

Regd. No. M. 1284.

THE

Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

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

JANUARY 1947.

No. 7, Vol. XXXVIII

PRICE 8 As. NET

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The Shape of Things.

Bombay Forges Ahead :

At a meeting specially convened by the Bombay Co-operative Banks' Association the Hon'ble Mr. V. L. Mehta, Minister for Finance of Bombay, made some important announcements to which we wish to draw the attention of our readers. He stated that, with a view to afford real relief to the villagers more especially from indebtedness, the Government's measures might be classified under three categories: (1) Protective, (2) Preventive and (3) Constructive. The first has been provided for in the Agricultural Debtors' Relief Act which is to be extended to the whole of the Bombay province. The proposed Money-lenders' Bill, according to Mr. Mehta, is a preventive measure. Mr. Mehta realises that, unless constructive measures are taken to provide agricultural credit, legislative measures, either of protective or preventive nature, would be of no avail. The Agricultural Finance Sub-Committee, otherwise known as the Gadgil Committee, suggested the formation of Provincial Agricultural Credit Corporations for providing finance to farmers to satisfy their long term, medium term and short term needs. But the Committee also suggested, that the task of organising credit for farmers should be entrusted to co-operative organisations wherever they are sound and efficient. That the latter course is desirable and is likely to prove of greater benefit is recognised by the Bombay Government.

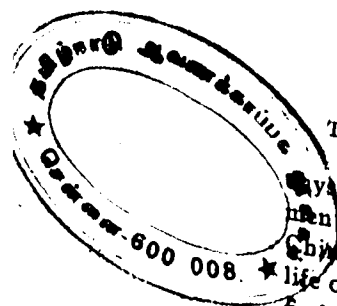
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January 1947.

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THE MADRAS JOURNAL OF CO-OPERATION

It is a movement called the Rural Reconstruction Movement which has been built up and is working in the true Chinese manner. The scheme is closely related to the daily life of the people. In the first instance, a survey is done to find out the real needs of the village community. On that basis a plan of improvement is worked up which includes the usual items of agricultural improvement, public health, rural industry, education and citizenship training. But its unique feature is that it works from the bottom up and not from the top down like movements in this country. We shall take one place, Ching-Ping Hsien in the province of Honan as an illustration. A soldier of this village returned home in 1929 after service in the Army, settled down and organised his village people for self-defence. This work of Self-Government soon came to include such items as population census, land registration, social welfare work, country policing, etc. Funds were entirely raised from local sources. The place soon acquired a national reputation and was studied and copied extensively. After the War, it was selected by the Government as a centre of operation for the promotion of rural industries, co-operatives and relief work. Since then many other centres have been started. A National Council for Rural Reconstruction has been established. It intends to establish what may be called autonomous district administrations which are to work on the University Community Concept Idea. The idea is to select a place typical of the country for rural reconstruction as the Council's field centre. This idea has not succeeded much, though it is being worked. In 1940, the Government had inaugurated a new scheme according to which each *hsien* (district) will be divided into a number of *hsiangs* and *cheng* (market town) each *hsing* or *cheng* into a number of *bao*. Each *bao* consists of 10 *chia* and each *chia* of 10 families. There is to be a people's foundation school and a community centre school for every *hsiang* or *cheng*. The principal of the school may concurrently act as the head of the community for civil and military affairs. The only trouble with the scheme is that China has not sufficient men of the type who could go round and act as magistrate cum schoolmaster.

Industrial Co-operatives:

Bombay has once more given the lead by organising the Bombay Industrial Co-operatives Association under the guidance and inspiration of the Hon'ble Mr. V. L. Mehta, Minister for Finance.

—The Eastern Economist, 13-12-46.

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It is needless to say that this movement augurs well for the development of cottage industries in that province. Till now the financing of co-operatives for the development of cottage industries and the interest evinced by the financing banks in this direction have not been encouraging. A separate organisation for organising, supervising and financing of industrial co-operatives had often been mooted but the proposals to achieve this objective never took definite shape. The success of the industrial co-operatives in China has provided sufficient guidance to start similar movement in this country, and the useful brochure on the subject by Mr. Taylor has dispelled all doubts regarding their successful working. The Bombay Association has been registered with an authorised capital of Rs. 25,00,000 divided into shares of Rs. 10 each. The issued capital has for the present been fixed at Rs. 5,00,000. The existing industrial co-operatives are expected to subscribe Rs. 50,000 while the Government of Bombay will subscribe Rs. 1,00,000. The balance will have to be subscribed by individual members. To ensure organisation on right lines, it is proposed to finance this work by donations specifically raised for the purpose. On the Board of Management, representation is provided for Government. The Association is to undertake organisation of craftsmen and workers in rural and urban areas into industrial co-operatives on limited liability basis. Besides this organisational function, the Association will also procure finance for the co-operatives, purchase raw materials and tools in bulk, sell the finished products by arranging for wholesale or retail sales, standardise and grade the products, provide necessary technical advice, arrange for research and carry on propaganda on behalf of the co-operatives. The programme is a very ambitious one; but the need for launching it has been keenly felt. The Bombay Association, started under such distinguished auspices, bids fair to set an example worthy of emulation by other provinces. Why not Madras follow the illustrious example of Bombay and give a fillip to the movement for the rival of cottage industries? We have tinkered enough with the problem with no substantial results.

Provincial Conference:

In the absence of the President-elect, the veteran co-operator, Sri T. A. Ramalingam Chettiar, whose illness prevented him from occupying the chair, the proceedings of the Conference were conducted by Sri B. Venkataratnam. While the absence of Sri Chettiar created a void and deprived the Conference lead on many vital questions

affecting the Movement, it is no exaggeration to say the proceedings were on the whole conducted with success and many important decisions were made under the wise guidance of Sri Venkataratnam. From the resolutions published elsewhere it will be seen that they cover a large field; but in one important respect the Conference wisely decided to request Government to appoint a committee of non-officials to formulate a comprehensive and unified plan of development after taking into account the recommendations of the various committees whose reports had just been released. The Conference took the opportunity to sound a note of warning on the new trends in the Movement sponsored by Government as they are likely to retard its progress on sound and orderly lines and tend indirectly to affect the existing institutions built up patiently after years of hard work. Though no specific mention was made, the Conference meant to refer to the organisation of producer-cum-consumer co-operatives without due regard to the interests of the existing societies. It is hoped the fears expressed will be taken note of coming as they do, not from vested interests but, from those who have ceaselessly laboured to bring the co-operatives into existence. To ignore the existing organisations in a line of new development is to say the least casting unmerited slur on them. To allow them to die lingering death is to sound the death knell of the Movement. Time will show who are wiser—the Government or the co-operators.

Minister's Address :

The opening address of the Hon'ble Mr. Giri is a very lucid statement of the present position of the Movement and the hopes for its future. He paid a handsome tribute to the co-operatives for the gallant part they have played in times of stress and strain. But Mr. Giri failed to realise that, in sponsoring the new co-operative experiment without reference to the existing co-operatives which threatens their very existence, he was unconsciously dealing a death blow to the very institutions which he was complimenting on their good work. We hope he will not allow further inroads to take place into the co-operative field by novices who, however well-intentioned they may be, show blissful ignorance of the principles and ideals for which the Movement stands. To use authority to bring co-operatives into existence is not to lay sound and sure foundations. Co-operation is essentially voluntary in character and co-operatives should not be made to order.

The fillip proposed to handloom weavers' co-operatives should be welcomed. But any attempt to coerce weavers to become members of co-operatives on pain of depriving non-members of their ration of yarn, a suggestion made in some quarters, should be deprecated. Additional facilities offered must sooner or later induce all weavers to join the co-operatives and enjoy the advantages.

On the problem of rural credit, Mr. Giri had very pertinent observations to make to which we draw the special attention of our readers. Compulsion, statutory or otherwise, is against the principle of co-operation though, in certain circumstances, it is suggested voluntary principle may be abandoned. But whether this voluntary character should be abandoned in regard to provision of credit, there is a difference of opinion. But those who emphasise voluntary character need not necessarily be dubbed as conservative. The target set by the All-India Co-operative Planning Committee is eminently reasonable and sound and if serious efforts are made to work up to it, we should have achieved a great deal.

In Bombay we notice the working of the Bombay Agricultural Debtors' Relief Act is linked up with the co-operative movement. It is worthwhile considering why similar attempts should not be made in Madras.

Land Mortgage Bank :

The Conference of Land Mortgage Banks recently held in the City was a success from all points of view. It was not only well attended but lively interest was evinced in the proceedings. Besides the usual resolutions relating to reduction in the rate of interest to the ultimate borrower and the urgent need for the survey of Zamin and Mittah lands, the Conference considered one important resolution arising out of the recommendations of the Rayalaseema Co-operative Enquiry Committee dealing with the needs of villages for long term finance not covered by the existing primary land mortgage banks. Though the discussion was prolonged, it was lively and informative. On the question of abolition of primary land mortgage banks even in Rayalaseema, there was keen difference of opinion. But as an experimental measure the Conference was inclined to provide long term finance direct by the Central Land Mortgage Bank in select villages outside the jurisdiction of the primary land mortgage banks if new primary banks cannot be started and to utilise the village co-operatives to act as liaison on behalf of the Central Land Mortgage Bank. This is a step in the right direction and the experience gained in direct lending will be invaluable.

Au Revoir :

We bid goodbye to Mr. W. R. S. Satthianathan, I.C.S., as the Registrar of Co-operative Societies. In every way the period of his office was eventful. It was the period of war when everything was in short supply, especially food and clothing. Due to his untiring efforts the consumers' movement spread in every nook and corner of the province. These co-operatives played in every way a very distinguished part in serving the community. They were largely responsible for putting down black markets. The work of procurement and distribution of foodgrains was carried out with signal success. Mr. Satthinathan took care to see they did not remain as mere war-time babies. Most of the consumers' co-operatives have come to be permanent institutions with large reserves built up patiently. Eternal vigilance exercised by him and his devoted staff is largely responsible for this consummation. Milk supply societies grew in number under his fostering care and when milk was scarce and prices were high, these societies succeeded in a large measure to meet the needs of the community. The weavers' societies also expanded in number and their volume of business increased enormously. But for the fact a ban was imposed on further organisation, their number too would have grown considerably. There are other lines of new co-operative activity in which progress was made during his stewardship. Personally also every co-operator will miss a friend, philosopher and guide, who was ever ready to offer his best for the Movement. He leaves the Department with the best wishes of everyone with whom he had to work during these strenuous years.

Welcome :

Mr. N. S. Arunachalam, O.B.E., I.C.S., succeeds Mr. Satthianathan. He comes with a great reputation for diligence, thoroughness and balanced judgement. During the period he was associated with the Department of Civil Supplies, he is already aware of the working of the co-operatives. It was due to his kindly interest the co-operatives secured some share in the distribution of consumers' goods. Therefore, he is no stranger to the Movement. We have no doubt during his term of office the Movement will grow from strength to strength. We have also every hope that he will resist the intrusion of new-fangled notions which would ultimately retard the growth of the Movement. Immediate gains which are more illusory than real need not and should not tempt the co-operators to tread on untried paths till experiments carried out on a small scale produce satisfactory and lasting results. We are sure Mr. Arunachalam realises the hopes and fears of co-operators and will so direct the Movement to avoid cataclysms which will prove disastrous and result in disturbing the co-operative structure patiently built up by generations of ardent and enthusiastic workers.

Conferences

**THE TWENTY-SIXTH MADRAS PROVINCIAL
CO-OPERATIVE CONFERENCE.**

Held at 4th and 5th January, 1947.

WELCOME ADDRESS

BY MR. B. VENKATARATNAM, M.L.A.

*Chairman of the Reception Committee and President,
Provincial Co-operative Union, Ltd.*

On behalf of the Reception Committee of the 26th Provincial Co-operative Conference, I offer to you a warm and hearty welcome. I hope you will make yourselves feel quite at home and enjoy the humble but sincere hospitality of ours. Though the war terminated, the food situation has not at all eased, rather it has worsened. We hope that during this year at least, it will be better than last year. But the recent downpour of heavy rains, which was never heard of, has frustrated all our hopes, having hit the crops both in the South Rayalseema and Nellore. In the Circars also all the dry crops have suffered very much for want of rains in the proper season. Under these circumstances, we are able to meet here by the kind grant of necessary rations by our Government. We are very glad the Hon'ble Minister for Development, Mr. V. V. Giri, has kindly been able to spare time and consented to open this Conference even though he is very much hardpressed for time on account of various other important problems. In him, we have a fine believer in the ideals of the co-operative movement. Besides, he has intimate knowledge of the working of the movement as he held the same portfolio, in the last Congress Ministry of 1938. We are really grateful to him as he is determined to utilise the co-operative movement to its fullest extent for the betterment of the people and to put an end to black-marketing and to eliminate the undesirable middlemen. We are also grateful to our Hon'ble Minister for Agriculture, Mr. Kumaraswami Raja, for having kindly consented to open the Industries Exhibition. He was till recently closely connected with the co-operative movement and has been one of its leaders. He has devoted his life for the rural uplift, both in the field of co-operation and local administration.

We meet now for the first time after the termination of the second Great War. We find the after-effects of the second World War have been worse than those of the first Great World War. Inflation is at its highest and prices of all commodities, except paddy, are soaring

most disproportionately and upsetting the agricultural economy of the country. Food and clothing, the chief necessities of life, have become costly as well as scarce. Famine conditions are visible in very many districts. The rationing has been tightened, and the people are forced to live on semi-starvation diet. The situation as regards cloth is graver. Under the shadow of such a grave situation, we, co-operators of the province, are meeting to-day and it is for us, as men of practical vision and experience, to co-operate with the Government to tide over the difficulties and to restore normal conditions in the economic life of the people. On behalf of you all, I offer to the Government, our whole-hearted and active support in its efforts to fight famine, corruption, black-marketing and other anti-social practices. When I addressed the last 25th Provincial Co-operative Conference, I expressed feelings of frustration due to lack of our own Government to look after the interests of the movement. To-day, I am proud to say that we have our own Government, headed by our most honoured leader, the Hon'ble Mr. T. Prakasam, the embodiment of courage and sacrifice, followed by other equally eminent men as his Ministers. Therefore, it is the duty of the People's Government to take us into confidence and grasp our hand of co-operation. Many of us are working in the field of co-operation for decades and have gained some knowledge of the working of the movement. Various types of institutions run by you all, have been actively working in different fields of co-operation. I fervently hope and trust, our Government will utilise these institutions in the uplift of the masses and for tackling the very many serious problems that are confronting us to-day. I congratulate our Government for launching out a programme for monopoly procurement and distribution of paddy and other controlled consumer goods in the surplus districts of East and West Godavari, Kistna and Guntur through the co-operative agency completely eliminating the middlemen and thus the black-market for which we were all along striving hard all these years. But I am compelled to remark that, for the efficient working of the scheme on the practical side, the advice of the co-operators in the Province has not been taken and we came to know of the scheme only through the Press. There appears to be a strong difference of opinion in this respect, as many of us honestly and strongly feel, that the existing co-operative institutions which were built up for the same purpose by the hard labour and efforts of both the official and non-official co-operators, can be utilised conveniently and easily for the purpose with some improvements and modifications wherever found necessary. It is my earnest desire and anxiety for making this important belated reform a

success that has prompted me to make these suggestions. There are various types of institutions in the field which are fit for procurement and distribution and some of which were already doing the same. It would have been very satisfactory and efficient if Government had called for a small conference of leading co-operators in the Province, before launching out the scheme, for discussing and deciding the practical side of the working of the scheme. Nothing has yet been known as regards the place of the existing co-operative institutions in the new scheme. I earnestly hope and trust, the Government will even now call for a small committee of co-operators working in the Producers and Consumers' Societies and decide the present and the future working of the Institutions.

We have all been fighting for the complete de-officialisation of the co-operative movement with the bureaucratic Government all along and I hope our own popular Government will not lose sight of this in the new scheme of things where I scent the hand of officialdom which is very regrettable.

Procurement and Distribution.

The pressing problem facing us all and the Government, is procurement and distribution. The after-effects of the war have produced unexpected conditions. The quantity of paddy produced, in our province, has been found to be insufficient for our provincial needs. Till now, every one has been under the impression that the Madras province has enough paddy to be self-sufficient. A considerable quantity of paddy is being concealed for purpose of black-marketing and every effort on the part of the Government is unable to bring out the hidden quantities of paddy. The only remedy, therefore, is to do away with the middlemen and entrust the entire procurement to the co-operatives throughout the province. The Government, I am extremely glad to see, have taken this step in two parts of the province. I understand co-operatives in the other parts of the province are equally anxious to take up the procurement. As such it is up to the Government to devise the best method of co-operative procurement in consultation with the workers in the field. I feel strongly that instead of starting new societies the existing institutions can be utilised for the purpose with suitable modifications in the structure without violently departing from the fundamentals. The experience gained over two to three decades should be taken advantage of. The Vijiaraghavachari Committee on Co-operation appointed by the Congress Government, have made many recommendations. Nothing

has been done to implement the same. Ever since great changes have taken place in the conditions of life. On the distribution aspect of co-operation, a bold programme was launched for the starting of consumers' societies both rural and urban. As many as 1,500 rural consumers' societies, have come into existence. A wholesale store for each district has been formed and have been working very successfully, almost universally. These co-operative stores and whole stores have, to a large extent, controlled black-market and prices though not to the extent they should have done, due to the policy pursued by the Advisers' Government of non-interference with the normal trade channels for various reasons. Here, again, we keenly felt the need of a popular Government. The village is the basic foundation for the rural economy of the people as well as the Government of the country. Our Premier is a strong believer in village institutions. The present co-operative structure is based on the village as the unit. The consumers stores and the credit society have been village institutions. They will be the objects of the villagers' patronage, care and affection. Societies for groups of villages will never succeed as they run contrary to this village feeling.

As I have stated, all co-operatives from the bottom beginning with the village, right up to the top to the city of Madras, are ready to co-operate with the Government for the economic uplift of the masses. I suggest to the Hon'ble Minister for Co-operation, the advisability of appointing a small committee of co-operators with the Hon'ble Minister for Food, the Registrar of Co-operative Societies, presided over by himself, to devise the best and sound method of procurement and distribution on purely co-operative basis. I sincerely hope that my suggestion will not go unheeded.

Marketing.

A scheme for the marketing of food-grains and commercial products has been prepared during the Advisers' regime. So far as food-grains are concerned, we will not be in a position to think of marketing for yet one or two years. But steps will have to be taken from now to make arrangements for the future which is not very far off. Rice from Burma is expected to come in very soon, and this will certainly lead to a sharp fall in prices. To avoid another and worse economic depression, especially in the prices of agricultural products, steps have to be taken for price controls. It is generally believed that the condition of the agriculturist is very much better owing to the high prices of paddy and other commodities. This is far from the truth. It is true that the prices of

agricultural commodities have risen. Paddy is the major produce of the province and here the rise in price is just double (Rs. 5 per bag prior to 1942 and now Rs. 10). But the proportion of the rise in the cost of paddy production is lost sight of. Wages have risen from Re. 0-4-0 to Re. 1 per man. Manure has risen from Rs. 2-4-0 per bag of oake to Rs. 9-8-0 per bag. Prices of a pair of plough bulls have risen from Rs. 150 to Rs. 600. Prices of agriculturists' cart hires have risen Re. 1-8-0 a day to Rs. 4 a day. Prices of agricultural implements, like sickles, have risen equally high and are also scarce. Price of cloth has also risen. A saree, worth Rs. 3, now costs Rs. 12. A pair of dhoties, costing Rs. 2-8-0, now costs Rs. 12 and these too of 20 to 40 counts, worn by agriculturists. It is thus abundantly clear, that, whereas the rise in price of paddy is twice, rise in the cost of production has risen four times and after all the surplus of the average ryot is very small.

Thus, the so-called boom in prices has not materially benefited the agriculturists who constitute 80 per cent of the population of the province. Mill-owners and merchants are very well off due to various causes. It is a pity that the cry of the agriculturist for an increase in the price of paddy has always met with opposition. As regards the method of imposing price control, there are divergent views, one section being of the opinion that the Government should buy the paddy produced and imported at a certain price and distribute with some margin to cover cost, etc., the other section being of the opinion that without loss to the Government, the price control may be achieved by the imposition of heavy tariff on imported paddy, so as to keep it at a price, slightly higher than that locally produced. The protagonists of the latter view argue that, by adopting this tariff policy, the Government need not incur heavy expenditure on establishment, storage, depreciation by dryage, rat burglary, etc., but, on the other hand, will be able to secure a good income from the tariff, which income they can as well set apart for agricultural improvement. There is already a committee set up for the purpose and I hope their report will be published soon.

Marketing of commercial products like tobacco, cotton, groundnuts, has also to be arranged from now. Here also depreciation may set in. Next to paddy, groundnut and cotton are the two major agricultural products of this province.

Cottage Industries.

Full development of cottage industries on a co-operative basis is essential to supplement the income of the agriculturist. The agricultural avocation does not provide full employment all the

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As Mr. Mehta said the co-operatives could be certainly utilised for dispensing agricultural credit if they were willing and were prepared to reorganise them to function as responsible units in the new system of agricultural credit. Mr. R. G. Saraiya, who presided on the occasion, asked the representatives of co-operatives present to consider three alternative proposals:

(1) Co-operative Banks would be able, with such assistance as had been promised by Government, to look after the agricultural credit requirements of the province;

(2) if Co-operative Central Banks were given the same assistance as was contemplated for the Agricultural Finance Corporation they would be able to reach the bulk of the agriculturists;

(3) the Government were to start an Agricultural Finance Corporation.

The Bombay meeting, which was attended by a large number of representatives of co-operatives, passed the following three resolutions:

(1) "This Joint session of the Boards of Representatives (Central Financing Agencies and Urban Banks) of the Bombay Co-operative Banks' Association is of the opinion that, in view of the development of co-operative banking in the Province, a separate organisation on the lines of the Agricultural Credit Corporation recommended by the Agricultural Finance Sub-Committee of the policy Committee on Agriculture, Forestry and Fisheries (the Gadgil Committee) of the Government of India, is not necessary in the Province of Bombay. It is convinced that, with the same measure and type of assistance which may be required for the proposed Agricultural Credit Corporation and some modification in their constitution, the co-operative banks of the Province would be able to meet the requirements of credit-worthy agriculturist borrowers.

(2) "In order that an agency other than the private money-lender may be available to the solvent agriculturist producer for the provision of credit, and in view of opinion expressed in resolution 1 above, this meeting requests the Government of Bombay to appoint a representative committee to recommend the terms and measure of Government assistance and association to be provided to the co-operative banks of the Province, and to suggest amendments and modifications in the constitution of the apex Financing Agencies, the Central

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Banks and the Land Mortgage Banks, which may be considered necessary for the purpose.

(3) "This meeting further agrees with the view of the Gadgil Committee that a special State machinery is necessary for the provision of relief and rehabilitation in backward areas, in tracts where distress conditions almost form part of the cycle of production, in areas where famines are frequent, and also in areas of solvent economy where particular communities suffer from a depressed condition."

We specially commend the last resolution to the earnest consideration of the Government of Madras. The Rayalaseema Co-operative Enquiry Committee, which dealt with a tract answering to the description given in the resolution, have made very useful recommendations for the rehabilitation of that tract which deserve every consideration of Government.

Rural Development:

Madras has launched the plan for rural development. To the twenty-seven firkas originally selected, seven more firkas, chosen for intensive khadi development, have been added. The Firka Development Officers have been appointed and they are being assisted, specially in the work of village surveys, by the Village Development Officers. It is needless to say a thorough survey is necessary to ascertain the needs and arrange priorities to fulfil them. A Development Commissioner with deputies has also been appointed to co-ordinate the activities, guide the Development Officers and obtain maximum results. Funds have been provided in the Budget to give effect to the various proposals. Organisation of village panchayats and multi-purpose co-operative societies will be the main planks of the rural development scheme. We await with hope achievement at least of some substantial progress in the near future. In war-worn China, too, a similar movement has been started. Unfortunately, the unsettled conditions caused by the Civil War have prevented the development of the movement. However, the lines on which it is being conducted deserve notice. We reproduce below an admirable summary of the work attempted for the benefit of our readers;

"China has suffered from war and famine for almost an age. The survival of the Chinese under such circumstances requires almost no explanation. Among the many movements of national importance, which have said to have worked for the regeneration of the Chinese people during these dark

year round. Cottage industry, most suitable for all classes of agriculturists, is spinning and khadi production, besides bee-hive-keeping and poultry-keeping. For artisans like weavers, etc., hand-loom cottage industry is already making headway though much has still to be done. The yarn now available for distribution is barely sufficient for 10 days in the month for the weavers and, in order to meet his needs for the other 20 days, he has necessarily to add to his wage, the wages for the 20 unemployed days. The result is a high cost of the cloth produced by him. To make hand-loom cloth cheap, yarn sufficient for the full 30 days has to be found. I am glad the Government is apprised of this situation and is taking steps to meet it. It is said that a decent portion of the yarn produced in the mills is going into the black-market. Accounts are manipulated in the mills to show a lesser production. There is also black-marketing of yarn by the weavers. The weavers to whom yarn quota is supplied are finding it more lucrative to sell it, without the necessity to weave it into cloth. To prevent this abuse, every weaver has to be compelled to become a member of a co-operative society to get his quota of yarn, which he should inevitably return to the society in the shape of cloth. An indirect compulsion like this is necessary and will not be contrary to the tenets of co-operation. There is again the problem of preventing black-marketing by the mills. Appeals to the sense of patriotism and the like fall on deaf ears on those who have tasted the intoxication of money. Officials, entrusted with the work of supervision and checking of black-marketing, have themselves fallen victims of love of money. This sad feature, we have witnessed in every department. How to prevent yarn from the mills going into black-market is a problem for the Government to solve.

Available for Sale.

MARKET INTELLIGENCE—1945

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

Price per copy is Rs. 0.5.0. Postage Extra.

For 50 copies and above Rs. 0.4.0 a copy.

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

OPENING ADDRESS

BY THE HON'BLE SRI V. V. GIRI, BAR.-AT-LAW,

Minister for Industries and Labour.

I am deeply grateful to the Madras Provincial Co-operative Union for the honour conferred on me in asking me to open the XXVI Madras Provincial Co-operative Conference. You are all experienced co-operators and experts in the art of application of co-operative principles. My only excuse in venturing to address a body like yourselves is, apart from being the Member-in-charge of Co-operation, my great and abiding interest in the Co-operative Movement and my firm conviction that it is only the widest possible extension of the co-operative principle to our rural economy, which will solve the manifold and immense problems which confront the countryside.

Co-operative Ideals.

Co-operation knows no limits or boundaries; it makes no distinction of caste, colour, creed or religion. It is a common platform where men of different communities and shades of opinion and thought can come together in order to promote their economic interests. It is at the same time essentially a business organisation tempered by a high moral purpose of encouraging among its members habits of self-help, mutual help, brotherhood, thrift, industry, honesty and discipline. As a believer in Socialistic principles, I feel, Co-operation is a half-way house between capitalism and socialism. It is a logical economic system for transacting business based upon all that is fundamentally lasting and good in human nature. "Service and not profit" is the motto of co-operative organisations. "Reduction of prices to the consumer, increase of prices to the producer, democratic management of industry, education in self-help, in the capacity for community action and in the ability to manage business are all within the reach of the masses both in the country and in the city, if they are willing to use the co-operative methods that have been tested and approved in the co-operative movement."

India is a land of villages and the main occupation has been and will be agriculture. The agriculturist, being the back-bone of the nation, any movement which can be called 'nation building' must

concern itself with the betterment of his conditions and the enhancement of his capacity to contribute to the national income. There is no organisation better fitted or more suitable to undertake the twin functions of village improvement and agricultural development than co-operation. The application of the co-operative principle is not confined to the problems of rural economy alone. It can be employed for the benefit of all classes of people, rural and urban, who want to better their economic condition by voluntary association and mutual aid. Having regard to the bearing of co-operation on national building and the great part it is bound to play in schemes of agricultural advancement and intensive rural development, it is surely upto every one of us to assist in the expansion of the co-operative movement in all directions, to strengthen it and be benefited by it.

Government Policy.

I need hardly state the great importance which the present Government attach to co-operation as an instrument of rural regeneration and prosperity. With the Congress it has become an article of faith and the present Government are pledged to the co-operative ideals and ideology and are prepared to support, encourage and promote co-operative endeavour in all possible spheres of socio-economic activity. As you may be aware, it has been made clear in the Congress Election Manifesto that one of the programmes which the Congress is pledged to carry out, is the establishment of a network of co-operative credit societies and banks in rural areas and towns organisation of village industries on a co-operative basis and the starting of co-operative farming with Government assistance. More recently, Acharya J. B. Kripalani, in his presidential address at the forty-fourth session of the Indian National Congress, has referred in lucid terms to the part which the co-operatives can play in the national economy of the country. To quote his own words: "there should be production and distributive co-operatives. If production co-operatives are not possible, distributive co-operatives can certainly be started by public bodies and Provincial Governments." It is, therefore, needless for me to reiterate the fact that the Ministry is alive to the possibilities of co-operative effort in their several schemes of rural uplift. Even within the short time we have been in office, we have implemented this policy in unmistakable forms and have, wherever possible, harnessed co-operative institutions for carrying out our policies and programmes.

One of the earliest practical steps which the Congress Government took when they were in office before, was to appoint a Committee to examine the problems that confronted the movement at that time and to make recommendations for its development on sound lines. As you know, it was the acute period of the depression years. The problems that faced the movement at that time were, of course, different. It seemed as if at that time the agricultural credit movement was threatened with stagnation, as the financing institutions were faced with the difficulties arising out of increasing overdues, frozen assets, execution of decrees, disposal of properties, etc. The Committee was then called upon to examine these factors and to suggest a new orientation of the movement to meet the situation created by the economic depression. Unfortunately, however, before the Committee could submit its report, the war broke out and the Congress Ministry went out of office. It has been my earnest attempt as well as my desire to take up the threads where they were left in 1939. I have already taken up the question of reforming, strengthening and expanding the movement.

Recent Expansion of the Movement.

As you are all aware, the years of the war have witnessed a phenomenal progress of the movement; a lot of new ground has been covered. Thanks, largely to the conditions created by the war and the zeal and the spirit of social service with which the opportunities were utilised by the co-operators, a notable part has been played by the co-operative societies in schemes of food procurement and distribution, handloom weaving industry, co-operative milk supply and marketing of fruit and potatoes. The speed with which the co-operatives responded to war-time needs is ample testimony to the vigour and vitality of the movement in our Province and a tribute to the unselfish services of a large body of non-official co-operators and the efforts of the officers who have been associated with the movement. It is also significant of the response which co-operators can make to a call for service and the capacity of the co-operative organisations to adjust themselves to the changing environment and conditions. I shall be carrying coal to New Castle if I were to narrate the many services rendered by the co-operators to the public. Suffice it to say that in the field of procurement and distribution of foodgrains including rationing, the co-operative stores have done a most praiseworthy and splendid piece of social service. To-day, the 1,400 primary co-operative stores, with a large number of their branches

and depots and 21 district wholesale stores, exercise a most salutary effect on the private trade in the Province. The sales of the retail and wholesale stores exceeded Rs. 25 crores during the last co-operative year. Co-operative milk supply organisations, exceeding 217 in number, have played a no less important role in ensuring supply of pure milk to the people in urban areas. During the last co-operative year, they handled milk to the value of Rs. 60 lakhs. Co-operative weavers' societies have distinguished themselves by commanding nearly 40,000 looms and bringing into the market goods worth Rs. 350 lakhs in a year. I take this opportunity of publicly acknowledging the help rendered by co-operative societies during the last five years and I have every hope that they will continue to play a notable role in the socio-economic advancement of the country.

Role of Co-operatives in Schemes of Food Procurement and Distribution

We are now in a period of transition, a transition from war time to peace-time conditions. Besides tackling the immediate problems, we have to look ahead and plan for the post-transition period. Government have launched several schemes of distribution of foodgrains, cloth and of intensive rural development and in these schemes, the co-operatives have a great part to play. The year 1946, it is needless to remind ourselves, was the worst in the history of the Province from the point of view of our food resources. With the intensive procurement on the one hand and with fairly reasonable imports on the other, we have succeeded in tiding over the food crisis, and God willing, we can hope for better times hereafter. One of the very first things which we have done after assuming office in connection with food administration, is to associate the people in a large measure with all matters concerning the procurement and distribution of foodgrains. We have set up village, taluk, and district committees consisting mostly of the people's representatives so that the machinery of procurement and distribution may run efficiently and satisfactorily. We have also announced our policy that co-operative institutions, wherever they exist and are prepared to shoulder responsibility, should be utilised fully by the authorities and the committees, and I have every reason to believe that they are rising to the occasion and participating in the schemes sponsored by the Government. I have now and then heard complaints that some of the subordinate officers are slow in enforcing this policy. Believe me that the Government are determined to give full effect to the policy of utilising co-operative

institutions in all schemes of food procurement and distribution and will not allow any officer to obstruct, interfere with or delay the enforcement of our policy. It is pleasing to find that the entire district-wide procurement of foodgrains has been undertaken by the co-operators in South Kanara, Tinnevely, Vizagapatam and Bellary, and that in other districts many co-operative stores, wholesale and primary, have undertaken procurement and distribution in a greater or lesser degree. Apart from foodgrains the co-operative stores have been distributing all controlled commodities including mill cloth and wherever distribution has been undertaken by them, they have been able to put down black-marketing and profiteering.

The benefits of co-operative distributive societies have reached even the industrial labourer. I find that there are about 70 such co-operative stores for the benefit of industrial workers in textile mills, factories and workshops and they have done not a little to ensure to them the distribution of the necessities of life at cheap and economic prices. Similar employees' stores can be formed for the labourers engaged on the plantations and estates. In fact, I have been advising the tea estates to start co-operative stores for distribution of foodgrains and cloth to the workers. If they follow my advice, I hope to see, in the near future, a net-work of co-operative stores on the plantations, serving the estate labourer who stands as much in need of help as an industrial worker in a mill.

The future of consumers' co-operation will, I am sure, engage the attention of this Conference. Consumers' co-operation has, for many years, been looked upon as a system of social philosophy in our country but, with the outbreak of the war, it has become a concrete fact, and we, in Madras, have had the full benefits of it. It is upto you to capitalise the war-given gains and make the co-operative stores a permanent feature of the normal distributive system. It is my hope that if all of you shape your business methods and policies in the light of the post-transition trade conditions, you need hardly have anxiety about the future of many of the stores. I realise that their future is a challenge, and I trust that nothing will be wanting on your part to take it up with a real determination and singleness of purpose of which you have so happily given ample evidence during the war years in spite of endless difficulties. On behalf of the Government, I can assure you all the help and encouragement which these institutions richly deserves.

New Co-operative Experiment.

While on this subject, I should like to refer to the experiment that is being tried in Malabar and, more recently, in the Circars districts of East Godavari, West Godavari, Kistna and Guntur. I mean the producers-cum-consumers' co-operative societies. I am aware that co-operative theory and practice have all along insisted upon separate organisations for producers and consumers for the reason that their interests are not identical and are often conflicting. The producer-cum-consumer society is an experiment in co-operative ideology and practice in so far as it seeks on a high co-operative and moral plane a reconciliation of the interests of the producer and the consumer. I am aware of the criticism levelled against these societies. I am also equally conscious that these new organisations are likely to affect the future of some of the existing co-operative organisations. Government believe that these societies will give a new orientation to the co-operative movement and bring into its fold a large section of the community which has all along remained outside it. It is necessary that there should be some sort of adjustment and compromise between the old and the new societies. It is also the intention of the Government that these societies should ultimately function as multi-purpose societies. I am sure the Conference will consider the matter dispassionately and offer constructive suggestions for their sound development.

Handloom Weavers' Co-operatives.

Next to agriculture, the handloom weaving is the most important industry in our Province and more than a million people are dependent on it for their living. I have always felt that this industry can most successfully be organised on a co-operative basis. I am glad to notice that there are about 350 co-operative weavers' societies with 52,000 active looms under their control and that they produced about Rs. 350 lakhs worth of cloth last year and their sales were nearly Rs. 375 lakhs. After I assumed charge, I have reviewed the position as regards the supply of yarn to co-operative weavers' societies and have directed that the societies should be given yarn to the extent of 20 per cent over the usual supplies made to private ration-card holders and also a permanent basic allotment of yarn requirements for about 52,000 looms now under their control. The Government have also removed the ban on the registration of new weavers' societies provided these societies consist

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of existing ration card-holders. With these additional facilities, it is my hope as well as that of the Government to see a considerable increase in the number of weavers' societies and the looms under their control in the very near future.

As you may be aware, Government have decided that the licences issued to cloth and yarn dealers should be overhauled and that suitable existing co-operative organisations which are willing to undertake the distribution of mill cloth and yarn should be fully utilised. Government have also made it clear that the existing rules regarding the basic period and other licensing restrictions will not be allowed to stand in the way of implementing this policy. I hope that co-operative weavers' societies and consumers stores will fully utilise the opportunities thrown open to them on account of this new policy and will help the Government and the public both in the matter of production of handloom cloth and in the distribution of handloom and mill-made cloth. I am given to understand that some of the societies have cut down their margins in order to ensure the distribution of handloom fabrics at reasonable prices. May I appeal to those representatives of weavers' societies, who are present here, to fully co-operate with Government in working the schemes of distribution of yarn and cloth and price control? I strongly believe that the future progress and stability of handloom weaving will depend upon its organisation on a co-operative basis. The individual weaver cannot any longer stand the exploitation of the master-weaver or withstand the competition of organised textile industry unless he becomes an integral part of a big organisation like the Madras Handloom Weavers' Co-operative Society and its affiliated societies. It is my desire that all the five lakhs of looms in the Province should ultimately be brought within the framework of the co-operative organisation within the shortest possible time so that this great industry may take its right place in the country's economy.

Co-operative Dairies.

Supply of pure and rich milk is a matter of national importance. Apart from the obvious gain to public health in a province where the available diet is no sadly lacking in nutrition, milk societies are likely to evolve into satisfactory dairies and lead to an improvement in cattle-breeding. Government have been encouraging co-operative milk supply organisations and affording them the necessary assistance. For Madras City, we have sanctioned a special scheme

for improving the milk supply, as a result of which the production of milk has increased to nearly 7,000 measures a day. In order to formulate schemes for increased production of milk in urban areas through co-operative and private dairies, Government have recently appointed a Dairy Development Officer to work in the Co-operative Department. Government have under consideration a three-year plan for the formation and strengthening of co-operative milk supply organisations throughout the Province. I have no doubt that the most suitable method of tapping rural milk resources and supplying them to urban consumers is the co-operative method and, with your help, Government hope to bring about a rapid development of co-operative milk supply and dairying in the Province.

The problem of salvage of dry animals has also been attempted to be solved by the co-operative method. A beginning has been made in this direction by the formation of a salvage society in Madras and it has been quite a success. It is the policy of Government to encourage societies of this type and extend to them such facilities as may be required by them. It is only through such societies our cattle wealth may be preserved and promoted.

Rural and Cottage Industries Co-operatives.

The problem of finding employment to the agriculturist during the off-season and enabling him to augment his income is one of the major problems which, if properly tackled, would help to increase the national income. Our Province is not lacking either in raw materials or in skilled workers. The chief handicaps facing the rural industries are lack of finance and equipment, want of organised marketing agencies and absence of proper technical advice. There is a consensus of opinion that the most suitable method of organising cottage and rural industries is the co-operative method. Co-operative societies can provide the artisan with funds and arrange for the supply of raw materials and the sale of the finished goods. A few cottage industries co-operative societies, such as those for metal-workers, manufacture of leather goods, coir, etc., have indeed done well. But, having regard to the great scope for development, much yet remains to be done. Government have under consideration a five-year plan for the development of cottage industries on a co-operative basis. Besides, under the scheme of intensive rural development in select firkas, it is the desire of the Government that a survey should be made and cottage and rural industries should be organised and

developed to ensure some degree of self-sufficiency in respect of consumer goods the rural folk require. And may I suggest that this Conference go into this matter and offer their suggestions to Government?

There are a number of subjects which, I am sure, will engage your attention at this Conference. Let me, however, refer to one or two fundamental matters touching the movement before I close.

Fundamental Problem of Rural Credit.

There is a responsible body of opinion which considers that, though co-operative village credit organisations have been in existence for over 40 years now, the present position is not such as to inspire much hope that they can, in the immediate future, be made to play a substantial part in financing agriculture, much less to become the sole supplier of such finance. It is a fact that the money-lender, whether agricultural or professional, still constitutes a major source of rural credit. The Agricultural Finance Subcommittee of the Policy Committee on Agriculture, Forests and Fisheries appointed by the Government of India, has suggested the constitution of Agricultural Credit Corporations to replace the private money-lenders. This school of thought considers that the existing co-operative banking organisations cannot be utilised as an alternative agency of credit, because they are not equally strong in all Provinces and also because they are essentially autonomous bodies ruled largely by their own members and that problems might arise in linking the co-operative banking structure with non-members. They envisage an agricultural credit corporation as an autonomous public body established by the State, operating under general official supervision and direction, but whose day-to-day working and normal business is largely conducted on an independent basis. How far such a Corporation will be able to meet the needs of the ryots scattered in thousands of villages is a matter on which there is bound to be difference of opinion amongst co-operators. In fact, I find that the Co-operative Planning Committee appointed by the Government of India is of the opinion that in all Provinces and States the Provincial Co-operative Banks or other co-operative financing institutions will be in a position to provide the agriculturists with all the facilities which are intended to be given by the Agricultural Credit Corporations suggested by the Gadgil Committee to provide finance to persons outside the co-operative movement if the same measure and type of help proposed to be given to the

Credit Corporations are extended to them and that, in that case, there will not be any need for starting separate organisations like Credit Corporations.

There is again a school of thought which considers that institutional credit being for the good of the agriculturists, the voluntary basis of rural co-operative credit organisations may be altered and statutory compulsion may be introduced to make all eligible villagers members of co-operative credit societies or at any rate to bring the representatives of all the families in the village into the movement. A more conservative body of co-operators feel that the purpose might be achieved through a comprehensive programme of extension, a five-year plan of village credit co-operatives so as to bring every village within their influence. The Co-operative Planning Committee of the Government of India have recommended that an attempt should be made to bring 50 per cent of the villagers and 30 per cent of the rural population within the ambit of rural co-operative credit societies within a period of 10 years, in two five-year periods.

Co-operative Rural Banks.

I may, in this connection, refer to the prevailing disposition, in certain quarters, for a reorganisation or transformation on a broad basis of village credit societies into rural banks generally on a limited liability basis. The intention of the sponsors of this proposal apparently is that societies should be formed for a group of villages and managed with competent paid staff and that they should supply short-term and medium-term loans on personal surety, mortgages, produce and gold jewels as well as cash credits on tangible securities. The idea is that the societies should function as rural banks, tap local deposits from well-to-do agricultural classes and open current accounts. The objective is not only to eliminate the weaknesses in the present village credit system and ensure cheap, efficient and prompt credit service to the ryot but also to promote thrift and banking habits and utilise the rural financial resources for rural progress. This proposal may be opposed to orthodox co-operative opinion and practice but there is no reason why the existing rural credit system should not adjust itself to changing economic conditions and environment.

Multi-Purpose Societies.

Closely related to this is the proposal that the village credit societies should not confine their activities solely to the supply of

credit but take up other activities, such as supply of seed, manures and fertilisers, and implements, maintenance of stud-bulls, etc., and function as multi-purpose societies. This view has been advocated by the Madras Committee on Co-operation, the Famine Enquiry Commission and, recently, by the All-India Co-operative Planning Committee. The Government have under consideration a scheme for the formation of multi-purpose societies in select firkas under the intensive rural development scheme. It is our desire to broadbase the village co-operative societies on a multi-purpose basis and try the experiment in these firkas. In the light of the results of the experiment it will be time to consider an extension of the system to other areas.

When societies are reformed on a multi-purpose basis or transform themselves into rural banks, the question of the basis of the liability of these societies will necessarily arise. There is a feeling in certain quarters that unlimited liability has not been very helpful to the progress of co-operative credit and the trend of thought seems to be in favour of limited liability. Which form of liability is suitable and in what circumstances are again matters which have a close bearing upon the type and functions of the societies. Gentlemen, I have referred to those matters at some length so that you may bring to bear upon a consideration of these problems your long practical experience and offer your suggestions which, I have no doubt, will be of great help to the Government and the Registrar in shaping their policy.

Stabilisation of Agricultural Prices and Co-operative Marketing.

Finally, I should like to refer to the co-operative marketing of agricultural produce. As you all know, Government have under consideration a five-year plan for the development of co-operative marketing of agricultural produce. The Agricultural Prices Sub-Committee, appointed by the Government of India, has recommended a scheme for the stabilisation of agricultural prices and suggested an appropriate machinery to be employed for fixing and enforcing such prices. One of its important recommendations is that reserve stocks should be built up by the Government for maintaining market prices within certain fixed limits and also for meeting emergency deficits arising from abnormal failures in crop production. In a plan like this co-operative marketing organisations would be of great assistance. Schemes of co-operative marketing of agricultural produce and plans for stabilisation of agricultural prices aimed at helping the producer are vitally inter-linked

and inter-related. And it seems to me that a policy of price support worked independently through ordinary trade channels may be frustrated to the extent to which the maximum benefit which the measures designed for the execution of the policy are expected to confer on the primary producer may be denied. The five-year plan of co-operative marketing now under the active consideration of Government provides for storage facilities, processing, etc. It is possible that co-operative marketing organisations can well act as the agents of the Government or the Commodity Corporation envisaged under the plan, for procuring the stocks and carrying out purchase and sale operations. Final decisions have not yet been taken by the Government of India on the recommendations of the Agricultural Prices Sub-Committee pending discussions at a Conference of Ministers of the Central, Provincial and State Governments. Price stabilisation will prove to be, in the immediate future, an important matter of State policy, and I will feel grateful to you if you bestow your thought on this subject so vital to the agricultural production and to the prosperity of the ryot and let the Government have the benefit of your considered opinion on the part which co-operative marketing institutions can play in the scheme.

We are on the threshold of very big changes in our national economy and the co-operative organisations have to play an important role. New ideologies and ideas are being propounded; old principles and policies are undergoing revision. Many Committees of Enquiry have made suggestions affecting the co-operative movement. The Madras Committee on Co-operation (1939-40), the Famine Enquiry Commission (1945), the All-India Co-operative Planning Committee (1946), the Finance Sub-Committee of the Policy Sub-Committee on Agriculture, Forests and Fisheries (1946), and the Agricultural Prices Sub-Committee (1946) have all made a large number of important recommendations bearing on the movement. It seems to me that it is necessary to collate, analyse and study these recommendations with a view to evolving clear-cut, comprehensive and co-ordinated policies and programmes, so far as our province is concerned. This is engaging my serious attention.

Gentlemen, I have detained you rather long. You have a heavy agenda to go through. You have as your President an experienced co-operator and missionary and I hope and trust that, under his guidance, your deliberations and decisions will prove most helpful to the progress of the movement. I have now great pleasure in declaring the Conference open.

OPENING OF EXHIBITION

ADDRESS BY THE HON'BLE SRI P. S. KUMARASWAMI RAJA,
Minister for Agriculture.

It gives me great pleasure to be here this afternoon to perform the pleasing ceremony of unfurling the Co-operative Flag, which symbolises the co-operative ideology, and opening this Exhibition. At the outset, permit me to thank the organisers of this Exhibition who have given me this opportunity to associate myself with the activities of the Madras Provincial Co-operative Conference.

Co-operation has got a great future in this country. World politics is torn to-day between the two rival ideologies of Capitalism and Communism, the champion nations of which seem to be the U.S.A. and the U.S.S.R., respectively. The greatest political achievement lies in fusing together the good points of both while eschewing their defects. Co-operation affords this *via media* without running counter to our national traditions and culture. For over four decades, the tree of Co-operation has been growing on our soil, although its growth has not been spectacular, it has been growing steadily and spreading out over all our economic activities. It is a realisation of its efficacy to solve many of our national economic ills that made the Congress envisage the development of a Co-operative Commonwealth in the Free India in its Election Manifesto of 1945. It is, then, obvious that ideals of co-operation are bound to permeate the entire texture of Indian economy.

This will be particularly so in view of the set-up of Indian agriculture. Over 60 million families own among themselves the total area of 250 million acres of cultivated land. Most of them are small cultivators with uneconomic holdings and are, therefore, under-employed. No reasonable degree of prosperity can be brought about in rural India unless provision is made for the profitable use of spare hours of the utilisation of agricultural population. Mechanisation and large-scale farming will aggravate the problem of rural employment. Capitalistic large scale industrialisation of the country offers little scope to improve the situation. Huge factories with elaborate machinery and big plants will not be able to absorb the millions of rural folk and give the proper employment. The abundance of man-power, wasting itself in enforced idleness, can be

harnessed to productive activity only by a vigorous development of cottage industries on a wide scale. The stimulation and spread of cottage industries have a distinct part to play in the rehabilitation of the agricultural economy of this country. The most suitable mechanism for the encouragement of the cottage industries is certainly co-operation. Producers' Co-operative Societies must be set up in every village and they should be organised to manufacture such commodities for which natural and other facilities exist. If this method of rural reconstruction is approved, the significance and value of Co-operative Exhibitions can scarcely be over-estimated.

An exhibition of this kind is of pivotal importance in the economic regeneration of this country. It brings a vista of new light to the rural folk and the urban people alike. Among the thousands of visitors to this Exhibition, a large section will be hailing from the country-side and the numerous and richly diversified exhibits will bring to their minds the innumerable possibilities of using their spare time and most of the materials going to waste in their villages. They would focus their attention on the immense potentialities of producing an array of articles, useful and beautiful, with the help of cheap materials and simple tools. They would also set them thinking upon new lines of production most congenial in their respective villages. An exhibition is an ocular demonstration of what is possible of achievement. No amount of pamphleteering can bring vividly to the minds of the mostly illiterate rural folk the manifold possibility of converting "waste" into wealth. It creates a mental stir among the villagers and stimulates them to productivity along several lines.

The effects of an exhibition of this kind on the townsmen are no less remarkable. The exhibition demonstrates to them that the rural Indian can manufacture numerous articles of utility with a high degree of artistic merit, most of which can easily excel the cheaper but dull and drab mass production goods imported from abroad. The purpose of this Exhibition will be fully attained if every man, woman and child realises in some measure how the labour of our land can be employed and how the wealth of our land can be conserved and augmented by a judicious preference to goods made in our own country. The fame of the Indian artisan and craftsman had been widely known in the past in the Western countries. Even at the present time the cunning skill of the Indian artisans can be revived in all its glory by adequate encouragement.

This will be clearly evident from the high excellence of the commodities exhibited here to-day.

All these advantages are derived from exhibitions by industries, in general, whether they are organised in the co-operative way or not. Certain special advantages that accrue to industrial co-operatives from such exhibitions merit mention. It is well known that craftsman or artisan working in his cottages lacks capital for advertising wares. In the modern technological world, it is far easier to produce than to sell. That is why capitalistic concerns spend enormously on advertisements. Take, for instance, the ingenious advertisements of the tobacco and cigarette trades. The cottage industries lack both the finance and the flair for advertising their goods. The exhibition of this type is the only powerful substitute to costly advertisements indulged in by capitalistic firms.

Further co-operative stores are usually accused of not providing any scope for the human desire "to pick and choose." But the present Exhibition would clearly prove how false a charge is in these days when the whole exhibition is crammed with an endless diversity of innumerable goods. Again, the principle of "cash purchase" insisted upon by the co-operative system always places the co-operative societies at a disadvantage in comparison with private firms. When the pent up demand for goods spends itself out—and it will sooner rather than later—the forces of private competition will devise several methods such as hire-purchase, discounts and prizes for pushing the sale of goods. To face this competition, co-operative enterprise has to arm itself only by its superior quality and high finish. To this matter of improving the quality, this exhibition is bound to play a great role because producers of the same commodities from various districts come across goods of varying degrees of excellence. This will naturally impart a spirit of emulation and co-operative industry will, to that extent, be benefited.

In short, exhibitions of this kind serve to educate the rural folk in a variety of methods of utilising their idle hours by working on simple materials found around them, to bring home to the minds of the urban and richer sections of the population the availability of a rich array of home-made goods to satisfy even their fastidious tastes, to help the small producers working in their rural homes to advertise effectively their products and to stimulate a healthy spirit of emulation among them to produce finer and still finer articles.

Fairs and exhibitions are not alien to our soil. From very early times they have been held in holy places and political capitals during periods of religious festivals and national celebrations. They have attracted people from far and wide and even from foreign countries like China and Central Asiatic countries. Of late, exhibitions have come back into vogue and it is essential that this fashion must be strengthened and fortified to serve the interests of producers and consumers. It is my earnest wish that we should not be content with exhibitions but build central museums in the headquarters of every district, if not every taluk. Museums will render the services done by exhibitions more efficiently and continuously. I fervently look forward to the time when the whole country will be studded with industrial museums and the entire rural sector will hum with industrial activity. At present, exhibitions are the second best to serve the cause of national industrial regeneration. So I have great pleasure in formally declaring open this Co-operative Exhibition organised as a useful adjunct to the Madras Provincial Co-operative Conference.

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RESOLUTIONS PASSED AT THE CONFERENCE.

1. This Conference notes with great regret the sudden illness of Sri T. A. Ramalingam Chettiar, President-elect of the Conference, and prays for his speedy recovery.

2. This Conference of Co-operators heartily welcomes the policy of the Government to support, encourage and promote co-operative endeavour in all possible spheres of socio-economic activity and assures Government of their co-operation and support and appeals to the Government to consult non-official co-operative opinion in formulating and executing their programmes and policies.

3. Whereas, since the publication of the report of the Vijayaraghavachari Committee on Co-operation, conditions have changed in the country; whereas a number of expert Committees such as Agricultural Finance Sub-committee of the Policy Committee on Agriculture, Forests and Fisheries, the Co-operative Planning Committee, the Famine Commission (1945) and the Sub-committee on the Stabilisation of Agricultural Prices, appointed by the Government of India and the Rayalaseema Co-operative Enquiry Committee and the Special Officer for investigation into rural indebtedness, appointed by the Government of Madras have made recommendations concerning several aspects of the Co-operative Movement; whereas this Conference feels that a comprehensive and unified plan of co-operative development for the Province in the light of the re-commendations made by the various Committees with reference to the existing conditions in the Province has become necessary and whereas the policy recently pursued by the Government is not consistent with the traditions for the development of the movement in the Province; whereas it has become necessary to completely non-officialise the movement, this Conference resolves to request the Government to appoint a small committee of non-official co-operators to examine the present conditions, the recommendations of the various committees, and draw up a sound and comprehensive plan of expansion of the Co-operative Movement.

This Conference further requests the Government to expedite the appointment of this Committee and make its report available as quickly as possible so that the recommendations of this Committee may be considered at a special Conference to be convened for the purpose.

4. Whereas in schemes of procurement and distribution of food-grains and other controlled commodities in certain districts of the Province, the existing co-operative societies, such as primary and whole-sale stores, marketing societies and federations, have been ignored, and as this has interfered with the sound and orderly development of the movement and whereas the existing co-operative institutions are quite competent of discharging all the tasks which may be entrusted to them

basis and further requests the Government to encourage formation of new building societies in all rural and urban areas.

Cottage Industries Societies.

17. This Conference requests the Government to encourage Cottage Industries such as pot manufacture, metal manufacture through co-operative societies, by giving free grant, for construction of kilns, sheds, motor lorries, grinding machines, raw material transport facilities, etc.

Metal Workers' Co-operatives.

18. This Conference requests the Government that, in view of the present unsatisfactory methods of distribution of metal-sheets to co-operative metal workers' societies through private agencies, arrangements be made for the entire provincial allotment of metal sheets to the Madras Provincial Co-operative Marketing Society for distribution to co-operative societies and private individuals.

Co-operative Stores.

19. This Conference notes and strongly condemns the unsympathetic attitude of some of the officers of the Revenue, Commercial and other Departments, towards co-operative institutions in the matter of allotment of controlled articles for distribution, delay in fixation of prices and strongly requests the Government that definite instructions be given to the Collectors to see that their subordinate officers carry out the Government's policy to the fullest extent and take necessary disciplinary action against lapses.

Distribution of Agricultural Implements, Manures and Seeds.

20. Whereas co-operative institutions which are business organisations, were originally entrusted with the distribution of agricultural implements, manure, seeds, etc; whereas they carried out this responsibility in a satisfactory manner; whereas this work has been transferred to the Agricultural Department to the greatest dissatisfaction and discontent among agriculturists and co-operators; whereas the legitimate functions of the Agricultural Department consists in propaganda, demonstration, research, etc., and this work of distribution has interfered with their legitimate work and made demonstrators, more or less traders, this Conference strongly reiterates the repeated requests made to Government in the behalf and urges on the Government once again that this work of distribution be restored to co-operative institutions.

Employees' Co-operative Societies.

21. This Conference, reiterating resolution No. 12 of the 25th Madras Provincial Co-operative Conference, regrets to note that the Government have not taken any action on the resolution and requests

the Government again to amend the Co-operative Societies Act, without further delay, making it compulsory on the part of disbursing officers to recover the dues of members of employees' co-operative societies and other co-operative societies from their salaries as and when they are disbursed.

Co-operative Insurance.

22. Whereas thrift and saving and provision for old age being one of the chief aims of co-operation and as one of the ways to achieve this, Life Insurance on co-operative lines has been started both in Madras and in Bombay, in furtherance of this object of preaching thrift to rural people and to enable co-operative life insurance societies to work unhampered by competition from well-established strong insurance societies, the Government of India have made special provisions in favour of co-operative societies and mutual societies in the Insurance Law, by restricting insurance societies other than co-operative and mutual from canvassing policies below Rs. 1,000. It now, having transpired that, in the amendment to section 4 (1) this concession has been omitted, this Conference strongly urges the Government of India to restore the concession statutorily by amending section 4 (1). This Conference is of opinion that no new factors have been made out for changing the well-considered policy of the Government, and laid down in the Insurance Act. On the other hand, it is only through co-operative societies that insurance can be extended to villages especially to people of limited means.

23. This Conference is of opinion that multiplying of co-operative life insurance societies not only leads to unhealthy competition among co-operatives, but also leads to waste and high cost and as such is of opinion that steps be taken by the Government of India, to strengthen the two existing societies at Madras and Bombay and demarcate the area of operations of these societies.

Money-lenders' Legislation.

24. This Conference supports the recommendation made by various committees and commissions for the control and regulation of private money-lending and requests Government to undertake money-lenders' legislation as expeditiously as possible.

Service Conditions of Non-official Employees.

25. Resolved to request the Provincial Co-operative Union to examine the existing conditions of service of employees in co-operative institutions, after consulting the various aspects, and the representations made by them, as embodied in the resolutions passed at the various employees' conferences, and to tender the necessary advice to co-operative institutions in this behalf.

REPORT OF THE WORKING OF The Madras Provincial Co-operative Union (From 1st July 1945 to 30th June 1946.)

1. Period of Report

The following is a report of working of the Madras Provincial Co-operative Union, for the period from 1st July 1945, to 30th June 1946.

2. Membership

The number of member societies as on 30-6-45 was 637 and the number of member societies as on 30-6-46 was 649. The number of members belonging to different classes is given below. It is hoped that, by persistent appeal, more societies will be induced to enrol themselves as members.

Name of the Institution.	As on 30-6-45.	As on 30-6-46.
1 Provincial Institutions	...	7
2 Central Banks	...	31
3 Language Federations	...	2
4 Urban Banks	...	120
5 Audit Union	...	1
6 Land Mortgage Banks	...	50
7 Local Supervising Unions	...	170
8 Training Institutes	...	4
9 Honorary Members	...	15
Non-Credit Societies :—		
10 Stores Societies	...	176
11 Marketing Societies	...	11
12 Loan and Sale Societies	...	21
13 Weavers' Societies	...	8
14 Milk Supply Unions	...	4
15 Building Societies and Banks	...	8
16 Agricultural Societies	...	8
17 Other Societies	...	1
Total	637	649

3. Meetings

(A) General Body :

A meeting of the General Body was held on 6-1-1946 when the annual report and Audit review 1944-45 were considered and adopted.

(B) Board of Management :

The Board met during the year only once, i.e., on 6-1-1946.

(C) Executive Committee :

The Executive Committee met 2 times in the year and the meetings were generally well attended.

(D) Sub-Committees :

The Sub-Committees for Credit, Consumers, Education and propaganda, Producers and Marketing Societies met only once

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during the year. It may not be out of place to mention one among various resolutions passed by the Credit Committee requesting the Madras Provincial Co-operative Bank to reduce its lending rate to 3 per cent on condition that the ultimate borrower in the village gets loan at not more than 6½ per cent. We are glad to state that the Madras Provincial Co-operative Bank agreed to this suggestion.

The Consumers' Committee also did useful service. A Sub-Committee of the Committee was requested by the Wholesale Stores Conference to frame suitable bye-laws for a Provincial Society for stores. Bye-laws were framed and it is hoped that the Provincial Society will be registered soon.

The Producers' Committee considered the subject of training technicians in cottage industries and recommended to the Executive Committee the desirability for training two persons in Pottery, Leather Manufacture and Poultry-keeping. The Executive Committee approved of the idea and sanctioned a stipend of Rs. 20 per month plus school fees. Two candidates were selected and sent for Poultry-keeping Training at the Y.M.C.A. Rural Reconstruction Centre, Martandam, S. Travancore. The candidates have also given an undertaking that they will serve in a Co-operative Institution for two years.

The Producers Committee suggested the convening of a Conference of Milk Supply Societies. The Coimbatore Co-operative Milk Supply Union offered to make arrangements and invited the Conference to Coimbatore. The First Co-operative Milk Supply Societies and Unions Conference was held at Coimbatore, on the 6th and 7th May 1946.

4. Activities.

The main activities of the Union have been, as usual, the conduct of the *Madras Journal of Co-operation*, subsidising Co-operative Journals in the various languages of the province, running a Co-operative Library, publishing of propaganda literature, holding of examinations for the students of Co-operative Institutes and the celebration of the International Co-operators' Day. In addition to these, the Panchayatdars' Training Classes were conducted during the months of April, May and June in accordance with a scheme drawn up and approved by the Government. A Conference of Milk Supply Societies was also held at Coimbatore.

(A) The Madras Journal of Co-operation :

The *Journal* continued to be published regularly every month. It continued to publish interesting and instructive articles on Co-operation, Agriculture, Rural Reconstruction, Post-war reconstruction and allied subjects. The cost of publishing the *Journal* amounted to Rs. 3,388 against which the subscriptions and appropriation of membership fees amounted to Rs. 7,191. The publication resulted in a net profit of Rs. 3,803. The *Journal* continued to be very popular. Besides affiliated societies which are entitled to a free copy, the number of subscribers rose to 605.

(B) Subsidy to language journals :

A subsidy of Rs. 1,000 each was given to the Tamil Nadu Co-operative Federation, Coimbatore, which conducts a *Journal*,

by Government, this Conference requests the Government to revise their attitude towards the existing co-operative institutions and allow them to function as hitherto pending the recommendations of the Committee referred to in Resolution No. 3 and further resolved to request the Government in the meantime to defer the formation of new types of societies without due regard to the interests of the existing societies.

5. The Conference views with grave concern the proposal that institutions registered under the Co-operative Societies Act should be permitted to borrow from commercial banks to the detriment of the interests of co-operative central financing agencies which have got sufficient funds at their disposal and requests the Government to issue necessary directions to the authorities concerned to utilise co-operative funds to meet the requirements of all co-operative institutions.

Weavers' Co-operative Societies.

6. (a) This Conference welcomes the decision of the Government of Madras for the entire distribution of all available yarn and securing of all finished cloth through Weavers' Co-operative Societies.

(b) Resolved to request the Government and the Registrar of Co-operative Societies to make an immediate survey of all handlooms in the districts and to arrange for the formation of fresh handloom weavers' societies as expeditiously as possible.

(c) Resolved further that in order to ensure the continuity of policy in Handloom Weavers' Co-operative Societies and the integrity of the co-operative structure, the work of organisation, supervision and general control should continue to vest with the Registrar of Co-operative Societies and that the Co-operative Department should be provided with the requisite additional staff for organisation, supervision and direction.

7. Resolved to request the Madras Provincial Handloom Weavers' Co-operative Society to arrange for the manufacture and supply of implements and accessories required by members of weavers' societies and encourage and finance the installation of improved types of looms by the Provincial Weavers' Co-operative Society and to request the Government to afford the necessary facilities in this behalf.

8. Whereas it has been represented that yarn ration cards of members of weavers' societies are being cancelled on the ground that the member of a joint family is not a member of a co-operative weavers' society, it is resolved that distribution of yarn to the members of a joint family should be made to the managing member on the basis of the looms worked by the family.

Co-operative Milk Societies.

9. This Conference views with concern the abnormal high prices of cattle-feed and requests the Government to control these prices and to procure and arrange for their equitable distribution at economic prices through milk supply societies or consumer co-operative stores and further requests the Government to remove the ban on district movement of cattle-feed.

10. This Conference requests the Government to make available to co-operative milk supply societies and unions Government and municipal lands for cultivation for fodder and as grazing fields and to direct the Municipalities to construct cattlesheds and milking yards on up-to-date scientific lines and place them at the disposal of co-operative societies.

11. This Conference requests the Government that in view of the slender resources and margin of profits of co-operative milk supply societies and unions and in view of the services rendered by them to the public in the supply of pure milk, co-operative milk supply societies and unions be exempted, as a permanent measure, from the payment of sales tax and payment of all licence fees payable to local bodies.

12. This Conference requests the Government to permit supply of milk in sealed cans to Government hospitals as in the case of jails and other institutions.

Land Mortgage Banks.

13. This Conference resolves to request the Government that, in view of the slender margins, Rule 27-A of the rules framed under the Madras Co-operative Societies Act, be amended so as to make the appointment of paid secretaries obligatory only in the case of primary land mortgage banks having a minimum loan business of Rs. 5 lakhs.

Building Societies.

14. This Conference requests the Government to fix the rate of interest on loans to co-operative building societies at not more than $\frac{1}{2}$ per cent over the rate at which they borrow, not exceeding 4 per cent.

15. This Conference requests the Government to raise the maximum amount of individual loan to members of House Building Societies to Rs. 20,000 in the case of societies in the moffusil and Rs. 25,000 in the case of societies in Madras.

16. This Conference requests the Government that, in view of the scarcity of building materials and the need for the construction of new dwelling houses in all urban areas in the Province, arrangements be made to make available for Co-operative Building Societies, building materials such as steel, iron, timber and cement at controlled prices on a priority

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Kooturavu, and to the Andhra Desa Co-operative Union, which conducts the monthly journal, *Sahakaramu* and a sum of Rs. 250 for each was also given to *Kannada Sahakari* and *Parasparasahayi*, published by the South Kanara Co-operative Central Bank and the Malabar Co-operative Central Bank respectively. These journals were conducted satisfactorily and appeared regularly, contributing a great deal for the spread of co-operative ideas and ideals in their language areas.

(C) Library and Reading Room:

Books of the value of Rs. 447 were added to the library besides subscription of Rs. 121 for newspapers. The Government gave a grant of Rs. 150.

(D) Propaganda:

(i) Tours and Radio Talks.

The General Secretary of the Union, Sri V. Viyyanna Pantulu, and Sri Rao Bahadur S. K. Yegnanarayana Iyer, Chairman of the Stores Committee, attended the Sixth All-India Co-operative Conference held at Lucknow. We are glad to state that our General Secretary, Sri V. Viyyanna Pantulu, has been elected as Joint Secretary of the All-India Institutes' Association. The General Secretary, Sri V. Viyyanna Pantulu, gave some talks in the All-India Radio on "Rytusamasyalu," "Sahakara Dravya Sahayam," "Gramavruddhi Sahakara Sutramulu," "Kuteera Parisramalu," and "Handloom Weaving." The Executive Committee invited songs on "Co-operation" in different languages of the province, for the use of Panchayatdars' Training classes and announced that two prizes of Rs. 100 and Rs. 50 would be awarded respectively to the best two candidates. The results are not yet announced. Sri Rao Bahadur visited the Co-operative Wholesale Societies of Tanjore, Trichinopoly and South Arcot. Mrs. K. Saththianadhan, Chairwoman of Producers' Societies Committee, toured Guntur district and did propaganda.

(ii) Magic lantern and Cine Cinemas.

The cine cinema projector owned by the Union was used on several occasions for propaganda purposes by the Dairy expert of the Department.

(iii) Publications.

The Union published two books.

- (i) Consumers' Co-operation in the Countryside and
- (ii) Co-operative Wholesales

with the kind help and co-operation of the Registrar, Mr. W. R. S. Saththianadhan, and Sri Rao Bahadur K. Subrahmanyam Naidu, who are solely responsible for the getting up of the publications.

The Union published the Co-operative Societies Act. All the publications have been exhausted and still there is a great demand for the same. A fresh edition of the Co-operative Societies Act is being brought out.

(iv) Conferences:

A Conference of Milk Supply Societies and Unions in the Province was held at Coimbatore on the 6th and 7th May 1946. Sri P. S. Kumaraswami Raja was elected to preside, but, as he was

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appointed as Minister he could not preside. Sri Rao Bahadur P. S. Sivagnana Mudaliar of Trichinopoly presided. The presidential address of Sri P. S. Kumaraswami Raju was read at the Conference. Mr. W. R. S. Saththianadhan, Registrar of Co-operative Societies, opened the Conference. The Conference was a good success. Delegates from all over the province attended. Great enthusiasm prevailed. Many resolutions were passed at the Conference. The Madura Co-operative Milk Supply Union invited the next Conference to Madura. The Executive Committee of the Union resolved to hold the 26th Provincial Co-operative Conference in Christmas and we hope it will be very successful.

(E) (i.) Co-operative Education and Training:

The Union, as usual, conducted the Co-operative Training Institutes examinations in March 1946. Particulars regarding the number of candidates that appeared and passed are given below:—

March 1946—Examination Results

Centre.	Appeared.	Passed in Class I.	Passed in Class II.
Coimbatore Co-operative Institute, Coimbatore...	58	10	36
Hood Co-operative Institute, Tanjore ...	67	1	35
Royalaseema Co-operative Institute, Anantapur ...	39	4	30
Ramdas Co-operative Institute, Rajahmundry ..	33	1	21
Supplemental candidates in all the above Institutes	46	...	13

(ii) Panchayatdars' Training Classes:

As usual, the Local Government gave a grant of Rs. 15,800 to the Union to conduct Panchayatdars' Training Classes for three months during April, May and June utilising the services of the lecturers in the Institutes. We furnish below the number of centres for each Training Institute, the number of panchayatdars that attended and the number of societies whose panchayatdars were trained.

Name of the Institute.	Centres.	Attendance	No. of societies whose panchayatdars were trained.
Hood Co-operative Institute, Tanjore ...	12	389	248
Coimbatore Co-operative Institute, Ltd., Coimbatore ...	12	289	223
Ramdas Co-operative Institute, Rajahmundry...	12	379	201
Royalaseema Co-operative Institute, Anantapur ...	12	366	81
Total ...	48	1,423	753

(F) International Co-operators Day:

As usual, the International Co-operators Day was celebrated in the first week of November 1945. Mr. V. V. Giri, Bar-at-Law presided and prominent co-operators took part.

Funds.

The working of the Union for the year under review shows an income of Rs. 46,268 and an expenditure of Rs 41,495-11-0 showing a surplus of Rs. 4,772-5-0.

Popular Ministry.

The regime of Advisers Government has given place to that by a popular Congress Ministry. Sri V. V. Giri, who held the portfolio of Development (Co-operation) in the 1939 Ministry, has again been given the same portfolio. This augurs well for the Co-operative Movement. In Sri V. V. Giri, and in the Prime Minister and in all the Ministers, we have strong believers in the Co-operative Movement. The Ministry, under the able lead of the Premier, Sri T. Prakasam Pantulu, started well and is planning to utilise the Co-operative Movement in full for putting down black market in all directions, and for procurement and distribution. We hope Co-operators will rise to the occasion and spread the usefulness of the Movement to the masses.

Thanks.

The Union tenders its grateful thanks to the Madras Provincial Co-operative Bank for the generous grant of Rs. 7,500 and an additional grant of Rs. 8,000 for Panchayatdars' Training classes. The Union realises that its activities in various directions are largely dependent on the Bank's support.

It is gratifying to state that in response to our appeal for contribution many stores societies have sent contributions. The Union tenders its thanks to all those institutions and trusts that similar donations will be forthcoming next year from all kinds of member societies. In fact, a portion of the Common Good Fund of all Co-operative Institutions should be earmarked for Co-operative education and propaganda and given to the Provincial Co-operative Union.

The Union also tenders its grateful thanks to the Government of Madras for the support and encouragement they have given to the Madras Provincial Co-operative Union in diverse ways.

Our thanks are also due to the Registrar, Mr. W. R. S. Sathianadhan and the Joint Registrar, Mr. J. C. Ryan, and to the Additional Joint Registrar, Mr. K. Subrahmanyam Naidu, for the keen interest they have taken in the working of the Union and the advice they have readily given to the Union.

(Sd.) V. VIYYANNA,

General Secretary.

" T. NARAYANA PILLAI,

" P. S. GURUVA REDDI,

Joint Secretaries.

AUDIT REVIEW

BY

SRI M. PUBALARAYAN, B.A., B.COM.,
Deputy Registrar of Co-operative Societies, Madras.

ON THE ACCOUNTS OF

The Madras Provincial Co-operative Union No. 1130.
for the year ended 30th June 1946.

The accounts of the Madras Provincial Co-operative Union for the year ended 30th June 1946, as audited by Sri M. Lakshminarayanawami, Senior Inspector of Co-operative Societies, Madras, are passed. The statements of receipts and charges, funds available and obligations to be fulfilled and income and expenditure accounts as furnished by him are appended.

2. Membership:—The number of members as on 30th June 1946 was—

Name of the institution.	As on 30-6-45.	As on 30-6-46.
1. Provincial Institutions ...	7	7
2. Central Banks ...	31	31
3. Language Federations ...	2	2
4. Urban Banks ...	120	121
5. Audit Unions ...	1	1
6. Land Mortgage Banks ...	50	53
7. Local Supervising Unions ...	170	171
8. Training Institutes ...	4	4
9. Honorary Members ...	15	15
10. Non-credit societies:—	176	181
(a) Stores ...	11	12
(b) (i) Marketing Societies		
(ii) Loan and Sale Societies ...	21	21
(iii) Weavers' Societies ...	8	10
(iv) Milk Supply Unions and Societies ...	4	4
(v) Building Societies and Banks ...	8	7
(vi) Agricultural Societies ...	8	8
(vii) Other Societies ...	1	1
	637	649

3. Funds:—The Funds of the Union are composed mainly of:—

- Contribution from member societies.
- Subscription to "the Madras Journal of Co-operation."
- Subsidies and other miscellaneous receipts.

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The demand, collection, and balance statements for items (i) and (ii) are given below:—

	Demand	Collection	Balance	Advance Collection
	Rs.	Rs.	Rs.	Rs.
Contribution ...	7,580	6,625	955	31
Subscription ...	2,593	1,891	702	49

4. Activities of the Union:—

(a) *The Madras Journal of Co-operation*:—The Journal was published every month. The cost of publication amounted to Rs. 3,388. Against this Rs. 7,191 was realised by subscription and contribution.

(b) *Library*:—The value of the books on hand amounted to Rs. 2,820.

(c) *Subsidies*:—Journals were published in the vernacular languages. Subsidies paid to the Institutions are noted below:

	Rs.
1. Tamil Nadu Co-operative Federation...	1,000
2. Andhra Sahakara Sammelanam ...	1,000
3. Malabar District Co-operative Central Bank ...	250
4. South Kanara Central Bank ...	250

Panchayat Training Classes:—A sum of Rs. 23,800 was received as subsidy (Rs. 15,800 from the Government and Rs. 8,000 from the M.P.C. Bank); out of which Rs. 24,800 (including balance of Rs. 1,000 of last year) was distributed to various institutions towards conduct of the training classes for Panchayatdars.

Meetings:—One meeting of the General Body was held in the year. One Board meeting and two Executive Committee meetings were held in the year.

Miscellaneous:—Institutes—The training classes of Supervisors were conducted in the four training Institutes at Tanjore, Coimbatore, Anantapur and Rajahmundry. The Union received a sum of Rs. 2,310 by way of examination fees, etc., against an expenditure of Rs. 975.

(Sd.) M. PUBALARAYAN,
Deputy Registrar.

The Madras Provincial Co-operative Union, 1945-46. STATEMENT No. I—Receipts and Disbursements for the year ending 30th June 1946.

RECEIPTS.	Rs.	A.	DISBURSEMENTS.	Rs.	A.
Provident fund for staff	183	12	Provident fund for staff	351	12
Security deposit from staff	5	3	Establishment and contingencies (for details see statement No. III.)	14,788	10
Miscellaneous income	19,772	7	Amount written off	50	0
Government contribution for Panchayatdars' training classes	15,800	0	Examination fees spent	975	6
M. P. C. Bank grant for Panchayatdars training classes	8,000	0	Contribution to training institutes	24,800	0
Library grant	150	0	Donation to Pachaiyappa's College	100	0
Examination fees collected	2,310	4	Adjusting Heads:		
Adjusting Heads:			Due to society	11,242	11
Due to society	6,925	0	Due by society	784	7
Due by society	5,017	7	P. F. invested in Bank	183	12
P. F. amount withdrawn from Bank	351	12	Security deposit of staff invested in Bank	5	3
M. P. C. Bank current account	56,583	9	Library books purchased	568	1
			M. P. C. Bank current account	61,249	8
Grand total ...	1,15,099	6	Grand total ...	1,15,099	6

19th January 1947.

ADDRESS BY

ADDRESS BY
SRI DEWAN BAHADUR C. S. RATNASABAPATHI MUDALIAR, C.B.E.,
(President, Madras Co-operative Central Land Mortgage Bank, Ltd.)

It gives me great pleasure to welcome you all to this, the 17th Conference of Land Mortgage Banks. On behalf of the Board of Directors of the Central Land Mortgage Bank and the representatives of Land Mortgage Banks assembled here, I extend a hearty welcome to the Hon'ble Mr. Giri, who has, after a lapse of several years, taken up again the administration of the portfolio of Co-operation. It will be of interest to recall that, during his tenure of office in the last Ministry, Mr. Giri constituted the Vijayaraghavachariar Committee on Co-operation with a view to reorient the Co-operative Movement and give it a new turn to shape the economic life of the rural population. The Committee had made several valuable recommendations, especially in regard to the necessary legislation to be passed to facilitate speedy disposal of loan applications in Land Mortgage Banks. Now, that Mr. Giri has again taken up the administration of Co-operation, I hope he will bestow his attention on these important recommendations and pass necessary legislation giving effect to their recommendations.

During the war, great hopes have been raised in the minds of the people that, on the termination of the war, momentous changes in the economic life of the masses will follow. Popular Governments, which are holding the reins of administration both in the Centre and the Provinces, will, I hope, do their very best to improve the standard of living of the people.

It is a matter for gratification that the Central Land Mortgage Bank has been able to float its last series of debentures at 2½ per cent., which is the lowest rate at which it has ever borrowed. This Bank has all along been able to borrow in the market more or less at the same rate as that offered by the Government for their loans. This has been possible because of the credit enjoyed by the Bank and because of the Government fully guaranteeing the debentures of our Bank. I take this opportunity of thanking the Government for complying with our request though, partially, by enhancing

STATEMENT No. II—Liabilities and Assets.

Obligations to be fulfilled.	At the end of the year.	At the beginning of the year.	Funds available.	At the end of the year.	At the beginning of the year.
LIABILITIES.	Rs. A.	Rs. A.	ASSETS.	Rs. A.	Rs. A.
Provident fund for staff	812 2	980 2	M. P. C. Bank current a/c	25,414 15	20,749 0
Security deposits from staff	266 5	261 2	'Xian Central Bank	224 7	224 7
Share capital	105 10	105 10	Co-operative Fire and General		
Adjusting heads	5,114 3	881 3	Insurance Society, Ltd.,	100 0	100 0
Reserve for items to be			T. U. C. S. Ltd.,	24 1	24 1
adjusted in 1946-47	384 10	...	C. C. P. Works, Ltd.,	1,000 0	1,000 0
			Security deposit of staff	266 5	261 2
			P. F. deposit of staff	1,722 0	1,890 0
			Dividend	2 2	3 9
			Mis. receipts: P. F. refunded to		
			Mr. K. Bhashyam, Union's		
			contribution taken to profits		
			in the year 1946-47	24 12	...
			Value of furniture and equip-		
			ments less depreciation	1,241 0	1,379 0
			Publications taken to stock	212 0	...
			Magic lantern and slides	925 0	1,028 0
			Library	2,820 0	2,400 0
			Propaganda materials	73 0	81 0
			Adjusting heads	5,018 1	700 6
Total Liabilities	6,682 14	2,228 1	Total	39,067 11	29,840 9
Net difference between	...	...			
Assets and Liabilities	* 32,384 13	27,612 8			

* Previous year's surplus
This year's surplus

...	Rs.	27,612 8 0
...	"	4,772 5 0
...	"	32,384 13 0

STATEMENT No. III—Income and Expenditure.

INCOME.	Rs. A.	EXPENDITURE.	Rs. A.
Dividend from C. C. P. Works	62 8	Establishment charges	3,218 3
Interest on current account	68 0	Contingencies	130 13
Bank Commission	0 6	Postage (Office)	517 1
Annual contribution	5,206 4	Stationery	235 5
Do. Arrears	1,395 0	Rent	360 0
M. J. C. Subscription	1,057 0	Repairs	89 7
Do. Arrears	105 0	Telephone charges	186 6
Sale of Journal copies	17 8	Printing charges (Office)	221 10
Advertisement charges received	146 8	M. J. C. Printing	970 12
Postage recovered	4 3	Do. paper	1,734 7
Sale of other publications:		Honorarium to Editor	360 0
Market intelligence	84 1	Blocks and contingencies	29 12
Post-war report	192 0	M. J. C. postage	293 3
Syllabus copies	19 8	T. A. for E. C. Meetings	178 1
Consumers' Co-operation	264 0	T. A. for Board do.	1,033 3
Co-operative Wholesales	703 4	T. A. for producers do.	44 2
Co-operative Societies Act	1,225 14	T. A. for consumers do.	182 10
Sadhyana (Tamil drama)	1 0	T. A. for education do.	42 6
M. P. C. Bank and general grants	7,530 0	T. A. for other do.	234 10
Paper taken from stock	268 0	Miscellaneous payments	192 8
Postage recovered (Mis.)	211 8	Bank charges	12 6
Miscellaneous receipts	90 4	Other Publications:	
Milk supply conference	261 0	Co-operative Wholesales	624 13
Carried over	18,912 12	Carried over	10,891 10

the guarantee from 350 to 400 lakhs. Though the Bank has been able to borrow at as low a rate of interest as $2\frac{1}{2}$ per cent, it has not been able to appreciably reduce the rate of interest to the agriculturist as, under the orders of the Government, a margin of 3 per cent has to be maintained between the borrowing and lending rates. This high margin was fixed by the Government in order that the Bank may rapidly build its reserves and enable the Government to withdraw their guarantee. However much the Bank may build up its reserves, it will not be able to borrow at the same rate as the Government when the guarantee is withdrawn. If the benefits of cheap money are to percolate to agriculture, it is necessary that Government guarantee of the debentures should be a permanent feature. Seventeen years of this Bank's working has proved that the Bank's transactions are absolutely safe and that the Government's guarantee is only technical and does not really affect the Government's credit in any way. The recent announcement of the Government of India, in connection with the introduction of the Industrial Finance Corporation Bill, clearly shows how much importance the Government of India attach to making cheap money available to the Industries. The Government of India propose to guarantee the bonds and debentures of the Corporation as well as the share capital. When the Government come forward with such help to highly organised industries, it is hardly necessary for me to emphasise the need for such a policy in the case of the least organised but the largest and the most important industry of the country, namely agriculture.

Cheap credit is an indispensable factor in any scheme designed to improve agriculture. Competent authorities have, from time to time, stressed the need for making long-term loans available to agriculturists at low rates of interest. In countries like the United States, United Kingdom, Union of South Africa, Australia and New Zealand, Governments have made it possible to make credit available to the agriculturists at rates ranging from $3\frac{1}{2}$ to $4\frac{1}{2}$ per cent., by subsidising the institutions designed for the purpose. The Agricultural Finance Sub-Committee appointed by the Government of India recommended that long-term finance to agriculture in India should be made available at a rate not exceeding 4 per cent., the Government subsidising the Land Mortgage Banks for the purpose. The Rayalaseema Co-operative Enquiry Committee, presided over by Sir N. Gopalaswamy Ayyangar, has also recommended that the ultimate borrower should get his long-term finance at not more than 4 per cent. Repeated representations have been made on behalf of Land Mortgage Banks to the Government on the need for

reducing the margin between borrowing and lending rates from 3 to 2 per cent. Having regard to the weighty opinions expressed by the Committees, who considered the subject and the practice obtaining in other countries, it is hoped Government would pass early orders acceding to our request. This, however, would not fully meet the recommendations of the Committees which have suggested a maximum of 4 per cent., as the proper rate of interest to be charged. To implement this recommendation, Government may subsidise Land Mortgage Banks as is being done in England and the United States.

I am glad to report to the Conference that, during the last co-operative year, there has been a marked improvement in the business of the bank, loans disbursed have recorded an increase from Rs. 24.77 lakhs in the previous year to Rs. 42.78 lakhs. The number of applications received in the primary banks has considerably increased from 7,700 to 10,322. This clearly shows that there is great demand for long-term institutional credit in rural parts. We have at present 119 Land Mortgage Banks covering 161 taluks. The Vijayaraghavachariar Committee on Co-operation has recommended that the entire Province should be served by a network of 200 Land Mortgage Banks. Since the beginning of the war no new Land Mortgage Bank has been started. In order to meet the needs of the agriculturists of unrepresented areas, it is necessary that new banks should be started expeditiously. Representations have already been made on the point and, it is hoped, they would receive their early attention.

In many areas of the Province large tracts cannot have the benefits of long-term institutional mortgage credit, as they consist of unsurveyed zamin or mita lands. Before any institution can start lending operations in such areas, the lands should be got surveyed and settled. The needs of the ryots in these areas are great, as the rates of interest obtaining there are higher due to want of banking facilities. On a reference made to the Government, they have stated that the ryots may apply to the Collectors for a survey of the estates in accordance with the provisions of section 164 of the Estates Land Act, which provides that survey may be undertaken on payment of such amount as the Government may fix for meeting the expenses of survey and settlement. It is too much to expect the ryots to pay for survey of the lands, especially when the ryotwari ryots were not called upon to meet such cost. This is not a matter which could be lightly brushed aside and requires the careful consideration of the Government, as it is a matter vitally affecting the economic interests of the agricultural population of those areas. This should be taken up by Government as an urgent

would, however, urge upon the representatives of Land Mortgage Banks, the great need for expediting the disposal of loan applications, as delays would frustrate the purpose for which these banks have been brought into existence.

The Rayalaseema Co-operative Enquiry, Committee, presided over by Sir N. Gopalaswami Ayyangar has recommended that in that area primary land mortgage banks should be abolished and that loans may be issued by the Central Land Mortgage Bank direct to the borrowers who are members of co-operative credit societies. This suggestion seems to have been based on the assumption that once primary Land Mortgage Banks are abolished, the margin of one per cent. at present retained by them can be saved and the ultimate borrower benefited to that extent. Even if the primary banks are abolished and the village co-operative societies entrusted with their work, they will have to be compensated for the extra service demanded of them, not to speak of their suitability or otherwise on account of their composition and structure. Besides the report does not fasten any financial responsibility on the substitute societies suggested as an alternative. The technique developed in land mortgage banking cannot easily lend itself to be adopted by the ordinary credit societies as they are functioning at present. Primary Banks are discharging very important functions at present and are designed to serve the special purpose for which they were created. In the United States, great importance is attached to institutions analogous to our primary banks and loans issued through National Farm Loan Associations are charged half a per cent. less than loans issued directly by the Federal Land Banks. The scheme of land mortgage banking in our Province has been based on the primary banks and, if any change is to be effected, it should be after a thorough and mature examination of the alternative suggested.

Before closing, I wish to make a reference to a matter on which we have been making repeated representations to the Government, viz., the cost of the Government staff. The Central Land Mortgage Bank has to pay a sum of about Rs. 1 lakh to Government under this head this year. There is bound to be a marked increase in this item of expenditure in the coming years, consequent on the rise in the scales of pay of these officers. The Bank is meeting the full cost of the three Deputy Registrars. The Vijiaraghavachari Committee on Co-operation, as well as the Gopalaswami Ayyangar Committee, have recommended abolition of the posts of these officers and getting their work done by the District Deputy Registrars. These Committees should have come to this

conclusion on the basis that the work now done by them is on a par with the work done by the other officers of the Department in respect of other types of societies. In fact, to look after the work of Weavers' Co-operative Societies, there is a special Deputy Registrar and Government have sanctioned the post of an additional Joint Registrar and a number of Co-operative Sub-Registrars to look after the work of the Stores Societies. Neither of these organisations is asked to bear any portion of their cost. But, I fail to see why Land Mortgage Banks alone are being called upon to pay for these officers. If the Government chose to entrust this work to separate officers rather than to the District Deputy Registrars, it is, presumably, due to administrative convenience and efficient discharge of their duties. It is neither fair nor reasonable that the Bank should be made to pay, because separate officers have been appointed for this work. After all, compared to the total amount of Rs. 57 lakhs that the Government are incurring on the Co-operative Department, the amount spent on this particular staff is small, though it is bound to be felt as a heavy burden if imposed on the Bank.

I have attempted to put before you the foregoing suggestions in the hope that the Hon'ble Mr. Giri, Minister for Co-operation, who is here with us to follow the discussions on these matters, will assess for himself the strength of feeling behind them, which must enable him to come to satisfactory decisions on the several matters that come up before him for decision. I thank him for the interest he has taken in coming here to initiate our proceedings and request him to open the Conference.

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item in the rehabilitation of agriculture. I hope that the matter would receive adequate attention at the hands of the Government.

The working of the primary banks in the last year has on the whole been satisfactory. The increase in the cost of living has made it necessary for the banks to revise the pay and dearness allowances paid to their staff. This has increased their establishment charges to some extent and this has adversely reacted on the slender resources of these banks. An examination of the establishment and contingent charges incurred in several banks revealed that there is no uniform policy in the number of paid staff or the amount spent on contingencies. It appeared to me that at least in some of the banks there is need to cut down expenditure under these heads. Otherwise, it may result in many more banks working at a loss. Suggestions have been made from time to time that the Central Land Mortgage Bank should scrutinise and control the budgets of primary banks. I have always been of the opinion that primary banks, as autonomous institutions, can well be trusted to set down for themselves the necessary restrictions on their expenditure. The representatives of primary banks assembled here can deliberate and arrive at conclusions as to the staff necessary for a bank having due regard to its transactions and volume of work.

At the instance of the Reserve Bank of India, the Government appointed Mr. B. V. Narayanaswami Naidu to investigate and report on the position of agricultural indebtedness which, it was thought, had been considerably wiped out as a result of the rise in the price of agricultural produce. His report has revealed that there has not been any appreciable reduction in the volume of rural indebtedness. He has assessed the total debt in 1939 and 1945 at Rs. 271.91 crores and Rs. 217.71 crores, respectively. The report gives valuable information and figures gathered by the learned Doctor who has made several suggestions to wipe off the heavy indebtedness in the Province and rehabilitate the condition of the agriculturist in the Province. Suggestions have been made as to the ways and means by which the necessary finance running into several crores may be found for putting agriculture on a remunerative basis. The Doctor has suggested that such improvements should be financed by the Government free of interest. I commend them for the earnest consideration of the Government, as production of food grains is a matter affecting the lives of our people.

However I am sorry I have to differ from him in regard to the suggestion made by him to abolish the present

system of Co-operative Land Mortgage Banks, the Government themselves issuing long-term loans through the Co-operative Department. Three reasons have been mentioned for this conclusion: (1) that the existing system cannot find the necessary finance to meet the demands of the agriculturists; (2) that it will be a wrong policy for the Government to supply funds and allow Co-operative Land Mortgage Banks to exercise the powers of granting loans; and (3) the infinite delay in granting loans. If the Doctor intended to say that Co-operative Land Mortgage Banks cannot by themselves liquidate the entire agricultural indebtedness in the Province, I entirely agree with him because Land Mortgage Banks will have to primarily look to security and soundness of the assets and not all the indebted agriculturists can satisfy these requirements. But, if it was meant to say that the existing system of Land Mortgage Banks did not find the requisite capital to finance the requirements of agriculturists, who applied for loans or the machinery is defective in the manner suggested, I have to differ from him and say that no eligible application was turned down so far for want of funds.

I cannot subscribe to the view presented by Dr. Narayanaswami Naidu that Government should not utilise the existing machinery of Land Mortgage Banks to finance the agriculturists for schemes designed for their betterment. Where the circumstances necessitate, there is no reason why the Government should hesitate to make use of the existing machinery, which has experience of the rural conditions and work through their representatives.

I, however, agree with the Doctor that there is some delay in the issue of loans. This is constantly engaging our attention and everything possible is being done to minimise the delay. On an examination of the causes for these delays, it has been found that mostly they are due to non-production of the necessary documents to prove the title of the applicant. Owing to the backward nature of our rural people, the title-deeds and other documents of title to the property are not preserved. This is complicated by the peculiarities of Hindu law. Institutions like the Land Mortgage Banks which issue long-term loans cannot afford to ignore or pass over defects in title to the property mortgaged. Even if the Government undertake directly financing the agriculturist, as suggested, the difficulties must inevitably confront them and delays in the disposal of applications cannot altogether be avoided unless the Government are prepared to undertake legislation relegating the rights of all others in favour of the loans so issued. If such legal facilities are created, the Land Mortgage Banks themselves will be able to reduce these delays to the minimum, I

OPENING ADDRESS

BY

THE HON'BLE SRI V. V. GIRI, BAR.-AT-LAW,
Minister for Co-operation.

I am deeply thankful to my friends, Dewan Bahadur Ratnasabapathi Mudaliar and Mr. Ramamurti Pantulu, for inviting me to open this Conference. I readily accepted their invitation, as it gave me one more opportunity to renew my association with this Conference, which I had the privilege to inaugurate in 1937 and 1939. Conferences like these provide an occasion not only for the workers in the field to come together and exchange ideas but also for representatives of Government to acquire at first hand intimate knowledge of problems confronting the Co-operative movement. Your experience and expert advice have always been of great help to me in the past in dealing with the many problems that came up before me in regard to Land Mortgage Banks and I shall look forward to the same spirit of helpfulness in the future also.

On account of the war, many changes have been brought about in the economic life of our agriculturists. Great hopes were entertained in many quarters that the high prices of agricultural produce and land would help in wiping off the chronic indebtedness of the ryot. In order to ascertain the real position, Dr. B. V. Narayana-swamy Naidu was requested to make a survey of the situation and report to Government. His report has been received and is at present engaging the attention of the Government. To our great surprise, it has revealed that, despite the high prices that prevailed for agricultural commodities, the total agricultural indebtedness has not shown any marked reduction except in the case of big landlords who had good surplus produce for sale. So far as the average agriculturist is concerned, the problem seems to stubbornly persist though its incidence is not generally as severe.

This problem of indebtedness can successfully be tackled when, among other things the pressure, on land has been eased and when we are able to find employment in industries to the surplus population at present dependent on agriculture. At the same time, we have to concentrate our attention in increasing production from land by a vigorous campaign for increasing the acreage and adopting improved methods of cultivation, preventing soil-erosion and conservation and improvement of soil. The Government are giving their earnest attention to these and other allied problems and, in

CONFERENCES

any scheme for financial rehabilitation of the agriculturist, co-operative organisations have an important part to play. Land Mortgage Banks were organised to reduce the burden of debt on the agriculturist and to help him in other ways to increase the productive capacity of the land. In the Western Countries, land banks have played a great part in developing agriculture by providing necessary finance for permanent improvements to the land. I understand that the demand for loans for improvement of land is not very appreciable, and that, that accounts for the low percentage of loans issued for that purpose. Centuries of foreign rule in our country had bred a sense of helplessness and dependence on external help for everything they need.

Our people have lost the necessary initiative and look to the Government for inaugurating any small scheme for the common good of a village or even a section of a village when they could easily have accomplished them by mutual co-operation. There must be a complete change in the outlook of our villagers if we are to bring about a marked improvement in their economic condition. While Government have to initiate and execute large works involving heavy expenditure for the good of the people at large, people themselves have to prepare and execute small works which go a long way in helping them to realise a better return from their lands. As Co-operators, I feel, it is your duty to educate the people to make themselves self-reliant instead of looking to the Government for every small thing and losing precious time and income. The several irrigation schemes that the Government have taken on hand will bear fruit only when the agriculturists of these areas co-operate amongst themselves and execute such of the minor works which are found necessary for the efficient cultivation of their lands.

The Government recognise the importance of making institutional credit available to all agriculturists in any scheme for reconstruction of agriculture. Various suggestions have been made with a view to placing the agriculturists on a surplus economy basis. Several Committees have considered this subject and made various recommendations. The Government are carefully studying them and will formulate concrete proposals after satisfying themselves about their feasibility. The President has made a reference to the need for expansion of land mortgage credit to areas not hitherto covered. In 1939, the Government had an idea of extending the benefits of Land Mortgage Banking to the unrepresented parts of the Presidency. The war had prevented the execution of that programme. I find from your reports that, during the war for two

or three years there was a severe fall in your business. The tide seems to have turned and there are more applications for loans forthcoming now. The time has, therefore, come for bringing in new areas into the fold of Land Mortgage Banks. I assure you, Gentlemen, that the Government will give necessary sanction for the organisation of new Land Mortgage Banks in unrepresented areas wherever the need is felt. As regards survey of unsurveyed zamin lands referred to in the welcome address, I agree that, for the successful working of land credit institutions, survey and settlement of land in their areas is absolutely necessary. Your representations in this behalf will receive the most sympathetic consideration of the Government.

I am happy to learn that the Bank has been able to float its debentures at the same rate of interest as the Government, namely 2¾ per cent. When Government undertook to guarantee the debentures of the Central Land Mortgage Bank, the one reason which weighed most with them was that otherwise the bank will have to pay higher rates of interest. The Financial Advisers of the Government have been urging on them the need to limit the guarantee with a view ultimately to withdraw from the field. I congratulate the managements of the Central and Primary Land Mortgage Banks on the able manner in which they have conducted the affairs of the banks all these years. I am inclined to agree with the view expressed that the Government's guarantee of the debentures is merely technical and the possibilities of their being called up to make good the guarantee are remote. I am aware that the Government of India propose to guarantee the share capital and bonds of the Industrial Finance Corporation which they propose to float. This Corporation is a pioneer organisation to find necessary long-term finance for heavy nation-building industries. Agriculture, no doubt, occupies the prime place in our economy but industries are equally vital for the economic well-being of the masses. If Government find that guarantee of debentures is absolutely necessary for reviving the agricultural industry at a high level of efficiency they will not hesitate to take appropriate action. At the same time I must revert back to my suggestion that as a co-operative institution you should so arrange your business that you can do away with all manner of Governmental help in the minimum time possible. The representations made on behalf of your Banks to permit a reduction in the margin between borrowing and lending rates and to bear the entire cost of Government staff employed for Land Mortgage Bank work with a view to lowering the lending rate, are receiving the sympathetic attention of the Government. The Government are already bearing one-half

of the cost of Co-operative Sub-Registrars. Consistent with their responsibilities to the general taxpayer, the Government are always willing to help the Co-operative institutions. The matter is being closely examined and I hope you do not expect me to say anything more at present.

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I have great pleasure in declaring this Conference open.

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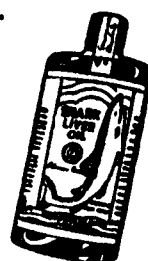




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Edited by Sri R. Suryanarayana Rao, B.A., M.L.O., and published by
Sri V. Viyyanna, B.A., B.L., at M. P. C. Bank Buildings, Esplanade, Madras.
Printed by Sri R. Krishnamachari, B.A., at the Central Co-operative Printing
Works, Ltd., 1/17, Mount Road, Madras. Q. H. MS. 230—1,400—20-1-47.