Madras Journal of

Co-operation

Vol 39. No. 2 Aug. 1947

The Madras Journal of Co-operation

PUBLISHED BY

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

REGD. No. M. 1284.
VOL. XXXIX No. 2.
AUGUST 1947.

ANNUAL SUBSCRIPTION :
INLAND :: RS. 6.
FOREIGN :: RS. 7.
SAMPLE COPY AS. 10.

CONTENTS.

		Page
I	EDITORIAL NOTES	49
II	THE 25TH INTERNATIONAL CO-OPERATIVE DAY, 1947	54
III	ARTICLE— Co-operative Sale Societies— By Maheshchand	57
IV	CO-OPERATION IN MADRAS ...	65
V	CONSUMERS' CO-OPERATION— (Review for May and June '47) ...	76
VI	CIRCULARS—	
	i. Liquidation—Enforcement of unlimited liability—Appeal—Jurisdiction of Civil Courts...	81
	ii. District Co-operative Wholesale Stores—Re-organization and strengthening of purchase departments—Instructions issued ...	82
VII	P. C. U. EXAMINATION RESULTS ...	89

THE

Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

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

AUGUST 1947. No. 2, Vol. XXXIX Price 8 As. NET

The Shape of Things.

Co-operative Finance :

A study of the trends in the Co-operative Movement in the West will reveal that, faced with the necessity of meeting narrowing trade margins and the demands of co-operative expansion in the post-war period, a great deal of attention is being bestowed on the problem of share, reserve and dividend policies. There is a school of thought which declares excessive reserves as "un-co-operative" while there are others who have been putting too much emphasis on financial strength in future and too little on the immediate provision of a dividend advantage for societies. Those who have experience of slump after World War I feel that husbanding of reserves is a sound policy and, "in view of the very uncertain economic outlook at the present time, reserves are more necessary to-day than before the War." It is difficult to say which line of policy is correct as the allocation of profits for reserves and dividends is governed by various considerations. Whatever may be the practice observed by the Co-operatives in the West, we in India have to observe a cautious dividend policy. The Consumers' Movement has made rapid strides during the War and most of the Consumers' Co-operatives have come into existence during the War and have been thriving on account of the preferential treatment accorded to them owing to the existence of controls. In many cases their trade margins are assured and by a judicious adjustment of the expenditure to the income they have been able to earn good profits. In Madras, Consumers' Co-operatives have done very well. Should the profits earned be frittered away by declaring high dividends without strengthening the reserves? No one can deny the economic outlook is uncertain and the prospects of slump are not completely ruled out. The removal of controls, which must happen sooner or later, throws the co-operatives on their own resources and will be forced to face competition which may sometimes be even unfair. Should not the co-operatives be strong enough to withstand the competition? Moreover, in most cases shares are subscribed and held more on account of the service rendered by the co-operatives and the prospect of dividends does not generally enter into consideration in share subscription. The dividend should have also some relation to that which is available if investments are made in other concerns. Therefore, we have often pleaded for lower dividends and the strengthening of reserves. We have no reason to change our point of view. We emphasise once more the importance of mobilising the Movements' own resources for the development of co-operative enterprise.

In this connection, we need offer no apology to reproduce a summary of the report on Co-operative Financial Policy prepared as a result of an enquiry carried out in 1937 by the International Co-operative Alliance and submitted to the Paris Congress held in the same year.

(*a*) The liquidity of the co-operative movement is decisively affected, firstly, by its organisational structure, *i.e.*, the fact that it is engaged, not only in the distribution of commodities but also in production, and that it forms a complicated financial mechanism; and, secondly, that its organisational structure and policy are controlled by adherence to Rochdale principles. These basic principles contemplate that the movement will be financially self-supporting, relying for its expansion upon the contributions of its members in the form of shares and deposits, and in reserves accumulated from its operations.

National economic conditions decisively determine the structure of the working capital of the movement, and preference for one or other forms of finance often depends on the general conditions of capital accumulation. Even the rigid application of the Principle of Rochdale Co-operation in respect of finance is also determined by these outside objective conditions.

(*b*) It is the accepted policy of the movement to use for long-term investment in land, buildings, machinery, equipment, etc., only its share capital and the accumulated reserves, while the members' short-term deposits and small savings are invested in commodity stocks and various liquid securities.

(*c*) The liquidity of the co-operative movement is determined by the structure of its working capital. The total investments in land, buildings, equipment, etc., in some instances, correspond to the embodied reserves and share capital, and, in other instances, more or less approach them. Not all countries offer the same conditions, either for an increase in share capital or for the accumulation of reserves. Where the real incomes of the population are very small and thrift is not popular, the movement is compelled to accumulate considerable reserves by reducing the rate of dividend to a minimum.

(*d*) In a number of countries the main problem is not so much the lack of funds as their unstable character. The Movements which are compelled to work mainly with members' deposits and savings are thus faced not so much with the problem of insufficiency of financial resources as with the impossibility of immobilising them in land, buildings, equipment, machinery, etc. The members' deposits and savings prove an ample but quite unsuitable source of finance for the kind of investment for which the Movement has the greatest need.

The data given by the National Organisations show that in all Movements where deposits and small savings form a considerable part of the working capital they approximate to the total amount of liquid resources. If even an allowance is made for the fact that these resources serve as security, not only for short-term deposits but also for other financial obligations of the Movement, for instance, suppliers and bank credits, the amount of savings and deposits is, as a rule, backed up to 40—50 per cent by liquid funds.

(*c*) The use of share capital and reserves for the purpose of long-term investment, coupled with the prudent policy of the regular and periodical depreciation of the value of investments in land, buildings and equipment, and the considerable liquid funds as a backing for short-term deposits, are the main conditions of the financial soundness of the Co-operative Movement."

Co-operation and Socialism:

With the advent of freedom, the question of the future of the state in India is exercising the minds of all. The trend of opinion seems to be in favour of a socialistic state. In Britain, "the outlook for Co-operation in a society moving towards socialist control" has been exercising the minds of Co-operators. *The Co-operative Year-Book, 1946*, has presented a symposium of opinions. The Editor of the Book introduces the topic in the following words: "With the advent of a Labour Government in Great Britain, what was at one time a theoretical issue now becomes practical politics, with implications that require the closest attention of co-operative societies, co-operators and socialists! Of the many opinions presented, we extract one of G. D. H. Cole wherein he raises some posers which must provoke thought. G. D. H. Cole asks: "How is the co-operative movement likely to be affected by the recent changes in the political control of British affairs and by the measures which the Labour Government may be expected to introduce? Directly and immediately, not a great deal; indirectly and over a longer period, I hope and believe, very much, I say that "I hope" because, although there are certain to be difficulties in arriving at a right understanding of the place of the co-operative movement in a society moving towards the socialisation of its economic life, I am sure that, from the Co-operative standpoint, the opportunities greatly outweigh dangers, and that co-operative movement stands to gain enormously from the new turn which has been given to British economic policy by the Labour victory at the General Election."

May we request our readers also to think of the co-operative movement in relation to socialism and express their views freely without reserve.

Co-operation in 1945-46.

We have managed to reproduce a good summary of the Movement in 1945-46 from the Madras Administration Report for 1945-46. All that our readers would like to know, fact and figures, devoid of embellishments which are usually found in the Administration Report have been admirably summarised enabling one to get a bird's-eye-view of the progress made during the year.

Dr. Warbasse on the War-path:

Dr. Warbasse, the President of the Co-operative League of the U. S. A., has created a flutter by his outspoken criticism directed

against the British Movement. Naturally, Dr. Warbasse was alarmed at what he considered as "Misalliance between the Coops and the State" in Britain and his criticism is obsessed by his prejudice against such "Misalliance." In this connection, we reproduce below the comments of the *Maritime Co-operator* in one of its recent issues which to us appears to be apt.

> The fundamental question which Dr. Warbasse posed, was, it seems to us, voluntary association or compulsory association? Which is it to be? (Actually we believe there can be a working arrangement between the two in an environment that is permeated with a good human spirit.) But it has to be said that voluntary organization is sacrosanct to this extent: that the right of a people to associate freely in local groups is such that it cannot be taken away by a higher or larger organization, not even the State, **unless the activities of the small group are proven to be harmful to common good, all things considered.** And that, we believe, includes some consideration for the spirit of initiative in a people as well as economic utility. Voluntary association is very close to the soul of freedom; voluntary association pre-exists the State itself, and political government is its servant, not the other way around.

Do you Know?

There are 35,837 villages having a population of less than 5,000 for which there are only 10,792 societies and we have yet to organise 25,045 societies to bring all the villages within the orbit of co-operation. Out of a total number of 7,229,754 landowners and tenants, only 637,036 are members of co-operatives. How best to bring all the others into the movement must seriously engage our attention. It is estimated that for cultivation expenses alone, the ryots require Rs. 60 crores every year and the co-operatives in 1944-45 lent only Rs. 165.30 lakhs. Therefore, is it not a fact that our co-operatives have but touched only the fringe of the rural credit problem? What we should do to make co-operative credit available to meet at least the expenses of cultivation must engage the serious attention of co-operators. A planned action is the need of the hour. Shall we rise equal to the occasion and deserve the well-earned freedom which we have rightly demanded as our birth-right?

The 25th International Co-operative Day, 1947.

MANIFESTO.

On the 25th International Co-operative Day, Saturday 5th July 1947, the International Co-operative Alliance calls upon its member organisations in 28 countries with their 93½ million individual members to demonstrate to the whole world the solidarity of Co-operators, also the potentiality of the Co-operative movement in realising the aims of the United Nations Organisation to which Mankind looks as an effective instrument for the building of a new political and economic order based on international outstanding and collaboration.

In creating the conditions for the peaceful progress of mankind, the U.N.O., as an alliance of States, needs the full support of the peoples of the World. The International Co-operative Alliance, as the largest voluntary people's organisation, reiterates its promise and its preparedness to give that support without reserve.

The International Co-operative Alliance, since its inception, has been convinced that lasting Peace will only be assured if international relations are able to develop unfettered and on the basis of equality and, for the last quarter of a century, in the pursuit of its aim to substitute for the system of international trade rivalry, the system of international co-operation has persistently opposed all restrictive practices and monopolistic tendencies. To that end an International Co-operative Trading Agency and an International Co-operative Petroleum Association have been created, to the further development of which the Alliance urges all National Co-operative Organisations to give their full support.

In the present state of political tension, economic disequilibrium, and social unrest, the Co-operative movement must give the world an example of unity.

The International Co-operative Alliance, therefore, appeals --

To all men and women of goodwill, who are not yet associated with the Movement—to join its ranks;

To Co-operators—to rally to their societies;

To Co-operative Societies—to support the work, the work of their National Unions;

To the Unions of all countries—to give their full allegiance to the Alliance.

Co-operators of all lands! Unite for Peace and Human Progress.

—Review of the International Co-operation, June, 1947,

International Co-operative Day will be held this year on Saturday, July 5, and the Co-operative Union National Executive has asked all societies to give the fullest possible publicity to their celebrations.

This year the National Co-operative Movemenfs in membership with the I.C.A. will each formulate their own resolutions for adoption at Co-operative Day meetings. The British resolution is :—

This meeting of British Co-operators gathered on the occasion of International Co-operative Day, salutes co-operative comrades overseas, without distinction of country, colour or creed, and pledges wholehearted support to the United Nations, in which hopes of lasting peace are centred.

This meeting calls for progressive removal of all obstacles to international co-operative trade, and dedicates itself to the task of reconstructing the post-war world on the sure foundation of co-operative service and international amity, based on the proven, democratic principles of Rochdale Co-operation.

BUSINESS NOTICE.

1. The annual subscription to the "Madras Journal of Co-operation" including postage, is **Rs. 6** for India and **Rs. 7** for foreign countries, payable strictly in advance The year begins from July. The price of a single copy of the Journal is **10** annas.

2. The Journal is published at the **end** of every month.

3. Complaints about the non-receipt of the Journal should reach the Secretary **within the 15th of the next month**.

4. **Change of Address** should be intimated then and there. Otherwise **non-receipt of copies** on that account **will not be attended to**.

5. Subscribers are requested to **quote their Subscription Number** while writing to this Office.

6. Rates of Advertisement: In view of the rise in the cost of paper and printing, the following revised rates of advertisement will come into force from September 1947. The charges are strictly **payable in advance**.

		Twelve Issues.	Six Issues.
		Rs.	Rs.
Full page	...	150	90
Half page	...	100	60

(Advertisements are not accepted less than half a page and that too for not less than six months.)

7. Preparation of blocks, unless supplied by advertisers, are charged extra.

***All communications should be addressed to*:**

The General Secretary,

The Madras Provincial Co-operative Union,

Esplanade, Madras.

Co-operative Sale Societies

By Maheshchand,

Allahabad University

The aim of a sale society should be twofold. It may secure a remunerative price, and it should make available a permanent and ready market for the produce of the members. For this an assured supply and a guaranteed quality are essential. The supply of goods can be ensured if the members are loyal. Should the members have the option to sell to the society or not, it shall be in a weaker position than the private dealers. While the former shall be a bidder for the produce of the members only, a private dealer shall have a choice over the commodities produced by the members as well as others. Besides, the members shall be apt to sell privately in a period of high prices and to dump the goods on to the society at the time of low prices, which shall invariably mean losses for the society. If, therefore, the members have the option to sell to the society or not, the society should also have the choice to accept or to refuse the goods offered by the members. As this will be contrary to the co-operative principles, it is better if more continued or complete loyalty of the members is secured. One method lies in demanding of the members a long notice before they withdraw from membership. Another method could be to impose fines and penalties on the defaulting members without any laxity.

In this connection it has also been argued that for successful operation the society should have the control over the produce of all the persons within its areas of operation. Consequently, in certain parts of the world, there is a provision that if 75 per cent of the population producing 75 per cent of a commodity have no objection to co-operative sales, it shall be deemed compulsory for all. According to strict co-operative principles, it is not desirable to make it compulsory for the members to sell through the society, and the society alone. If in a country, like India, it is found that co-operative marketing cannot otherwise succeed, the remedy would lie in a more intensive analysis of obstacles. It may be that the slow progress is due to the absence of some functions. To be more specific, the society may not be supplying the services which a private tradesman does.

To ensure a certain quality, the members must adopt the practice of supplying goods up to a certain sample or design.

Greater care shall have to be taken in regard to the quality of such commodities as milk, butter, ghee and eggs, where the quality cannot be easily controlled at the retailer's or consumers' end. The society may undertake grading of the produce, and a central trade mark may be evolved. A number of trade marks instead of one shall be desirable if the commodity is to be supplied to different regional markets which are likely to require different qualities, or different packings. Experience in South Africa and New Zealand shows that private attempts at standardisation do not succeed. If similar conditions exist in a country, the work of grading and standardisation may be taken up by the State.

Better form and greater return may also call for processing operation by the society. This may also secure valuable by-products. Thus, if societies dealing in oil-seeds were to undertake oil-crushing, the oil shall secure a greater price and the oilcakes can be available to the cultivators for being used as fertiliser or cattle-food. Processing operation by the society is also bound to mean greater employment for the members of the society.

Conditions of Remunerative Sale

For remunerative sale the marketing society should generally confine its activity to wholesale marketing. The retail market demands a careful study of the demand of the consumers. For this co-operative stores are better suited than sale societies. This does not mean that a co-operative sale society is not to serve individual consumers in any case. Individual consumers may be served by, say, a co-operative dealing in milk and eggs.

Remunerative sale also demands a continued contact with the market. The manager of the co-operative society must know where the markets are situated, what the market practices are, and how the demand and price are fluctuating in the different centres.

Thirdly, there should be a proper sale-relationship with the members. A number of alternatives suggest themselves. The society may undertake, outright purchase of the members' produce, may act as a commission agent or may function as a pledging centre. If it is a pledging centre, the members can store their goods in the godown of the society and get an advance on the security of the goods. In due course they may sell the produce and return the advances. Really speaking, this would not be marketing of the produce. The society would be acting as a credit agency and

therefore it would be wrong to include it under co-operative marketing.

In case the society acts as a commission agent, it may sell the individual member's produce separately, or in bulk with the produce of other members. In the first case, the society can secure, for the individual member's produce, only slightly more bargaining power and the escape from market malpractices, but not the benefits of pooling the produce and proper gradation. If the members agree to pooling of the produce, the society may estimate the value of each member's produce originally and advance three-fourths of the value to the members. Then the goods may be pooled, graded and sold. The profits may be distributed in proportion to the originally estimated values. Alternatively, the society may credit to the account of the individual member the value of his produce at the average sale price. The danger would be that members, who bring superior varieties, should tend to be disloyal. Hence the method of average sale price may not be adopted till the produce of the area has been standardised.

If the society adopts the method of outright purchase, the risk of loss and gain will be borne by the society in the first instance. In the case of outright purchase at market rate, the society shall be in the same position as the private dealers, and the manager shall have greater freedom to sell the produce as and when he likes. The danger is that the society may suffer heavy losses on account of miscalculation or fluctuation in prices beyond the imagination of the manager. So there may be a price committee to help the manager in fixing the price.

Marketing, Credit and Supply

The pooling of the produce by the society is the most important feature of co-operative marketing and there are many important factors which are directly and indirectly connected with it. One such question is, should the marketing operation be combined with credit operation or with supply operation. In other words, should societies be organised exclusively for sale, or supply and sale, or credit and sale? If a credit society opens a marketing branch, there is likely to be less difficulty of finance. The credit society shall have funds, and there shall also be avoided the delay which would be otherwise rather inevitable if the marketing society was to arrange for a loan or an advance to its member. But it is questionable whether even a credit society with unlimited liability should adopt the marketing function. Thus the Indian agriculturists may not like to sell their produce through credit societies with unlimited liability. Also, it may be difficult for the directorate of the credit society to control the activities of the manager in the marketing branch. Further, the two functions, *viz.*, credit supply and marketing, may demand a staff too qualified to be found in the rural areas. It has therefore been suggested that there should be established a close co-operation between the credit and marketing societies. The credit societies may grant controlled credit, controlled in the sense that there shall be a condition that the borrower would sell his produce through the nearest marketing society. Even this is not agreed to by certain authorities. In India, for example, the Madras Committee on Co-operation, 1939, did not favour the adoption of this principle, but were not averse to experiments being made in the direction.

It is however more practicable to combine the marketing operation with the supply operation. We know that the agency which purchases the produce of the cultivator is also generally the agency which supplies the requirements of the cultivator. It may therefore be suggested that it should be easier to achieve success if the sale societies also undertake the supply-function. Then loans can be granted to the farmers in kind, and the price with a reasonable interest can be deducted from the sale-proceeds or from the profits due to the farmers.

Storage

For the success of the sale societies, they must have proper storage facility. It would be incorrect to suggest that the sale society should make an advance to the member against the produce-to-come. That is the function of the credit society. The sale co-operative can only be expected to advance credit after the crop has been harvested. For this purpose the society can draw upon the neighbouring credit societies and get a loan without security to some extent. In general it is desirable that such arrangement should be made as would mean greater security and also make it possible to get more funds. One solution lies in having storage facility, which is also necessary if goods are not to be marketed just after the harvest. It is therefore essential that the marketing societies should have godowns. The construction of these godowns may be financed by the credit societies. the central banks or the Government on a long-term basis. Proper methods must be adopted to minimise the

expenditure incurred in providing the storage facility and in the shape of destruction caused by insects.

Due care should be taken to avoid possibility of fraud by those in charge of it. For example, it has been found that not infrequently the goods brought to the godown are not weighed, but the bags containing them are counted. This leaves a loophole for the employees who remove a portion of the grain and sell it secretly for their private gain. It would, therefore, be desirable to weigh the grains and to allow a margin for refraction and loss of moisture in due course.

Finance

Apart from godowns, there should be proper financing of the sale societies. The problem has no doubt been party dealt with in what has been said above. It may be pointed out here that if the sale societies are in the evolutionary stage and if the co-operative credit structure is under deterioration and bad repute, financial help should be secured from the central bank of the country, the State and even the commercial banks. 'No help unless you satisfy these conditions' type of attitude will not be helpful. Thus, in India, it is undesirable to refuse finance unless warehouse receipts are produced. We know that the Reserve Bank of India demands that the documents of title (to goods) should have been transferred before they are presented to it for discount. But these documents cannot be created unless we have warehouses in the country. The situation can be improved if the Government was to allow the marketing societies to issue negotiable warehouse receipts against goods kept in their godowns.

Transport

Successful pooling of the produce is also hampered by transport difficulties. Greater the transport facilities offered by the marketing unions, federations and the State, greater shall be the progress of the sale societies. The co-operatives may arrange for transport vehicles, and the public authority may undertake improvement of the road surface.

Location and Link

Another factor for the successful operation of the marketing co-operatives is a proper distribution of the societies both on the geographical and market basis. For the sale of commodities which do not call for expert grading and processing and which are to be sold in the neighbouring regions marketing co-operatives may be formed on the geographical basis. For commercial crops and export crops, it will be desirable to undertake special care in grading and processing and so the societies may be organised in important markets with a view to secure a large volume of business in order to enable the society to procure and pay for costly tools and personnel.

The common idea behind both these bases of organisation is to bring about the pooling of the produce. The society is not only to collect the produce of the different members for sale in a local market but in case it comes to be boycotted by a body of private wholesalers and dealers, it should have the facility to send its commodities to a higher unit—say, the marketing union in a district market—and the union may, if necessary, pass them to a provincial marketing union. The various provincial marketing unions can work in mutual co-operation with a view to facilitate the better distribution of the produce through interprovincial trade. The main hindrance in the pooling of the produce is likely to arise on the cultivators' side, but it shall lose its importance in due course when the cultivators understand the advantages of grading and when they ultimately adopt the practice of growing improved and standardised varieties. Once the variety of a commodity is standardised for a village or a group of villages, the objection to pooling would disappear.

In connection with the organisation of marketing co-operatives, it must also be made clear that for certain commodieties the system of federation may be suitable. For others it may be more desirable to organise branches of the central societies. In the case of the federations, the primary societies are established first and later these primaries form a federation and promise to be guided by it. But they do not feel that they must accept the guidance of the federation. Instead, they feel that they are a member of the federation: consequently any member of the federation may ignore the advice and rules of the federation. On the other hand, if branches of a central organisation are established in different areas (of course on the co-operative basis) they shall feel that they have been brought into existence by the central organisation. In other words, while the members of a federation feel like being its makers, the branches look upon themselves as being the creation of the central organisation with the result that they are more loyal. Where, however, there

already exist primary societies and there is simultaneously a provincial marketing society, it is necessary to link the two. If the provincial society opens its branches in areas where primary societies are already working, the danger is that the latter may not think it as important to sell to, or to sell through, the provincial marketing society, as they would if they had combined into a provincial federation. Such a situation exists to a great extent in the Bombay Province.

Management

The success of the marketing co-operative depends to a large extent on the efficiency of their management. The office-bearers and the managing committee must have the spirit of service, must be reliable and must possess the necessary technical knowledge to manage the society successfully. It will not be preferable to maintain for long periods office-bearers who are honorary workers or who get a small honorarium or a low salary. As soon as practicable, they should be given a fair and adequate money return for their services. In a country, where poverty prevails it will be very difficult to secure fair wages for the workers of the co-operative and it shall be preferable to promise the workers a share in the profits in order to provide them with an incentive to make sincere and zealous attempt to further the progress of the society. With a view to secure a sufficient supply of such workers, it may be desirable to carry on propaganda among the educated and to stress to those coming from the rural areas the desirability of their taking up the leadership of such societies in their areas. Necessary training of such persons may be the function of the regional co-operative department.

Membership

As regards the membership of the co-operatives, it need not be confined to the cultivators. With a view to secure easy finance it may be extended to credit societies, and in order to secure more direct touch with the consumers it may be extended to the co-operative stores. This should not create difficulties in the distribution of profit which shall go to the members in proportion to the sales affected through the society.

Liability

Though limited liability is desirable, a guaranteed liability may be adopted. Either the value of the share may be kept high and only a portion of it collected, or the members may agree to undertake liability upto a number of times of the share value.

Sale Societies and the State

The State can and do play a very important part in the progress of the marketing societies. In the first instance it can undertake survey and research work. Secondly, it can take up the developmental function and organise marketing societies. Thirdly, it can provide the societies with market intelligence by issuing periodical bulletins and directories. This is more important in a country where co-operative marketing societies are still in the primary stage. Fourthly, in a country like India, the State can place its marketing staff under the co-operative department. The objection to this would be that the staff may also be called upon to assist the Co-operative Department in organising societies for growing different crops. So long as the marketing staff can be spared this function, it shall be desirable to have them placed under the co-operative department. Fifthly, the State can grant subsidies and loans for the provision of storage facility and can promote grading and standardisation in due course, however, it shall be preferable to pass the function of grading and standardisation to the marketing unions. If it is found that warehouses are absent, the State may help the societies to issue negotiable warehouse receipts, which may be guaranteed either by the State or by the Central Co-operative Banks. The State can also enable the societies to compete successfully with the private dealers by establishing regulated markets. Such markets would secure the use of proper weights and measures, curtail the various deductions made, ensure proper methods of bidding and offer proper facilities to the persons bringing the produce to the market. But it is essential that the committee managing the affairs of the regulated market must have proper representation of the growers. Should the members of the managing committee be mostly drawn from among the wholesalers and commission agents, it shall be apt to favour the dealers rather than the growers. Lastly, to some extent the State can even patronise the marketing societies by purchasing its own requirements from them.

Co-operation in Madras

(Year ending 30th June 1946)

The general progress of the co-operative movement during the years of the war, has not only been maintained but also accelerated during the year under report. On 30th June 1946, there were 16,068 (15,724) societies with 1'882 (1'748) million members on their rolls and with a working capital of Rs. 3,862'43 (3,415'97) lakhs. There has been a remarkable increase particularly in the number of societies for consumers, for urban milk supply, for weavers, and for the marketing of fruits and potatoes.

Credit Structure

As will be seen from the diagram attached, short-term credit in the co-operative movement is obtained through the primary, urban and rural societies which are financed by the Central Banks, which in their turn are financed by the Madras Provincial Co-operative Bank, while long-term credit is obtained mainly through the Primary Land Mortgage Banks which are financed by the Central Land Mortgage Bank which is a provincial institution raising funds from the public in the shape of debentures guaranteed by Government.

Primary Credit Societies.—The year recorded an increase in membership to 6'66 (6'37) lakhs, in share capital to Rs. 59'22 (52'07) lakhs, in deposits to Rs. 49'12 (43'09) lakhs and in loans from Central Banks to Rs. 285'65 (189'95) lakhs. The financing banks have reduced their lending rates and this has helped in an expansion of the loan turnover of these societies. The position for the last four years is given below :—

	1942-43 Rs. in lakhs	1943-44 Rs. in lakhs	1944-45 Rs. in lakhs	1945-46 Rs. in lakhs
Loans issued ...	167'18	167'16	189'67	265'85
Loans outstanding at the end of the year ...	278'08	260'76	272'58	327'65

Out of the loans issued during the year, Rs. 242'37 lakhs were for productive purposes, Rs. 20'63 lakhs for discharge of prior debts, and Rs. 2'85 lakhs for non-productive purposes. The percentage of balance due in respect of principal has been steadily decreasing from 35'34 in 1943 to 29'09 in 1946. Out of the 10,877 societies, 6,154 worked at a net profit of Rs. 6'62 lakhs and the rest at a net loss of Rs. 12'72 lakhs. Non-agricultural Credit Societies consist of Urban Banks maintaining fluid resources, employee societies and other limited and unlimited liability societies situated in urban areas. The loan position of these societies is given below :—

	1943-44 Rs. in lakhs	1944-45 Rs. in lakhs	1945-46 Rs. in iakhs
Loans issued ...	327'28	367'48	435'17
Loans outstanding at the end of the year ...	326'75	337'03	363'43

The percentage of share capital and deposits to the total loans outstanding against the societies showed a sharp increase to 85·2 (65·3), an indication that the members have been investing their savings in these societies to a much larger extent. The percentage of balance due under principal for these societies decreased steadily from 16·35 in 1941-42 to 9·95 in 1945-46.

Central Co-operative Banks.—There were 30 such banks during the year with an affiliation of 13,269 societies. In spite of a general reduction in their borrowing rates, the inflow of deposits continued to be heavy, as will be shown by the following statement :—

	1943-44 Rs. in lakhs	1944-45 Rs. in lakhs	1945-46 Rs. in lakhs
Loans and deposits from inside the movement ...	284·55	328·55	400·56
Loans and deposits from outside the movement...	342·41	388·65	451·74

In order to enable the Central Banks to raise more funds when they take up the financing of a large number of scheme of food procurement and distribution, Government raised the maximum credit limit from 10 times to 20 times their owned capital and the Registrar, in exercise of this power, raised the credit limit of the Malabar District Central Co-operative Bank to 20 times its owned capital and those of several other banks to more than 10 times their owned capital. The percentage of balance to demand in respect of principal has been falling very rapidly from 26·75 in 1941-42 to 6·22 in 1945-46. All the Central Banks worked at a profit, the total profit being Rs. 6·56 (6·27) lakhs. The cost of management, however, increased to Rs. 13·26 (11·45) lakhs.

A separate Central Bank was formed for Ramnad district with headquarters at Madura and it has proved to be a great success. The supersession of the Committee of the Anantapur Central Bank had to be continued for another year. The normal constitution of the Guntur Central Bank was restored in February 1946.

The Provincial Co-operative Bank had a large accumulation of deposits during the year with no corresponding progress in loan business. Deposits increased by about Rs. 70 lakhs and the lean position was as below :—

	1943-44 Rs. in lakhs	1944-45 Rs. in lakhs	1945-46 Rs. in lakhs
Loans issued ...	161·73	162·25	143·00
Loans outstanding at the end of the year ...	65·62	80·42	62·99

Long-Term Credit

Primary Land Mortgage Banks.—There were 119 (119) primary land mortgage banks with a membership of 84,125 (83,684) and a paid-up share

capital of Rs. 20·39 (18·93) lakhs. The loan business of the banks showed an improvement, as will be seen below :—

	1943-44 Rs. in lakhs	1944-45 Rs. in lakhs	1945-46 Rs. in lakhs
Loans issued ...	18·31	24·81	41·18
Loans outstanding ...	230·30	228·90	245·24

The enhancement of the individual maximum credit limit has enabled the bigger ryots to borrow from the primary banks. Lands offered as security, which used to be assessed at their pre-war values, are now valued at anything up to 10 per cent above the pre-war values. In accordance with the recommendations of a committee appointed by the Central Land Mortgage Bank to enquire into the conditions of some of the Primary Mortgage Banks which were working at a loss, the Central Land Mortgage Bank sanctioned subsidies to the "loss bank" on the condition that the work of the Supervisors was controlled by it. A special committee was also appointed by the Central Land Mortgage Bank to examine the possibility of improvement, in the working and loan business of the Primary Banks in the West Coast, as these banks could not make much progress, owing to the peculiar systems of land tenure and the personal laws prevalent in the area.

The Central Land Mortgage Bank showed a rapid recovery in its loan business, as shown below :—

	1943-44 Rs. in lakhs	1944-45 Rs. in lakhs	1945-46 Rs. in lakhs
Loans issued ...	18·26	24·78	42·78
Loans outstanding at the end of the year ...	227·57	226·27	242·38

The bank continued to remit all collections including advance collections into the Sinking Fund. A fresh series of 3 per cent debentures for Rs. 32·5 lakhs was floated during the year thus bringing the borrowings to the full limit of Rs. 350 lakhs guranteed by the Government. The net profit of the bank was Rs. 3·43 (2·84) lakhs.

Non-Credit Societies

Producers' Societies

Sale societies and marketing federations.—There were 189 (181) Co-operative Sales Societies with a paid-up share capital of Rs. 12·67 (10·41) lakhs and membership of 96,191 (90,880). Almost all items of agricultural produce continued to be controlled by Government and the agriculturist had to sell his stock at controlled rates. Sales Societies were therefore not able to do much work along the normal lines. They diverted their attention to processing activities such as the hulling of paddy, ginning of cotton, decortication of groundnut, grading and packing of fruits, etc. They supplied improved varieties ot seed and manure to their members and, for the first time, they also undertook the distribution of compost manufactured by municipalities and panchayat boards out of rubbish and nightsoil. Processing activities, however, declined in the value of the produce to Rs. 21·44 (37·47) lakhs. Government sanctioned a scheme costing Rs. 7·75 lakhs for the erection of 25 cotton ginning factories in important cotton-growing areas, to be worked by these Co-operative Societies. Some of the marketing federations have recently undertaken procurement and sale of controlled foodgrains. A new scheme was introduced of appointing marketing panchayatdars whose main work will be to canvass applications for loans for cultivation purposes.

The Madras Provincial Co-operative Marketing Society is a central organization for producers' societies. Its total purchases during the year amounted to Rs. 7·58 lakhs and one of its main activities was the supply of fruit obtained from the Kodur Fruit Growers' Co-operative Society. Its Sales Emporium at Mount Road helped the Women's Cottage Industries Co-operative Society and the Perambur Leather Workers' Co-operative Society to dispose of their finished products. The West Godavari Co-operative Marketing Federation had purchases and sales amounting to Rs. 8·36 lakhs and Rs. 8·77 lakhs respectively, and it acted as an agent of nine district co-operative wholesale stores in the deficit districts, for the supply of rice. Its exports on this account amounted to Rs. 38·29 lakhs. The Federation was entrusted with procurement work in the deltaic areas of West Godavari District. The Guntur District Co-operative Marketing Federation had purchases and sales amounting to Rs. 2·88 lakhs and Rs. 2·33 lakhs respectively. It undertook the purchase and sale of manure and cattle food to its members and it hired a rice mill for a period of two years for the supply of rice to other districts. The Tanjore Co-operative Marketing Federation had business amounting to Rs. 14·14 lakhs of purchases and Rs. 16·29 lakhs of sales. It also undertook procurement work. The Nilgiris Co-operative Marketing Society was engaged mainly in marketing potatoes to the value of Rs. 10·10 lakhs. It also undertook the sale of vegetables and the manufacture of manure. The South Kanara Agriculturists' Wholesale Co-operative Society undertook the marketing of arecanut, chillies, jaggery, cardamoms and cashewnut, all to a total value of Rs. 21·44 lakhs. The Malabar District Produce Sale Society marketed produce such as copra, pepper, cashewnut, ginger and coffee to an extent of Rs. 11·32 lakhs.

Fruit growers' co-operative societies.—There were 13 fruit growers' co-operative societies during the year, of which the most important was the one at Kodur in Cuddapah district. The total sales of the society amounted to Rs. 13·12 (39·82) lakhs. The big drop is due mainly to the termination of the army contract and, to a smaller extent, to the failure of the orange crop. The society became the sole agent of Messrs. Imperial

Chemical Industries (India), Ltd., for the distribution of manure. The next biggest Fruit Growers' Society is the one at Palacole. The total sales in limes and betel leaves amounted to Rs. 2·36 lakhs. The society undertook the manufacture of lime-quash and cordial. The Rajahmundry Fruit Growers' Society did business to the extent of Rs. 2·95 lakhs, and undertook the supply of oranges to the army when the Kodur Society was not able to do so, owing to the failure of the orange crop.

The sugarcane growers' societies.—There were 12 sugarcane growers' co-operative societies and five Unions working in the Province. The Sugar Excise Subsidy Scheme which was in force in the districts of South Kanara, Coimbatore and East Godavari was extended to the districts of Vizagapatam and Trichinopoly. The Kirlampudi Union in East Godavari district, the Hospet Society in Bellary district and the South Kanara Society issued loans to the extent of Rs. 1·34 lakhs. Rs. 32,621 and Rs. 23,038 respectively. The last named society marketed jaggery belonging to its members, to the extent of Rs. 1·41 lakhs. There were also two Co-operative Sugar Factories in the Province, one at Ettikoppaka in Vizagapatam district and the other at Coimbatore. The former produced 738 tons and the latter 580 tons of sugar during the year.

Milk supply societies and unions.—There were 21 (19) such Unions and 253 (191) such societies at the end of the year. Of these, 208 societies were affiliated to 21 unions and functioned as feeder units of the latter without undertaking direct sale of milk The other 45 Societies functioned as independent units. The transactions of the Unions amounted to Rs. 51·39 (27·59) lakhs of purchases and Rs. 58·95 (32·69) lakhs of sales, while those of the Societies amounted to Rs. 42·55 (20·08) lakhs of sales of which Rs. 10·64 lakhs was the value of milk sold directly to the public by the independent societies. The figures for the more important Milk Unions are—

		Sales during the year. Rs. in lakhs
The Madras Milk Supply Union	...	28·98 (11·86)
The Coimbatore Milk Supply Union	...	17·93 (12·12)
The Madura Milk Supply Union	...	4·25
The Milk Supply Unions at Vellore, Mangalore, Chittoor, Ellore and Calicut	...	Over Rs. 1 lakh each.

The Madras and the Coimbatore Unions supplied large quantities of milk to the Army. Loans to the extent of Rs. 4·18 lakhs were disbursed to two unions and 89 societies, mainly for the purchase of new animals.

Cottage industries societies.—There were, under this head, 49 societies for jaggery production, 44 for egg production, 35 for women's cottage industries, 11 for metal workers, 10 for pottery. 9 for bee-keeping and honey production, 7 for leather workers, 6 for coir workers, 6 for hand-made paper manufacture, 3 for charcoal production, 2 for basket-makers, 2 for button manufacturers, 2 for cigar manufacture, 2 for stone carvers, 1 for oil production, and 20 for other cottage industries. The total value of goods purchased and sold by these societies amounted to Rs. 10·10 lakhs and Rs. 9·58 lakhs. In order to improve the supply of eggs for the civilian population, Government devoted some attention to the development of egg marketing societies and sanctioned a subsidy of Rs, 1,040 for each of 33 such societies. The Government of India contributed Rs. 20,000 towards this subsidy. The metal workers' societies showed good progress and registered sales amounting to Rs. 4·11 lakhs. They have been considerably handicapped by the shortage of metals. The leather workers' societies have also been quite successful and the Madura Society has applied for a grant for the purpose of constructing an up-to-date tannery. Government sanctioned a scheme for the development of basket-making in the districts of Kurnool, Chittoor and Salem, and appointed three Junior Inspectors specially for this purpose. The women's co-operative societies produce shirts, socks, children's garments, etc., and sell them on a consignment basis through the emporium of the Provincial Marketing Society. During the year, they sold goods worth Rs. 19,000 (1,300). The scarcity of mill cloth has hampered the progress of these societies to a certain extent.

Weavers' societies.—There has been a steady development of weavers' co-operative societies, in spite of the difficulties arising from the shortage of yarn. The following table will show the progress during the past five years :—

		1941-42	1942-43	1943-44	1944-45	1945-46
Number of Primary weavers' societies	...	215	228	263	311	336
Number of members		19,676	31,131	42,438	51,131	65,286
Number of looms	...	9,766	23,720	16,854	26,936	39,152
		Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Paid-up share capital	...	2·21	4·16	6·23	10·26	20·07
Value of cloth produced	...	20·31	91·12	85·88	162·54	317·69
Value of cloth sold	...	25·31	95·83	87·11	174·44	375·09

The value of cloth produced and sold during the year was more than double that of the previous year. The wages paid to members by all the societies amounted to Rs. 147·6 lakhs and the net profit earned amounted to Rs. 50·37 lakhs, while the net loss sustained was Rs. 0·46 lakh. The Yemmiganur Weavers' Society in Bellary district is the biggest of these primary societies. It earned a net profit of Rs. 1·35 lakhs.

The Madras Handloom Weavers' Provincial Co-operative Society continued to supply yarn and other raw materials to the primary societies, and to market a portion of their finished goods. It supplied yarn to the value of Rs. 107·74 (79·51) lakhs and purchased finished goods amounting

to Rs. 64·53 (15·62) lakhs. Its sales, conducted through its 36 emporiums situated all over the Province, amounted to Rs. 83·75 (41·84 lakhs.) Since 1st July 1945, the Provincial Society has been maintaining collective weaving centres in the districts of Salem, Tinnevelly, Chingleput, Kurnool, Chittoor, East Godavari and Ramnad, the handloom factories at Basin Bridge, Kurnool and Cuddalore, a Screen Printing Factory at Madras and a second block printing factory at Chirala. The Provincial Society became the sole distributors of hydro-sulphate of soda. It undertook the supply of three million yards of lunghies to the Government of India. The number of dye-houses was increased to 5 (3) by the starting of two at Rajahmundry and Tiruttani, respectively.

There were 7 (6) kumbli weavers' co-operative societies which produced goods to the value of Rs. 36,000. The Ellore Pile Carpet Weavers' Society is the only one of its kind in the Province and it produces carpets of Mogul, Persian and modern designs and has a dye-house attached for dyeing wool. It produced carpets to the value of Rs. 47,000.

Consumers' Societies

Wholesale Co-operative Stores.—There were 21 (21) of these stores during the year. They functioned as central distributing agencies for the primary or retatl stores attached to them. But their services were also utilised, to a considerable extent, for the distribution of controlled articles, not only to their constituent retail stores, but also to private retailers. They have also undertaken large-scale procurement, storage and distribution of food-grains. These special activities accounted for the remarkable expansion of their trade in recent years, as shown in the following table :—

		1943-44	1944-45	1945-46
Number of members	...	6,538	8,568	9,427
		Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Value of purchases	...	554·43	975·18	1,148·48
Value of annual sales	...	518·83	963·17	1,266·58
Net profit	...	9·85	11·42	17·30

About 94 per cent of the purchases were of controlled commodities, while 87 per cent of the sales were of foodgrains and other household provisions, and 65 per cent of the sales were to private merchants and others. The wholesale stores at Anantapur, Bellary. Cuddapah, Kurnool, Chingleput and Mangalore were appointed as the sole wholesale dealers in foodgrains under the rationing schemes in the respective districts. Generally speaking, most of these stores have been utilized more or less as agents of Government by the Civil Supplies Department and they have, in most cases, responded with commendable energy and earnestness.

Primary or retail co-operative stores.—The relevant figures relating to these stores for the last three years are given below :—

		1943-44	1944-45	1945-46
Number of stores	...	1,191	1,286	1,346
Number of branches and depots	...	692	998	989
Number of members (in lakhs)	...	3·13	4·08	4·47
		Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Value of purchases during the year	...	806·96	1,099·24	1,266·54
Value of sales	...	832·36	1,176·86	1,357·55
Net profit	...	19·31	19·67	22·54

About 58 per cent of the total purchases was from private merchants and others, while only 34 per cent was from district wholesale stores ; about 61 per cent of the purchases was of controlled articles. Of the total sales, 65 per cent was to non-members and only 35 per cent to members. The value of controlled commodities sold amounted to 68 per cent of the total sales. Out of 1,346 stores, 803 worked at a total net profit of Rs. 22·54 lakhs and 502 at a net loss of Rs. 5·35 lakhs. These stores have been assisting the Civil Supplies authorities by participating in schemes of rationing and in the distribution of controlled commodities all over the Province. Out of 524 Primary Stores situated in urban and semi-urban areas, 242 have been allotted 755 ration depots under the statutory rationing scheme and the number of ration cards registered with these stores on 30th June 1946 was 3·48 (2·97) lakhs which works out to 26 (22) per cent of the total number of cards registered in the Province. The Triplicane Urban Co-operative Society alone had 64 branches in the City. A few of these stores have also undertaken the procurement of foodgrains on a small scale ; 57 undertook procurement of paddy and rice and opened 107 depots for the purpose, while 49 undertook procurement of millets and opened 32 depots for the purpose, the value of stock procured being Rs. 20·66 lakhs of paddy and rice and Rs. 7·36 lakhs of millets.

There were 194 primary stores in urban areas, 330 in semi-urban areas and 822 in rural areas or places not served by municipal councils or major panchayat boards. The large number of rural stores is an indication of the valuable work done by those stores by way of distribution of controlled commodities. The sale of these three varieties of stores amounted to Rs. 583·6 lakhs for urban, Rs. 383·80 lakhs for semi-urban and Rs. 390·15 lakhs for rural stores.

There were 69 industrial employees stores, 74 stores of Government and local fund servants and 1,203 general stores, the sales in each class being Rs. 125·17 lakhs, Rs. 63·04 lakhs and Rs. 1,169·34 lakhs respectively. The industrial employees stores have been rendering very good service to the workers in the industrial areas.

Medical Co-operative Stores.—There were two co-operative stores of this type, one at Madras and the other at Guntur. The one at Madras had

less amounting to Rs. 68,000 (6,000) and made a net profit of Rs. 14,000, while the one at Guntur had sales valued at Rs. 73,000 and made a profit of Rs. 9,000.

Miscellaneous

Land colonisation co-operative societies.—There were 26 such societies at the end of the year working in 8 districts, and the control of 23 of these was transferred to the Co-operative Department from the Revenue Department, with effect from 1st July 1945. These Societies are meant for the benefit of landless agricultural labourers. An extent of 11,348 acres of land was held by these 23 societies, and the area actually brought under cultivation was 8,386 acres out of a total cultivable area of 9,951 acres. Under the "Accelerated Scheme" for sinking wells, 94 irrigation wells were sunk by the colonists in North Arcot and Coimbatore districts. There are now 11 Senior Inspectors in charge of these societies.

Land colonisation societies for ex-servicemen.—The formation of these societies is one of the major items of the resettlement programme for this Province, the idea being that the society would own lands, reclaim them and provide irrigation facilities wherever necessary and also encourage colonists to take up industries such as cattle-breeding, poultry farming, dairying, etc. There were 50 such schemes under consideration, of which 22 were approved and three abandoned. Six societies were registered during the year and three of them actually started work at Palavapudi, Komagiripatnam and Kandikuppa respectively. The control of these three societies was transferred to the Director of Resettlement and Employment, Madras.

Land reclamation societies.—There were 14 societies in Tanjore district and one in Trichinopoly district for the reclamation of land in the Cauvery-Mettur Project area. These societies have been able sc far to reclaim 11,239 acres out of a total of 14,250.

Irrigation societies.—There were 17 such societies formed for the purpose of undertaking work such as repairs to irrigation channels, tanks, etc., and the regulation and supervision of the distribution of water. The Societies covered an extent of 7,928 acres.

Agricultural demonstration and improvement societies.—There were 67 such societies working with the purpose of supplying their members with improved varieties of seeds, manures, fertilizers, agricultural implements, iron tyres and axles.

Building societies.—There were 113 such societies working during the year. They had to work under very difficult conditions, owing to the acute shortage of building materials, inflated prices of building sites and the high cost of labour. The value of houses completed and still under construction amounted to Rs. 24.69 lakhs.

Scheduled Castes societies.—These societies for Scheduled Castes have been doing mostly credit business. At the end of the year, there were 2,328 societies serving 1.14 lakhs of members including such sections as the Kallars of Tanjore and Madura, fishermen of Malabar and South Kanara, and the hill tribes of Vizagapatam and East Godavari.

Labour contract societies.—There were 21 such societies at the beginning of the year and seven more were formed during the year for the resettlement of ex-servicemen. The control of these seven societies was transferred to the Director of Resettlement and Employment and the remaining 21 continued to be under the Registrar of Co-operative Societies. The value of work actually executed by these 21 societies amounted to Rs. 88,201 and the wages paid to members came to Rs. 46,745.

Co-operative Insurance societies.—There were four such societies working during the year. The Madras Co-operative Motor Vehicles Insurance Society was formed in June 1946. The South India Co-operative Insurance Society, which has been working for the last 14 years, had at the end of 1945, 15,489 policies in force, with a face value of Rs. 174·52 lakhs. The premia collected during the year 1945 was Rs. 8·69 (5·64) lakhs.

Printing societies.—There were three societies working during the year which did a total business of Rs. 1·97 lakhs.

General

The normal supervision of co-operative societies, especially rural credit societies, continued to be in the hands of local co-operative supervising unions and the central banks. There were 263 (247) unions, two language federations, two audit unions, and four co-operative training institutes at the end of the year. For purpose of supervision, 8,748 (8,791) societies were affiliated to the unions. The central banks pool and administer the supervision fund contributed by affiliated societies, and meet the cost of the staff employed for supervision. Training in co-operation continued to be imparted through the five institutes in the Province. Government permitted the training of 200 ex-servicemen at these institutes, the fees being met by Government. The trainees were given a stipend of Rs. 35 a month during the period of training, provided they were prepared to serve in any of the co-operative institutions for two years thereafter.

The Madras Provincial Co-operative Union continued to be a central institution for carrying on propaganda in the Province. It had 649 (687) institutions on its rolls. The main activities of the Union were, as usual, the publication of the *Madras Journal of Co-operation* and the subsidizing of Co-operative journals published in the regional languages, the running of a library, publishing of propaganda literature, the holding of examinations for students of mufassal co-operative institutes and the conduct of training classes for Panchayatdars. The regional journals published were :

"Sahakaramu" in Telugu, "Kuturavu" in Tamil, "Paraspara Sahayee" in Malayalam and "Sahakari" in Kanarese.

Staff.—On 30th June 1946 there were one Registrar, three Joint Registrars, 43 Deputy Registrars, one Assistant Registrar, 161 Co-operative Sub-Registrars, 430 Inspectors and 779 Junior Inspectors. Four Deputy Registrars were working in the Textile Department, one was in charge of the Handloom Weavers' Provincial Co-operative Society and another in charge of the Kodur Fruit-Growers' Co-operative Society. Tanjore district was bifurcated into two Circles with one Deputy Registrar at Tanjore and one at Kumbakonam.

The official audit of the accounts of the 15,423 societies for the co-operative year 1944-45 and that of 186 societies for the calendar year 1945 was done by the departmental staff. The work of audit was heavy because of the large turnovers in many types of societies, particularly the consumers' co-operative societies and weavers' societies. A sum of Rs. 1,29,155 was due by way of audit fees from 1,105 societies and of this, Rs. 1,13,018 was collected.

There were 5,747 arbitration references pending at the beginning of the year, 11,160 were received during the year and 12,768 disposed of. Of those disposed of, 8,463 were by non-official arbitrators and the rest by departmental staff. The amount involved in these references was Rs. 7·78 lakhs, of which Rs. 2·89 lakhs was collected during arbitration proceedings. There were 18,443 execution petitions pending disposal during the year involving a sum of Rs. 56·90 lakhs. Of these 10,131 were disposed of covering an amount of Rs. 21·25 lakhs.

—*Madras Administration Report, 1945-46, Part II.*

Our poets and literary men have taught their successors, for long generations, to look for good not in wealth, not in power, not in miscellaneous activity, but in a trained, choice, and exquisite appreciation of the most simple and universal relations of life. To feel, and in order to feel to express, or at least to understand the expression of all that is lovely in Nature, of all that is poignant and sensitive in man, is to us in itself a sufficient end.

—*Goldsworthy Lowes Dickinson.*

Consumers' Co-operation

REVIEW FOR MAY, 1947.

Progress reports were received in time from all Deputy Registrars except those at Anantapur, Vellore, Kurnool, Tanjore, Ootacamund and Salem. The reports from Cuddapah and Trichinopoly have not yet been received in spite of reminders to them. Previous month's figures have been adopted in respect of these. The Deputy Registrars, Cuddapah and Trichinopoly, are requested to be prompt in future.

2. It is still unsatisfactory to note that in spite of repeated instructions, the officers have failed to submit consolidated reports before the 20th of every month. The Deputy Registrars, Vellore, Bellary, Chingleput, Coimbatore, Ellore, Madura, Nellore, Tinnevelly and Vizagapatam have adopted previous month's figures, in respect of a large number of defaulting primaries. The Deputy Registrars are requested to obtain reports from all the stores in time and submit complete returns. It is regrettable to note again that the Tinnevelly Co-operative Central Stores has failed to mention the figures regarding the value of sales to primaries, depots and merchants.

Co-operative Wholesale Stores.

3. ***Membership and share capital.***—The number of members was 10,273 at the end of May 1947 and the paid up share capital was Rs. 32·70 lakhs as against Rs. 32·37 lakhs in the previous month.

4. The owned capital of the Co-operative Wholesale Stores was Rs. 42·15 lakhs comprising share capital of Rs. 32·70 lakhs and Reserve fund of Rs. 9·45 lakhs. Of the total borrowed capital of Rs. 335·06 lakhs, Rs. 325·96 lakhs represented loans and cash credits from the central banks and the balance from others. The total working capital on the last day of the month under review was Rs. 377·21 lakhs as against Rs. 405·37 lakhs for the previous month.

5. ***Business.***—The total purchases and sales of the Co-operative Wholesale Stores for the month under review were Rs. 103·21 lakhs and Rs. 144·93 lakhs respectively as against Rs. 124·09 lakhs and Rs. 148·99 lakhs, respectively in the previous month. It is unsatisfactory that the transactions during the month under review have fallen considerably when compared to those of the previous month. The drop in purchases has been contributed mainly by the North Arcot, Chingleput, Coimbatore, Guntur, South Kanara, Kurnool. Madura, Nellore and Tinnevelly Co-operative Wholesale Stores and in respect of sales by North Arcot,

Chittoor, Coimbatore, Kurnool, Salem and Tinnevelly Co-operative Wholesale Stores.

6. ***Sales to Primaries.***—Of the total sales of Rs. 144·93 lakhs, Rs. 58·48 lakhs represent sales to the primaries and this works out to 34·83 per cent as against 45·2 per cent in February 1947, 43·9 per cent in March and 36·8 per cent in April. Thus there has been a rapid fall in business with the primaries, especially during April and May. This is very disquieting.

Primary Co-operative Stores.

7. ***Membership, Share Capital and Borrowings.***—On the last day of the month under review, there were 1,688 stores with a membership Rs. 5·22 lakhs and a paid up share capital of Rs. 98·64 lakhs as against Rs. 5·20 lakhs and Rs. 90·09 lakhs respectively for April. The Reserve fund and borrowings amounted to Rs. 20·45 lakhs and Rs. 93·28 lakhs respectively. Their total working capital was Rs. 212·37 lakhs as against Rs. 206·55 lakhs in the previous month. It is gratifying to note the appreciable increase in respect of share capital recorded by the primaries in the districts of Coimbatore, Madura, Ramnad and Salem.

8. ***Primaries***—The total purchases and sales during the month under review were Rs. 133·60 lakhs and Rs. 143·31 lakhs respectively as against Rs. 145·28 lakhs and Rs. 148·21 lakhs respectively in the previous month. The transactions of primaries have fallen during the month under review. Efforts will have to be made to keep up the progress and develop the business.

Special Consumer Activities.

9. (*a*) ***Consumer goods***—During the month under review it is gratifying to note that the purchases and sales of consumer goods amounted to Rs. 2·16 lakhs and Rs. 2·6 lakhs as against Rs. 1·96 lakhs and Rs. 2·06 lakhs in the previous month. The officers are requested to see that business in consumer goods as well as in non-food lines is improved a good deal by the stores.

(*b*) ***Handloom and mill-made cloth***—Purchases and sales of cloth during the month amounted to Rs. 8·71 lakhs and Rs. 5·96 lakhs respectively as against Rs. 6·18 lakhs and Rs. 6·89 lakhs respectively. The progress in respect of sales is still poor. The officers are requested to see that this business is greatly improved and expanded by the Co-operative Wholesale Stores as well as by the primaries, as supplies of mill cloth are being made to co-operative stores to a greater extent owing to the policy of the Government to utilise the co-operative societies fully in the distributive system. Business in handloom cloth also can be developed further with better co-ordination between primary stores and weavers' co-operative stores societies as instructed by the Registrar already.

(c) *Processed foodstuffs*—The total purchases and sales during the month under review were Rs. 20,101 and Rs. 21,140 respectively as against Rs. 21,502 and Rs. 20,619 in the previous month. The stores are requested to make sustained efforts to improve this business.

(d) *Agricultural Implements*—It is regrettable to note a sudden fall in respect of purchases and sales in agricultural implements. During the month under review the total purchase and sales of agricultural implements were Rs. 36 and Rs. 120 whereas in the previous month they were Rs. 4,759 and Rs. 1,463. It has been time and again stressed that especially the rural stores have to deal in agricultural implements and give a rural bias to their trade. This has obviously been neglected. The special staff should be definitely instructed to see that the stores are pulled up in this respect.

10. On the whole the trade in consumer goods and cloth is not up to the mark. The stores should build up trade in all lines. All co-operative wholesale stores and primaries should be aware of the transacting nature of the present flourishing business in controlled commodities and food grains. The Deputy Registrars are requested to see that instructions issued in the Registrar's circulars in the matter of organising the purchase departments and developing trade are carried out by the special staff for supervision and effective steps taken in the matter of stabilising the stores by broadbasing their trade. The special staff should justify their existence by showing substantial improvement in the business of the co-operative wholesale stores and primaries in non-controlled articles. Special responsibility rests on the Deputy Registrars to see to this.

REVIEW FOR JUNE, 1947.

Sub :—Co-operative Societies—Primaries and wholesales—progress for June 1947—Reviewed.

2. *Membership and share capital.*—The number of members was 10,352 at the end of June 1947 and the paid up share capital was Rs. 32'97 lakhs as against Rs. 32'70 lakhs in the previous month.

3. The owned capital of Co-operative Wholesale Stores was Rs. 43'39 lakhs comprising share capital of Rs. 32'97 lakhs and reserve fund of Rs. 10'42 lakhs. Of the total borrowed capital of Rs. 259'29 lakhs, Rs. 250'16 lakhs represented loans and cash credits from Central

Banks and the balance of Rs. 9'13 lakhs from others. The total working capital on the last day of the month under review was Rs. 302'63 lakhs as against Rs. 377'21 lakhs for the previous month.

4. *Business.*—The total purchases and sales of Co-operative Wholesale Stores for the month were Rs. 130'72 lakhs and Rs. 128'10 lakhs respectively as against Rs. 103'21 and Rs. 144'93 lakhs respectively in the previous month. The drop in the sales is mainly contributed by Kistna, Malabar, Nellore, Tanjore and Vizagapatam Co-operative Wholesale Stores. In respect of purchases there was a fall in Anantapur, North Arcot, Bellary, Cuddapah, Kistna, Tanjore and Vizagapatam Co-operative Wholesale Stores.

Sales to primaries.—Of the total sales of Rs. 128'11 lakhs, Rs. 61'32 lakhs represent sales to the primaries which works out to 55'67 per cent as against 34'83 per cent in the previous month. This is satisfactory. The progress should be kept up.

Primary Co-operative Stores.

6. *Membership—share capital and borrowings.*—On the last day of the month, there were 1,706 stores with a membership of 5'23 lakhs and a paid up share capital of Rs. 105'09 lakhs as against 5'22 lakhs and Rs. 98'64 lakhs respectively for the previous month. Their total working capital was Rs. 220'92 lakhs as against Rs. 212'37 lakhs in the previous month. It is gratifying to note the appreciable increase in respect of share capital collected by the primaries in the districts of Anantapur, Bellary, Coimbatore, Kurnool, Ramnad, Tanjore and the Nilgiris.

7. *Business.*—The total purchases and sales during the month were Rs. 138'12 lakhs and Rs. 151'93 lakhs respectively as against Rs. 133'61 lakhs and Rs. 143'31 lakhs respectively in the previous month.

8. Special *consumer* activities.

Consumer goods.—During the month purchases and sales under this head, were Rs. 3'21 lakhs and Rs. 3'01 lakhs respectively as against Rs. 2'16 lakhs and Rs. 2'60 lakhs in the previous month. Though there is some progress in this it is still not up to the mark. The officers are requested to see that business in consumer goods as well as in non-food lines is considerably improved.

Handloom and Mill-made cloth.

Purchases and sales of cloth during the month amounted to Rs. 8'91 lakhs and Rs. 9'06 lakhs respectively as against Rs. 8'71 lakhs and Rs. 5'96 lakhs in the previous month. The progress is not appreciable. Co-ordination between co-operative wholesale stores, primary stores and weavers' societies would help a great deal in expanding and facilitating their trade and stabilising their position.

Processed foodstuffs.—The total purchases and sales during the month were Rs. 8,711 and Rs. 4,835 respectively as against Rs. 20,101 and Rs. 21,140 in the previous month. There has been a steep fall in this business. The Registrar is unaware of the causes that have contributed to this. The Deputy Registrars will please report, in future, any difficulty in getting supplies, etc., so that the Registrar may address the importers for adequate supplies, if necessary.

Agricultural Implements.

It is regrettable to note a sudden fall in respect of purchases and sales in agricultural implements. During the month the total purchases and sales of agricultural implements were Rs. 36 and Rs. 472 as against Rs. 4,759 and Rs. 1,463 in April '47. Immediate steps should be taken to see that the stores take up to this line of business with vigour, with more than 50 per cent of the stores in the rural areas, the members of which are mainly agriculturists, the Registrar is at a loss to know why agricultural implements cannot be sold by the rural stores. It only means that the special staff have not been evincing sufficient interest in advising the stores to develop their business in this line. The Registrar expects ***better work*** from them, and the Deputy Registrars are requested to have a vigorous drive over the special staff and ensure the development of business of co-operative stores in non-food lines.

9. ***General.***—On the whole the business of stores in non-food lines is not up to the standard. It has been often stressed that the stores should build up trade in all lines. The Deputy Registrars are requested to see that instructions issued by the Registrar in the matter of organising the purchase departments and development of trade are carried out by the special staff for supervision and that effective steps are taken to broad-base the trade of co-operative stores. The special staff should show substantial progress in this direction. Special responsibility rests on the Deputy Registrars to see that the special staff discharge their functions efficiently.

Printer's Orror.—*The following correction appeared in an American newspaper : " Our paper announced last week that Mr. Henry Brown was a defective in the local police force. This, of course, was a typographical error, and should have read : Mr. Henry Brown was a detective in the local police farce."*

Circulars.

R.C. 15092/45. F. *Dated 29th July 1947.*

Sub :—Liquidation — Enforcement of unlimited liability — Appeal— Jurisdiction of Civil Courts.

A case has recently been brought to the notice of the Registrar where an ex-member of a cancelled society filed an appeal in the Civil Court against the order of the liquidator enforcing unlimited liability against him. The contention of the appellant was that he ceased to be a member prior to 2 years from the date of liquidation of the society and was not, therefore, liable to contribute towards the assets of the society. The liquidator objected to the entertainment of the appeal petition by the Civil Court on the ground that the jurisdiction of the Court was ousted by section 48 of the Madras Co-operative Societies Act. The Court, however, overruled the objection and held that there was no ouster of ordinary jurisdiction of Civil Courts so long as the liquidator did not act strictly in conformity with the express powers conferred on him under the law. The Court held that, under section 47 (3) (*b*) of the Madras Co-operative Societies Act, 1932, the liquidator had powers only to determine the contribution to be made by members or past members or from the estates of deceased members or by any officers or former officers to the assets of the society and that the liquidator had no powers to pass Contribution Orders against non-members or persons who ceased to be members prior to 2 years from the date of liquidation of the society. If, therefore, the appellant had a ***prima facie*** case to establish that he was not a member or had ceased to be a member prior to 2 years from the date of liquidation of the society, the Civil Court, it was held, had jurisdiction to entertain such cases and they would not be barred by section 48 of the Act. The Deputy Registrars are requested to note these findings for their guidance, and to satisfy themselves beyond doubt that the contributories are liable under sections 35 and 47 (3) of the Madras Co-operative Societies Act to contribute towards the assets of the society.

2. In the same case, the Court pointed out that the admission book of the liquidated society did not contain suitable columns to show the date and the amount of share capital refunded to members. Under section 26 of the Co-operative Societies Act, the admission book (which is the register of members kept by the society) shall be ***prima facie*** evidence of the date on which any person ceased to be a member of the society. Under Rule V (*a*) (2) of the rules framed under the Act, the admission book should show, ***inter alia***, the amount of share capital, if any, refunded to each member together with the date of each such refund. The omission to provide necessary columns in the admission

register to show the date and amount of share capital refunded to members is, therefore, a violation of the stipulations laid down in the Act and the rules. The Registrar is, of course, aware that in the absence of specific columns in the admission register to show the refund of share capital, the societies make a narration in the registers to indicate the refund. But, as this procedure does not conform to the express provisions in the Act and the rules, it is necessary that the admission register should provide separate columns for this purpose. The Deputy Registrars are requested to bring this to the notice of Central Banks and supervising unions and advise them to instruct all societies regarding the proper maintenance of the admission register. Wherever old admission books do not contain separate columns for refund of share capital the societies may be advised to open manuscript columns. In the new registers that may be printed, suitable additional columns may be opened in conformity with the above provisions.

R.C. 9249/47 S. I. *Dated 2nd June 1947.*

Subject.—District Co-operative Wholesale Stores—Reorganization and strengthening of purchase departments—Instructions issued.

The Registrar has been time and again impressing on the district co-operative wholesale stores the need for effective organization of their purchase departments in order to enable them to fulfil their principal function of supplying to the primary stores the commodities they require at competitive prices. It is a matter for regret that many of the wholesale stores have not bestowed as much thought and attention on this matter as it deserves and taken steps to organize their purchase departments on an efficient and satisfactory footing. From what the Registrar has seen of the working of some of the wholesales, he has reasons to believe that their purchases are not based on any sound principles or plan and that they have yet to build up and perfect the system of purchases.

2. Hitherto the system in vogue in the wholesales has been mostly one of articles being received at fixed rates through Government agencies which again have had to be distributed to institutions or private traders at specified prices. This state of affairs is a direct consequence of controlled trade which has been in existence in the Province during the last six years and which the war-time conditions brought about. Under this system there is hardly any scope for the wholesales for the correct utilization or observance of marketing practices. The purchase departments of some of the wholesale stores seem to have been designed exclusively to suit the system of controlled trade, and this has given rise to the criticism that the wholesale stores function mostly as receptacles of controlled commodities allotted by the Collectors and have not taken

any steps to build up a satisfactory purchase machinery which may stand them in good stead in conditions of normal competitive trade.

3. Whatever might have been the advantages of the present methods of purchase under a system of state controlled trade, it will be obvious that the same system cannot continue in the coming years when the control orders will be lifted one by one. As most of the wholesales have been engrossed in trade in "the controlled articles" only which constitute about 94 per cent of their business-turnover, they have not apparently attempted to build up a sound system of purchases based on normal marketing practices even in respect of the few non-controlled articles in which they deal. The result is haphazard, injudicious and uneconomic purchases by some of the wholesales which cannot but tell on their trading results. The frequent complaints one hears from the primaries that the district wholesales do not either stock all the commodities required by them or they are not in a position to supply them at competitive prices may be traced to the unsatisfactory purchasing machinery of the wholesales.

Another result is that wholesale stores have failed to link the producer and the consumer by eliminating unnecessary middlemen and ensuring a fair price for the producer and a reasonable price for the consumer. The system of purchasing from the private wholesaler and passing on the stuff to the primaries by adding a percentage of profit and the sales tax simply adds another link to the chain of distribution which cannot be justified either from the point of view of the consumer who has to put up with higher prices or from that of the producer who loses the benefit of the increased margin, which has been appropriated by the middlemen.

4. Now that we are passing gradually from the stage of controlled trade to that of normal competitive trade, it is imperative that the district wholesale stores should lose no time in thoroughly overhauling and reorganizing their purchase machinery so that by the time all controls are removed, they will have perfected a system of purchases designed to meet the normal trade requirements. There will be no quotas and no price fixation by the Civil supplies authorities, and it is the trader who buys wisely and economically who will have the advantage over his fellow-trader who is indifferent to his purchases. In the system of decontrolled trade, normal trade practices, price trends, factors of production, demand and supply, etc., will play an ever-increasing part, and any system of purchase that does not take into account these factors cannot hope to succeed. If the district wholesale stores are to survive the era of controlled trade and function effectively in the post-control period, it is essential that they must immediately set about the task of reorganizing and strengthening their purchase machinery.

5. Though each wholesale stores may have to set about the task of reorganization with reference to its individual requirements and local conditions, the general lines on which the reorganization may be undertaken are indicated below:

(i) The need for the constitution of a small purchase committee in the wholesale stores with its paid secretary or manager as its chief officer is very urgent. It is also desirable to associate some representatives of the district primaries on the committee. It is obvious that this should be a live body and the members should be men with leisure and business knowledge and readily available at headquarters or very near it. It should be the duty of this committee to study the seasonal requirements of the wholesale stores in respect of all important commodities and make timely arrangements for bulk purchase and supply to the affiliated primaries. This committee should make the necessary arrangements for obtaining and maintaining up-to-date market intelligence, for the selection and training of the personnel of the purchase department and for the drawing up of purchase programmes. It need hardly be stressed that it is on the efficient functioning of this committee that the entire success of the scheme of reorganization and of the stability and future of the wholesale stores almost entirely depends. The committee should meet often, discuss price trends and plan out purchases, take decisions promptly and act quickly. Red-tape is not conducive to business efficiency and should be eschewed.

(ii) Secondly, the wholesale stores should make provision for obtaining up-to-date market intelligence in respect of all important commodities from sources of production or market centres. The importance of this cannot be exaggerated. Wherever feasible, the services of co-operative institutions situated at the centres of production may be utilized for this purpose on agreed terms of business. Where this is not possible, the services of reliable business houses, agents and mandy-merchants may be utilized. Wholesales should spare no expense in having at their command an efficient, prompt and up-to-date system of market intelligence including the prevailing wholesale prices, which will enable them to know from time to time the state of commodity markets in the important production or market centres and to decide on their purchase places—when to purchase and where to purchase.

(iii) Thirdly, the selection and training of personnel of purchase department need close attention. A few instances have come to the notice of the Registrar where the conduct of the employees has not been aboveboard. Only persons possessing honesty of character, unimpeachable integrity in business dealings, complete loyalty to the institution with a bias for co-operative service should be selected. They should be placed sufficiently long on probation so that their trustworthiness can be tested before they are entrusted with responsible tasks. It is not every

employee that possesses the aptitude for the work of this kind. It is said that salesmen are born; the same would more or less apply to a successful purchasing agent also. Having selected the proper men for this work, it is necessary that they should be given sufficient practical training. They may be attached to one or two marketing societies in production centres for two or three weeks and asked to study methods of marketing, marketing practices, etc., they may be asked to visit mandies, observe the conditions of wholesale trade and thus acquire practical knowledge of their job.

Incidentally the Registrar would like to refer to the need for adequate remuneration for the employees of the purchase departments so as to place them above temptation. In the long run it does not pay to keep ill-paid staff and entrust them with responsible duties.

The work of the purchasing agents should be carefully supervised by a responsible higher officer of the co-operative wholesale stores. In cases where seasonal bulk purchases for very large amounts are made, it will always be desirable to associate a director of the co-operative wholesale stores or a member of the special committee. It will not always be possible for the secretary or the president of the co-operative wholesale stores to give definite instructions to the purchasing agents regarding prices at which a particular commodity may be purchased. It may be expedient to give some discretion to the purchasing agent in such matters. In such cases it is always better that ceiling and floor prices are fixed by some responsible officer and the purchasing agent given discretion to make his purchases within the margin in accordance with prevailing wholesale prices at the market centres. As soon as an item of purchase has been completed, it should be placed before the committee and got ratified, if it has not been previously sanctioned by it.

(iv) Fourthly, it is necessary that every wholesale stores should draw up a detailed plan showing the availability of essential commodities within the district, the market or production centres, where they are available and the proper season for bulk purchases. Many of the commodities, agriculture produce of different kinds are available in all districts in some degree or other, though in respect of some it may be necessary for the district to supplement local production by imports from outside. It is always economical to explore the possibilities of making purchases within the district as it would tend to minimize transport difficulties and charges. A second list should be made in respect of commodities in which the district is generally deficient and depends upon outside sources. The list should also show the usual centres of production from which imports are made with reference to local tastes and normal trade channels of import.

(v) Having drawn up such a list, the wholesale stores should forecast the requirements of wholesale stores in respect of important commodities for the season on the basis of indents placed by the affiliated primaries or on established needs. It is not necessary to wait till all the primaries send in their indents. In fact, some of them may not send their indents in time and others may not even care to send indents at all. Nevertheless it should be possible for each co-operative wholesale stores to estimate approximately the quantities required with reference to the off-take in respect of the particular commodities for the last two or three seasons.

(vi) Having estimated the approximate requirements in respect of important commodities, the committee should take up the most important item of work, *viz.*, dovetailing the purchase programme of individual commodities into the general plan of purchases. In chalking out this detailed programme, it will be advantageous if commodities are classified under three heads :—(*a*) those which can be procured from within the district ; (*b*) those which can be obtained from the neighbouring districts within the Province ; and (*c*) those which are generally obtained from outside the Province. Each particular item of purchase will require a different line of treatment. Commodities which are available locally should, as far as possible, be purchased directly from the producers or from an association of producers, eliminating commission agents and middlemen to the extent possible. In respect of commodities which are generally imported from other districts within the Province the customs and tastes of the consumers in the district have to be carefully studied and local preferences and tastes should be satisfied as far as possible. During the period of controlled trade this has not been possible as the consumer has to take what has been allotted to the district or go without it. But when normal trade conditions, return, the consumer will certainly like to have his say in the choice of commodities and as it is he who pays, it will do well to cater to his taste by procuring for him the commodities for which he has a preference. In making the purchases from outside the district, the agency of sister co-operative institutions may be utilized to the maximum extent possible failing which the services of reliable business houses and firms may be engaged for this purpose. Where it is advantageous and economical to send a representative of wholesale stores direct to the centres of production and make purchases by negotiation, this may be done. In respect of the last class of commodities, *viz.*, those which are generally imported into the Province it will be economical if all the wholesale stores pool their indents and a central agency makes unified purchases on behalf of all the wholesales. Such a central agency will command considerable bargaining power as it will have at its disposal the bulk orders of all the wholesales. The proposed provincial wholesale trading society which will soon be formed, will be the most suitable agency. In respect of dhalls, grams, pulses, etc., which are obtained from outside the Province

and if possible from other districts in the Province the wholesale stores would do well to utilize the services of the Provincial society when it starts work.

(vii) In spite of repeated instructions wholesale stores have not made any definite progress towards maintaining direct relations with the producer's organizations. The Registrar considers that this is mainly due to want of propaganda. It should be brought home to the producer that wholesale stores represent the pooled requirements of consumers within the districts, and that it will always pay the producer if he were to sell his produce direct to the consumer. It is true that there is always a clash of interests between the producer and the customer. The former wants to sell his articles dear, while the latter wants to buy them cheap. This apparent conflict may be resolved by adjustment in a manner satisfactory to both of them. The main point to be stressed in propaganda which needs to be undertaken by marketing societies and wholesale stores is that both the consumer and the producer suffer by having recourse to an intermediary trader. The middleman puts up the price for the consumer and depresses the price for the producer. The intervention of the middleman only goes to increase the band-spread between what the producer gets and what the consumer pays. If it is impressed again and again on the producer that he stands to gain by dealing directly with distributive co-operatives which represent consumers, the propaganda is likely to bear fruit : because the agriculturist who produces some articles, is himself a consumer of a large number of others including those required in the process of production like manures, implements, etc., and the loyalty born in one set of transactions may cement his relations in others. It may be difficult for the wholesale stores to contact individual producers, but it should be possible for them to establish contacts with marketing or sale societies or co-operatives composed of producers such as weavers' societies, cottage industries societies, etc. In this connection attention is invited to paragraphs 7, 8 and 9 of Registrar's Circular No. 2262/47 S.-1, dated 9th February 1947 and they are requested to give effect to the suggestions contained therein.

6. Judicious purchase of commodities will not solve the problem of the wholesales, though "an article well-bought is half-sold." The fixation of prices, godown facilities, rotation of stocks, prompt disposal of old stocks, etc., are some of the important factors which have an intimate bearing upon the trading results of the wholesale stores.

(i) The committee should fix the prices of commodities at the earliest opportunity soon after the purchase has been completed. The saleability of a particular commodity in normal times will, to a great extent, depend upon its price. In fixing the prices experience has shown that it is advantageous in the long run to adhere to market prices instead of adding a percentage of profit to the cost price and selling the stuff. It is no good fixing high prices and keeping the article unsold for an indefinite period. It is quick rotation that counts for profit and when a commodity has become unsaleable on account of its high price, wholesale stores should not hesitate to cut down the price and dispose of the article. Some of the wholesale stores have shown a lamentable hesitation in disposing of stale and unsaleable commodities. It is to be remembered that the longer an article is kept the greater will it be liable to depreciation, and consequently it will involve comparatively greater loss to the institution. The special committee should examine such cases and take speedy steps to dispose of them even at low prices.

(ii) Another important factor is the proper stocking and warehousing of the commodities till they are sold. Storage arrangements should be made with the dual object of minimising losses due to wastage and depreciation and facilitating easy verification of stocks. Periodical turning over of stocks, sun-drying commodities, cleaning, winnowing) etc., will go a long way to preserve the stocks in good conditions.

(iii) In any scheme of bulk purchases, proper place should be given to the periodical rotation of stocks, keeping care to see that generally fresh stocks are not made available for sale before old stocks are released.

(iv) The need for periodical verification of stocks and prompt action on the verification reports with a view to recover the value of abnormal deficits has too often been stressed to bear repetition in detail here.

(v) The advantages of a system of delivery at the doors of the primary stores should be fully exploited. Many of the wholesale stores have secured a number of lorries in connection with the procurement work undertaken by them. These lorries will be available to them for their normal business during the slack season and after procurement schemes are wound up. The Registrar trusts that wholesale stores will make the best use of these lorries and build up a thoroughly satisfactory system of 'House Delivery.'

7. Finally, the Registrar desires to impress on the wholesale stores the supreme importance of perfecting their purchase machinery on a long-range plan so that when normal trade conditions come to prevail, they may find themselves fully equipped and feel confident to meet the changed conditions and play their role in the normal distributive system of the Province. Unless they begin most earnestly to set about the task from now onwards, it is possible that many of them will find it too late to face the changed conditions. The Registrar appeals to all concerned that they should not miss or throw away the present opportunities that having rendered great services to the community all these years they may endeavour to consolidate the position and continue to serve the community and that this would be made possible in the difficult days of post-control period if only the wholesale stores which constitute the pivotal point of the consumers' co-operative structure, strengthen and reconstruct, on solid foundations their trade and business mechanism. The suggestions made above are designed to help them to build up this mechanism and it is hoped that no time will be lost in giving effect to them.

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

EXAMINATION RESULTS.

(Supplemental List)

The following is the supplemental list of candidates with their Registered Numbers **(Civilian)** who have undergone Co-operative Training in the four Moffusil Co-operative Institutes of Coimbatore, Tanjore, Rajahmundry and Anantapur and who have been declared to have passed the Examination held in the month of March 1947 conducted by this Union.

(* Denotes supplementary candidates.)

SECOND CLASS.

Coimbatore Centre.

S. No.	Name of Candidate.	Regd. No.	S. No.	Name of Candidate.	Regd. No.
1	Aravamudhan, S. R.	2238	12	Nagarathnam, S.	2280
2	Balan Nair, K. C.	2242	13	Raman Kutty Menon, K. V.	2294
3	Balasubramaniam, T.	2243			
4	Basith Mulk, S.	2244	14	Sankaran Kutty, K.	2296
5	Chathu, P.	2245	15	Sankaran Kutty, P.	2297
6	Gopalakrishnan, K. V.	2250	16	Seivaraj Pakkianathan, D.	2298
7	Gopalan Nambiar, C. H.	2252	17	Shamanna, K. V.	2299
8	Karuppannan, M.	2262	18	Valiakunhunny Raja, K. C.	2314
9	Krishnan, G.	2263			
10	Kunju Warrior, T. V.	2273	19	Venkataraman, R.	2321
11	Muthukumaraswamy, S. S.	2276	20	Ananthakrishnan, K. V.	*2491

Tanjore Centre.

21	Kalyanasundaram, R.	2341	26	Santanam, K. R.	2382
22	Karuppa Thevar, A. K.	2344	27	Srinivasalu, P.	2390
23	Ramachandra Rao, K.	2373	28	Srinivasan, K. A.	2391
24	Ramasamy, M. S.	2375	29	Venkatesan, M.	2404
25	Rangaswami, M.	2380	30	Venugopalan, S.	2405

Rajahmundry Centre.

31	Devadoss, M.	2415	36	Satyanarayana Murty, S.	2442
32	Krishnam Raju, P. V.	2422	37	Subrahmanya Sarma, G.	2448
33	Lakshminarayana, A.	2425	38	Suryanarayana Sastry, R.	2451
34	Madhusudhana Rao, M.	2426	39	Prasadarao, C. D.	*2517
35	Prasada Rao, S. S. P.	2433			

Anantapur Centre.

40	Narayanamurthy, V.	2470	41	Syed Basha.	2485

6

EX-SERVICE CANDIDATES

SECOND CLASS.

S. No.	Name of Candidate.	Regd. No.	S. No.	Name of Candidate.	Regd. No.
	Coimbatore Centre.				
1	Mahadeva Iyer, S.	46	2	Mudavakat, G.	48
	Tanjore Centre.				
3	Rajanathan, L. R.	94	5	Sreenivasan, A. V.	103
4	Rethinasamy, K.	99	6	Thambuswami, N.	113
	Rajahmundry Centre.				
7	Christopher, J.	120	10	Sankara Rao, K.	138
8	John Meeraiah, M.	130	11	Veerraju, K.	143
9	Parankusam, A.	133	12	Mohaboob Ali Khan.	148
	Anantapur Centre.				
13	Mathai, M. C.	171	14	Sundaram, K.	187

Publications for Sale.

		Price. Rs. A.	
1.	CO-OPERATION—By W. R. S. Satthianadhan and J. C. Ryan	0 6	a copy.
2.	SURYA RAO'S ORDEAL (A Novel embodying the principles of the Co-operative method) —By Mrs. Kamala Satthianadhan, M.A., M.B.E.	2 0	„
3.	CO-OPERATION AND INDUSTRIAL LABOUR WELFARE (With special reference to Industrial Employees' Co-operative Stores.)	1 8	„

(For Co-operative Institutes Re. 1/- a copy.)

Postage extra.

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

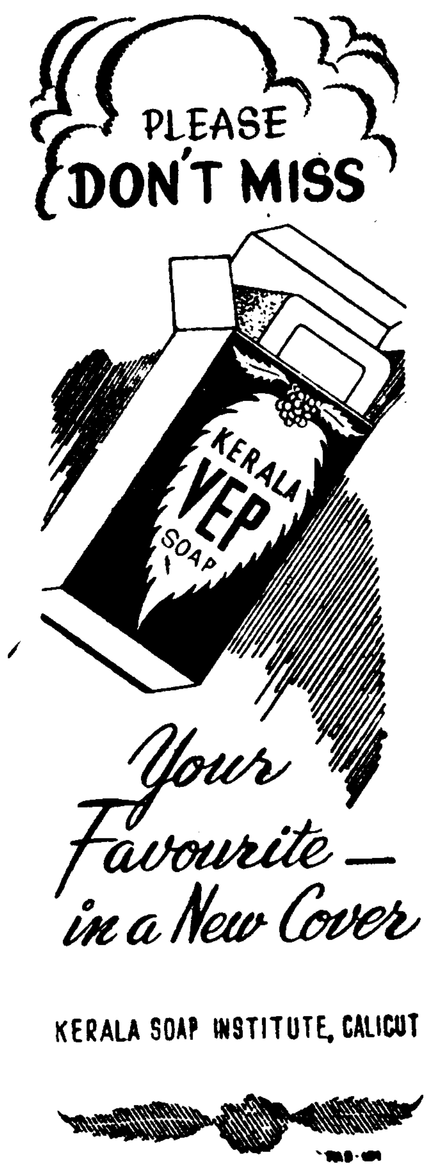
Notice to Non-members.

Sub: MADRAS JOURNAL OF CO-OPERATION—Subscription rate—increase of.

This is to inform the Non-members of this Union, in view of high cost of printing and paper, the Executive Committee of this Union has been obliged to increase the rate of annual subscription from Rs. 4 to 6. Hence the Non-members are requested to remit the revised rate of subscription for Volume XXXIX (July 1947 to June 1948).

MADRAS,
15th March 1947.

V. VIYYANNA,
General Secretary and Publisher,
The Madras Provincial Co-op. Union, Madras.



Edited by Sri R. Suryanarayana Rao, B. A., M. L. C., and published by Sri V. Viyyanna, B. A., B. L., at M. P. C. Bank Buildings, Esplanade, Madras. Printed by Sri S. Sundaresan, L. P. T., at the Central Co-operative Printing Works, Ltd., 1/17, Mount Road, Madras. Q. H. MS. 330—1,500—28-8-47.