress. It is, however, necessary that there should be a plan of development and a sustained attempt at the execution of the plan, if the producers' co-operatives are to occupy an important place in the industrial economy of the Province.

The Post-War Reconstruction Committee has considered a five year scheme drawn up by the Registrar of Co-operative Societies for the development of cottage industries on a co-operative basis and the committee has approved of it. It is up to Government to put the scheme into execution at once, so that a real beginning can be made. According to the plan, about 100 societies are proposed to be established in each year for the development of such industries as coir-making, leather goods, ceramics, metal-ware, wood work, mat industry, tobacco industry, etc. It has also been proposed to help these societies by way of subsidy, staff, etc. Each society will be given a subsidy of Rs. 1000 for the purchase of capital equipment and also Rs. 50 a month for meeting the establishment and contingent charges.

Ten Instructors will be appointed to give training to the members of societies on up-to-date methods of production. Senior Inspectors will be appointed at the rate of one for every 10 societies for constant supervision. The Madras Provincial Co-operative Marketing Society will be re-organised, so as to include within the scope of its business the development of cottage industries as well. The society will establish service centres in the districts for supplying the raw materials required by cottage industries societies and for marketing their finished products. Government should place at the disposal of the Registrar, necessary funds and staff for organisation, administration and development. It may be, therefore, expected that, when the Registrar's scheme is put into operation, producers' societies will make much more progress than they have done in the past.

It is interesting to note that of late societies have been formed among women for the promotion of cottage industries. With the funds generously placed at the disposal of the societies by the Madras Provincial Co-operative Bank, a beginning has been made in the formation of societies for cottage industries among women. Six cottage industries societies for women have been organised in the Madras City; two lady instructors for tailoring and embroidery have been appointed; as well as one lady instructor to teach these arts in regular classes and two clerks to assist the societies in the maintenance of accounts and for other clerical work. Each of the six societies has been given an almirah and a sewing machine. Funds have been provided for meeting half the cost on account of the rent of the premises of the society. The members of the society meet at the premises twice a week for taking work, for delivery of finished products for taking instruction and for working at the sewing machines. The special staff is now continued out of the subsidy of Rs. 2,650 granted by Government to these societies. Government have also sanctioned the appointment of a Woman Special Officer to attend to the development of women's cottage industries societies in the City. The Woman Special Officer visits these societies frequently and assists them in their work. These societies are doing tailoring and embroidery work, worth about Rs. 900 a month on an average. They also make pappadams, pickles, hair-oils, condiments, leaf-plates, etc. A frame-weaving machine is being purchased, and a woman is being taught the method of using it. A knitting machine also may be purchased shortly. The affairs of the societies are managed by a committee. Besides the six societies mentioned above in the City, there are 26 societies in the districts. Of these, 6 are doing good work. In view of the

fact that there are educated women forthcoming, it is possible to organise such societies in larger numbers at other centres as well. A five year plan to develop women's cottage industries societies has been approved by the committee on Post-War Reconstruction. According to the plan, it is proposed to establish about 50 women's cottage industries societies every year. Government are expected to give assistance to the societies by way of staff, etc.

The producers' co-operatives for men as well as for women have a great future. What is required is not only a plan, but also the will to execute it at any cost. Government help is necessary. There will no doubt be difficulties, both external and internal. If, however, it is recognised on all hands that there is great need for promoting and encouraging cottage industries and that the best way of doing it is by the co-operative method, it follows that any amount of help on the part of Government or private bodies in this regard will be justified. The attempts made hitherto have been sporadic and haphazard and these cannot lead to much success. A systematic attempt at organising the producers' societies, on the agricultural as well as the industrial side should be undertaken and an intensive campaign launched under the aegis of Government for the promotion of such on co-operative lines. There is no doubt that, with adequate support and sustained efforts, the movement in this direction is sure of bright future.

Available for Sale.

MARKET INTELLIGENCE—1945

For the establishment of the Consumers' Movement on a permanent basis, it is necessary that Co-operative Stores should have upto date market intelligence. The booklet now published by the Union aims at this object and may be of immense use to Co-operative Store. It contains useful information as to the centres of production or marketing and seasons for bulk purchase etc. of important agricultural products such as good grains, pulses and grains, fruits, household requirements, clothing and other essential commodities.

Price per copy is Rs. 0-5-0. Postage Extra.

For 50 copies and above Rs. 0-4-0 a copy.

Copies can be had from : The General Secretary,
The Madras Provincial Co-operative Union,
Esplanade, Madras.

A Recent Utterance.

Address delivered on behalf of W. R. S. Sathianadhan Esq., I. C. S. on the occasion of the opening of a Conference of representatives of co-operative stores in Coimbatore & Nilgiris Districts, held at Coimbatore on 27-10-45.

I am indeed deeply disappointed at not being with you to-day at this important conference of the representatives of co-operative stores societies in the Coimbatore and Nilgiris districts. My gratitude is due to Mr. Doraiswamy and his colleagues who so kindly postponed the conference to suit my convenience.

2. We are meeting just at a time when the consumers' co-operation in the province is passing through a very important, shall I say, critical period in its history. The terrible second World War has just ended; and we are at the threshold of a new era. Though happily the war is over, the conditions created by it have, by no means, subsided or disappeared. We have just entered the period of transition from war-time to peace-time conditions. Industry and production, hitherto geared to the requirements of war economy, are being switched back to peace economy. We may envisage a gradual process of decontrol and emergence of normal competitive trade. This is the time for us all to take stock of the progress so far achieved, to consolidate the war-time gains and to plan carefully for the future. Only methodical planning and determined execution of the policy chalked out, however arduous the task may be, will carry you through the anxious days ahead and enable the consumers' movement to establish itself as an integral part of the distributive system of the province. For this purpose, conferences of this kind are most opportune as they enable the representatives of different stores societies to meet at a common place to exchange their experiences, formulate policies and draw up plans for the future.

3. As most of you are aware, the achievements of war-time co-operation in the consumers' field constitute distinguished and real social service to the public, never surpassed in the annals of consumers' co-operation in this Province. During the last 6 years—the most trying period within one's memory—co-operative stores have generally helped to check the rise in prices of essential commodities, to put down profiteering and black-marketing and have generally been a salutary influence on the wholesale and retail trade. They have come to be recognised as suitable agencies for the equitable distribution of foodgrains and other scarce commodities. To-day co-operative stores—both wholesales and primaries—are playing a vital role in the food economy of the

province and in all statutory schemes of procurement and food rationing. The dimensions which consumers' co-operation has attained during the last 6 years will be evident from the record of their progress to which I may briefly refer.

Against 200 retail co-operative stores in 1940, we have to-day about 1,300 retail stores with as many more branches or depots serving all the important centres of the Province, urban, semi-urban and rural. The increase in membership has been remarkable; from 34,000 in 1940, membership has risen to about 4 lakhs at the end of the co-operative year 1944-45. Voluntary contributions of the public towards share capital have been phenomenal; to-day the aggregate share capital of retail stores exceeds half a crore of rupees while it was little over three lakhs a few years ago. The sales turnover of the primaries has reached the remarkable figure of 11 crores of rupees, during the co-operative year 1944-45.

Before the outbreak of the war, there were no district co-operative wholesale stores. To-day there are 21 district co-operative wholesale stores serving the primaries in all the districts except those in the city of Madras. They have a share capital of nearly one fourth of a crore of rupees and their annual sales for the co-operative year 1944-45 exceeded Rs. 9 crores. Between them, the primaries and the wholesales have transacted business exceeding Rs. 20 crores during 1944-45 which is about 60 times the volume of their trade during 1939-40.

Coming to Coimbatore and the Nilgiris districts, there are 67 primary stores, composed of 38 industrial employees' or mills stores, 12 departmental or sectional stores for public servants etc., and 17 general stores. The membership of these stores in both the districts on 30th June, 1945, was 57,700 and their paid-up share capital Rs. 5.94 lakhs. The annual sales of all the primaries amounted to Rs. 120.78 lakhs for the year 1944-45. It is gratifying to note that with the exception of 6 the rest worked at a net profit of Rs. 3.20 lakhs.

The Coimbatore Co-operative Central Stores is one of the biggest district co-operative wholesale stores in the province serving two revenue districts. It has a share capital of Rs. 1.72 lakhs and its working capital on 30th June, 1945 amounted to Rs. 15.52 lakhs. Its annual turn-over for 1944-45 exceeded sixty lakhs. The net profits for the last co-operative year are estimated at about Rs. 84,000.

4. One striking feature about the consumers' co-operation in Coimbatore and the Nilgiris districts is the predominance of co-operative stores for the benefit of industrial workers. Coimbatore is one of the biggest industrial centres—perhaps the biggest industrial centre—in the province and it is but natural that consumers' co-operation should have

developed here on the lines it has done. Out of 55 primary stores in the district, as many as 36 are intended for industrial employees. On 30th June last, there were nearly 38,000 members in these 36 stores, with a paid-up share capital of Rs. 4.6 lakhs. Their borrowings were mainly confined to the mills and on 30th June, they owed only Rs. 17,000 to the co-operative central bank, against Rs. 2.21 lakhs owed by them to the mill authorities. Their annual sales amounted to Rs. 62 lakhs. All of them, with the exception of one, which sustained a nominal loss, have worked at net profits aggregating to about Rs. 2 lakhs.

It is no exaggeration to state that mills stores have fared exceedingly well in Coimbatore district. Their remarkable progress is mainly due to the keen interest shown by the managements and to the many concessions given to them. Chief among them are, as you know, the grant of interest-free advances or loans carrying a nominal rate of interest, the recovery of sums relating to credit sales from the wages of the employees, the free use of vehicles for transport, free accommodation and ware-housing, free services of employees, the grant of special subsidies to enable stores to sell goods at less than cost price on certain special occasions and so on. I am not guilty of exaggeration when I say that these stores, with the generous help of the authorities of the mills born of their foresight, have become permanent adjuncts to these industrial concerns and constitute an organic part of the scheme of social security for industrial labourers.

I am tempted, while I am here, to refer to the part that co-operation can or ought to play in promoting the social welfare of industrial labour. Large schemes of industrialisation are afoot and in the not distant future, we may expect many new industries to spring up in different parts of the Province. I am confident that, with the success of mills employees' co-operative stores in Coimbatore, Madura and Tinnevely districts, they will become an integral part of all schemes for the social welfare of industrial workers in the concerns or factories to be started in the future. If they are properly run, they can become effective instruments for cementing the relations between capital and labour and contributing to the industrial progress of the Province. In a mill co-operative stores, the employer and the employee meet on a footing of equality. It is gratifying to see that some of these stores have women wage-earners as directors on their committees. This surely must create a psychological atmosphere which is conducive to happy industrial relations. I have every hope that Coimbatore will lead the way in the matter of providing amenities for industrial workers through co-operative enterprise. Provision of cheap co-operative credit as also schemes of thrift, co-operative distribution of the necessities of life including clothing and co-operative housing constitute methods of social welfare of industrial labour, which are not only possibilities but also accomplished facts. For instance, the problem of

the housing of industrial labourers has been tackled on a co-operative basis. A beginning has been made in Madura where the Madura Mills Co-operative Housing Society has constructed houses for labourers in a healthy rural area called Harveypatti. There is no reason why similar schemes of housing should not be started in other centres. Again, canteens for labourers can be run through co-operative agencies and may perhaps be added as useful adjuncts to co-operative stores. A co-operative medical shop or hospital, nursing home or rest house for industrial workers in healthy surroundings as a collective endeavour of a group of mills, may prove to be a matter of practical politics.

5. I am sorry for this digression. Coming to the co-operative stores for the general public, it has to be conceded that their future is not as rosy as that of mill co-operative stores. Post-war trade developments and influences will certainly have greater reactions on their future. The removal of trade and economic controls, the disappearance of official patronage and the return of competitive trade will present new problems that may sorely tax the resources of co-operators. I am sure these problems will receive the closest attention at your hands in today's deliberations, and I need not exhaust your patience by dealing with them in any detail. The problems are of varied character and call for proper treatment.

As you are aware, Government have permitted co-operative stores to sell to non-members for the duration of the War and have extended this concession upto September 1946. That 60 per cent of the war-time sales of retail stores in the Province is made to non-members is at once a measure of their popularity and an indication of their weakness. What has to happen to this new clientele? Will they go to co-operative stores for their purchases when conditions become normal and the necessities of life are plentiful? It is for the stores to convert their war-time clientele into regular members by undertaking a sustained drive.

Not only that. They should foster the loyalty of the existing members as well. The members are their mainstay, and the probable withdrawal of the concession to sell to non-members will have considerable reactions on the volume of trade of retail stores. This stresses, all the more, the need for strengthening the ties of the members to the stores through provision of cash payments of bonus or rebate on purchases and provision of a wide range of commodities and services of which the members are generally in need. This leads me to the advice repeatedly given to the stores societies during my visits, and that is, that if they have to stabilise their position and win the affection of their members, they should supply not merely foodgrains but also other essential consumer goods in general demand. They should deal, in addition to foodgrains, in cloth, toilet requisites, drugs, household utensils, stationery

articles and so on according to local conditions and the shopping needs and habits of the members. They should organise these departments and ensure efficient service to the members in all these directions. I must also utter here a note of warning. Now that the conditions are getting easier, there is a tendency for a gradual decline in prices of consumer goods, and this calls for the greatest caution in your purchase policies and suggests the inadvisability of over-stocking.

The question of trained and efficient personnel for the day-to-day management of retail stores has always been a difficult one. I know that lack of trained personnel has been the cause of the difficulties of some of the stores. Owing to the conditions created by the War there has been a dearth of suitable candidates to work as Managers, Accountants, and Salesman, and in some cases a serious inroad has been made upon my department for the loan of services of Inspectors and Officers. Now that happily the War is over, it is possible to recruit candidates, train them and put them in charge of retail stores. Some of the men returning from the Defence Forces may be quite suitable for the one or the other of the jobs in co-operative stores, and I feel that I will be in a position to supply the stores with a list of such men who, with some training, may fill the posts with success.

I am glad that many of the stores in the Province have taken my advice and strengthened their statutory and business reserves. This is a very healthy provision and may stand the stores in good stead and enable them to face the post-war trade difficulties with some measure of confidence.

The question of the trade relations between the primaries and the wholesales bristles with difficulties. Owing to the preoccupations of the wholesale stores with schemes of procurement and rationing of foodgrains, many of them have not been able to give serious thought to the matter or to concert measures to place their mutual relations on a close and strong footing. One often hears mutual criticism and recriminations. The co-operative wholesales cannot forget their fundamental objective, namely that they are more or less federations of retail stores, that they have come into being to make bulk purchases from centres of production or supply and pass on the commodities to the primaries at competitive wholesale prices. It cannot be said that they have achieved this objective in any considerable degree. This is not the place for me to deal with the many directions in which the co-operative wholesales can make themselves really useful to the primaries. I am aware that in your own district, there is a vague feeling in certain quarters that the Coimbatore Central Stores practically concerns itself with the needs of the mill stores and that the interests of the general primary stores do not receive as much attention and as good a treatment as the other group of stores

does. The question of the future of the wholesales is now under my serious examination. What I am concerned with here is to stress the fact that the stability of consumers' co-operation depends as much upon the stability of the primaries as upon that of the wholesales stores, and I am sure that the representatives of the respective institutions will devise measures which will promote their mutual trade interests.

Before I conclude, I must repeat that all those who are connected with the management of co-operative consumer societies—central and primary—will be put to the severest of tests in the post-war period by organised private trade. Whether you will stand the test and continue to render service to the community in the same manner as you have been doing during the last six years, or whether you will allow yourself to be swamped by powerful vested interests depends upon yourselves. From my experience as Registrar for the last four years, and knowing as I do the co-operators of this Province and of your district in particular, I can visualise which course you will prefer. I have enough confidence in your optimism, your sense of fair play, your faith in the Movement, your desire to serve the community, your determination to overcome difficulties, and your courage, vision and business acumen in general, to trust that at this conference you will take wise decisions and formulate bold and sound policies which will surely promote the future successful working of co-operative consumers' organisations in your two districts and establish them on a permanent footing. I have now great pleasure in declaring this conference open.

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CONSUMERS' CO-OPERATION IN THE COUNTRY-SIDE.

This book gives a full and excellent account of the Rural Co-operative Stores in Madras, their development, their special problem and their future. The services of these stores in this province which constitutes a very fine achievement and which very largely contributed to check profiteering and black-markets, have been reviewed and suggestions for strengthening the movement during Post-War period offered. The book will be of great use to all co-operators in the whole of India—where similar problems exist.

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Esplanade, Madras.

Judgment

IN THE HIGH COURT OF JUDICATURE AT MADRAS.

PRESENT:—MR. JUSTICE RAJAMANNAR.

Kanuparthi Gangi Reddi

... Appellant*

v.

The Liquidator of Utukur Co-operative Society (in liquidation) being the Deputy Registrar of Co-operative Societies, Cuddappah and others

... Respondents.

Madras Co-operative Societies Act (VI of 1932), sections 25 and 47—Society going into liquidation—Levy of contribution by liquidator more than two years after the date of the winding up against member who had ceased to be a member prior to liquidation—Section 25, not a bar to such a levy.

A certain co-operative society went into liquidation on 4th February, 1933. Sometime before the liquidation, on 1st December, 1932, the plaintiff ceased to be a member of the society. The liquidator appointed to wind up the society levied contribution against the plaintiff amongst others on 20th January, 1940. On the question whether the plaintiff's liability under section 25 of the Madras Co-operative Societies Act ceased on the lapse of two years from the date of his ceasing to be a member of the society and whether therefore the order for contribution passed was not valid,

Held, that section 25 obviously refers to the liability of past members or the estate of deceased members in respect of a debt owing to third parties by the society as such. It was quite clear that the plaintiff was not being made liable for such a debt as it contemplated by the section. An order made for contribution by a liquidator is not dependent, nor is it consequent on a debt due by a registered society and that in the circumstances the order for contribution was not illegal.

Belahri Co-operative Society v. Puttu Lal, (1941) I.L.R. 16 Luck, 658, applied.

Appeal against the decree of the Court of the Temporary Subordinate Judge of Cuddappah in A. S. No. 85 of 1943, preferred against the decree of the Court of the District Munsiff, Cuddappah, in O. S. No. 359 of 1941.

K. Srinivasa Rao for Appellant.

N. Panchapakesa Aiyer for 1st Respondent.

The Court delivered the following

JUDGMENT.—This second appeal raises no doubt a question of law depending on the construction of two sections of the Madras Co-operative Societies Act (VI of 1932), but in my opinion there can be only one answer to the question raised. The appellant before us was a member of the Utukur Co-operative Society which went into liquidation on 4th February, 1933. Sometime before the liquidation, on the 1st December, 1932, the first plaintiff, the appellant herein, ceased to be a member of the society. The liquidator appointed to wind up the society levied contribution against the plaintiffs amongst others on or about the 20th January, 1940. The plaintiffs appealed to the Registrar of Co-operative Societies against the order for contribution but the Registrar rejected the appeal. There was a revised order for contribution passed against the plaintiffs on the 25th November 1940, and the plaintiffs with the leave of the Registrar instituted the suit from which the present appeal arises for a declaration that the contribution levied is not valid. In short, the contention of the plaintiffs was that under section 25 of the Act their liability to pay contribution ceased on the lapse of two years from the

* S. A. No. 1553 of 1944.

27th July, 1945.

date of their ceasing to be members and therefore the order for contribution passed by the liquidator under section 47 was illegal. Both the Courts below have rejected this contention and held that section 25 is not a bar to the claim for contribution. The first plaintiff appeals.

Section 25 of the Act is in these terms:

"The liability of a past member or of the estate of a deceased member for the debts of a registered society as they existed on the date of his ceasing to be a member or of his decease, as the case may be, shall continue for a period of two years from such date."

This section obviously refers to the liability of past members or the estate of deceased members in respect of a debt owing to third parties by the society as such. It is quite clear that the plaintiff is not being made liable for such a debt as is contemplated by the section. An order for contribution made by a liquidator is not dependent, nor is it consequent, on a debt due by a registered society. Though there is no decision of this Court on this point, I have been referred to a decision reported in *Belahri Co-operative Society, v. Puttu Lal*, which appears to support the view that I am taking. It was there held that the words "the debts of a registered society as they existed at the time when he ceased to be a member" in section 23 of the Co-operative Societies Act, 1912 (Imperial Act) clearly refers to the debts due from the society to third persons and it is with regard to these debts that the liability of a past member has been confined in the section to a period of two years and no further. The decision of the lower Courts on this point is right. There is no other point which arises in this appeal which is dismissed with costs. (Leave to appeal is refused.)

Appeal dismissed.

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DISTRICT WHOLE-SALE STORES.

The book gives a full and excellent account of the District Wholesale Stores in Madras, their development, their special problems and their future. The services of these stores in this province which constitutes a very fine achievement and which very largely contributed to check profiteering and black-markets, have been reviewed and suggestions for strengthening the movement during the Post-War period offered. The book will be of great use to all co-operators in the whole of India—where similar problems exist.

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Esplanade, Madras.

Future of Wholesale Stores.

By RAO SAHEB C. S. SRINIVASA MUDALIAR

President, Co-operative Central Bank, Ltd., Kumbakonam.

(1) When the war broke out, there were only one or two wholesale stores. There was less than 100 primary stores and the turnover was about Rs. 28 lakhs. Under the stress of war, wholesale stores sprang into existence and their number is 21. The number of primary stores also increased to 1,300. On their roll are $4\frac{1}{2}$ lakhs of members and the share capital contributed by them exceeds $\frac{3}{4}$ of a crore of rupees. The volume of business of the primary and the wholesale stores exceeded Rs. 18 crores during the year 1943-44.

(2) The food situation became a matter of great concern during the war and the wholesale stores became the channel for distribution of controlled articles. In addition they had to assist the primary stores in marketing the purchases. But then the relationship between these had created a problem. It is said that the primary stores are not always loyal to the wholesale stores. They make their purchases in the open market on the plea that the articles supplied by the wholesale stores are not good and their prices are higher. Whatever that be, the wholesale stores have been working successfully hitherto protected by a system of trade controls and official patronage.

(3) Now the war is over. Controls will be soon removed, and competition will be keener. It is also not desirable to be looking to the official patronage always. Therefore the question would naturally arise whether the wholesale stores, under changing conditions, can successfully compete in the open market and without official patronage and what steps should be taken to ensure the loyalty of the primary stores.

(4) At present the wholesale stores purchase all kinds of groceries from other districts, stock them and distribute them to the primary stores. This process naturally tends to increase the price of the articles. Besides, dryage and wastage occur during the period they are held in stock. To avoid both, the wholesale stores should undertake the purchase and distribution of such commodities only, which the district, in which the wholesale stores is situated produces. For instance the Tanjore Central Co-operative Stores Ltd., Tiruvarur, should get indents from other wholesale stores in the Province for paddy and purchase it for distribution to them. The other wholesale stores in the province should do the same with regard to the produce of their districts. This will surely help to purchase at least 25% of the saleable produce in the district by the Central Stores. Thus such Central Stores will be the largest wholesale dealer in the produce of its district. Now it can stand any competition from any individual wholesale dealer.

(5) As for distribution, each central store will send its commodity to the primary stores directly as per the instructions of the central stores

to which the primary stores are affiliated. This will lessen the transit charges from the place of production to the place of consumption. The primary stores will have no occasion to complain that the commodities supplied by its central stores are costly and are inferior in quality, since they are supplied directly from the producing centres.

(6) When such bulk purchase is to be made the question of finance arises. For financing such a scheme each Wholesale Store would require or should have to command a credit for a huge sum. At present, it obtains Cash Credit accommodation from the Central Bank only for a few lakhs. But if it undertakes to purchase in bulk, the Central Bank in the district should give it sufficient Cash Credit for the purpose. The Financing Banks in each district should get more deposits even by offering $\frac{1}{2}\%$ more for deposits. For all purchases made by the Central Stores in other districts, the financing bank of that Central Store should send credit notes to other Central Banks in other districts for the value of the articles supplied by them. The same procedure may be adopted for the primary stores also. The financing bank does not take any great risk in financing the Central Stores of its district, since all purchases made are of the produce of the district.

(7) Then again there are commodities which have to be imported from outside the province, such as cotton seeds, gingelly seeds, drugs, toiletries, stationeries and others. For this purpose, the agency of the Provincial Marketing Society or other central organisation may be utilised. It should undertake their purchase and distribution to the wholesale stores.

(8) The wholesale stores should also undertake to convert raw articles into finished ones fit for consumption such as paddy into rice, oil seeds into oil etc.,

(9) This system of purchase and distribution will largely strengthen the position of the wholesale stores to withstand any competition from any individual wholesale dealer. This will also ensure proper supply of all articles to the primary stores in time and at a cheaper rate.

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A Welcome Departure.

The Trichinopoly District Co-operative Central Bank Ltd., No. 178, Trichy.

Subject: Trichinopoly District Co-operative Central Bank—Expansion of business—Reduction of the rate of interest on loans.

The loan transactions of the bank have fallen due to the following reasons (1) the availability of cheap capital in the villages (2) restriction in the period of loans from 5 years to 3 years. The need for improving the loan transaction has been imperative. Hence the Executive Committee of the Bank has decided in its meeting held on 16—9—1945 to reduce the rate of interest on loans from 5 per cent. to 4 per cent. It has also been resolved that this concession will be shown to such of those societies who reduce their lending rate to members from $6\frac{1}{2}$ per cent. to 5—15/32 per cent. The ultimate object of this reduction is to afford cheap credit to the ryots in the villages. It is considered that in view of the cheap rate of interest there will be more demand for co-operative loans.

Besides a conference of the members of the Board of Management of the Bank, Union representatives and supervisors was held in the premises of Bank on 30—9—'45 when Sri T. S. Muthukumaraswami Pillai President of the bank presided. The Deputy Registrar of Co-operative Societies, Trichinopoly was also present on invitation. The President in his opening speech dealt at length the circumstances that led the Executive Committee to reduce the rate of interest on loans and the need for the same. He also pointed out that stores societies have not borrowed upto the expectations in this district during the period of war. He exhorted the members to assist him in developing the transactions of the Bank under the changed circumstances. The following subjects suggested by the Deputy Registrar were discussed,

1. Fixing a target figure for each Union and supervisor to send up loan applications during the coming 6 months.
2. Revival of dormant societies.
3. Liquidation of bad societies which can not be revived.
4. Development of Controlled Credit Scheme.
5. Collection of overdues.
6. Organisation of new societies.

Suggestions were called for to improve the loan transactions of the Bank. Some members represented that the period of loans may be extended to 5 or 6 years and no limit need be fixed between short term medium term and long term loans. The concession of granting Long Term

Loans by societies may be given to C. Class societies also since such concession does not apply to the societies in this District. The Deputy Registrar said that the matter of extending the period of loans to 6 years will have to be decided by the Government and the Reserve Bank. With reference to the latter suggestion he said that he will accord permission to individual societies which have sufficient assets to meet the liabilities and not to all C Class societies.

A plan was drawn up to issue loans amounting to Rs. 9,06,000 during the coming six months.

The financial condition of dormant societies in the District and the human material available in the concerned villages were examined in detail and it was resolved to revive 40 societies and recommend for liquidation 16 societies. Except one or two societies, the other societies recommended for liquidation are under scheme work in Udayarpalayam Taluk.

The possibilities of developing the issue of loans under controlled credit scheme were discussed in detail. The scheme is being worked at present in 3 Union areas namely Manapparai, Karur and Chinnadarapuram and there is a proposal to introduce it in Ariyalur also. The Secretaries of the Karur and Chinnadarapuram Unions represented that the scheme could not be worked out successfully in the current year in view of the draught in their areas and the existence of the several control orders of the Government. The representative of Manapparai Union desired that cash remittances into the Central Bank should be discouraged. The representatives of Ariyalur Union expressed that the sale society should be provided with decorticator to work out the scheme successfully. The general opinion was that the repeal of the various control orders was an essential pre requisite for the successful working of the scheme.

In the matter of collection of overdues the members present were requested to exert their influence to bring down the balance to nil at the close of the Co operative year. Further it was proposed to organise 33 societies during the coming six months. The Deputy Registrar was requested to render assistance for which he agreed.

The President, in his concluding speech, appealed to all those present for co-operation to carry out the various scheme drawn up and thanked the Deputy Registrar for the advice given during the deliberation.

International Labour Office

CHINA—The Co-operative Movement at the end of 1944.

According to statistics published by "The Chinese Co-operator", 1 there were altogether 160,229 local co-operative organisations in China, with a combined membership of 15,341,730 at the end of 1944. Societies were most numerous in the Province of Szechuan (22,663 societies), while membership was greatest in Kiangsi (2.3 million) and Szechuan (1.9 million).

The following table shows the number of local co-operatives respectively specialising in and partly engaged in different spheres of activity at the end of 1944. Co-operatives specialising in a particular field may, of course, have subsidiary activities in another field.

Economic Distribution of Local Co-operatives.

Business:	No. of Co-operatives specialising in:	Partly engaged in:
Agricultural production ...	7,672	41,734
Marketing ...	1,429	29,912
Supply ...	509	25,273
Credit ...	74,578	46,806
Industrial Production ...	5,316	9,345
Consumption ...	4,782	33,628
Public Utility ...	79	8,323
Insurance ...	5	5,612

The trend towards diversification of the movement appears to be continuing. Compared with 1940, when 87 per cent of all Chinese co-operative societies were classified as credit societies, only 41.2 per cent were so classified at the end of 1944.

Type of Society:	Percentage of all societies		
	1940	1943 (July)	1944 (end)
Credit ...	87.0	53.0	41.2
Supply ...	0.4	6.5	8.7
Agricultural production ...	8.7	12.4	16.8
Industrial Production ...	...	4.9	5.0
Marketing ...	2.0	10.0	10.6
Consumers ...	1.4	9.0	13.0
Utilities ...	0.3	2.4	2.8
Insurance ...	0.1	1.8	1.9
Miscellaneous ...	0.0	...	...
Totals ...	100.0	100.0	100.0

Including local federations, mutual-aid societies and probational societies, the number of co-operatives at the end of 1944 was 171,681 with a total membership of 15,824,716 compared with 91,426 (with 4,366,758 members) in 1939.

CHINA—Activities of Consumers' Co-operative Organisations in Wartime.

Among the organisations which have contributed to the betterment of China's wartime social economy are the consumers' co-operatives. During the last few years they have helped to stabilise commodity prices, to supply Government goods at official rates to Government employees, to improve living conditions, to encourage domestic industries and to control wages of workers. They have also helped to carry out the Government monopoly system and general relief work.

At the end of October 1944 consumers' co-operatives represented 12.8 per cent of the total co-operative enterprises in China, compared with only 0.4 per cent in 1937 when the war began. In Free China there are at present 33,034 consumers' co-operatives in affiliation with the central organisation, besides 4,704 independent units.

Though not a complete solution to the problem of stabilising commodity prices, consumers' co-operatives have helped their members in this respect: an investigation made by the National Co-operative Supply Centre of 40 co-operative units in Chungking and covering 16 different commodities showed that between January and September 1944 co-operative prices were lower than the market price in every case—by from 5.55 to 58 per cent.

Certain kinds of daily necessities are priced at official rates and distributed in stated amounts regularly to Government employees—usually through the medium of co-operative organisations set up by the employees themselves.

Consumers' co-operatives have often extended their activities to the provision of services, such as running mess halls, barber shops and bath-houses, at prices lower than those charged elsewhere.

To strengthen co-operative effort, the women in the family of a member of a consumers' co-operative are encouraged to perform productive work at home, such as tailoring, knitting and bakery work, and to sell their products to the co-operative store, thus increasing the family income by as much as \$ 2,000 to \$ 5,000 (Chinese currency) a month. Necessary implements and materials are often supplied by the Department for the Promotion of Domestic Productive Co-operation.

In Chungking special consumers' co-operatives have been established among 10,000 workers, so that as far as possible any increases in wages may not be offset by high prices for commodities. These co-operatives are said to have had considerable success.

Consumers' co-operatives have also aided the Government in its application of the monopoly system, especially in the selling of salt by ration. In the Provinces of Hupeh and Yunnan the distribution of salt

to the people is entirely managed by co-operatives and in Kwangsi and Chungking much of this work is done by the co-operatives.

With mutual aid as their guiding principle, the consumers' co-operatives often give voluntary services in relief work. They have extended the services they afford in mess halls, dormitories and barber shops to refugees. In some co-operatives there are special departments which accept invalid soldiers willing to take part in productive industries.

Though it is recognised that the consumers' co-operatives have their imperfections, such as poor administration in some cases, insufficiency of supplies and, sometimes, rather high prices, they are considered to have rendered good service in a difficult situation. Apart from the material benefits they have brought, they have helped to instil the idea of co-operation into the minds of the people and the growth of this idea will lay the foundation for the further expansion of the co-operative movement.

CHINA—The 1944 Programme of the Chinese Industrial Co-operatives.

The productive programme of the Chinese Industrial Co-operatives in 1944 emphasised the manufacture of machine parts and chemicals, the spinning and weaving of cotton, wool, hemp and silk, the tanning of leather and paper-making. The results at the end of the year testified to the special efforts made by the co-operatives to improve the quality of their products rather than their quantity.

The rise in prices and the co-operatives' lack of capital had serious consequences in many co-operative societies and centres as regards production. Many local co-operative societies unable to put out products were closed so as to save more capital for running some bigger centres. The production of the co-operatives was impeded by the lack of capital and by the decreasing purchasing power of money. For instance, out of 700,000 army blankets ordered in 1944 from the co-operatives by the Ministry of War, only 280,000 were made.

As a result of the financial difficulty of the co-operatives and of the evacuation of co-operative centres and societies from Honan, Hunan and Kwangsi, the number of the working staff of the co-operatives fell from 301 in 1943 to 206 and there was a considerable decrease in the number of co-operative centres and societies: under the three regional federations of the co-operatives in Free China (northwest, southeast and southwest) there were 50 co-operative centres and 1,066 societies with a membership of 14,828.

These societies had a total monthly production of Chinese 74,791,377; 15 of them were producing minerals; 424 were doing spinning and weaving; 89 were doing tailoring; 424 were producing chemicals; 35 were

making food; 34 were doing cultural work; 70 were doing engineering work; 3 were engaged in transport and 91 others producing miscellaneous products.

During 1944 the Chinese Industrial Co-operatives received financial contributions totalling Chinese \$60,511,197, of which \$54,202,562 was contributed by the American Promotion Committee of the Chinese Industrial Co-operatives, \$6,092,164 by the United China Relief and \$216,701 by other organisation.

To strengthen their financial basis and to meet the urgent need for capital, all co-operative societies and centres began in 1944 to obtain capital from outside sources such capital for co-operative societies or centres being subscribed either in cash or in materials.

The military reverses suffered during 1944 in Honan, Hunan and Kwangsi, besides hindering production, affected adversely the welfare of the co-operative workers. Only a few machines could be rescued from the areas overrun by the enemy and the co-operatives appropriated \$9,500,000 to relieve co-operative workers who were refugees. Despite the adverse circumstances much was achieved during the year. Hospitals and clinics in various centres and societies were better financed and equipped and primary schools, professional schools and special training classes set up by the co-operatives in most regions went on without interruption. Schools evacuated from Honan, Hunan and Kwangsi were either amalgamated with existing schools or kept operating independently in the rear.

To meet the needs of the Allied forces in China, two service centres were set up by the co-operatives in 1944—respectively in Kweilin and Chengtu—for the supply of goods to Allied soldiers. A special food research institute was set up in Kweilin to serve United States airmen.

During 1944 the co-operatives accomplished laboratory and research work in a number of fields: extract of by-products from soap solution, production of cyanides, experimental manufacture of hemp, cotton goods and machinery equipment, manufacture of soda ash, soap and bleaching powder, manufacture of stationery, manufacture of drugs, of tanning machinery and dyestuffs. Research work carried out included the improvement of the primitive method of iron tempering, manufacture of Glash spinning machines, and the establishment of model paper mills.

The co-operatives were responsible during 1944 for the publication of two periodicals: *The Industrial Co-operatives Quarterly* and the *Semi-Monthly Correspondent*.

Stores Movement.

Note on the working of the scheme for distribution of rice to the Non-rationed areas of the Guntur district.

Prior to 1-1-45 rice to Non-rationed areas was being supplied by the Wholesale merchants who were purchasing it from mills on the permits obtained from the Grain Purchase Officer. The Wholesales used to pay the cost of rice to the millers direct and take delivery of the stocks. Under this arrangement the merchants were obliged to pay higher rates for rice than ceiling rates fixed by the collector and they in turn were selling rice at a price higher than the ceiling rate to the retailer who in his turn was selling rice to the consumers at a rate far out of proportion to the ceiling rate. It was therefore considered necessary to evolve a scheme which would remove direct contact of the wholesale merchants with the millers to ensure distribution of rice at ceiling prices. The subject was discussed at an informal conference of all the Revenue Divisional Officers, Tahsildars, Grain Purchase Officer, the Deputy Registrar of Co-operative Societies, the President of the Co-operative Wholesale stores and the Secretary of the Mill owners Association (Sri Rao Bahadur T. Jalaiah) on 1-1-45 presided over by the Collector. It was suggested by the secretary of the Millers Association himself that a single agency as primary wholesale dealer should be appointed for the entire district for procuring rice from Mills and distributing it to the retailers in non-rationed areas through an intermediary agency called the Secondary wholesalers. It was also suggested that the margin of profit allowed at the rate of Re. 0-4-0 per maund should be distributed equally among the three agencies namely primary, secondary, wholesaler and the retail dealers. In pursuance of this decision the Guntur District Wholesale co-operative stores was selected as the Primary wholesaler for the district, it being considered that the wholesale stores was the best suited agency to function as the primary Wholesaler. The Collector was accordingly pleased to approve the scheme and appoint the wholesale stores as the Primary Wholesaler. The scheme came into effect from 16-1-45.

Under the scheme the Wholesale stores was asked to open 10 depots in the mofussil at the rate of one for each taluq with an additional one in Bapatla taluk to arrange for easy distribution of rice to the secondary wholesale dealers in the non-rationed areas. Necessary staff was appointed, godowns were fixed up and sales commenced in right earnest from 15-1-45 onwards. With a view to providing adequate financial accommodation for the stores the Registrar of Co-operative Societies, Madras, was pleased to relax its credit limit upto 20 lakhs of rupees. The Wholesale stores borrowed the services of an additional co-operative Sub-Registrar (under F. R. 127) to be in charge of the non-rationed section and a separate office has been set up for this branch of business. Loading clerks for the procurement and movement of stocks to the branches were appointed. A letter of credit for rupees five lakhs was obtained from the Madras Provincial Co-operative Bank limited and a loan of Rs. 5,00,000 was borrowed from the local Central Bank for this purpose. During the period of 6 months ending with 30-6-45 the business was carried on smoothly by the wholesale stores in spite of the innumerable difficulties involved in the procurement and movement of stocks. Necessary sanction of the Board of Revenue was obtained for the stores to act as the primary wholesaler for

the non-rationed area besides the sole wholesaler for the Rationed area of the Guntur town.

The basic quota for the district was fixed at 1,62,324 maunds (6,000 tons) per month. A statement showing the quantity indented for the quantity for which permits were issued by the Grain purchase officer and the quantity moved and disposed off in each of the previous months is appended. It could not do any appreciable business in the remaining days in the month of January. There was some progress in the month of February and it gained momentum from March onwards. Particulars showing the business turnover upto 30-6-45 are furnished below. Besides profit at the rate of Re. 0-1-4 per maund handling charges at the rate of one anna per maund are allowed. The cost of transport of stocks and sale tax are completely allowed to be recovered in the selling price of rice.

	Rs.	A.	P.
Total purchases less purchase returns	33,14,117	0	0
Sales less sale returns	32,73,806	0	0
Trade charges	1,17,161	0	0
Stock on hand	2,28,817	0	0
Gross profit	71,345	0	0
Establishment and contingent charges	10,200	0	0
Interest on capital	4,500	0	0
Sales tax paid and due	38,000	0	0
Net profit.	23,645	0	0

For 5½ months in the year 1944-45 the Co-operative Wholesale Stores could dispose of 4,21,098 maunds of rice and earn a net profit of Rs. 23,645. It works at Rs. 4,300 on average per month.

On 1-6-45 the wholesale stores received a communication from the Collector to the effect that the Board has objected to the existence of two wholesalers *viz.*, primary and secondary in between the Miller and the retailer and the stores was asked to state whether it would be able to open additional branches at the important centres of the taluk in addition to the existing ten branches for distribution of rice to retailers in the event of elimination of secondary wholesalers as ordered by the Board. It was also suggested by the Collector that in the alternative the store may take up only a portion of the district leaving the remaining portion to the other wholesalers. The above suggestion was discussed by the Deputy Registrar of co-operative societies, and the President of the Co-operative Wholesale Stores with the Grain Purchase Officer, Tenali and it was concluded that unless the co-operative wholesale stores took up the agency for the entire district the object of the scheme would be defeated and accordingly it opened ten more branches at convenient centres with the approval of the Collector. The Collector was pleased to retain the co-operative wholesale stores as the wholesaler for the district and abolished the intermediary agency *viz.*, the secondary wholesalers with effect from 4-7-45. The abolition of the secondary wholesalers was done by the Collector only under instructions from the Board. The Collector was also pleased to add the portion in the margin of profits that was being allowed to secondary wholesalers to the wholesale stores in view of the extra expenditure that it had to incur on account of the ten additional branches opened in this connection. The margin of profit was thus doubled for the co-operative wholesale stores during the period from 4-7-45 to 31-8-45.

The secondary wholesale dealers who are about 130 in number including 23 primary stores were thrown out of their employment on account of the revised scheme. The original scheme which was in force upto 4-7-45 was thoroughly satisfactory to all the concerned *viz.*, the secondary wholesalers, the retailers, and the Grain Purchase Officer. The scheme effectively put down the black marketing in rice which generally started at the mills since no private dealer was allowed to have any direct contact with the mills. The Grain Purchase Officer too expressed more than once that the scheme reduced much of his office work since it was enough for him to maintain a single account for the stores instead of maintaining 130 accounts in the names of all the merchants.

The secondary wholesale dealers who were abolished began to agitate for their restoration as wholesale merchants as obtaining prior to the introduction of the original scheme on 1-1-45 or in the alternative for giving them a portion of the district wherein they could act as wholesalers. The grievance put forth by them was that they were thrown out of their traditional business. They went up to the Board through the Andhra Chamber of Commerce, Madras, and got stay orders in respect of the previous orders on the subject. The Collector did not give effect to the stay orders on the representation of the Wholesale Stores that every arrangement in the establishment of the additional branches was completed and that it had already commenced distributions of rice to the retailers direct. Thereupon the Commissioner of Civil supplies visited this place on 22-7-45 and attended the meeting of the merchants and the representative of the wholesale store convened by the collector. Almost at the outset itself the Commissioner was pleased to express that it was not good to throw out the merchants out of their business and he asked both the co-operative wholesale stores and the merchants to do business side by side. In pursuance of the orders of the Commissioner of civil supplies the collector consulted the stores to select some convenient centres to act as wholesaler for these centres. The co-operative wholesale stores requested the collector to allot the upland taluks of the district exclusively to the co-operative wholesale stores to act as wholesale dealer but it could not be complied with as it was opposed to the intentions of the Board that the co-operative wholesale store and the private merchants should work side by side so that the stores may act as a check on the private merchants. It was also found to cause hardship on the private wholesalers in these taluks. The Collector instructed the Tahsildars to group the villages in the taluk into as many small groups as possible and fix up quotas for each centre, subject to the basic quota already fixed for the whole taluk. The collector was pleased to convene a meeting of the Tahsildars on 6-8-45 and asked the stores to attend to select its centres. The stores selected 14 centres of which nine are at taluk head quarters. The remaining 5 are at the following places, 1. Nidubrolle, 2. Uppugundur, 3. Chilakalurpet, 4. Phirangipuram and 5. Chebrole. The total quota allotted to these 14 branches is 42656 maunds as against the district quota of 1,31,000 maunds. It come nearly to 33 per cent of the district quota. The stores has to wind up 8 of the 23 branches and open two new branches at Chebrole and Phirangipuram. Of the 120 remaining centres 7 were allotted to the primary stores societies in the district and the rest to the private merchants. The revised scheme came into effect from 1-9-45 and along with it the margin of profit was equally divided between the wholesaler and the retailer at the rate of two annas per maund. It is estimated to leave a net profit of Rs. 2,250 per month.

News and Notes.

THE 23rd INTERNATIONAL CO-OPERATORS' DAY

Tenali.

The 23rd International Co-operators' Day was celebrated at Tenali on 3-11-45 under the auspices of the Tenali Co-operative Stores, Tenali Urban Bank, Tenali Milk Supply Co-operative Society and Guntur District Co-operative Central Bank.

A public procession was taken out at 3 p.m. from the District Co-operative Central Bank, through important streets of Tenali Town. Many prominent co-operators participated in the procession and the playcards of the Madras Handloom Weavers' Society were carried.

At 5-30 p.m. a public meeting was convened under the presidentship of Sri Vedantam Lakshminarayana, M.A., B.L., After hoisting the Co-operative Flag, many important co-operators spoke on the subject of co-operation, and on the various advantages derived by the people from the co-operative institutions, especially during the critical period of war.

The resolution passed by the International Co-operative Alliance was unanimously adopted.

Ellore.

Under the auspices of the Co-operative Central Bank, Ltd., Ellore, the 23rd International Co-operators' Day was celebrated in the premises of the Bank. Sri D. S. Subrahmanyam, M.A., B.Ed., Principal Sri C. Ramalinga-Reddi, Municipal College, presided. The meeting was well attended. Some prominent co-operators spoke on co-operation in India. The resolution was unanimously adopted.

Vizagapatam.

The 23rd International Co-operators' Day was celebrated under the auspices of the Vizagapatam Co-operative Bank. A meeting was held with Rao Bahadur Dr. T. Madhava Rao, B.A., L.R.C.P., F.R.C.S., in the Chair. After the President's opening remarks, the Deputy Registrar, Sri S. Balayya Sastry spoke on the origin of the International Co-operators' Day and the importance of the celebrations. The president in his concluding remarks stressed the importance of co-operative spirit in economic life. Various other co-operators participated in the discussions and the resolution was unanimously adopted.

Sompeta.

Under the auspices of the Local Co-operative Stores, the 23rd International Co-operators' Day was celebrated with Sri D. Suryanarayanawami Dora, B.A., B.L., District Munsiff, Sompeta in the chair. The officials and the public of the town attended the meeting. Various prominent co-operators participated in the discussions, and the resolution was unanimously adopted.

Cuttack.

A meeting of the co-operators of Cuttack was held in the premises of the Central Co-operative Bank, on 3-11-45 to celebrate the 23rd International Co-operators' Day.

THE MADRAS JOURNAL OF CO-OPERATION

Sri L. N. Sahu, M.A., Member, Servants of India Society, was voted to the chair. The Assistant Registrar of Cuttack gave the inaugural address, explaining the aims and ideals of co-operation, and the independent roles that the co-operative movement has to play in the coming age and he requested both non-officials and officials to rally round the rainbow-coloured banner of co-operation which admits no caste, creed or colour for the economic emancipation of the world.

Several ladies and gentlemen made speeches on the subject of co-operation.

Chicacole.

On 3-11-45 the International Co-operators' Day was celebrated by all the local co-operators with grand success.

The function began with a big procession consisting of prominent co-operators of the town. With Band troupe and 'Seven Coloured Co-operative Flag' the procession was led through the main streets of the town and at every important centre speeches were given, by prominent co-operators explaining the significance of the day and the Flag. As soon as the procession reached the Municipal High school, the Flag-hoisting ceremony was celebrated amidst several co-operators. A public meeting was held on the same day with Sri P. Krishna Rao Naidu, in the Chair.

Several lectures were given on different topics relating to co-operation.

Salem.

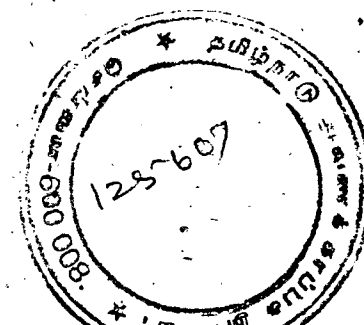
The celebrations of the 23rd International Co-operators' Day at Salem, began with a grand procession led by the prominent co-operators of the town. Then a public meeting was arranged at the Marketing Society and several prominent co-operators gave speeches on different aspects of co-operation. The resolution of the International Co-operative Alliance was unanimously adopted.

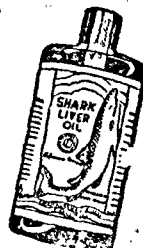
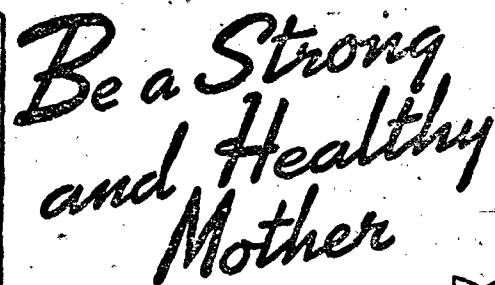
Calicut.

Under the auspices of the Malabar District Co-operative Central Bank and the Malabar Wholesale Co-operative Stores, Calicut, the 23rd International Co-operators' Day was celebrated on a grand scale on the 3rd November 1945. Rao Bahadur M. C. Krishnavarma Raja, a pioneer of the co-operative movement in Malabar, presided over the function. He made a grand speech explaining how the co-operative movement had grown into a glorious thing attracting many eminent people towards it. Several other co-operators gave speeches and observed that the world co-operative movement should have its representative in all International Conferences concerned with the peace settlement and economic and social problems. The resolution was unanimously adopted.

Conjeevaram.

The 23rd International Co-operators' Day was celebrated at Conjeevaram in the Bank premises on 3rd November 1945 with Sri Bahadur M. Vedaohala Mudaliar in the chair. Both official and non-official co-operators made instructive speeches on co-operation. The chairman in his concluding remarks stressed on the potentialities of the movement and appealed to the audience to work with renewed faith and renovated vigour.





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Edited by Sri R. Suryanarayana Rao, B.A., and published by Sri V. Viyyanna, B.A., B.L., at M. P. C. Bank Buildings, Esplanade, Madras. Printed by Sri R. Krishnamachari, B.A., at the Central Co-operative Printing Works, Ltd., 1/17, Mount Road, Madras Q. H. MS. 220-1,400-29-11-45.

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