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Editorial Notes.

Co-operative Planning:

Elsewhere we have published the views of the Malabar District Co-operative Bank on the report of the Post-war Planning Committee appointed by the Madras Provincial Co-operative Union. We hope and trust the Report is receiving the attention of other Central Banks, co-operative institutions and co-operators whose views we cordially invite for publication. Discussion and ventilation of views only can assist the formulation of a definite scheme of development.

There is much in the criticism of the Malabar Bank when it says that the Report contains only broad suggestions which have got to be implemented with details. As the time at the disposal of the Planning Committee was short and as the Union's views were due to the All India Co-operative Planning Committee, there was no time to await suggestions from co-operative institutions and co-operators. That is all the more reason why we even now invite constructive suggestions in order to make the scheme complete.

The Indian Famine Commission has made a great contribution to the discussion on the future of the Movement. We wish we were free to reproduce the relevant paragraphs from that Report. We hope to do so sooner or later as at present its publication is 'For official use only.' But from a summary of the recommendations which has appeared in the press, it is clear the Commission expects the Movement to play a greater and more helpful part in future.

agriculture. One important recommendation of the Commission to which pointed attention is drawn by the Malabar Bank is to the organisation of multi-purpose societies on the basis of unlimited liability and the federation of such societies into unions on a limited liability basis. There is nothing new in the latter recommendation regarding the constitution of the Unions as even now they are limited liability societies. But it may look outrageous to the orthodox co-operators to be told that multi-purpose societies can be organised on unlimited liability basis as for long multi-purpose and limited liability have almost been considered as synonymous. Though the Report of the Union's Planning Committee is silent as to the nature of the liability on which it recommends societies should be organised, it is clear such societies should be for multi-purposes. In other words the Planning Committee suggests that a village society should be encouraged to take up all activities contemplated in the by-laws as they stand. They do not bar them from doing so though in practice they are not permitted to undertake them without the permission of the statutory authority. There is a difference of opinion as to how far the village society on unlimited or even limited liability basis should be permitted to serve multi-purposes. Sri T. A. Ramalingam Chettiar is of the view that a village society should be organised on unlimited liability basis and that it should confine itself to the credit side only. This view is contrary to the recommendation of the Indian Famine Commission. This is a topic on which there is room for honest difference of opinion. But it is worth while thrashing out the question from all points of view and arrive at a definite conclusion. The Movement has, if we may say so, come to stagnation especially on the credit side. We wish we could say it has reached the point of saturation. There is no time to engage ourselves too long in academic discussion. If possible a *via media* must be found. Without appearing to be dogmatic, we are inclined to accept the view of the Indian Famine Commission. When one or more villages are clubbed together for organising a society the two essentials of co-operation *viz.*, mutual knowledge and mutual supervision, should be borne in mind. This must necessarily restrict the area of operations to a reasonably measurable distance. Proximity to one another should not be sacrificed. However, we earnestly solicit early expression of views from co-operators on this vital question on which we believe the future of the Movement depends.

Supervision:

The Indian Famine Commission has also made very good suggestions regarding arrangements for supervision. The Unions will have a paid manager who is to be responsible for the proper working of the societies in his charge. Taluk is too large an area for a manager to keep himself in constant touch with all the societies when, as it is rightly suggested, every village will be brought within the co-operative fold. The smaller the area the greater the scope and facility for intensive supervision. The office-bearers of the Union also can be expected to keep themselves informed of the affairs of the societies within the Union's jurisdiction. Who should appoint the manager and under whose disciplinary control he should work are matters of detail. But unfortunately these details do loom large and it is best to settle them to ensure smooth working. It has been suggested he should be a Government servant subject to a Central authority. Who that central authority should be, it is not made clear. While we commend the employment of the present supervising staff for the purpose, we plead they should be better paid and the prospect of absorption into the Government service should also be assured to them. The Central Bank may continue to be responsible for the appointment of supervisors, the payment of their salaries and the office expenses of the Union, to be subsidised by subventions from the State where the Banks cannot afford to find the necessary funds to meet the increased expenditure. It is just possible the need for subventions may cease when the transactions increase bringing in more returns. The State should be able to do so as when the Unions are organised on this new basis, the need for having territorial Inspectors will cease. Audit will be the only main function of the statutory authority. The army of Inspectors now employed in administrative duties can as well be removed and employed on more important duties such as audit for which there is growing need.

Rates of Interest:

The question of supervision is at present closely linked up with the rate of interest charged to rural credit societies. The margins between the borrowing and the lending rates of different co-operative credit institutions that exist between the first lender and the ultimate borrower have unfortunately resulted in increasing the rate of interest. These margins are considered necessary to meet the expenditure on essential duties each credit institution performs. It is also contended these institutions are absolutely necessary to provide adequate control

and supervision. It is true the rates of interest charged by rural credit societies to borrowers were at one time comparatively lower than the prevailing rates of interest. But times have changed. The agriculturist is able to get credit at rates lower than the rates charged by the societies. Necessarily loan transactions in many of the societies have gone down considerably which has seriously affected the position of the Central Banks. But for the large loans advanced to the stores and the weavers' societies, the plight of most of the Central Banks would have been very bad. We have more than once pleaded that the Central Banks cannot afford to rest on their oars. They should not only plan but carry it out to improve the loan transactions of rural societies. One of the circumstances which will assist the rehabilitation of the credit side of the Movement is reduction in the rate of interest. The Madras Provincial Co-operative Union circularised the Central Banks to intimate the rate of interest charged by them on loans to rural credit societies and requested them to inform the reasons, if any, when the rate of interest exceeds 5 per cent. It is seen from the figures compiled that the rate on ordinary loans ranges from $4\frac{1}{2}$ per cent to 5 per cent. Why there should be this disparity between the lending rates can be known only if the rates at which the money is borrowed are known. As far as the Madras Provincial Co-operative Bank is concerned, their lending rate is the same for ordinary loans. Any disparity in the rates must be in respect of deposits received by the Central Banks. If the Central Banks have to pay higher rates to attract the deposits, some times even higher than those offered by other Banks, is it not wise for them to secure accommodation from the Provincial Bank and thereby lessen the burden on rural credit societies? Then again the question of reducing the margin between the rates at which the monies are borrowed and the rates at which they are lent out. The Central Banks should examine if the margin cannot be reduced. There are Central Banks which are content with a lower margin. This may be due to the fact their transactions are large. However, the Provincial Bank will be justified in insisting on the rate at which the Central Bank should lend rural credit societies. In the same manner it should be possible for the Central Banks to fix the margin of the rural credit societies. We have reason to believe that in some areas it is less than 2 per cent though the prevailing margin is generally 2 per cent. What the reasons are for the insistence of 2 per cent and whether it is possible to reduce as some Central Banks have done are points which should be carefully examined. Most of the rural

societies want also 2 per cent margin to meet their expenditure. The items of expenditure are contribution towards supervision fund, remittance charges etc. An examination of the items of expenditure may reveal there are some which are avoidable such as remittance charges if necessary facilities are provided for the purpose.

We have touched only a few points which affect the rates of interest. A minute examination of expenditure in the various credit institutions which necessitate the present margin is urgently necessary with a view to reduce the rate of interest to the ultimate borrower. If contributions to the supervision fund are necessary, how best to provide them for only unavoidable expenditure may have to be examined. This may even help us to reduce the present high rate of contribution. Whatever can be done to reduce the present rate of interest to the ultimate borrower should be attempted as otherwise it is difficult to increase the transactions. Nor will the Movement be able to fulfil its main purpose of providing credit facilities on easy terms to the agriculturists. Stagnation will be the result with its attendant repercussions.

Reform of Panchayets:

There is a persistent rumour that the present Government proposes to enact a Bill designed to reform the Panchayets. It may be remembered the draft Bill published in 1943 was considered by an *ad hoc* Committee which made some useful suggestions. We do not know if all or any of their suggestions have been accepted and incorporated in the final draft. It is desirable and necessary the public should be given an opportunity to express their views on the revised draft before it becomes a statute, especially as on some important matters such as the responsibility for elementary education, it is feared, the decision of the Government appears to be retrograde. The Indian Famine Commission, we understand, has also made some very helpful suggestions on panchayets. The Government themselves, let alone the public, have had no time to study them carefully and incorporate them. Moreover, when the prospect of rule under Section 93 of the Government of India Act coming to an end is so near, why persist in enacting legislation on which the representatives of the people have a right to be consulted. Let the normal procedure of deliberation and decision by popular representatives be followed in respect of institutions whose conduct will affect vitally

millions of rural population. We earnestly plead for postponement of the enactment of this important piece of legislation.

Co-operative Party triumph :

Co-operators all over the world will rejoice that the members of the Co-operative Party returned to the House of Commons in the recent General Election has increased considerably since the inception of the Party in 1918. Two Co-operators have also been appointed—the Rt. Hon. A. V. Alexander and the Rt. Hon. A. Barnes—to ministerial posts of first vote importance. Among the other ministers in charge of departments which come into contact with the Movement, there are many whose sympathies are well-known. Besides there are also a few co-operators who have been elected to the Parliament though they did not stand as Party candidates. All this augurs well not only for the future of the Movement but also for world peace. The following statement will give our readers an idea of the increasing influence of the Co-operative Party and its undoubtedly growing strength since it came into existence.

Election	Candidates	Seats Won	Votes
1918	10	1	57,000
1922	31	4	126,000
1923	10	6	108,000
1924	10	5	128,000
1929	12	9	168,000
1931	18	1	249,517
1935	20	9	347,728
1945	34	23	635,000

Our Thoughts for Others :

The recent cyclone has caused great havoc and rendered many homeless. The severity has been so great and the loss sustained is so enormous, it is feared almost all the districts in the affected area which were till now surplus districts may become deficit ones necessitating transport of food grains from other areas. We are sure co-operators all over the presidency will extend a helping hand to the sufferers and render all possible assistance in the measures undertaken for their rehabilitation. Doubtless there can be no objection for co-operative institutions to contribute liberally from their common good fund. To what better use can these funds be put than to bring succour to the victims of this unfortunate calamity.

Let us not forget in their hour of need the deep debt of gratitude we owe to these districts for generously coming to the aid of the deficit districts since the outbreak of the war. We appeal to all to swell the funds of the Prakasam Committee to afford timely relief to the sufferers and thus discharge the debt we owe to them. 'Help to Cyclone Sufferers' Fund' is a cause worthy of our unstinted support.

Ex-service Personnel :

May we earnestly invite the attention of our readers to the exhaustive circular of the Registrar of Co-operative Societies on the settlement of ex-service personnel and the part the co-operative institutions can play in this essential work. We heartily commend the various suggestions and implore that no effort should be spared by co-operative institutions to assist in this work of rehabilitation.

Available for Sale.

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.

Only very few copies available.

Price per copy is As. 8. Postage extra.

Copies can be had from : The General Secretary,

The Madras Provincial Co-operative Union,
Esplanade, Madras.

Available for Sale.

REPORT OF THE POST-WAR DEVELOPMENT COMMITTEE ON CO-OPERATION 1945

Gives useful suggestions for Co-operators and Co-operative Institutions.

Price per copy is Rs. 0-8-0. Postage Extra.

Only few Copies are Available.

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

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.

Only very few copies available.

Price per copy is Re. 1-0-0. Postage extra.

Copies can be had from: The General Secretary,
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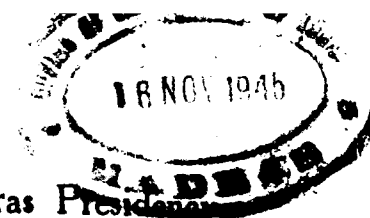
MARKET INTELLIGENCE—1945

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.



Village System in the Madras Presidency

BY THE LATE DEWAN BAHADUR S. SRINIVASA

RAGHAVA AIYANGAR, C.I.E.

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III.—Instructions issued by the Court of Directors for revival of Village Institutions.

Sir Thomas Munro strongly advocated the necessity for utilizing indigenous agencies, such as village officers and village Panchayats for the prevention and detection of crime and the settlement of petty disputes between villagers, both civil and criminal. While in England on leave, he impressed the Court of Directors with his views and got them to issue instructions for measures being taken to put them into force not only in the Madras Presidency but throughout the whole of India. A special Commission was appointed to carry out the reforms with Sir Thomas Munro as President. In the Despatch sent out by the Court of Directors dated 29th April 1814, the following observations are made on the general question:—

"In the modern possessions under your Government, where the zealous and well-directed inquiries of some of your ablest and most intelligent servants brought us to a nearer acquaintance, than in any other part of India, with the nature and uses of the local institutions of the country, and where also, the policy had been most attended to, of regarding these institutions as the natural and only solid foundation on which to raise the superstructure of civil government, a close adherence to the ancient and customary course of proceeding in the adjudication of civil causes appears to have been observed, until the introduction, a few years ago, of the judicial establishments, now existing.

Of the utility of the Pottails in their judicial character, and of their identification with the domestic economy and internal arrangements of the country, we have the recorded testimony of many of our servants.

Colonel Munro, in his report from the Ceded Districts of the 15th May 1806, informs us that 'every village, with its twelve Ayangadeas, is a kind of little republic, with the Pottail at the head of it, and that India is a mass of such republics.' The inhabitants, during war, look chiefly to their own Pottail. They give themselves no trouble

As to the general efficiency of the village system in the several districts Sir Thomas Munro recorded the following remarks:—

“The efficiency of the village system has undoubtedly been considerably diminished under the Company's Government. In all the changes to which the country was subjected at different periods, by conquest, among the natives, the main points of the system were still preserved. The immediate management of the village was still left to its Potail headman, sometimes with more sometimes with less authority; in some cases holding his office during his pleasure, but more, frequently as an inheritance. We have almost everywhere reduced his authority. We have, in some districts, by constant removals, rendered the office more a temporary appointment and less an inheritance than before. We have, in others, resumed his fees and low rents or maniyam lands and put a stop to the voluntary assessments among the ryots and to the remission in his own rent, or in that of the village which were usually granted where he had no maniyam. We have, it is true, in some cases given him a money allowance, greater nominally than the amount of his old maniyam, but less in reality, because land has been assigned to him in lieu of the money, which is either waste or does not yield the equivalent.

“The heads of villages are at present capable of carrying on all the duties required of them by the Regulations; but they would do it better if their situations were rendered more fixed and independent, which would give them more weight and respectability in the country than they can possess when they are liable to removal at discretion. This might be effected by making the office hereditary, reserving, however, the power in the case of the incapacity of the incumbent, of appointing the heir or a member of the family to act for him; by giving them service lands in lieu of money wherever they held them before and also wherever there is Government land for this purpose.”

V.—Attempts made to separate the Village Police from the village organization and control of Revenue officers and to place it under the Regular Police.

In the years 1854-1866 the very unsatisfactory working of the Police throughout the whole of India formed the subject of serious consideration by the Court of Directors, the Government of India and the Local Governments, and in view of the gross abuses prevalent in and the general inefficiency of the Police Administration, the Court of Directors sent out instructions for a thorough reform of this branch of the administration by the constitution of a separate force properly

manned, paid and supervised by competent and trustworthy officers. In 1855 the enquiries of the Torture Commission brought to light the prevalence of serious malpractices in the collection of revenue by native officers of the Revenue Department and one of the measures strongly insisted on by the Court, in reference to the contemplated Police reform, was the entire separation of police from revenue functions so far as the subordinate revenue officers were concerned. A Committee was appointed by the Government of India to arrange the details of the new measure and they laid down the following proposition in regard to the Village Police, viz:—

- 1st.—That in those parts of India where Village Police exist, they ought to be maintained on a proper footing.
- 2nd.—That in all parts of India the Village Police are a municipal public institution recognized by law.
- 3rd.—That they are an essential portion of the public police of the country.
- 4th.—That they have always been in connection with the regular police, and that connection ought to be rendered as perfect as possible.
- 5th.—That if properly constituted, the Village Police form an important link between the Police and the people.
- 6th.—That in many parts of India the class of Village Policemen occupy such a position, that they could not be discharged without detriment to the general administration.
- 7th.—That under existing circumstances, and so far as those circumstances shall permit, it is most desirable on the one hand to render the Village Police thoroughly efficient, and on the other hand, to preserve their intimate connection and association with the people.
- 8th.—That wherever the existing law or regulations are insufficient for the thorough accomplishment of the above objects, legislative enactment should be supplied.
- 9th.—That one law cannot be made applicable to every Province because of various systems prevalent in different parts.

As regards the Madras Presidency, the Committee stated—

"Many difficulties have sprung up from the hereditary character which has belonged to the Village watcher body and from their being employed on revenue duties. These should be carefully and gradually rectified by revision of establishment, placing the emolument on a secure footing, and by other measures. That they should be placed under the charge of one of the principal inhabitants who would be responsible for the efficient discharge of their public duties. That a large portion of the emoluments consists of fees which they collect from the villagers, and which are in part local cesses contributed by the people to their maintenance. That these fees are realized with increasing uncertainty, and their collection by the village watchers themselves is in every way objectionable. That they should be at once rendered obligatory by law, which would authorise their commutation and collection under the revenue regulations."

(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

Industrial Co-operation in Andhradesa

BY N. SATYANARAYANA

During the course of a short period of a century co-operative movement has made rapid progress in all spheres of activities of human life and has a great future in shaping the destinies of human race as a whole. The Movement has spread throughout the civilized world in one form or other and the membership to-day is 150 millions.

The world is proud of capitalistic achievements during the last three centuries in scientific advancement, material prosperity, industrial progress and political awakening. But it has developed a soulless civilization culminating only in a heap of ruins. The two European wars are proof positive of the hollowness of the capitalistic civilization and its ideals.

With the invention of the atomic bomb, there is no safety for the human race in future to hide their heads in the world unless the mentality of the capitalistic world is entirely changed. So long as the end and aim of the capitalistic world is competition and profiteering, war and strife are the inevitable consequences culminating in self destruction. This is not the destiny of the human race. Wiser counsels will prevail. A new era will dawn. Out of this chaos, peace and order will emerge. In the place of profiteering and competition, people will learn the ideals of service and sacrifice. Old order will certainly yield place to the new. Co-operation is the only hope for the future world whether for advancement of Agriculture, improvement of industries, and social or political uplift. The motto of co-operation is 'each for all and all for each'. This is the Upanishad ideal also. "అర్హత్యై భాతానాం వర్తతి సర్వత్యై." This is the gospel of the Bible. 'Love thy neighbour as thyself'. This is the Islamic truth also. But in this age of machine, the ideals are forgotten and man has lost his divine heritage and lowered himself worse than a brute. The two European wars have given a rude shock to the present trends of capitalistic civilization. New links have to be forged for the onward progress of civilization on different lines and ideals.

In the early days of feudalism, landed aristocracy dominated the world and held complete sway over capital and labour. The days of feudalism were given the go-by and capital reigned supreme domineering over the forces of land and labour during the past few

centuries. The days of capitalism also are numbered. Now the turn has come for labour to dictate its terms to the capitalist and the landed aristocracy.

Whatever shape the future may take, co-operation strikes a via media and blends the three forces of land, labour and capital to flow into a perennial stream of 'Threeveni Sagara Sangamam' to resuscitate the present decaying world. The three forces of land, labour and capital must be united and kept under democratic control for the service of humanity. This is the goal of co-operation.

In countries where co-operation is spread, capital and labour are brought under the wing of co-operation for improvement of agriculture, for supply of consumers' goods and for social amelioration. In Germany, Denmark and Ireland, the poor Agriculturists were rallied under the banner of co-operation and financial help has rendered for improvement of agriculture for joint purchase of manures, implements and other necessities of life. Cattle were improved. Better crops were produced. Agricultural produce was marketed without the exploitation of the middle man. Social uplift work was done. All this work was done through peoples' banks for the farmers and tenants of these agricultural countries.

England, Scotland and Finland organised consumers' stores for supplying necessities of life to the poor labourers. The consumers' co-operative movement has now spread throughout the whole world and is giving sustenance to thousands of poor families. It has a philosophy of its own. It has taught people to stand on their own legs and produce their requirements by united effect and democratic control.

Russia and China have learnt the lessons of co-operation under the stress of war and built up industrial co-operatives to save the nations from destruction. They have achieved success beyond expectation and won laurels. Even under the enemies' firing, industrial co-operatives in China could survive the onslaughts of the enemy and supplying their nation's requirements through their well-knit co-operative organisations. The Russian co-operators produced all the food and raiment required for their nation and for their fighting soldiers through joint cultivation and collective farms on co-operative methods.

India too is not lagging behind in spreading the message of co-operation through the nooks and corners of this sub-continent. India

is brought under the ambit of co-operation under the aegis of Government in the early parts of the century. The agriculturists of India are steeped in ignorance and poverty. With a view to relieve the agriculturists of their indebtedness and finance agricultural industry on a large scale, credit co-operative societies were started in this country. The signal achievement on their part is the reduction in the general rate of interest. Now the agriculturist is able to get finance for his agricultural industry through a net work of co-operative credit societies all over India numbering 150 thousand with a membership of about a crore and a quarter of people and a working capital of 200 crores of rupees.

Madras presidency can boast of 15,000 societies with a membership of over 12 lakhs and a working capital of 25 crores. The war has been a blessing in disguise as regards the development of co-operative movement in this country.

All these years, co-operative credit societies helped the improvement of agricultural industry. Consumers' movement also has its footing now. In this presidency, 12,000 consumers' societies were started with 1,200 branches and they are able to supply consumers' goods this year alone to the tune of 20 crores. On the industrial side, weavers' co-operative societies were organised on a large scale and handloom cloth finds now a good market, giving employment to thousands of weavers. Thousands of small-scale industries were started all over India to supply war requirements for soldiers such as cloth for tents, coir, blankets, ropes, ghee and other essential articles required for soldiers.

Andhradesa is not lagging behind in developing co-operative movement in all the districts for the improvement of agricultural industry, the basic occupation of 75% of population of the country. Factories for the manufacture of sugar were organised on co-operative basis in the United Provinces and the Central Provinces. A sugar factory was started at Vuyyuru a decade back in Krishna district but it passed away into the hands of the capitalists owing to disunion and internal jealousies among the members. There is immense scope for developing industrial societies on co-operative basis in Rayalaseema.

Rayalaseema area has great potentialities for developing industrial co-operative societies. It is rich in mineral and forest produce. It is rich in materials which can be converted into finished articles.

Several suggestions were made in the Famine Committee Report published in 1939, for organising co-operative industrial societies, both for large-scale and cottage industries to utilise the raw products which are abundantly available in the area. In para 5 of the Report it is stated that it is the considered opinion of the Committee that small-scale industries both as regards production and marketing may be organised under the auspices of the co-operative movement. Though the Report was published 6 years back co-operators have not yet utilised the Movement for industrial prosperity of the area, nor has the Government given any drive or taken any initiative in this respect.

Cotton is grown in a million acres, and 29 thousand tons of raw cotton is exported by rail annually, from this area. There is immense scope for organising cotton mills at Bellary, Tadpatri, Guntakal, and Nandyal on co-operative basis. Usually, 1,500 men are required for working a mill. 25 lakhs initial capital is required. If one crore of capital is invested through co-operative efforts, the mills can give employment to a large number of unemployed labourers in this area, who are now migrating to Bombay and other industrial areas. There are now small ginning factories nearly, 25 in this area. All these factories are now managed by profiteering middle men. Model co-operative ginning factories can be started which require not less than a lakh of rupees each. There are thousands of spinners still engaged in spinning and supplying yarn to thousands of weavers. There are 14 thousand handlooms in Bellary and Anantapur districts alone. They are now depending upon imported yarn. The entire cotton produced in this area can be converted into yarn either by spinning-wheels or by mills and can be supplied to the weavers. Hand-spinning is now self-supporting. If this cottage industry is properly encouraged by organising co-operative societies in groups of villages, there is great hope of reviving this cottage industry which can give employment to thousands of famine-stricken workers.

• Another raw material which is abundantly produced in this area is groundnut. In one million two hundred acres groundnut is cultivated. Several factories are working in decorticating groundnut and extracting oil. Just like Ginning Cotton Mills, groundnut oil mills on co-operative basis can be started. Scented oils can be prepared. There is immense scope for utilising this groundnut cake for cattle food and manures and this oil can be converted into vegetable ghee which is widely used by the public now.

This can be done as cottage industry on co-operative basis. Another important material which is largely available is castor seed which is grown in another one million acres in this area. It represents 48% of the output of the whole province. Sericulture, i.e., the culture of silk-worm that feed on castor seed has immense scope for development in ceded districts. This is another cottage industry which can be organised on co-operative basis. China has made a great headway in developing this industry on co-operative basis.

There is great scope for developing tanning industry in this area, as raw material is available in great quantities. There is a shrub called 'Thangedu' which has a wild growth in this area. The bark of this shrub is used in tanning industry. There are thousands of indigenous tanners in this district. Shoe-factories can be organised on co-operative basis in important centres where skin and hides are easily available.

Glass bangle industry flourished extensively in many villages as a cottage industry. This is neglected now. There is immense possibility of reviving this industry by establishing a glass factory in Anantapur district on co-operative basis, making use of silica from the Pennar river.

Kurnool district is famous for manufacturing slates. It is now worked on a cottage industry basis finding employment for a number of workers. These workers are now exploited by capitalists. If the Forest Department supply suitable wood at a special rate from the Government Reserves in Cuddapah and Kurnool districts, Co-operative slate factories can be developed in half a dozen centres in each of these districts. Cuddapah is famous for its slabs. Slab factories have a great future as suppliers of building material. This industry is now in the hands of capitalists. Co-operators have to step in and the co-operative movement can help a great deal in financing slab workers who are now working as mercenaries under capitalists, without proper remuneration. If this industry is brought under the wings of co-operation, it can give employment to thousands of workers.

Just as Rayalaseema comprising half of Andhra is rich in forest and mineral wealth, the Circars, the other half of Andhradesa is rich in agricultural and dairy products. These districts have been enjoying irrigational facilities for nearly a century by the construction of anicuts over the rivers Godavary, Krishna and Pennar. Perennial supply of water is ensured for raising food and garden crops

over nearly 20 million acres of irrigated land which is giving sustenance to over a crore of people living crowded in this area. 90% of the people live in villages and agriculture is the main industry and occupation for 80% of the population. Agricultural industry has been all along a deficit economy but after the war it has become a surplus economy. The development of co-operative credit movement during these 40 years has indeed helped a great deal for financing agricultural industry to the small-scale farmer. But to improve the agricultural industry on a vast scale, and make it self-supporting and remunerative, improved methods of agriculture have to be adopted. There are several impediments in the way. Cumbersome land tenure system, fragmentation of holdings, heavy taxation, poverty of agriculturists and illiteracy in the general mass of cultivators are among the several handicaps in the way of development of agriculture on modern and scientific lines. There is immense scope for developing agricultural industry on co-operative lines to eradicate the above evils and make the land more fruitful and useful so as to support a larger population.

Land, labour and capital must be organised under the wings of co-operation without being exploited either by capitalist or by landed aristocracy or by combined forces of labour. There are thousands of landless labourers unorganised and exploited. The aim of co-operation should be to organise this unorganised labour.

Co-operative peoples' banks have created during the half century, confidence among the investing public, and crores of money are attracted to the Movement. This financial strength must be made proper use of for organising agricultural industry with the help of millions of unorganised landless labourers who are now at the lowest rung of the economic ladder.

Nationalisation of land need not be attempted now in a revolutionary manner. Just as capital is attracted to the peoples' banks so also land has to be acquired by these banks from absentee landlords on long term lease at a fixed equitable rental. Landless agricultural labourers must be allowed to cultivate these lands under the management of the co-operative farmers' associations with the financial help rendered by the banks so that the labourers may enjoy the fruits of their labour paying the rental. The agricultural expenses may be advanced by the banks. Dairy industry can be improved along with agricultural industry in the same manner. Agricultural industry alone cannot give employment to of the labourers and all

the year round. Cottage industries have to be developed. Facilities for cottage industries have to be created. All this work can be done by co-operative effort. Co-operators of Andhradesa have to utilise these natural resources and organise agricultural and dairy industrise on a large scale, and improve the agricultural wealth of the country on co-operative lines.

Just as co-operative factories can be developed in Rayalaseema for using forest and mineral products, agricultural and dairy products of the Circars can be made use of for developing rice mills and dairy factories, and give employment to thousands of workers now unemployed.

Sugarcane gardens are grown in large areas in deltaic districts or Andhradesa. Sugar factories are now developed by profiteering middle men in Vizag., East Godavary and Krishna districts. These factories can be developed on co-operative lines to give a just price to the sugarcane growers and the factories may be managed by the sugarcane growers themselves so that the cultivator may be the producer, the manufacturer and the consumer.

So also rice factories can be organised for the benefit of cultivators by the agriculturists themselves on co-operative lines so that the miller may not exploit the producer. There are thousands of Batavia and mango gardens in this area. Fruit factories can be organised on co-operative basis and fruits can be preserved and decent prices may be given to these fruit-growers.

• Agricultural co-operation will pave the way for industrial co-operation. Whether it is for the improvement of agriculture or expansion of industry, co-operation alone can give equitable distribution of wealth to the general mass of people when it is democratically organised.

Post-War Reconstruction & Co-operative Movement.

BY THE MALABAR DISTRICT CO-OPERATIVE BANK, LTD.

We are in receipt of the Report of the Post-war Planning Committee appointed by the Madras Provincial Co-operative Union and are generally in agreement with the recommendations contained therein. Now that the war has ended, the work of reconstruction has become urgent. What is therefore required is a comprehensive plan with details which have to be put into effect almost immediately. The Committee's report contains only certain broad suggestions which have got to be implemented with details. The following are some of the points which occur to us as necessary for reconstruction through the co-operative movement.

India is predominantly an agricultural country and any scheme of post-war planning should aim at improving the financial condition and thereby raising the standard of life of the agriculturists. The agency best suited for this is the co-operative movement for, this is the very purpose for which the movement was started in the country. The Famine Enquiry Commission in their final report also suggests that the future development of agriculture depends in considerable measure on the organisation of multi-purpose village co-operative societies with unlimited liability and the federation of such societies into co-operative unions with limited liability. It would therefore be worth while to look into the present condition of the Movement and take steps to develop and improve it so as to make it an effective agency for the urgent work on hand.

Even though the Movement was started as early as 1904, it has touched only a fringe of the population—So far only 5 per centage of the population have been touched by the movement. The Movement has, therefore, got to be expanded if it were to be an effective organ for the reconstruction work. We would suggest that it must be made a statutory condition that every village or a convenient group of villages must have a co-operative society. There is no need to make the membership compulsory as we believe that a properly managed society will attract members in due course. If the expansion of the Movement is to be on a purely voluntary basis we are of opinion that it will be of no avail for ages to come.

Primary societies are of two types—those registered on unlimited liability and those on limited liability. The Committee's report does not say which kind of society is best suited for the village though the President of the Provincial Bank has, in his memorandum appended to the report, advocates unlimited societies for the villages. We agree with the views of the President. Limited liability societies may be confined to urban and semi-urban centres to supply credit and to do other activities.

But due to bad management or other similar causes there have been occasions to enforce unlimited liability of members in certain societies. This has scared away a wide section of the members who have some

POST-WAR RECONSTRUCTION & CO-OPERATIVE MOVEMENT

stake. Unless this scare is allayed and this section of the people attracted to the Movement it will be difficult to effect a healthy expansion because a society consisting of members with no assets can raise little or no credit. The safeguards against unlimited liability are the share capital and the reserve fund. But these by themselves are found hardly sufficient to provide cover to any appreciable extent. It is therefore suggested that the Reserve Fund of all unlimited societies in a District be pooled and kept as an unlimited liability fund. This fund may be administered by a Trustee consisting of the Registrar or his Deputy and the representatives of the financing banks and societies and it may be utilised for meeting the unlimited liability of members in deserving cases. It can also be utilised for advancing long-term loans to societies to the extent of their contributions according to rules which may be framed in this behalf.

Our experience is that for proper working of societies there must be paid staff who are made responsible to a central authority. It is suggested that every society must have a paid manager just as there is headman in each village for revenue collection. This manager must be appointed and controlled by the Government and must be made responsible for the executive work of the society under the guidance of the Panchayat elected by the general body every year.

The Committee suggests that a village society should be encouraged to take up all activities contemplated in the by-laws whereas the President of the Provincial Bank insists that it should confine to the credit side alone. If a society is put under a paid manager who is well-trained as suggested above, we think there is absolutely no harm in undertaking the various activities. The existence of a multi-purpose society in every village will do away with the necessity of having different types of societies such as cottage industries societies, better living societies, societies for bee-keeping, poultry-farming etc. A village society must be made to work most efficiently, and any amount of energy spent for the purpose will not be a waste as it is to be the basis for any co-operative work.

A village society must be provided with an office and godown at Government expense for which suitable sites should be acquired if necessary. We suggest the following among other lines through which a society should be made to work.

1. The society should provide funds for the short and medium term requirements of its members.
2. The society should arrange for the joint purchase and sale of the necessaries of life including agricultural implements, manure, seed etc.
3. The society should introduce and encourage improved methods of agriculture for which it may even maintain a model farm under it.

cumbles, Hospet for sugar and jaggery, Kudligi for tamarind and plate leaves, Alur and Harpanahalli for cholan, Yemmiganur for hand-loom cloth. If the stores societies started there monopolise the goods of that place and sell only to other co-operative institutions, thereby eliminating the merchant, then the work is complete. The Adoni Stores while doing its retail business, will import sugar and jaggery from Hospet, plate leaves and tamarind from Kudligi, cumbles from Bellary and cloth from Yemmiganur. A similar arrangement will be made to import goods from other Stores in this district. A similar expansion can be made by inter-district transactions.

By this arrangement the middleman is eliminated. The prices can be so well controlled that it will be advantageous both to the producer and the consumer. If different stores societies could thus be interlinked then the entire market of this Presidency, nay India and even Overseas will be controlled.

It has been noticed with proud satisfaction that the Controller of Coffee at Chikmangalore (Mysore State) has encouraged only stores in admitting as wholesalers for all purchases of coffee from the pool and eliminated the entire merchant population. If such voluntary help could be rendered by all Governments then the work becomes much easy. For instance the Mysore Government, can sell all its manufactures, such as soaps, oils, papers, pencils, electric bulbs, only through co-operative institutions. Similarly important firms such as Parry and Co., instead of canvassing for agents can directly recognise all Stores as their agents and distribute their products. This saves the institutions from the drudgery of appointing agents, and the huge expenditure on advertisements and canvassings.

As some stores have now built up vast reserves and can borrow several lakhs of rupees how very profitable it would be, if some of these pioneer institutions could start their own manufactures to the best advantage of the public. Personally I am very optimistic.

All co-operative institutions, excepting the stores, have been deriving some help or other from the Government. I think I would be reasonable if I demand a similar concession. All stores have been doing lakhs of transactions and they have been paying sales tax at both ends. I suggest that the purchases should be exempt from sales tax, or as a measure of encouraging stores it would be worthy to consider exemption for purchases when done from another stores.

Of late it is found in every month that the dividend should be reduced to the barest minimum and bonus should be paid. The Adoni Stores will prove that the entire profits will not be sufficient even if half a pie per rupee is to be declared as bonus. Further the volume of work it involves is not worth venturing. I believe it is safer to enhance dividend. Share capital is a worthy investment and if the amount of investment is decent the dividend would be equally so. The capitalistic tendency is for the investment of money in shares. With better rate of dividend we can have more members and more share capital.

Stores Movement in Madras.

REGISTRAR'S REVIEW FOR AUGUST

A. Co-operative Wholesale Stores .

There were 8,761 members with a paid-up share capital of Rs. 25.4 lakhs. In such of the districts where the targets have not been reached the Deputy Registrars are requested to make sustained efforts with a view to achieve this end.

Borrowings: The borrowings of all the District Co-operative Wholesale Stores totalled Rs. 135.2 lakhs of which Rs. 125.6 lakhs were borrowed from the Central Banks while the balance of Rs. 8.7 lakhs were from other sources.

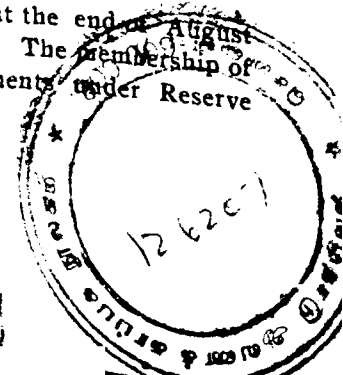
The total working capital of all the Co-operative Wholesale Stores comprising their share capital, reserve fund and borrowings, amounted to Rs. 163.6 lakhs as against Rs. 192.4 for the previous month.

Business: The total purchases amounted to Rs. 63.4 lakhs while the sales totalled Rs. 109.1 lakhs the corresponding figures for the previous month being Rs. 71.3 lakhs and Rs. 98.4 lakhs respectively. The sales effected by the South Kanara Co-operative Wholesale Stores are good while they are fair in Guntur, Madura, Malabar, Chingleput, East Godavari, and Trichinopoly Co-operative Wholesale Stores. Sales are satisfactory in Anantapur, North Arcot, Salem and Tinnevely Co-operative Wholesale Stores, while sales in South Arcot, Bellary Chittoor, Coimbatore, Cuddapah, Kistna, Kurnool, Nellore have to be improved while in Tanjore and Vizagapatam Co-operative Wholesale Stores they are definitely bad.

Sales to Primaries: The sales effected by the Co-operative Wholesale Stores to the Primaries amounted to Rs. 45.3 lakhs which works out to 41.5% to the total sales turnover as against 37.7% during the previous month. It is gratifying to note that in the Anantapur, Coimbatore, South Kanara, Kurnool, Salem, Tinnevely and Cuddapah, Co-operative Wholesale Stores sales to primaries exceeded 50% of the total sales turnover. The Registrar hopes that the other Co-operative Wholesale Stores also will follow suit, and the Deputy Registrars are requested to see that the Primaries make the bulk of their purchases from the District Co-operative Wholesale Stores.

B. Primary Co-operative Stores

There were 1,290 primary co-operative stores at the end of August 1945 with a paid-up share capital of Rs. 57.9 lakhs. The membership of these Primaries exceeded 4 lakhs. Their investments under Reserve Fund totalled Rs. 13.2 lakhs.



Business: The primary co-operative stores purchased goods to the value of Rs. 95.4 lakhs while their sales amounted to Rs. 104.8 lakhs, the corresponding figures for the previous month being Rs. 82.4 lakhs and Rs. 89.5 lakhs respectively. The Deputy Registrars are requested to stress on the Primaries the need for strengthening and expanding their business considerably during the present period.

Working Capital: The owned capital of the primaries at the end of August amounted to Rs. 71.1 lakhs as against 67.6 lakhs on the last day of the previous month. Their borrowings during the month totalled Rs. 61.9 lakhs and their working capital came up to Rs. 133 lakhs, the corresponding figure for the previous month being Rs. 125.1 lakhs.

Consumer goods: The particulars regarding purchase and sale of consumer goods were received from all Deputy Registrars except Deputy Registrars North Arcot, Chittoor and Madura. These officers are requested to submit these particulars invariably in future. Consumer goods to the value of Rs. 16,500 were purchased during August, sales amounted to Rs. 10,000. The progress made by the Bellary, Salem and Kurnool District Co-operative Wholesale Stores is fair while it is satisfactory in Chingleput, Cuddapah, Guntur and Tanjore Co-operative Wholesale Stores. All the Co-operative Wholesale Stores would do well to increase this line of trade with advantage as there is likely to be a fall in their trade in food grains etc., when the various controls now in vogue, are gradually relaxed.

Handloom and Mill made cloth: Progress reports regarding the purchase and sale of handloom cloth have been received from all the Deputy Registrars except Deputy Registrars South Arcot and Rajahmundry. They are requested to send this return at least from next month onward without fail. During the month, cloth to the extent of Rs. 1.79 lakhs was sold by the primaries. The progress is good in Madura, Kistna and Tinnevely Districts while it is fair in Madras, Nellore, Ramnad, Trichinopoly, Malabar, Chittoor, Coimbatore, Cuddapah, North Arcot, West Godavari, Guntur, South Kanara and Nilgiris Districts. The Deputy Registrars are requested to see that the Co-operative Wholesale Stores and the Primaries popularise this line of business also, and show appreciable progress in the coming months. In stores where there is a cloth section they would do well to increase business with advantage, and the Registrar hopes to hear of better progress in the ensuing months.

Circulars.

R.C. 11749/45-I.

4th September 1945.

Sub:—Post-War Reconstruction—Settlement of ex-service personnel in Civil life—Part to be played by Co-operative Societies.

The Deputy Registrars will no doubt be aware that consequent on the cessation of hostilities, a large number of persons will be returning from the Defence Forces to civil life. Nearly 4 lakhs of persons have gone to the Army, Navy and Air Forces from the Madras Province, representing nearly 1/5th of the total number of persons sent to the Defence Force from India. Demobilisation of these men who have been serving in the several branches of the Defence Forces, may be expected to begin shortly and batches of them may be returning in most cases to their native districts. The question what the co-operative movement can do to provide employment to such of them as want it, and also the facilities that can be given through co-operative institutions to the returning men to settle in civil life has been under the consideration of Government and the Registrar. Now that demobilisation is to begin shortly, the following instructions are issued in the matter for the guidance of officers so that they may, in conjunction with co-operative institutions and non-officials in their districts, play their part in the resettlement of ex-servicemen. The Registrar considers that the co-operative movement can and should help the large number of ex-servicemen to settle in normal life. From the point of view of the expansion of the Movement also, the association of ex-servicemen in the working of co-operative institutions is likely to be of advantage. The technical training that the men would have received or the skill acquired by them while in the Defence Forces could be availed of with advantage by the societies. Their sense of discipline, wider outlook and the knowledge of what is happening in other parts of the country, if not of the world, may constitute a valuable asset to the societies which may get their services for the management of their affairs. A careful study should therefore be made of the skill, ability and qualifications of the returning men as also their requirements and suitable steps should be taken with a view to settle them in civil life. The support of co-operative institutions should be enlisted and every endeavour should be made to see that the existing or new co-operative institutions to be formed serve to promote the economic interests of the ex-servicemen to the maximum extent possible.

2. The recruits to the Defence Forces have been drawn from a wide range of occupations and from almost every section of the people. A great majority of them were recruited from the villages and were, before they joined the forces, landless agricultural labourers. After they joined

the forces, many of them received training as miners, sappers, pioneers, motor-drivers, technicians and so on, but there is quite a large number of them who have received no such special training. A number of these men may return to their pre-war occupations, some have particular jobs to go back to, some have lands to which they will return, but there may yet be many who would not be content to return to the rather poor pre-war conditions, particularly in the villages. Plans have been laid for the economic development of the country with a view to raise the standard of living of the people and to ensure employment for all. When these schemes are put into operation they will provide in all parts of the Province, a large quantity and variety of jobs in which a good number of demobilised soldiers can be expected to be absorbed. But in view of the gallant services rendered by the soldiers to the country, immediate action is necessary to provide as many of them as possible with suitable employment and to help them to settle in civil life when they return home after the war. The problem of resettlement of ex-servicemen is therefore two-fold. Firstly, to provide employment to such of them as want it and secondly to provide them with such facilities as may be necessary to settle either in the villages or in the towns as agriculturists, artisans, factory workers, etc. So far as the Co-operative Department is concerned, it can tackle both these aspects of the problem and the Registrar desires that this opportunity of serving the people, particularly those who have rendered gallant service in the war, should not be lost on any account.

3. So far as the Co-operative Department is concerned, the following are the main schemes which have been drawn up to provide employment for demobilised soldiers, and which are pending sanction, (1) Land Colonisation Societies; (2) Co-operative Workshops; (3) Labour Contract Societies; and (4) Training and employment of ex-servicemen in co-operative institutions. Land colonisation societies will be formed in the areas selected in the districts for the settlement of ex-servicemen. After the lands have been made fit for cultivation and habitation, co-operative societies will be formed for the ex-servicemen who may be willing to settle on them and these societies will ultimately be under the control of the Co-operative Department. As regards Co-operative Workshops schemes have been drawn up for their establishment in select districts for giving employment, particularly to such of the ex-military men as have served as technicians in the Army. The workshops will be formed after orders are received from Government and as soon as the necessary building materials, machinery, etc., are available. Labour contract societies for undertaking constructional and maintenance work, including road work are under contemplation in places where there are public works to be executed. A large number of men who have learnt constructional trades are likely to be absorbed in these societies. Under

the fourth scheme referred to, steps will be taken to absorb demobilised soldiers as paid employees in non-official co-operative institutions, both in urban and rural areas, after they are given training in the co-operative training institutes in Madras and in the mufassal. Details of these schemes will be communicated to the officers later, and necessary instructions will be issued regarding the action to be taken by them in working the schemes in their district.

4. Besides the schemes mentioned above, co-operative institutions can play a very useful role in helping the returning soldiers in a variety of ways to enable them to settle down either in villages or in towns and carry on an independent occupation, either agricultural or industrial. The Registrar desires that co-operative institutions should give all possible help in this matter and enable the men to carry on some decent occupation and maintain a reasonable standard of living. Some of the lines along which the societies can take action in this regard are indicated below:—

(i) On the agricultural side, credit societies and sale societies can give facilities to such of the demobilised soldiers as settle on lands and choose to carry on agriculture as their occupation. They may be persuaded to become members of agricultural credit societies and to take full advantage of the facilities which they provide to carry on agricultural operations. In areas where there are no co-operative societies at present, fresh societies may be registered, if necessary, on the application of demobilised soldiers. The business experience and wider outlook which these men might have acquired while serving in the Defence Forces may be made full use of in improving the working of village societies by persuading as many of them as possible to become members and also to serve on the management, wherever desirable. Active participation of these men in the working of village credit societies is likely to be advantageous not only to themselves but to the movement as a whole. They should be persuaded likewise to join co-operative sale societies so that they may reap the advantages of organised marketing.

(ii) Akin to agriculture, there are several subsidiary industries which may be encouraged for ex-servicemen such as dairying, poultry farming, bee-keeping etc. While in the Defence Forces, some of the men would have received training not only in agricultural methods but also in these industries and this training may well be availed of in working societies organised for the purpose. Most of the ex-servicemen are likely to have some saving with them and it would not be difficult to persuade them to invest a portion of their savings in the purchase of suitable milch animals, fowls of good breeds etc. In cases where the men have no money for the purpose, societies can advance to them the necessary funds. As these subsidiary occupations will go to increase

their income, there should be no difficulty in impressing upon them the usefulness of these activities and in enrolling them as members of Co-operative Milk Supply Societies or Unions, or poultry or cattle breeding societies. When feasible, fresh societies of the kind may be organised with ex-servicemen as the nucleus. Funds available with these societies should be liberally used for the benefit of the demobilised men and the societies.

(iii) Another important line of action which offers great scope is the organisation of industrial co-operatives. The technical knowledge, skill and experience of the ex-servicemen may be utilised for civil production and toning up of our cottage industries. No doubt, there are some cottage industries co-operative societies working well, but the presence of demobilised soldiers with technical skill and knowledge should be availed of to organise industrial co-operatives in larger numbers. These societies will enable the men to pursue remunerative occupations and will also go to improve the cottage industries in the locality. A five-year plan has been drawn up by the Registrar for the development of cottage industries on co-operative basis under which it is proposed to start about 100 industrial co-operatives every year for suitable industries such as the manufacture of leather goods, coir, metalware, etc., in select districts. It would be advantageous if in these and other cottage industries societies, demobilised soldiers particularly those who have received technical training while in the Defence Forces are admitted as members and facilities given to them in the matter of purchase of raw materials and plants, in getting technical advice, in marketing finished goods etc. The Officers should make the fullest use of the technical knowledge and skill which they notice in ex-servicemen for not only enabling them to carry on remunerative industrial occupations but also to give an impetus to the cottage industries in their Districts.

(iv) Urban banks in towns, as agricultural credit societies in villages, may help the demobilised men to pursue some particular industry or other occupations. In cases where ex-servicemen settled in towns and take to such business as shop-keeping, repairing motor vehicles, hotel keeping, etc., attempts should be made to admit them as members of the local urban banks and to give them credit facilities and also for investing their savings. There may also be cases of demobilised persons in civil employments who may wish to construct houses of their own, partly out of their savings and partly out of borrowings. In such cases, they may be induced to become members of co-operative building societies to enable them to construct suitable houses for themselves.

(v) A large number of ex-servicemen were weavers at the time of their enlistment to the Defence Forces and when they return they will not

be dis-inclined to take up weaving once again. In such cases they should be induced to become members of local weavers' societies and facilities afforded to them to carry on their occupation. Where there are no weavers' societies and if a fairly large number of returning men express their desire to take up weaving, there should be no objection to register fresh weavers' societies so that work can be provided to them without delay.

(vi) Co-operative buying may also be encouraged among the ex-servicemen. They should be indeed to become members of the local co-operative stores so that they can obtain the articles of daily use at fair prices. Apart from the fact that stores societies may not be free to sell to non-members in the post-war years, the advantages of stores, including the possibility of getting dividends on purchases, should be explained to them so that they may become members of stores societies and arrange to get their goods. Co-operative Wholesale Stores may admit them as members in cases where the association of such men is considered desirable in the interests of the Wholesale Stores. It may be possible to secure the services of such men, who have served in the supply branches of the Army, either in an honorary or paid capacity to serve the stores.

(vii) There may be cases where ex-servicemen may seek facilities for the investment of their savings. Information should be furnished to them promptly regarding the institutions which accept deposits, nature and terms of deposits etc., so that they can make investments in time and not fritter away their savings.

5. With the great expansion of the co-operative movement in recent years, there has come the need for suitable men as clerks, supervisors, managers, depot keepers, salesmen and so on. The Department has already lent a large number of officials to co-operative institutions. Now that ex-servicemen will soon be available in large numbers, the societies in need of staff might take ex-servicemen in also and release departmental staff. Indeed, it is not unreasonable for a society in appointing staff to give special preference to suitable ex-servicemen who have sacrificed so much for the country. Deputy Registrars should therefore take active steps for the widespread recruitment of ex-servicemen by societies as paid staff. They should arrange for a short course of training for such men under non-credit Senior Inspectors after appointment by the institutions.

6. In the above and several other ways co-operative movement can, in a large measure, help literally tens of thousands of demobilised soldiers to settle in civil life. For these purposes, it is necessary that the officers should keep themselves in touch not only with co-operative institutions but also with the district Collectors, District Soldiers, Sailors, Airmen's Boards, Employment Exchanges, or other organisations that

may be set up for the resettlement of ex-servicemen. Wherever possible, they should keep themselves in personal touch with ex-servicemen who desire to join co-operatives. Co-operative schemes for the employment of ex-servicemen and the general facilities which they can afford should, on suitable occasions, be explained to the ex-servicemen so that they can take full advantage of the co-operative movement to enable them to return to normal life. The Registrar considers this a very important duty that is cast upon the Officers. He expects every Officer to take a lively interest in all activities connected with the resettlement of ex-servicemen, and while it may incidentally help the expansion of the movement, service to the ex-servicemen should be the prime consideration. Deputy Registrars are requested to see that the movement in their districts affords the maximum advantages on the persons who would be returning from the fighting lines.

7. Deputy Registrars are requested to maintain a register showing the names and other particulars of ex-servicemen to whom the societies have been rendering help in one or other of the ways indicated above. They are also requested to furnish, in a separate paragraph in their D. O. narrative reports beginning from the report for the month of October 1945, the kind and extent of help rendered to ex-servicemen by co-operative institutions.

Special D. O. No. 13264/45.S.

4th October 45.

Sub: District Co-operative Wholesale Stores—Post-War plans and policies—Examination of.

The post-war problems of the district co-operative wholesale stores have been engaging my attention for sometime past. As you are aware, all the district wholesales came into existence after the war broke out and have been carrying on their work under war-time economic and trade controls. With the Japanese occupation of Burma, the imports of Burma rice stopped and the food situation became a matter of serious concern to Government and the general public. Naturally, therefore, the wholesale stores turned their attention to the immediate problems of food supply *viz.*, distribution of controlled articles, procurement of food grains, rationing, etc. and have been playing, to the best of their ability, their useful role in the war-time food economy of the Province. The bulk of their trade consists at present of food grains distributed under the arrangements devised by the Civil Supplies authorities and other controlled articles. They have, so to say, been hitherto protected against the onslaughts of organised private competitive trade by a system of trade controls on the one hand and official patronage on the other.

2. Now that the war is over, we have to face immediately the problems of the transition period and so equip and strengthen the wholesales

CIRCULARS

as to fit themselves into the normal conditions of trade. We may expect a gradual process of de-control in the course of the next one or two years. When schemes of war-time procurement and rationing are abandoned, as they will be in due course, the Wholesale Stores are bound to face a large shrinkage in the volume of their trade. Further, co-operators must face the fact that competition will be keener than ever before. Any student of war-time trade conditions should be aware that the tendency towards concentration of industry and the closer association of productive and distributive interests in private trade have created conditions which will strengthen the competition which the Wholesale Stores will have to overcome in the immediate future. It is a matter of urgency that the wholesales should be geared to the changing conditions of private trade through combined efforts.

Moreover, the war-time concession of wholesale distribution to retail merchants and others may be withdrawn sooner or later. When the Wholesales will have to confine their dealings mainly or almost entirely to the trade with their affiliated primaries. These are factors that would vitally affect the future of the wholesales and influence the volume and direction of their trade.

3. I think the time has come when we should take stock of the position, examine our points of strength and weakness and plan for the coming years. If our Wholesales are to play a useful role in the structure of the consumers' co-operation in this province in the post-war years, as they have undoubtedly been doing during the war-period, I consider that a thorough survey of all aspects of their trade and careful post-war planning are quite necessary. The period of transition from war to peace economy may possibly last for two or three years and it appears essential that the wholesales should *even now* plan their future trade and reorganise their working to meet the requirements of normal trade conditions so that by the time controls completely disappear, they will have some trade to carry on irrespective of official patronage and be in a position to face the competition of private trade. It may be pointed out that at the present time it is difficult, nay impossible, to make accurate forecasts of the future and that there are too many "impenderables"—price and movement controls, rationing, licensing, import and transport restrictions, etc. This is undoubtedly true. Nevertheless, we must plan and must have a policy. We must make assumptions. In any case, we are aware of certain weaknesses in the movement, and it is time to consider such weaknesses and their remedies.

4. For this purpose, a detailed and method survey and planning appear necessary. Though conditions may vary from district to district, it will, nevertheless, be possible to formulate certain general lines of enquiry. I append a questionnaire indicating the lines on which the survey may be conducted. It is by no means exhaustive and may be added to, or modified to suit local conditions.

It is very important to bear in mind that planning in consumers' co-operation must have its foundations in the activities of the constituent retail stores and that any survey must be directed towards an analysis of the retail co-operative trade, the local needs and requirements of individual members of retail stores in respect of foodstuffs, groceries and other consumer goods and the most efficient and satisfactory manner in which the needs of the retail stores can be met. Wholesale Stores may, in the first instance, study the commodities in which the primary stores deal or

ought to deal with due regard to their local setting (in other words, the relationship of consumers' needs to the stores' trading structure) and the commodities available in their own districts and examine in respect of which of them the district is self-sufficient in normal times or dependent on outside imports. They should try to get into touch with the primary sources of production and seek to establish trade contacts with well established business houses at these places. They may also examine the varieties of consumer goods in demand by the primaries and get into touch with the manufacturers or their sole, or district agents. Then they can take up wholesale agencies for such of those articles of utility which the primaries require. Lastly, they may explore the possibilities of processing or manufacturing certain goods largely in demand by the primaries and may undertake such lines of productive enterprise as may prove commercially profitable with reference to local conditions. These are some of the important directions in which the enquiry may be made.

It is possible that joint action between two or more neighbouring wholesales may, for reasons of economy and efficiency, be essential and desirable for bulk purchases or productive enterprise. I suggest that when the report of your planning committee is ready, a copy of it may be sent to your neighbouring wholesale stores. Such an interchange of planning reports may help to ensure co-ordination and later an *ad hoc* joint or provincial committee may be set up for the co-ordination of individual wholesale stores' ideas on Post-war development and planning.

5. I am anxious that no time should be lost in taking up the preliminary survey and in drawing the Post-war plans. May I request you to place the subject before a special meeting of your Executive Committee or Board of Directors, get a planning committee of expert businessmen from among the members or others (who have a knowledge of the district conditions, the working of primaries and generally of trade and commerce) appointed and draw up a post-war plan for your co-operative wholesale stores? I shall be glad to have two copies of the plan so drawn up together with the answers to the questionnaire (appended) *before the end of October 1945*, so that, I may examine the proposals and convene, if necessary, a provincial or regional business conferences of district co-operative wholesale stores by the middle of November 1945. As I have suggested, a copy of it may be sent to your neighbouring wholesale stores which have a regional interest in planning. The replies to the questionnaire may be typed on single side and each section on a separate piece of paper to facilitate compilation in my office. The name of the Co-operative Wholesale Stores may also be typed at the right hand corner at the top of each section. So far as statistical data are concerned, they will be available with the local Deputy Registrar. I am requesting him to make available to you all the statistical information your planning committee may require and also generally to assist the committee in its work. A copy of the plan and the reply to the questionnaire may also be sent to the Deputy Registrar.

I need hardly emphasise the importance of the survey on which the future of the co-operative wholesale stores will, to a great extent, depend, and I am sure the matter will receive your personal attention. I hope your colleagues and you will put forth your best efforts and devise a workable programme of expansion and development, which may stand the co-operative wholesale stores in good stead in the years to come.

DISTRICT CO-OPERATIVE WHOLESALE STORES
POST-WAR POLICIES AND PLANS.

Questionnaire.

SECTION I.—INTRODUCTORY.

1. Name of the Co-operative Wholesale Stores.
2. Jurisdiction (Revenue Districts).
3. (a) No. of primary stores in the area of operations (as on 30-9-45).
(b) Of these, how many are affiliated to the co-operative wholesale stores (as on 30-9-45)?
4. What is their total retail sales business in 1943-44 and 1944-45 in respect of :
(i) Foodgrains,
(ii) Provisions and groceries,
(iii) Consumer goods,
(iv) Cloth,
(v) Firewood and fuel,
(vi) Drugs, medicines,
(vii) Glass, aluminium and brassware ;
(viii) Others (Specify).
5. Mention clearly the several departments of trade which the co-operative wholesale stores has organised (e. g.) foodgrains, groceries, toilets, etc., etc.

SECTION II—FOODGRAINS.

1. What are the staple foodgrains of the district?
2. Is the district self-sufficient in the production of staple foodgrains?
3. (a) If it is deficient, what percentage of the annual consumption is imported from outside?
(b) What are the present sources of import?
(c) What are the quantities so imported during the last 2 co-operative years? (in tons)
(d) What were the normal channels of import in the pre-war days?
4. (a) Has the co-operative wholesale stores built up any business contacts with the pre-war sources of supply? Are there any producers' co-operative societies (marketing societies) or other sister co-operative institutions at such centres? Have they been contacted?
(b) In the absence of co-operative agencies, has the co-operative wholesale stores got into touch with any reliable firm of exporters and arranged for the regular transmission of market intelligence?
5. (a) Was the district getting imports of Burma rice in the pre-war days?
(b) If so what were the agencies of supply?

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(c) What is the nearest sea port from which it can conveniently get supplies in case Burma rice is once again available?

6. Is the district more or less self-sufficient, what are the taluks that produce the staple foodgrains? What are the deficit taluks that depend on outside import? How many primary stores are there in the deficit taluks?

7. (a) Has the co-operative wholesale stores established purchasing agencies in the surplus taluks? If so, what are they? Does the co-operative wholesale stores command any storage facilities in these taluks?

(b) What is the normal mode of transport of foodgrains from the surplus taluks to deficit areas within the district?

(c) Do you run a Rice Mill? Or have you taken one on lease?

(d) Is it not necessary that in order to enable you to supply rice to the primaries in deficit taluks, you should either own or hire a Rice Mill?

(e) Do you anticipate any difficulties in the post-war period from other Rice Mill-owners and if so, how do you propose to overcome them?

8. (a) If the district is surplus in respect of staple foodgrains, does the co-operative wholesale stores act as exporting agent for sister co-operative institutions in deficit districts?

(b) If so, what are the co-operative wholesale stores for which it acts as agent? What is the commission earned in this business during the last two co-operative years (1943-44 and 1944-45)?

9. Furnish the information in the tabular form for the last 3 co-operative years.

Name of Foodgrains.	Total sales (in lakhs of Rs.)	Of this sales to affiliated primary co-op. stores.		Sales to retail traders and non-member institutions.		Retail sales to general public.	
		In lakhs of Rs.	per cent to total.	lakhs of Rs.	per cent to total.	lakhs of Rs.	per cent to total.
1942-43 Rice & Paddy Millets Total.							
1943-44 Rice & Paddy Millets Total.							
1944-45 Rice & Paddy Millets Total.							

SECTION III.—OTHER ESSENTIAL ARTICLES.

(Such as tamarind, chillies, salt, coffee, tea, jaggery, sugar, oils, condiments, etc.)

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1. What are the major essential articles dealt in by the co-operative wholesale stores?

2. Describe any other essential commodities largely in demand by the primary stores and which can be advantageously dealt in by the co-operative wholesale stores.

3. In respect of these major essential commodities, is the district self-sufficient or dependent on supplies from other districts?

(Give separate answers in respect of each major essential commodity for this and the following answers in this section.)

4. (a) In respect of commodities to be imported from other districts, what are the normal centres of production? Wherefrom do the private wholesalers in the district obtain their supplies?

(b) Has the co-operative wholesale stores established any business contacts with such sources?

5. (a) In the case of commodities that are obtainable from within the district, what are the arrangements made by the co-operative wholesale stores for seasonal purchases?

(b) What is the agency employed by it for making bulk purchase from the production or marketing centres within the district?

6. Regarding commodities which are permitted to be exported to other districts, does the co-operative wholesale stores act as the purchasing agent for any institution? If so, what is the commission earned or profits realised in this business during the last two co-operative years?

SECTION IV.—(A) CONSUMER GOODS.

(including brass, aluminium, bakelit and glassware)

1. What are the various consumer goods now dealt in by the co-operative wholesale stores and the names of wholesale importers or stockists already got into touch with? (furnish a full list.)

2. (a) What are the other lines of Consumer goods for which there is demand from the primaries and which the co-operative wholesale stores is not able to obtain?

(b) Who are the importers of these goods and what are their normal trade channels?

(c) Is the help of the Commissioner of Civil Supplies necessary to contact importers in respect of these articles?

3. (a) What are the difficulties experienced in obtaining imported Consumer Goods?

(b) What remedies do you suggest?

(c) What facilities do you require for increasing trade in Consumer goods?

4. In respect of Consumer Goods, the Wholesale and retail prices of which are notified under the Hoarding Profiteering and Prevention Ordinance, is the margin for the wholesaler adequate?

(B) DRUGS, INFANTS AND INVALIDS FOODS, Etc.

1. Is the stores dealing in any of these things at present? If so has it a wholesale licence or retail licence or both? What are the articles so far dealt in?

2. If it is not dealing in them, what steps do you propose to take for building up trade in this line of business?

3. Have you contacted any distributor (such as Messrs. Parry & Co., H. J. Foster & Co. etc.) so far? Have they agreed to include your stores in the list of dealers and promised supplies?

4. Do you require any special help of Government and the Commissioner of Civil Supplies for obtaining these articles? If so, what are your specific proposals in this regard?

(C) CLOTHING.

1. Is the stores dealing in cloth at present? If so, is it mill-made or handloom cloth or both? Has the stores a wholesaler's licence or retail licence?

2. Has the co-operative wholesale stores contacted Mills and arranged for supply of mill-made cloth?

3. How many primary stores affiliated to the co-operative wholesale stores are dealing in cloth (mill-made)? What is the volume of their business in this line during 1944-45? What is their source of supply? Can the co-operative wholesale stores act as their agent for supply if it is given quotas by the Mills?

4. Is the co-operative wholesale stores dealing in handloom cloth? If so, in retail or wholesale? If wholesale, what are the arrangements made for procuring supplies and distributing them to the primaries? Is it efficient? Can it be improved upon?

(D) AGRICULTURAL REQUIREMENTS.

1. Is the co-operative wholesale stores dealing in articles generally required by agriculturist members of rural co-operative stores such as cattle-feed, manure, spades picks, sickles, buckets, coir ropes, etc. If so, what are they? Furnish a full list.

2. If it is not dealing in any of them, what arrangements do you propose to make for supplying these things in bulk to rural and semi-urban stores in the district?

3. What suggestions do you make to establish better trade relations between the rural co-operative stores and the co-operative wholesale stores?

SECTION V.—AGENCY BUSINESS.

1. Has the co-operative wholesale stores undertaken any agency for sale of commodities of utility required by the primaries? If so, what are they? What are the terms of such business?

2. What is the commission earned in this respect during the last two co-operative years (1943-44 and 1944-45)?

3. With reference to local demand, what other agencies can be taken by the co-operative wholesale stores?

4. Has the co-operative wholesale stores got into touch with any of the manufacturing firms in respect of the articles mentioned in (3) in other Provinces or Indian States? If so, what are they and what are the names of the firms or companies? Give full details.

SECTION VI.—PROCESSING OR MANUFACTURING ACTIVITIES.

1. What are the lines of processing or production so far undertaken by the co-operative wholesale stores?

2. What is the value of the goods processed or manufactured and sold during 44-45?

3. Of the sales in column (2), what percentage has been sold:—

(a) to the affiliated primaries in the district.

(b) to other co-operative institutions in the Province.

(c) to others?

4. (a) Has the co-operative wholesale stores explored the possibilities of processing or manufacturing of other commodities that may prove commercially profitable with reference to local conditions?

(b) If so, what are its plans for the future?

(c) Do they involve the setting up of any plant or machinery (further full details).

5. (a) If your co-operative wholesale stores can't singly take up production activities, do you suggest joint action along with your neighbouring wholesales?

(b) What are such joint productive enterprises and how do you propose to undertake them jointly?

SECTION VII.—GENERAL.

1. (a) Furnish information in the following statement:—

Year.	Total value of purchase made by primary stores.	Sales of the co-operative wholesale stores to the affiliated primaries.	Percentage of Column 3 to 2.
1942-43			
1943-44			
1944-45			

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(b) Does the statement show a progressive increase in the trade of the primaries with the co-operative wholesale stores. (Also state the name of commodities in which such increase is noticeable).

(c) If not, what are the reasons for disloyalty?

(d) Has the co-operative wholesale stores analysed the causes for the outside purchases of the primaries and taken steps to improve its trade relations with its affiliated primaries?

(e) What are the steps so taken?

2. (a) Has the co-operative wholesale stores started any sales depots in important trade or market centres in the district to facilitate purchases by the primaries and stocked all essential and useful commodities?

(b) If this has not been done, what other arrangements will help the co-operative wholesale stores to serve all the primaries scattered in the district?

3. Has the co-operative wholesale stores appointed any touring agents to go to the primaries, study their requirements and canvass orders periodically? If this has not been done, how does the co-operative wholesale stores ascertain the requirements of the primaries? Do they voluntarily send periodical prices indents? As the indent system successful? Are they being furnished with periodical price lists?

4. (a) Has the co-operative wholesale stores declared any bonus on purchases made by the primaries? If so, how much was so declared out of the profits for 1943-44 and on what basis was it worked out?

(b) Do you not consider that a reasonable bonus on purchases to primaries will go a long way in fostering their loyalty?

(c) Are you in favour of disbursing such bonus in cash or adjusting it to the credit of the share capital of the primary stores in the co-operative wholesale stores?

5. (a) Furnish information in the following form:—

Year.	Total business turnover of the co-operative wholesale stores (sales) (in lakhs of Rs.)	Of the figure in column 2, how much is represented by.		
		Procurement operations. Amount %	Statutory of informal rationing Amount %	Normal sales to Other primaries. Amount %
1942-43				
1943-44				
1944-45				

(b) Leaving aside the war-time business brought about by statutory rationing, procurement, etc., what volume of normal trade do you expect the co-operative wholesale stores to have with the affiliated primary stores in the coming years?

(c) Taking the average margin in the previous years, what is the approximate annual gross profit on the estimated business?

(d) Will it provide an adequate margin to meet the establishment and contingent charges of the co-operative wholesale stores and also leave a reasonable net profit for declaring a reasonable dividend on share capital?

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(e) What do you think to be the minimum establishment for the co-operative wholesale stores with reference to its post-war requirements? What is the estimated annual cost of this staff? With reference to the previous years' working, what should be the minimum annual turnover of the co-operative wholesale stores to support this staff and to enable it to work at a reasonable profit?

6. (a) What are the annual sales of all the primaries in the district for 1944-45?

(b) How much of this trade has the co-operative wholesale stores captured during 1944-45? What percentage does it form of the sales in (a)?

(c) How much of the trade does the co-operative wholesale stores proposed to command in the coming years? What is the target figure in this respect?

(d) How does the co-operative wholesale stores propose to se about it?

7. (a) Furnish the following information:—

	Rs.	A.	P.
Share capital of the co-operative wholesale stores as on 30-9-45	...		
Statutory Reserve as on 30-6-45*	...		
Business Losses Reserve Do.	...		
Building Fund Reserve	...		
Any other Special Reserve	...		
Total	...		

(b) What is the net profit of the co-operative wholesale stores for 1944-45? Of this, how much will be taken to the statutory Reserve?

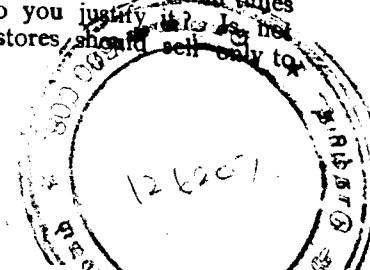
How much do the directors intend setting apart for other reserves?

(c) With the addition of the proposed amounts in (b), what will be the position of the reserves, after the net profit for 1944-45 is appropriated—

	Rs.	A.	P.
(i) Stationary Reserve	...		
(ii) Business Loss Reserve	...		
(iii) Other Reserves (specify them)	...		

8. It has been suggested that each co-operative wholesale stores may open a detail depot at its headquarters which may serve as a model retail store for the primaries to copy and also function as an outlet for disposing of surplus stocks not required by the primaries by sale to the public in retail. Are you in favour of this proposal? Do you think that this would clash with the interests of the primary stores at the headquarters of the co-operative wholesale stores and if so how do you propose to avoid it?

9. Do you consider it really necessary that the co-operative wholesale stores should be permitted to trade with non-members even in normal times when controls are withdrawn? If so, how do you justify it? Is it not opposed to the basic principle that co-operative stores should sell only to members? How do you reconcile this?





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