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# The Madras Journal of Co-operation

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EACH FOR ALL AND ALL FOR EACH

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

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No. 4, Vol. XXXIX

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## The Shape of Things.

### Bombay Leads:

Bombay took the lead in tackling the housing problem much earlier than Madras and had set up a Provincial Housing Advisory Committee. It is understood the Housing Advisory Committee submitted recommendations concerning assistance to co-operative housing societies which have since been accepted. Co-operative housing societies constructing tenements consisting of two living rooms and a kitchen with other amenities or of a smaller size will be entitled to loans at 3 per cent or half per cent less than the rate at which the Government borrow, whichever is higher. These loans may be to the extent of 75 per cent of the value of the land and building in the case of tenant co-partnership societies and to the extent of 60 per cent in the case of other societies. Societies undertaking building of tenements of higher standards will be entitled to loans to the extent of 50 per cent of the value of the land and buildings but the rate of interest will be half per cent higher than the bank rate, provided the bank rate is not lower than the rate at which the Government themselves borrowed on the last occasion when giving loans. In all cases the period of repayment is fixed at 25 years,

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The Madras Provincial Housing Committee, it is learnt, has almost concluded its labours and its report is being drafted. We hope the Committee's recommendations in regard to assistance to housing schemes built by the housing societies or public bodies will be liberal so that the housing problem in this province which is equally serious may be satisfactorily solved in the near future. The recommendations of the Bombay Housing Advisory Committee must afford sufficient guidance in regard to assistance to co-operative housing societies.

### Rural Co-operation:

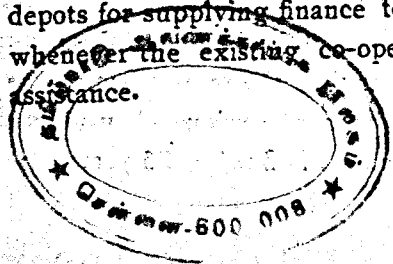
While Madras is still confabulating on the recommendations of what is known as the Saraiya Committee, Bombay has not been slow in giving effect to some of the main recommendations. We shall deal with a few of the various steps taken by Bombay so that Madras may also move in the matter without further delay.

It may be remembered the Gadgil Committee on Agricultural Finance recommended the setting up of an Agricultural Credit Corporation to finance agriculture. This subject was also discussed at length in the All-India Co-operative Conference and the Registrars' Conference at Madras. The consensus of opinion was against the proposal. However, the Government of Bombay referred the subject to a committee presided over by Sir Manilal Nanavati. The report of the Nanavati Committee deals with the problem of finance very exhaustively and in all its aspects. The problem of rural finance has been rendered acute in Bombay by the introduction of the Agricultural Debtors' Act and the licensing and control of operations of money-lenders. These measures had the immediate effect of causing shrinkage in the availability of finance from village money-lenders. So the Government of Bombay have issued instructions to Collectors to advance *Tskavi* loans and to start grain depots for supplying finance to the rural population wherever and whenever the existing co-operative societies are unable to give assistance.

Another direction in which Bombay has taken the lead is in regard to measures to increase the percentage of rural population within the co-operative fold. It is 7.5 per cent at present. The Saraiya Committee recommended the target of 30 per cent. To achieve this target, the Bombay Government consider it necessary that the existing uneconomic units should be strengthened with the facility of amalgamation provided for in the Bombay Co-operative Societies Act. The existing societies can also be turned into economic units by converting them into multi-purpose societies. The Government undertake to assist multi-purpose societies to the extent of Rs. 150 per year for each, or half the cost of management and propaganda, whichever is less. They have also fixed the target for multi-purpose societies at 60 per cent of total societies as against 30 per cent for the credit societies and the period within which this target should be reached, is fixed at 15 years.

### Village Industries:

Industrial Co-operatives which have proved such a great success in China have attracted the attention of Co-operators all over the World. We too published some accounts of the same in the pages of this *Journal*. Bombay has always evinced keen interest in the development of industrial co-operatives. A Committee has been set up to formulate schemes for intensifying rural industrial re-organisation. In the tract which is liable to suffer famine twelve centres for village industries have been opened. Khadi production is also receiving attention and those trained in spinning are to receive subsidies to enable them to produce Khadi. The scheme is more modest than that attempted in Madras; but results are likely to be quick. The State-aid has been increased to co-operative societies of village craftsmen. A provision of Rs. 1 lakh has been made in the Budget for loans and subsidies to village craftsmen. These co-operative societies will receive Rs. 2,500 as subsidy and Rs. 2,500 as loan at 4 per cent repayable in six equal monthly instalments. As State-aid cannot but be meagre, the question of starting an Industrial



Co-operative Bank for the purpose of financing village industries is under active consideration.

### **Provincial Co-operative Council :**

While Madras has set up a separate Provincial Advisory Council to formulate plans for the development of the Movement and to advise Government in co-operative matters, Bombay has wisely decided to recognise the Executive Committee of the Provincial Co-operative Institute as the nucleus of such a Council to be suitably expanded to function as the Provincial Co-operative Council. We wish the same procedure had been adopted in Madras and thereby recognise the good work the Madras Provincial Co-operative Union has to its credit.

### **Licensed Warehouses :**

Bombay has introduced legislation for establishing licensed warehouses for the purpose of providing accommodation to the producers pending sale of produce. The Government of Bombay have also increased the amount of loan to co-operative marketing societies for the construction of godowns from Rs. 2,000 to Rs. 5,000 at  $3\frac{1}{2}$  per cent instead of 4 per cent. This is a step in the right direction. Madras too has often considered the need for legislation for establishing licensed warehouses but has given it up. Madras prefers to establish more marketing societies and assist them in constructing godowns. A time may come when legislation on the Bombay model may become necessary. Meanwhile, may we plead that liberal aid to marketing societies for the construction of godowns should be provided as Bombay has been doing. A move, and, that too, a bold move must be made to provide liberal subsidies and loans to marketing societies.

### **Supply of Manures :**

We understand the Government of Madras are anxious to utilise the Co-operatives for the distribution of manures, agricultural implements, etc., and have offered to give every encouragement for the

purpose. It is reported that facilities will also be provided to acquire manures such as ground-nut cake, agricultural implements, etc. While the Department is anxious to undertake distribution only, it does not favour procurement. In regard to food-grains, Co-operatives have also undertaken procurement besides distribution. We see no reason why the Co-operatives should fight shy of procurement as well. If, on account of the attitude of the Department, distribution as well is lost, the Co-operatives have every reason to complain that they have not been consulted before the Government's offer was rejected. We hope the Department will take the Movement into confidence and explain what exactly the offer of Government was and why it was not accepted.

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### **Integrated Plan of Development\***

BY THE HON. SRI K. CHANDRAMOULI,

*Minister for Local Administration, Government of Madras.*

I am very happy to welcome you to this Conference. It is a business Conference intended to decide on the ways and means of expanding and developing the Co-operative Movement in this Province. Therefore, it was considered necessary to make it as small as possible restricting invitations in such a manner as to give representation to each district, and to the important Provincial Co-operative Institutions. I hope that many more who could have been invited will not take it amiss, if it has not been possible to include them as well in this Conference. A great deal of co-operative thought was released only recently at Madras at the 7th All-India Co-operative Conference and the 15th Co-operative Registrars' Conference, and what is needed now is to give a concrete shape to some of the important decisions reached at these conferences, and to get a move on towards the development of the Co-operative Movement in this Province.

It has been the ideal of many people, Co-operators and non-Co-operators, Congressmen and non-Congressmen, that the economic life of this great country should be built on new foundations, preferably on the basis of Co-operation. The ideal of a Co-operative Commonwealth has been mooted in many quarters, and has received support from all those who have the well-being of the masses at heart. It is a great ideal, which, as practical men, we should admit cannot be attained in a day. But with the political independence which we acquired last month, progress towards this ideal can be quick and we shall be failing in our duty if we do not accelerate its pace and promote economic independence in the wake of Political Independence.

In a land of villages like India, economic independence has to be founded in the villages. Therefore it is that the agenda for this Conference is almost entirely framed with reference to the needs of the villages. There has been some controversy of late as to whether the co-operative unit in a village should be a rural Credit Society operating in the village or whether it should be a Rural Co-operative Bank operating over many villages. It will be your function to advise

\* Speech delivered inaugurating the Co-operative Conference.

which of the two organizations would be more suited for the promotion of the well-being of the largest number of the rural population; for, what is needed is not large institutions benefitting a few people but institutions benefitting many people.

On the non-credit side the co-operative unit dealing with villages is expected to engage in the supply of agricultural requisites like seeds, manures and implements and the sale of agricultural produce like food and commercial crops. It is also expected to help in the distribution of articles of consumption such as sugar, kerosene, matches, etc. It is generally agreed that all these functions should be discharged by the co-operative unit operating in the village although much dust has been raised over the question by the employment of the over-worked name "Multi-purpose Co-operative Society." The Madras system of making the Rural Co-operative Unit fit into the Mandy unit of the sale society or the wholesale unit of the co-operative store has found favour with the recent Conference of Registrars of Co-operative Societies and it will be the business of this Conference to concert measures for extending and improving the system expeditiously.

Cottage Industries provide occupation for a section of the population which is smaller in numbers only to the agricultural population of the country. They, therefore, deserve your next attention. One of the ways in which they could be promoted was indicated by the All-India Co-operative Planning Committee and by the Registrars' Conference as promotional agencies for suitable regions. In pursuance of this suggestion you are being asked to consider whether district organisations and a provincial organisation may not be set up for the purpose. Industries which have a survival value have alone been selected for attention in the initial stages and it will be the function of the organizations proposed to investigate into the prospects of each in their respective districts and to organise them into co-operative units wherever possible.

Both agriculturists and people engaged in cottage industries require a part-time occupation in which they can employ themselves profitably. Milk supply is one such profitable part-time occupation' and various schemes in this behalf are already under the consideration of Government. Your view on these schemes will be helpful to Government.

For urban areas, housing schemes and co-operative stores are widely acknowledged as being of permanent utility. Some problems connected with these are therefore placed before you for your advice.

Taking an overall view of the volume of work that lies ahead of us on the road towards a co-operative commonwealth, three important considerations arise. The first is the organisation of the co-operative department in such a manner as to equip it to cope successfully with the programme of expansion. There is no doubt that the co-operative movement is first and last a people's movement. Yet it will be admitted that when the State endeavours to push forward the progress of this popular movement the machinery which can do it should itself be strengthened, not to rule and direct but to help and foster. The department has grown considerably in recent years. It is now time that we consolidate its present strength, add to it wherever necessary and reconstitute it on a scientific basis separating, for instance, audit from administration, producers' societies from consumers' societies, etc.

The second overall consideration relates to co-operative education. Knowledge, they say, is power; and co-operative knowledge is co-operative power. Therefore, if co-operation is to develop on healthy and strong lines, workers in the field, both paid and honorary men, should be energised by a wealth of co-operative instruction and propaganda. Suggestions in this direction from the Conference will be welcomed.

The third overall consideration is the question of finance. Some of the items in the Agenda seek to involve Government on pretty large expenditure. I consider that where it is proved that the expenditure proposed is for the welfare of the masses, a popular Government should do its best to find money for the purpose. At the same time it cannot be forgotten that the co-operative movement is one founded on the principle of self-help and mutual help, and I hope that you will also help with your own funds wherever possible and to the extent feasible. With these few words, Gentlemen, I declare this Conference open.

## Co-operative Effort or Message of Co-operation.

BY S. KRISHNAIAH, B.A.,

*Secy., the Kurnool District Co-operative Central Bank, Ltd., Kurnool.*

With the transfer of power on August 15th, India has become a free country. It has been the proud privilege of the present generation to see the dawn of freedom in India. The means adopted by our leaders to attain freedom are unique in the history of the world in view of the fact, that our country is free to-day not because of the use of modern inventions of warfare like the atom bomb, etc., but because of the technique of non-violent non-co-operation. Attainment of political freedom is not an end in itself, but it is only a means to an end. What exactly is wanted by the common man is freedom from want, freedom from fear and freedom of expression. It is for the attainment of these three essential things that people have to co-operate with the Government.

For a common man political freedom is of minor importance as his position in life is not likely to be improved at least in the near future situated as we are. We are not also finding the same enthusiasm in the common man as we find it to-day among the middle class people. Political freedom when weighed with the necessities of life must keep an even balance. Otherwise it may collapse sooner or later. I have digressed slightly from the main subject just to make the public understand how far the present political freedom can be made use of to combat the various forces seen and unseen that are working in the country for improving the economic position of the people at large.

Co-operative effort has demonstrated its utility from time immemorial. An instance of co-operative effort is a chariot being dragged by a number of people. The construction of great dams in our country is an instance of co-operative effort. If we take a family as a unit, there cannot be harmony and peace in a family unless all members in the family co-operate. It will be a happy family if there is co-operation between husband and wife, father and son, brother and sisters. Individual ideas and expressions must necessarily subordinate to the ideas and expressions of the majority members of the family. Then only co-operative effort will demonstrate its usefulness as a powerful engine for bringing in happiness and prosperity. If we take the village as a unit there again we see

co-operative effort between different people. By custom or usage different people have taken to different avocations. Unless different people co-operate with each other, there will not be happiness in a village. The Brahmin, the merchant, the Kshatriya, the Sudra and other communities such as barber, and washerman, perform different functions. Unless one class of people co-operate with the other there is likely to be ruin and chaos in a village. If the Brahmin non-co-operates, marriages have to be performed without *mantrams*; if the merchant does not co-operate, we cannot get daily necessities of life; if the Kshatriya or the warrior class non-co-operates we are always in a state of perpetual fear of outside attack; if the Sudra non-co-operates, lands have to be kept without cultivation; if the barber non-co-operates we have to grow our beard; and if the washerman non-co-operates we have to keep our clothes dirty. Thus it can be seen that co-operative effort is existing in our every day life. Without co-operative effort there can be never harmony in day-to-day life. If we stretch our imagination a little we see that for the successful working of any institution there should be co-operative effort. If educational institutions are to be successful there should be co-operation between the teacher and the taught; if any industry is to be successful there should be co-operation between Capital and labour, and, lastly, if any Government is to be carried on successfully there should be co-operation between the State and the people. The causes for any kind of non-co-operation between one agency and another are varied and diverse according to the circumstances of each case. It may be that the pupil may not co-operate with the teacher, because he hates the teacher who sometimes tries to enforce strict discipline without actually understanding the psychology of the pupil. Capital and Labour are two incompatibles. Capital aims only at profit while labour aims at better wages and better conditions of life. The tussle between capital and labour comes in only in the distribution of excess profits. Capital is entitled for interest and dividend while labour is entitled for wages. The conflict comes only in the distribution of the excess profits. The capital considers that it is its monopoly while labour equally considers that it has a right for share in the profits. If capital recognizes labour as partners in the enterprise then the success of capital is assured. In other words co-operative effort will play a great part in narrowing the differences and conflict of ideologies.

Individual effort as opposed to co-operative effort is beset with several disadvantages. Sometimes it may so happen that individuals

may be victimised when they put forth their demands and thus get their enthusiasm damped. That is why the labour classes have of late organized themselves so that they may make collective bargaining. Collective bargaining has to a great extent succeeded in enhancing to some extent the wage level of employees in proportion to the increase in the level. Collective strike and threat of strike in case of employees have also to some extent determined the standards of remuneration. In our country Trade Unionism is still in its infancy. That is why labour power has not made great strides. Trade Union movement should not be made use of for political gains. It is only a movement of recent origin which has gained momentum on account of the awakening of consciousness among working classes with a view to bring about better standard of living. Whenever economic interests are involved there should not be any scope for communal or sectarian bickerings.

The capital which occupies a great place in industries must necessarily concede to the legitimate demands of the labour who should equally be reasonable and know when to concede and when to demand. The tussle between capital and labour can be solved by persuasive arguments and judicious compromises arrived at by discussion at a common table not as master and servant but as equals each understanding the view-point of the other.

Coming to State and its subjects we may say that no Government can be carried on successfully unless the Government has got at heart the welfare of the subjects. If the interest of the subjects are to be safeguarded the Government must be a popular Government representing all interests of the community. The people can ventilate their grievances only through their elected representatives. So there will be co-operation between the Government and the people only when the people actually feel that their interests are safeguarded through their representatives. We have different systems of Government in the world each with its own drawbacks. Democracy too is not free from certain defects. It is only a *via media* between Socialism and Fascism. Socialism aims at the expropriation of all private property and subordinate of individual profit to the profit of the community. Fascism aims at the hero worship of one individual at whose beck and call the community will have to be. Co-operative effort is less visible in Socialist State and Fascist State than it exists in a democratic State.

There is no sphere of economic activity to which co-operative effort cannot be applied. Production can be undertaken on large scale only by co-operative effort. Distribution can be done equitably only by co-operative effort. Consumption is also no exception to this.

The co-operative effort has been legalised by the Government of India in the year 1904 during the time of Lord Curzon, the then Viceroy of India. An Act called the Co-operative Societies Act was passed making provision for registration of credit societies. A co-operative society is usually defined as a voluntary association of individuals joined for the promotion of their economic interests in accordance with the co-operative principles. Selfless service is the motto of Co-operation. The cardinal principles of co-operation are thrift, self-help and mutual help. There is no element of compulsion in the co-operative effort as envisaged in the Act. That is why in the definition of a co-operative society it is stated that it is voluntary. It is further defined as an association of individuals. This implies that the membership of co-operative society is open to men of limited means and not for capitalists. The members should have common economic interests. The intention of the framers of the original Act was to finance agriculturists at cheap rates of interest, and that unlimited liability should be the basis. The Act was revised in the year 1912 making it more comprehensive so that societies may be started for purposes other than for providing credit basis and limited liability also.

In the initial stages societies were organised by the department with the help of the non-officials. The honest co-operator then believed that he is ushering into a millennium by the mere starting of a co-operative society. Quality was sacrificed to quantity. Too much of credence was given to privileges of members than for their duties. Facile credit was dangled at the door of the innocent agriculturist. This synchronised with the post-war period of World War No. I. Societies freely issued loans to the agriculturists and recoveries were also effected without much trouble.

After the economic depression set in the year 1931, the position of the agriculturists became miserable with the fall in the prices of agricultural commodities. Consequently, overdues swelled and the department had to take coercive action for recovery of dues. Thus the movement came to disrepute during the period of economic depression.

The World War No. II, though it had a devastating effect on the community at large as a whole, accelerated the improvement of societies, particularly in the recovery of long-standing overdues consequent in the steep rise in the prices of the agricultural commodities never known for past three decades except probably during the transition period of war-time economy to peace-time economy (1918-1920).

The provisions in the Act and rules limiting the payment of dividend and contribution of share capital by individual members are in contrast to those provisions in the rules of institutions registered under the Companies Act. With the introduction of Montague Chelmsford reforms, Co-operation became a transferred subject administered by Ministers responsible to the Legislature. The Imperial Act was modified then by the various Provincial Legislatures to suit the conditions of different provinces. The Government was obliged to change its policy towards the movement under the new reforms by appointing as Registrars European I.C.S. Officers, as they thought such a popular movement as Co-operation should not be in the hands of Indians. Every change in the personnel of the Registrar resulted in bringing in new schemes which have practically no bearing on the realities of rural life and local conditions. The changes that were made in the Provincial Acts were very radical as, throughout the Act, the department was in the picture and not the co-operative society. This gave scope for interference of officials in the day-to-day administration. The vexatious interference of the departmental people into the day-to-day administration began to be resented by the co-operators. That is why there has been a lot of agitation both in the Press and on the platform for deofficialising of the movement. It is indeed a paradox that attempts have been made for the increase of official control over the movement though political freedom was being granted by different stages. Tutelage and survivorship are no doubt essential in the initial stages and but not for eternity. The movement has been in existence for over four decades and yet it is not free from outside interference. Sooner the co-operative freedom is restored the better.

In spite of these handicaps legalised co-operative effort has made great strides during the last four decades particularly during the period of World War No. II. Co-operation in the initial stages democratised credit and whereas during the last war co-operation

democratised distribution. Let it be whether friend or foe of the movement, it must be admitted that the co-operative movement has been a potent factor in reducing the rates of interest charged to the agriculturists and particularly our province has got the unique distinction of having earned a name for low rates of interest charged to borrowers. The co-operative financial structure of our province has been cited as a model for other provinces for providing short-term and long-term money to the agriculturists. With the fall of Burma during the last war, the food situation in our country has become particularly very acute which resulted in the Government entrusting the distribution of essential commodities to the community through the agency of co-operative societies. With a view to check black-marketing, profiteering by the merchants, the Government having recognised the efficacy of the co-operative movement, entrusted the distribution of all articles, particularly the foodgrains, to these societies. The success of the co-operative stores societies which are of recent growth was far beyond the expectations of the co-operators and the Government.

Co-operative effort is neither a temporary phase nor a craze. It is pure and simple economics with the motto of each for all and all for each. How best are we going to use this co-operative effort under the changed circumstances? It is true that co-operative movement in our country had an unnatural growth in view of its being originally started in a legalised form by an alien Government. In spite of this the movement has given an opportunity to the people at large to demonstrate their ability to run Self Government. The success of the co-operative movement in our country is mostly attributable to the selfless and unostentatious efforts of honorary workers. Having obtained political freedom how best can we make use of the movement to the best advantage of the millions of agriculturists for whose benefit it was originally brought into existence? In spite of the British rule in our country for over 180 years, the position of the agriculturists remains unaltered. He still follows his primitive methods of agricultural operations. Agriculture is a deficit economy from the very beginning. That is why the Indian agriculturist is aptly described as being born in debt, lives in debt and dies in debt. How best can we make use of the political freedom through the agency of co-operative effort to improve the economic position of the agriculturists is a thing which should engage the attention of our new Government. Co-operative effort can be made use of to bring about an increase in the standard of living of not only agriculturists

and also those engaged in small industries. In this country we notice poverty amidst plenty. That is why there is always conflict of interests of the 'haves' and 'have-nots'. Co-operative effort has succeeded to a great extent in our country for establishing the necessary nexus between the haves and have-nots by pooling the surplus funds of the haves and making them available to those have-nots who are actually in need. We can bring about harmony between these two classes who are diametrically opposed only by precept and practice of co-operative ideology.

Co-operative movement as it exists is a non-political, non-sectarian and non-communal business organization. That is why we have among co-operators, people of different political creeds not only in this country but also in other countries. We have in England, Liberals, Tories, Conservatives, and Labour party people as co-operators. So also we have in our country as co-operators, Congressmen, Justices, Liberals, Communists, etc. Just as Death levels all, co-operative effort also levels all.

Though the co-operative movement has been in existence in our country for over four decades, it is a pity that the demand of the co-operators to have representatives in our Legislatures when necessary representation is existing for other interests has been a cry in wilderness. It is in the fitness of things for co-operators to organize a co-operative party and see their way to enter into the Legislature under the new constitution to safeguard the interests of 90 per cent of the population who live in villages and whose interests are more or less served by the co-operative movement. They will be the true representatives of the economic interests of Indian villages whose betterment and uplift has been the creed and occupation of co-operators.

Co-operative movement will gain momentum and thus increase the economic regeneration of the rural population under the new driving force of political freedom. It is also no wonder if our entire future national economy, namely, agriculture, trade, industries and transport may be built up on planning based on co-operation if only co-operators make headway in shaping the policy of our National Government. Planning is no doubt difficult. But implementation may be still more difficult. In these days of economic crisis in view and shortage of everything, namely, food, clothing and housing co-operative effort alone is likely to tide over the present economic crisis.

I had the privilege of serving the movement for the last 13 years in my own humble way. My association all these years with the movement has taught me one thing, namely, that even a mighty brain may remain barren unless the heart is filled with co-operative ideology and there is for India "no salvation without co-operation."

## The Future of Weavers' Co-operative Societies.

BY SRI V. V. RAMAN.

*President, The Pullampet Weavers' Co-op. Society, Ltd.*

1. The useful role the weavers' co-operative societies played during the war-time earned for them the sympathy of the general public and the patronage of the Government.

2. There were only 50,000 looms in the co-operative fold prior to December 1946. Thanks to the declared policy of the popular Ministry to enlist all the weavers in the co-operative societies, the number of weavers' co-operative societies have rapidly increased from 350 to 800 and to-day a lakh of working looms are in the co-operative structure. When we remember that there are about 5 lakhs of looms, some of which are bogus, we can safely assert that one-fourth of the handloom production is to-day canalised through weavers' co-operative societies. As such every month there is a production of rupees one crore worth of goods.

3. It is undoubtedly a fact that war-time scarcity of goods gave a great fillip for the prosperous growth of the weavers' co-operative societies. Now, in the post-war era, with Indian mills switching over to civilian needs and with free dumping of foreign goods the position is rapidly changing. Added to this, there is the prospect of the new mills bringing out their production in an year or two.

But even now we can see a rapid fall in the demand for handloom goods. The reasons are :

1. The inflated money is fast disappearing and the general public is hard up spending 90 per cent of their earnings on food-stuffs.

2. The public have developed a longing for mill cloth which they could not get sufficiently during war-time.

3. Middle classes are attracted by the imported fabrics, though costly, more as a change to variety from the monotony of wearing locally made fabrics.

4. The high prices of handloom goods are above the reach of the average person.

Even though on a conservative estimate the National Planning Committee hoped to provide for a 30 yds. per capita consumption of cloth, to-day the people are hardly using 10 yds. per head.

In these circumstances the weaver can exist only when he caters to the needs of the larger public, *i.e.*, the prices of handloom cloths must come down by at least 25 per cent and gradually to 50 per cent of the present prices. This cannot be achieved at the expense of the handloom worker who again must be assured of a living wage. What then is the solution?

Some thirty years ago the handloom weaver was working with the primitive throw shuttle and with the introduction of the fly shuttle, his output doubled and trebled. The time has now come when the weaver should adopt more improved methods of production and turn out more quantity per working day. Also the heavy overhead charges in preparatory processes should be brought down by adopting lengthier warps, warp beams, simultaneous warping and sizing and such other methods.

Working costs reduced, the next steps for effective marketing of handloom products are:—

1. Standardisation of production:—The handloom goods must be of a fixed standard ensuring fast colours, good texture and correct dimensions. In a word they must be 'Branded.'

2. Constant efforts to change the patterns to suit modern tastes and styles, should be made. In this respect Salem leads the rest of the Province.

3. Therefore the weavers' co-operative societies should lose no time in going ahead with the reorganisation plans.

## Co-operative Urban Banks.

### RUBS AND REDRESSES

*By the Secretary, the Melur Co-operative Urban Bank Ltd., Melur  
(Madura District.)*

The first and foremost need for an urban bank's development is the proper selection of Directors and office-bearers. Mere honesty alone won't do; some spirit of self-sacrifice, broad-mindedness, team spirit and co-operation form the essential qualifications required of them. Smooth running of the bank's routine; and substantial, gradual and solid development of the institution should be their aim. This is possible, only if the ever-doubtful investing public as well as the clique-creating, narrow-minded members (however influential and cultured they be) are eschewed from the Board. To be plain, this is the secret of the success of any co-operative bank (big or small) in its own way. Also, the administrative head, the president, should be a personage who is at once both strong-willed and yet easily accessible and noble.

Next comes the staff who should have of necessity more interests in the growth of the institution than the Directors themselves. Constituents must be given due regard. They must be attracted (by kind treatment) from preferring another bank in the same locality. In exercising great care while transacting business, the needs of the constituents must be attended to with alacrity and sincerity. "Loaning or lending should not be made easy" is a mere theory. In practice, deserving borrowers should be satisfactorily and honorably attended to. By official promptness even an insincere member may be corrected and encouraged further. Another noteworthy point is, the Secretary of the bank, whether a paid official or an honorary officer, should have no clerical labour to do, so that he may utilise his precious time for developing the bank.

Taking the business aspects one by one; some urban banks are in need of door-to-door canvassing to enhance their membership and share capital. This being the basis of the structure, its importance cannot be outweighed; only, the selection of members should be very very careful, (though the liability of the members of the bank is limited).

### Borrowings.

In so far as I have seen the flow of funds pour in more from non-members than from members; and it depends upon the bank's reputation of the President and his colleagues on the Board. The rate of interest offered should also be attractive.

### Loans.

This is the mainstay of a co-operative urban bank and mostly people join a co-operative credit society only for getting loans and not

at all for anything else. And yet in many banks this item of business is far below expectations for the following reasons :—

(a) a member seeks succour with a co-operative bank only after having exhausted his borrowing limit elsewhere ; and

(b) some go in for outside debts finding their borrowing limit in the bank as insufficient ;

These two sets become defaulters soon and get removed from membership.

(c) Really sincere members abide by the by-laws of the bank willingly, apply their loans to useful purposes and are improving day by day ; but such men are deplorably rare.

(d) In spite of the Pawn-broker's Bill, the Debt Relief Act and the like, needy men (either for want of prudence and calculation or impelled by the urgency of their needs) still go in for borrowing from the leech-like local moneylenders. Nothing but ignorance can be adduced as a reason for this. What they want is immediate payment of money—cheap or *otherwise*—they do not care and the period of repayment should be inordinately long.

#### Cash Credits.

Every member cannot be vested with this accommodation safely. Many do not want it also. Practically, the continuity mortgage system is very useful. Only those with rolling-money and who can afford to repay their loans within a year and take it back when again required ask for this. In big towns and cities such members belonging to the business class may be many and they can be encouraged with this kind of accommodation on the basis of C. M. Bonds liberally, leaving the I.M.B.P. to be fixed by the Board.

#### Jewel loans.

The amount of business turned out under this head, will be appreciable under the following conditions :—The bank must vie with the market and give the maximum percentage on the local market value as loan. There must be a separate assistant for this who has paid sufficient security to be the banks' appraiser of jewels, agreeing to shoulder the responsibility under fluctuations of the market. He must also be an adept in the art of dealing with the jewels. Some banks do have such facilities and they have done good business on jewels. Of course, one should boldly take the chances.

#### Loans on Produce and finished Goods.

This is again a bold step and yet an important item of every day banking business. Great care is, of course, necessary and constant check, scrutiny and supervision too. Still, if the members and the Board of management co-operate much business of this kind can be written, provided the bank is able to raise sufficient funds and is very watchful

to avoid risks. Here again there should be no limit for I.M.B.P. so as to attract businessmen into our fold.

#### Commercial Business.

Urban banks have taken up this as a routine and still they fall below comparison with joint stock banks for the following reasons :—

The joint stock banks are able to do this sort of business without much out of pocket expenses, as they find no need to make actual remittances to or fro. They finish the transactions by mere advices through their branches and the commission they charge on this score is therefore *only nominal*. The case is however different in the case of co-operative institutions as the Government have long back withdrawn the concessional or free remittance facilities originally granted to them. The commission charged by the co-operative banks is felt heavy by the constituents and they do not generally resort to us. Inasmuch as the jurisdiction of an urban bank is restricted to its suburbs, unless free remittance facilities are afforded again they cannot do this kind of business beyond complaints. Their surplus funds should also be freely allowed to be invested in other institutions wherever absolutely found necessary. Discounting of cheques is not practicable as the payees have to be account-holders of some standing and status, and as they have to furnish indemnity, two others signing as sureties.

In fine, I should like to give the following suggestions in the light of the above facts :

(1) The Deputy Registrar of each district should convene or arrange for Urban Banks' conferences now and then for exchange of views in the light of experiences.

(2) An annual Provincial Conference of the urban banks can be arranged for through the M. P. C. Union.

These two steps may enhance the zeal of interested co-operators in urban bank, so that they may each improve his institution comparing it with another. They may also come in touch with new (Modern Banking) business methods for adoption in their banks.

(3) The limit of I.M.B.P. for jewel loans may be raised from Rs. 500 to Rs. 1,000 or more preferably *No limit*.

(4) There need be no limit of I.M.B.P. at all for loans and produce and finished goods.

(5) The Government must be moved to afford again free remittance facilities.

(6) The official in charge of each urban bank should be given liberty to use his discretion in charging commission, as soon as free remittance facilities are re-afforded.

(7) Every Urban Bank should be compelled to have one current account with the Apex Bank at Madras to facilitate transactions through drafts and bills.

(8) Even if it were a loss to the drawee bank, it should allow payment of drafts on it free of commission in the interests of business and mutual consideration.

(9) Restriction of investments of surplus funds of urban banks in other banks may be relaxed.

(10) Discounting of cheques may be allowed upto a limit of Rs. 2,000 on the simple bond of the member alone, of course, at the discretion of the Board.

## Working of Societies.

### The Bellary Central Co-operative Stores, Ltd.

The Bellary Central Co-operative Stores was registered and started on its work on 26-6-1942. This is the sixth year of its working.

**Membership and share capital.**—The membership of the stores on 30-6-1947 consists of 83 co-operative societies and establishments and 811 individuals and its paid up share capital was Rs. 1,69,100.

**Finance.**—Its finances comprise its share capital, its reserves and borrowings from the Hospet Co-operative Central Bank. Its maximum credit limit under the by-laws is 10 lakhs, its paid up share capital and reserve fund which is Rs. 20,57,020. The Registrar of Co-operative Societies, Madras, was pleased to raise it to Rs. 30 lakhs as a special case in view of the district-wide procurement of foodgrains undertaken by our stores.

**Business.**—The stores is entrusted with district monopoly for whole-sale import and distribution of rice. In addition to this, it is the biggest wholesale distributor of all imports of millets, grams, and dhalls, sugar, kerosene, textiles and other controlled commodities. It is also dealing in brass and aluminiumware and other consumers' goods to a limited extent. Recently, the Central Stores has been appointed as the wholesaler in yarn for Kosigi, Yemmiganur and Rayadrug centres. It is also entrusted with district-wide procurement of foodgrains for the crop year 1946-47.

The Central Stores has seven branches at Rayadrug, Kottur, Alur, Adoni, Hospet, Siruguppa, Yemmiganur, besides its Head Office at Bellary and a net work of 33 *sub-depots* spread over the district to facilitate prompt distribution of foodgrains both in the rationed towns and in the villages where rural rationing is in force. During the year 1946-47 the stores purchased commodities to the value of Rs. 83,08,458 and effected sales to the extent of Rs. 99,03,531.

**Reserves.**—The Central Stores built up the following reserves out of its profits as per its audit report for the year 1945-46 :—

|                       | Rs.             |
|-----------------------|-----------------|
| (i) Statutory Reserve | 36,602          |
| (ii) Business Reserve | 83,739          |
| (iii) Other Reserves  | 20,208          |
|                       | <u>1,40,549</u> |

**Investments.**—The following are the investments as on 30-6-1947:—

|                                                                 | Rs.             |
|-----------------------------------------------------------------|-----------------|
| (i) Shares of the H. C. C. Bank                                 | 75,000          |
| (ii) do. Fire & General Insurance Co.                           | 1,000           |
| (iii) Reserve fund invested                                     |                 |
| (a) National Savings Certificates                               | 13,106          |
| (b) In the Central Bank                                         | 879             |
| (iv) Rice reserve invested in the National Savings Certificates | 16,915          |
|                                                                 | <u>1,06,900</u> |

**Procurement.**—Against targets of 48,000 bags of paddy and 129,000 bags of millets fixed by the Collector, Bellary, the Central Stores has so far procured 23,077 bags of paddy and 77,158 bags of millets. In addition to this, the village committees and other authorised retailers have procured 3,891 bags of paddy and 27,173 bags of millets for local requirements raising the total to 26,968 bags of paddy and 104,331 bags of millets.

Efforts are being continued to collect all surplus grains to the last ounce. With this object in view, it has been informally arranged that the Directors of the Central Stores, the Deputy Registrar and the Government staff for supervision of procurement work should initiate a procurement and anti-hoarding drive in company with the officers of the Revenue Department, visit villages, convene meetings of the ryots and bring home to them the imperative need to surrender all their surplus grain to meet the present food crisis. It is hoped that this method of procurement would go a long way in meeting the present food scarcity in the district. We are thankful to K. N. Anantaraman, Esq., I.C.S., Collector, for the encouragement he has been giving to our stores by giving us the monopoly of imports, district-wide procurement, textiles, etc. We are also thankful to the Government and the Registrar of Co-operative Societies, Madras, for having spared free of cost six senior inspectors and a Co-operative Sub-Registrar for supervision of procurement work.

We are glad to express that it is the proud privilege of our stores that the Hon'ble Minister for Industries and Information was its first President and that on the firm foundations laid by him, it has been able to make rapid strides in its business and has been of immense usefulness to the public.

Statement showing the progress of the B. C. C. Stores, Bellary.

| S. No. and item.         | 1942-43. | 1943-44.  | 1944-45.  | 1945-46.  | 1946-47.                             |
|--------------------------|----------|-----------|-----------|-----------|--------------------------------------|
|                          | Rs.      | Rs.       | Rs.       | Rs.       | Rs.                                  |
| 1. Membership            | 371      | 643       | 732       | 764       | 897                                  |
| 2. Paid up share capital | 28,950   | 52,900    | 1,27,059  | 1,52,350  | 1,69,100                             |
| 3. Purchases             | 1,75,536 | 20,73,830 | 39,63,814 | 51,02,523 | 83,08,458                            |
| 4. Sales                 | 1,42,112 | 18,99,585 | 42,64,605 | 52,51,784 | 99,03,531                            |
| 5. Profits (net)         | 3,365    | 24,907    | 63,110    | 73,963    | About Rs. 90,000 (audit in progress) |
| 6. Reserves              | 862      | 24,966    | 78,745    | 1,40,549  | do.                                  |

Annual Report for 1946-47 of the Chandrasekharapuram Co-operative Stores, Ltd. (Tanjore District)

It was with great pleasure that I read the second annual report of the above Stores kindly sent by the Secretary.

The peculiar conditions under which we live have belied many old prophecies. The Townsend Committee remarked that "there is no likelihood of their (stores) being established successfully in villages or even in small towns." This pessimistic statement has been given the go-bye by the above stores and many others are now working successfully in rural areas.

Chandrasekharapuram where the above stores is situated, is a village near Kumbakonam and the stores serves a population of about 20,000 people living in about 25 villages within a radius of five miles from the stores. Tanjore is a prosperous district and the average peasant in Tanjore is far more prosperous than an average peasant, say, in the Ceded Districts, and his economic capacity for purchasing things required by him is more.

Another misconception that a store is a sort of *Maligai* shop where we get rice, tamarind and chillies has also been explored by the successful working of this store which supplies over and above provisions and rationed articles like sugar, kerosene, etc., cloth, both handloom and mill-made, and consumer goods and stationery articles. Recently they have added the supply of brass vessels, cycles and cycle accessories also to their useful activities.

Compared with last year the membership has increased from 380 to 439 and the subscribed share-capital from Rs. 6,130 to Rs. 9,120. Sales have also increased from 1.25 lakhs to over Rs. 2 lakhs and the gross and net profit proportionately. The average daily sales have increased from Rs. 344 to Rs. 550.

It is not so much the actual work done as the prospect of further development that is very interesting. They have acted as a sale agent of local producers and they are contemplating to open oil and flour mills with a view to processing. To back up the whole scheme of development they want to start a rural bank in the locality and I understand that there has been encouraging response both with regard to membership and subscription of capital. It is hoped that the department will be pleased to allow the experiment of rural bank be tried wherever conditions are favourable as in this locality.

Another pleasing feature in the working of this stores is hearty co-operation of this primary with the district wholesale stores, the Secretary of the primary stores himself being elected as a Director of the District Stores.

Co-operators all over the Province will watch with interest the growth of this highly promising young store. We wish it all success.

S. K. Y.

Land Reclamation.\*

BY RAO SAHEB A. PALANIAPPA MUDALIAR.

I am very thankful to the Panchayatdars of the Alathur Land Reclamation Co-operative Society for the kind invitation they have extended to me to open the godown of the society. Alathur was the first centre selected for working the scheme of reclamation of lands commanded by the Cauvery-Mettur project and the Panchayatdars and members of the society deserve to be congratulated on the progress they have made and for the varied directions in which the society has been making itself useful to the villagers. The construction of the godown by the society, I am sure, will give a further fillip to its activities, particularly on the marketing side and I hope before long the society will have a building of its own.

2. The history of your society is indeed interesting reading. The society was started in 1911 and has on its rolls at present 318 members with a capital of Rs. 3,071. It is one of the 19 Land Reclamation Co-operative Societies which have undertaken reclamation work in the 22 villages under the scheme sanctioned by Government in 1944, whereby co-operative societies are utilised as one of the agencies for giving financial assistance to ryots for reclamation purposes and bringing more lands under cultivation in the Cauvery-Mettur project area. The total area of the ayacut in the Alathur village is 527 acres 50 cents, of which 488 acres 86 cents have been reclaimed so far leaving yet a balance of 38 acres 64 cents. The society has received assistance from the Central Bank, Tanjore, as well as from Government. A sum of Rs. 990 was advanced to the society for reclamation of lands during the year 1946-47 by Government. It obtained loans from the Central Bank for cultivation expenses to the extent of Rs. 26,000 during 1946-47 and a sum of Rs. 20,460 was outstanding at the end of the year. The society has also taken a loan of Rs. 15,000 from Government for the construction of a godown and it has been given a free grant of Rs. 1,500 for the same purpose. The godown, which is being opened to-day, will, I am sure, provide facilities to members to market their surplus agricultural produce. The members should be requested to hand over the produce raised on their lands to the society reserving for themselves such part of the grains as may be required for their domestic consumption and for seedlings. The society may advance loans on the pledge of produce. It may also arrange for the marketing of the produce through the nearest sale society. It should be the endeavour of the society that the produce of the members is sold to their best advantage. Your society has undertaken other activities, such as distribution of foodgrains, etc. It is learnt

\* Speech delivered on the occasion of the opening of the Alathur Co-operative Land Reclamation Society.

that there are proposals for the inclusion in the scheme of an extent of 73 acres in the commanded area in your village and for the provision of irrigation facilities. The Chief Engineer for Irrigation has agreed to the proposal if the society is prepared to lower the land by  $\frac{1}{2}$  to 1 foot and also excavate the field *boothie*. The excavation of the field *boothie* may benefit not only the 73 acres referred to but also an extent of 46 acres which are not properly irrigated at present. The whole extent of about 120 acres represent one compact block and the putting up of the field *boothie* will enable the ryots owning lands to cultivate the entire area with paddy. I understand that the ryots owning lands in the area are all members of the society and have agreed to lower the lands by taking reclamation loans from the society. The cost of excavating the field *boothie* is estimated to be about Rs. 200 and the society has agreed to meet the expenditure and recover it from the ryots who will be benefited under the scheme. The proposal is under consideration.

Your society has got over 10 villages in its area of operations with a population of nearly 10,000. There is, therefore, ample scope for expanding the business of the society and for catering to the agricultural needs of the villagers. You have a record of steady progress and, I hope, that in the fullness of time, your institution will be a centre of agricultural improvement in the villages served by it.

3. It may not be out of place in this connection to mention the progress made by other Land Reclamation Co-operative Societies in your district as these societies contain the germs of future agricultural development on co-operative lines and as they constitute a new feature of co-operative effort in the direction of co-operative farming and land development. The Land Reclamation Co-operative Societies have, no doubt, been formed for a specific purpose, that is, to bring more lands under cultivation by taking advantage of the irrigation facilities provided under the Cauvery-Mettur project. In the project area, which extends to the whole Pattukottai taluk with the exception of Kavelipatti firka and parts of Tanjore, Arantangi, Mannargudi, and Papanasam taluks, more than half the area of the secured ayacut remained waste at the beginning of the fasli 1353. The development of agricultural production in the project area was slow for various reasons which the cultivators had to encounter. One chief cause was the inability of the ryots to invest funds on the reclamation of the lands and render them fit for cultivation. To tackle this problem, a scheme for financing the ryots through Co-operative societies has been taken up. The main objective of the scheme is to increase food production by bringing more land under cultivation and forms a part of the Grow-More-Food Campaign inaugurated by Government in 1943-44. The scheme envisages the utilisation of the co-operative agency for reclaiming the lands by giving loans to ryots for reclamation work. The main features of the scheme

are that existing societies and new societies, to be started for the purpose, should take up reclamation in Government villages. Government loans will be given for reclamation purposes repayable in a period of 15 years. Loans are granted at the rate of Rs. 50 per acre for reclamation. The loans will be free of interest in the first year and thereafter carry interest at 3 per cent. The land will be exempt from assessment for the first 3 faslis, if they are reclaimed and cultivated with paddy. The bonds executed by the societies and by the members for loans taken under the scheme will be exempt from the payment of registration fees. While long-term loans will be given by Government for reclamation purposes, short-term loans for cultivation expenses will be provided by the Central Bank, Tanjore. Government have sanctioned a special staff of one Co-operative Sub-Registrar, one junior inspector, one lower division clerk and one peon to work the scheme.

This is the third year of the working of the scheme. The scheme originally sanctioned by Government covered 16 villages grouped under 14 societies. There are at present 19 Land Reclamation Co-operative Societies comprising 22 Government villages. The membership in the societies increased from 727 at the beginning of the scheme to 3,661 on 30-6-47 and the paid up share capital from Rs. 4,724 to Rs. 38,341. The societies are constituted on unlimited liability basis and have among their objects the issue of long-term loans for reclamation purposes. They get their short-term and medium-term requirements from the Central Bank. The cultivation loans given by the Bank do not exceed Rs. 50 per acre. An estimate of each society's requirements is made in advance and the estimated amount is sanctioned by the Central Bank as cash credit. This enables the society to draw money and disburse it to members promptly. It is a condition of reclamation loans and cultivation loans that the surplus of the produce raised by these loans or on the lands reclaimed by the loans should be marketed through the society. Each society is to be provided with a godown for this purpose. Loans are given also on the pledge of produce. There are possibilities of extending the scheme to other Government villages in the project area. It has been suggested that the scheme might be extended to inam villages as well. The following particulars will show the progress made by the societies during the last three years :—

|                                 |         | 1944-45. | 1945-46. | 1946-47. |
|---------------------------------|---------|----------|----------|----------|
| 1. No. of societies             | ...     | 14       | 14       | 19       |
| 2. No. of villages              | ...     | 16       | 16       | 22       |
| 3. No. of members               | ...     | 721      | 2,170    | 3,661    |
| 4. Paid-up share capital        | ... Rs. | 4,175    | 21,439   | 38,341   |
| 5. Total extent to be reclaimed | Acres.  | 7,256    | 4,054    | 2,785    |
| 6. Extent reclaimed             | ... „   | 3,202    | 1,267    | 1,044    |
| 7. Balance to be reclaimed      | ... „   | 5,545    | 2,002    | 1,741    |

|                                                                                              | 1944-45. | 1945-46. | 1946-47. |
|----------------------------------------------------------------------------------------------|----------|----------|----------|
| 8. Government loans issued ... Rs. ...                                                       | ...      | 25,285   | 49,700   |
| 9. Do. for construction for godowns ... ..                                                   | ...      | ...      | 11,300   |
| 10. Loans issued by the Tanjore Central Bank for reclamation and cultivation expenses ... .. | 58,650   | 1,46,182 | 2,39,275 |
| 11. Loans issued by the Central Bank for purchase of bulls ... ..                            | 7,355    | 27,645   | 23,540   |
| 12. Loans outstanding :—                                                                     |          |          |          |
| Central Bank ... ..                                                                          | 57,419   | 1,65,309 | 2,56,759 |
| Government loans for reclamation ... ..                                                      | ...      | 25,285   | 72,706   |
| Government loans for godowns ... ..                                                          | ...      | ...      | 11,300   |

4. The Land Reclamation Co-operative Societies are not mere agencies for supplying finance. They have been interesting themselves in other kinds of activities with a view to augment the income of the ryots. The following are some of the main lines in which the societies have been attempting to help members :—

**Marketing activities :—**In recent years great emphasis has been laid that the function of a co-operative society should be comprehensive so as to include as many aspects of the members' economic life as possible within its scope. Co-operative marketing is being hailed as the basis for the future agricultural prosperity. Its utility consists in the ability to combine the advantages of individual production with the advantages of joint sale. The strategic weakness of the farmer, as he himself believes, is his lack of market news, in his position as a bargainer and in his treatment at the hands of the buyers in the primary, terminal and distribution markets. His commercial relations are usually limited to the country shopkeeper, or moneylender, to the travelling buyer of an outside firm, and less frequently to the distant consignee. It is, therefore, obvious that co-operative societies should organise the sale of the produce of such ignorant members through their agency at the best markets which could put in more money in the pockets of the producers, of course, keeping in view the consumers' standpoint also. It does not mean profiteering at the expense of the consumers; for, in co-operation there is no place for profiteering. It tries to keep down the tendency to profiteer on the part of the retailers and middlemen. Facilities for the storage of his produce should be afforded and the monetary requirements of the ryots, immediately after the harvest, till the proceeds of sale of the produce reach him, should as well be provided by the societies as contemplated in their by-laws. In fact, eight Land Reclamation Co-operative Societies have been helped with loans and free

grants by Government to the extent of Rs. 11,300 and Rs. 12,000 respectively to meet the cost of construction of godowns, to provide facilities for the storage and marketing of members' produce. The Cauvery-Mettur Project affords great chances for the societies to undertake the marketing of the agricultural produce as the number of commodities to be organised is limited.

**Procurement and distribution :—**Eleven societies have undertaken the procurement and distribution of foodgrains, and other controlled articles under the village committee scheme. They have procured paddy to an extent of about 2,000 bags. Seven of them have been allotted quotas of sugar and other controlled articles for distribution in their respective areas. All the eleven societies are running ration shops while seven of them are selling other commodities also.

**Dairy farming :—**The Cauvery-Mettur Project Area offers good scope for the development of dairy farming with the facilities that exist for bringing up milch animals. It is needless to lay any emphasis on the utility of such an endeavour. In fact, animal husbandry has played a role, of the greatest importance in the progressive development of agriculture in Palestine and other foreign countries. The industry will particularly be remunerative if the Colony is near a town to which the milk produced by the members can be supplied. It would also tend to improve the cattle wealth which is so necessary for the economic betterment of the agriculturist. The farm dairy and poultry supply valuable sources of manure, if carefully conserved and applied.

A beginning has been made in the Periakottai Co-operative Society to arrange for the joint sale of the milk produced by the members. On an average about 400 seers of milk are collected daily and sold in Madukkur and Pattukottai. The business commenced in January 1946. The total quantity of milk collected in the last one year was 153,041 seers of milk. The members earned Rs. 9,377 through this industry. The society advanced loans to the members for the purchase of milch animals. Four Land Reclamation Co-operative Societies have applied for interest-free loans of Rs. 35,000 from Government for the purchase of milch animals by members. With a view to educate the members of these societies, a film on milk production was exhibited at one of the theatres at Pattukottai where the presence of the members was secured. It is expected that the societies will take up the activity on a large scale and augment milk production and also develop manufacture of dairy products as the industry progresses. The breeding of a better type of milch animals is another activity that may be taken up with advantage. If the members should interest themselves in this subsidiary industry, they can supply a better type of milch animals to the cow-herds in the towns and their own lands will be benefitted by the cattle manure. They can all take up the salvage of dry animals belonging to milkmen in the

towns. The introduction of a scheme of breeding good milch animals would not only tend to augment milk production but would also improve cattle wealth which is so necessary for the economic betterment of the agriculturists.

**Other subsidiary industries :—**Of equal importance is the introduction of subsidiary industries allied to agriculture, taking into consideration the various aspects such as the aptitude of members, the availability of raw materials, facilities for marketing the finished products and such other local problems correlated with the industry. The income of the ryots from the lands held by them may not in most cases be sufficient to maintain themselves and their families. Their income should, therefore, be supplemented by other subsidiary industries. The seasonal character of agricultural industry and the small size of his farm keeps a villager idle—it is estimated generally for about 150 days in the year. Fostering of subsidiary and cottage industries is, therefore, essential for the economic betterment of the agriculturists. With this object, a three-year plan of developing hand spinning industry was inaugurated by the Registrar in Nambivayal on 19-3-47. The scheme envisages teaching the industry to 25 members to start with and to extend it to 75 members in a period of three years. Capital to be advanced by the society for the three years is Rs. 150. By charging a small commission of 3 pies per *chittam* of yarn spun, the capital invested will be recovered at the end of the third year. The local teacher is training the members in the industry out of the school hours. The industry section is located at the local congress building. About 150 *chittams* of yarn have been produced in the last two months. Similar industry is proposed to be started in the Alathur Society also. Members are learning the industry in their leisure hours. The society has provided them with 25 *takkies* and 10 *charkas*. Another industry that has been encouraged is the mat-weaving industry. It has been introduced in the Muthakurichi Land Reclamation Co-operative Society. The society has advanced Rs. 200 to 20 mat-weaving members for the purchase of raw materials. As the members already know the trade, production was started immediately. The society collected mats worth Rs. 300 and arranged for its marketing.

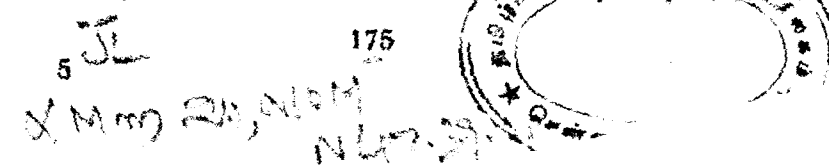
5. **General :—**It will be seen from the account given above that the Land Reclamation Co-operative Societies have served as a useful instrument in promoting the schemes under "Grow-More-Food" Campaign. These societies afford immense possibilities of applying the co-operative method to promote increased agricultural production. In recent years there has been a growing feeling in favour of adopting co-operative farming to improve agricultural efficiency and minimise the costs of agricultural production. The All-India Co-operative Planning Committee (1946) recommended that Co-operative Farming is best suited for Indian conditions. The Famine Enquiry Commission (1944) is also of

the opinion that the immediate task is to concentrate on the promotion of co-operative farming in the sense it has defined the term, that is, farming by individuals who retained unchanged their right in land but are united in a co-operative organisation designed to afford its members assistance and facilities for improved production for the sale of their produce on the most favourable terms and obtaining credit at reasonable rates. In the report of the Indian Delegation to Palestine in 1946 the suggestion has been made that Co-operative Farming in the real sense of the term should be practised. They observe as follows :

"It is suggested that experiments on co-operative farming should be taken up on a wider and intensive scale where the members can form a commune of their own not only for joint agricultural production but also for marketing and undertaking other social and economic activities for the commune as a whole. The current of thought on the problem is already moving in this direction. The Bombay plan of economic development emphasises the importance of co-operative farming by recommending even some measure of compulsion for joint farming by pooling land without at the same time causing any dislocation in the individual ownership of land." The Rayala seema Co-operative Enquiry Committee (1946) has also recommended a system of co-operative farming under which the ownership of lands vests in the society, the members contributing labour and entitled to wages and a share on the net surplus of produce, for adoption in the Tungabadra project area.

The ryots of the Cauvery-Mettur project area have already been brought together for the purpose of reclaiming their waste lands. After the reclamation work is over, the ryots may very well pool their resources through the agency of the co-operative societies, to do intensive cultivation of their lands and development of subsidiary industries and derive the maximum benefit from their holdings.

Government are of the view that where there is an expressed desire for co-operative farming and where there is a reasonable chance of its being worked out fairly, a co-operative organisation should be set up so as to help small ryots in such matters as obtaining ploughs and cattle, water supply and labour for transplanting and harvest. Such an organisation would ensure that the same seed is used over the areas so that the quality would be maintained. It could arrange for labour to go in turns to the fields of each of its members. It could own implements such as ploughs and cattle and lend them to the members in turn, freeing them from the burden of seeking for labour and of trying and maintaining throughout the year, cattle and implements which each individual ryot could use for only a matter of weeks. The trend of opinion is, therefore, that farming should be really on a co-operative basis, that is, the co-operative principle must be



applied in matters relating to farm management such as the supply of credit, manure, seed, agricultural implements, marketing of produce, and carrying on subsidiary industries, etc. One of the major obstacles in the way of agricultural improvement and development is the universal existence of small uneconomic holdings which make progressive land management almost impossible. A possible line of reform lies in the direction of increase in co-operative farming. The adoption of this system is likely to have far-reaching effects on agricultural operations and bring about a marked effect in rural economy. Developed on proper lines and under proper management and guidance, the land reclamation societies can function as centres of co-operative farming and demonstrate the vitality and usefulness in schemes of lands reform and farm management. To achieve this purpose, Government assistance and the co-operation of the public will be needed and one can be sanguine about securing both these factors, judged by the working of these societies in the past.

### Notice to Non-members.

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

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

MADRAS, }  
15th March 1947. }  
V. VIYYANNA,  
General Secretary and Publisher,  
The Madras Provincial Co-op. Union, Madras.

### Conferences

#### THE FIRST CONFERENCE OF THE CO-OP. SUB-REGISTRARS AND SUPERVISORS OF LAND MORTGAGE BANKS IN THE NORTHERN CIRCLE.

ADDRESS BY SRI B. VENKATARATNAM, M.L.A.

On behalf of the Madras Co-operative Central Land Mortgage Bank, I have great pleasure in welcoming Mr. Subrahmanyam Naidu and other delegates to this Conference. It is not so much out of confidence that I ventured to accept the invitation to preside over this Conference but with a view to understanding at first how the problems that confront us to-day are being tackled in the different districts that I agreed to serve as President. I hope to have your hearty co-operation in the discharge of this onerous responsibility.

We are passing through times unprecedented. India is not what she was just ten days ago. It was one India until the 15th August, but was a slave India. Now India is a free country though divided into two parts. The future historian of the world will devote a special chapter for India as a country that won her Independence through means entirely different from those adopted elsewhere in the world. Indian Independence was won through Non-violence and Sacrifice. The efficacy of this weapon will be more apparent when we realise that the Independence we are now enjoying is one which was won after a long fight but by a comparatively small band of workers. What India attained now is Dominion Status but we will all live to see India declaring Independence hundred per cent.

With the change of the character of our national structure and nationhood there must be brought as a consequence a change in the character of the various movements of the country. It is indisputable that Co-operation will play an important role in the nation-building activities of our country. Though the credit movement was taken up first yet non-credit activities had not been overlooked. During recent years the stores movement gained a momentum and consumers' stores have grown in number and size and are acting as a stabilising influence in the market.

The long-term credit initiated on co-operative basis as a separate entity nearly twenty years ago made rapid strides after the inception of the Central Land Mortgage Bank in December, 1929. The great success of the bank and the long-term credit movement to the present size is not a little due to the untiring, zealous and selfless services of that stalwart, the late Sir Mocherla Ramachandra Rao Pantulu, who gave of his best to the movement from the inception of the Central Land Mortgage Bank to his death in May, 1936. The Central Land Mortgage Bank is looked upon not only as a pioneer among the Indian long-term apex banks but also as a model. We are really proud of the reputation it had earned. If the long-term credit movement is a success, the credit is due in

no small measure to the sense of duty, fairness, responsibility and imagination of the Co-operative Sub-Registrars and supervisors on whom the ultimate responsibility of evaluating the security has always devolved. I congratulate you, Gentlemen, for the consistently unimpeachable way in which you have discharged these responsibilities all these years. The land bank movement is one of the best forms of service that the co-operative credit movement could render to the agriculturist, the pivot of the nation. I am one of those who believe that indebtedness as such is not bad. If an agriculturist borrows and better his lot by improving his holdings it is a welcome action. But the borrowing should be for such a purpose and the burden undertaken should be one that will not crush him by its sheer weight. Unfortunately, a good proportion of the 218 crores of rural indebtedness as computed by Dr. B. V. Narayanaswamy Naidu is unproductive. The rates of interest charged are not always reasonable. It is, therefore, right that by co-operative effort the agriculturist should devise means of reducing the burden by availing of cheap credit facilities that are provided by co-operative organisations like land mortgage banks. The only point that all of us should be careful about is that the credit provided is used only for bettering the lot of the agriculturist. This scrutiny is all the more important as borrowers who took loans in the earlier years are approaching the banks again for a second and third time. I shall refer to this matter again.

It was a matter of great surprise to me to learn that during the year 1946-47 the loans borrowed by the primary banks in the North Circle amounted to Rs. 12.69 lakhs as against 15.18 lakhs in the Central Circle and 19.88 lakhs in the South Circle. This performance is really poor when the fact that in this circle the Government and the Central Land Mortgage Bank were pleased to retain 13 Co-operative Sub-Registrars as against 11 in each of the other circles. It cannot be said that the agriculturists in this circle are better off than their counterparts in other circles. It, therefore, behoves us to see what exactly is wrong with the business in our area and see how this defect can be rectified.

Propaganda is stressed as an essential feature of regular working of banks in the rural areas. There is apt to be an impression that it is in respect of and confines only to the procuring more and more of loan files. As I construe the expression it includes the imparting of the duties of the borrowers also, namely, the necessity to pay the loan instalments in time, not to infringe the terms of mortgages, such as unauthorised alienations, to comply with all the requirements of a member such as furnishing of confirmation of annual balances under loans, non-alienations, nil arrears of land revenue and zamindari kists and so forth. These are the problems that arise in almost every revaluation carried out at intervals by the supervisors and departmental officers. Unless the members, the bulk of whom are not well acquainted with their duties, are exhorted to conform to these

requirements the task of the primary banks, the departmental officers and the apex bank will be unenviable. Propaganda carried on by the supervisors and the departmental officers cannot be gauged by the immediate results as the results produced by such instructive propaganda will only yield results in the long run.

One major obstacle for expeditious disposal of loan files by banks is attributable to lack of co-operation from the Revenue Department. As we deal with landed property, it is of the utmost importance that we should have the hearty co-operation of the karnam of the village and the other revenue dignitaries. When part-field sketches need be filed on record and if sub-division is applied for, the Revenue authorities view such cases with scant courtesy. It is within my knowledge applications made by the borrowers remain undisposed of for years. In spite of the efforts made by the primaries, matters have not improved. Revenue authorities should view cases arising out of primary banks' business with the attention, care and speed they deserve. Without this much of sympathetic attitude on the part of the authorities concerned the progress of the land banks will be retarded to the point of stagnation. The village officers and the superior Revenue authorities should evince real and abiding interest in these matters which may be trivial to them but are vital to the borrowers and to the primaries. It is for the Registrar and Government to devise effective means to solve this difficulty.

The next vital problem in our area is grant of Estate pattas. Pattas granted decades ago comprise of lands belonging to a score of tenants and they change hands but separate pattas do not come in the name of the present owners. Time and again this problem was sought to be solved by banks through their individual and humble efforts but such efforts did not bear fruit. This is a vexatious question which is confronting the primary banks in the North Circle. It passes one's comprehension as to why zamindars do not consider it advantageous to them to grant separate pattas to the borrowers. The request of the primaries to enter into agreements with the banks with regard to rent arrears is another advantageous feature to zamindars which, however, did not carry conviction with them. No useful purpose is served by the two component parts of the same machinery, namely, the Central Land Mortgage Bank as separate units and trying to lay the charge at the door of the primaries of violation of conditions impossible of fulfilment at every stage. Primaries are too weak a link in the organism to handle vital and common problems of this character by themselves and without the aid of the apex bank and the Department of Co-operation. Government do not consider it their duty to go to our aid in this behalf. After all a patta is not a conclusive proof of title. The zamindar is precluded from bringing the properties to sale before tendering the patta for the year to the tenant. It is idle to think that as the Bill for abolishing zamindaris is on the anvil, our difficulties in this respect will

immediately disappear. It will take some years before the tenures in zamins are brought in line with those in the Government villages, and, in the meantime, the agriculturist and the land mortgage banks cannot afford to sit idle. It is for the Department of Co-operation to examine the matter in all its bearings and advise the Government on the need for setting up a machinery immediately to attend to the urgent needs of agriculturists.

Next problem is regarding litigation. It must be admitted that the co-operative long-term credit unit alone shall serve as the link to minimise if not avoid litigation. Usually the litigious moneylender does not condescend to stay proceedings where a Primary Bank figures as the liquidator of indebtedness of a borrower of the former. Nor do Courts generally help settlement of debts involved in suits or decrees on the motion of Primaries. Although provisions are existing in the Law relating to Land Banks, vis-a-vis the Agriculturists Debt Relief Act, yet the practical value derived thereof is not much in regular working. It should ensure settlement of suits, decrees and execution petitions in so far as they relate to cases of loans of the primary banks and where bona fides are beyond doubt. It is for us to see that these steps are effectively taken and the help needed is granted by the authorities concerned. It is not a fantastic proposal if it is suggested that litigation shall be settled through co-operative arbitrations.

Long-term credit at the present moment as contemplated by the Land Mortgage Banks confines itself to sanction of loans for discharge of prior indebtedness, land improvements, and purchase of land for rounding off of holdings. Loans in land mortgage banks have been sanctioned in the belief that once the borrower is enabled to clear off all his indebtedness by a loan from the bank he would pay off the loan from his income and at the end of 20 years or earlier he would be free from debt. But experience has proved that the borrower approaches the bank for loans for a second or third time, of course, offering adequate security. The question has now arisen whether it is right that land mortgage banks should continue to give loans to those who were expected to be above this type of need and were helped once with the idea that there will be no further need for them to borrow. It is for you, Gentlemen, who are actually in the field and who have occasion to closely scrutinise the position of these borrowers to say whether there is a real case for land mortgage banks to give subsequent loans. It is, however, true that life does not run to a pattern conceived of some years ago. New problems and new situations arise and as businessmen it is for us to adjust and see how far consistent with our aims we can help our members. If our loan should help in stabilising the borrower economically, I think it is our duty to advance the loan whether it be for a second, third or fourth time. Our need for land improvement and increasing production is very great. Land Banks in other countries have played a worthy part in improving the position of agriculture. In our country most of the loans issued were for purposes of redeeming prior debts though

some of them were incurred originally for land improvement purposes. The proportion of debts incurred for land improvement purposes and included among the prior debts in the applications to land banks is higher in the South Circle than in the North Circle. It is natural, in the South, they have cheap electricity which is pressed into service to bring into cultivation lands till recently dependent on rains. The districts in the North Circle have not been placed in such a fortunate position. If through electricity, the subsoil water is tapped and the uplands brought under irrigation many of our agriculturists would stand to gain immensely. In every district there are large areas which will yield food crops if the subsoil water is made available and the agriculturist is supplied with cheap power.

In Mr. Subrahmanyam Naidu, we have an officer of great erudition and experience. His presence in this Conference is of great value and his advice is found to be of very great help in solving our difficult problems. I have great pleasure in requesting Mr. Subrahmanyam Naidu to inaugurate the Conference.

*Resolutions passed at the Conference of Supervisors and Co-operative Sub-Registrars for Land Mortgage Banks, held at Rajahmundry, on the 24th and 25th of August, 1947, (North Circle.)*

*Propaganda.*—This Conference is of the opinion that propananda should be continued to be carried on by the Co-operative Sub-Registrars and Supervisors and requests the Central Land Mortgage Bank and the Department to issue suitable instructions. The Central Land Mortgage Bank is requested to supply printed leaflets describing in detail the advantages of credit in co-operative land mortgage banks, the information that has to be furnished by an applicant to help in the quick disposal of loan applications, the code of conduct he has to observe during the period he continues as a borrower, the need to observe strictly the repayment of loans on the due date, avoidance of unauthorised alienations, observing the rules regarding filing of confirmation slips. This conference further expresses itself in favour of appointing extra supervisors in each circle of Co-operative Sub-Registrars and attach them to the C.S.Rs., for this purpose.

*Title, valuation and income and repaying capacity.*—In valuing the lands offered for mortgage the sale statistics should always be quoted. Statistics obtaining up to the end of 1940 may be taken instead of confining to the year 1939. Where the sale statistics are on enquiry found to be unreliable either on account of the actual value not being shown in documents to escape stamp duty or for other causes or are found to be not suitable for adoption, the statistics may be deviated from indicating the circumstances necessitating such deviation. The situation of the land and its fertility and marketability should always be taken into account. The correctness of the valuation should always be checked by a reference to the income from the land assessed on the pre-war basis.

*Income and repaying capacity*—Resolved to request the Central Land Mortgage Bank and the Registrar of Co-operative Societies to permit valuation of coconuts at Rs. 40 per thousand in view of the enhancement permitted in respect of other commodities like paddy.

*Revenue Records and Registry*.—In regard to the issue of pattas by the zamindars and the sub-division of lands in Government as well as zamin villages, primary land mortgage banks find that they are unable to cope up with the situation single-handed. This Conference strongly feels that it is for the Central Land Mortgage Bank and the Registrar to tackle these general problems through the Government either by initiating the necessary legislation or by executive order.

*Revaluation*.—This Conference is of the opinion that revaluation on the biennial basis may be continued. The Registrar may be requested to extend the time till 31st December each year in order that the normal loan application work may not be greatly hampered as is now happening.

*Discharged Voucher Files*.—In order to avoid delays in the receipts of full satisfaction memos from the Court, primary banks should be instructed to obtain from the decree-holders at the time of disbursement of the amount a receipt for the amount disbursed as well as a Vakalat signed by the decree-holder and thereafter obtain public copies of the record of full satisfaction of the decrees from the Court. Necessary instructions in this behalf may be issued by the Central Mortgage Bank.

*Overdues*.—This Conference is of the opinion that the Co-operative Sub-Registrars be authorised to make applications for actions under section 9 (1) in cases where the managements of the primary land mortgage banks fail to act in time for recovery of arrears and to amend the bylaws suitably. Whenever the Central Land Mortgage Bank is satisfied that the primary land mortgage bank is not taking adequate action to recover the arrears further credit be suspended for such banks.

*Subsequent loans*.—This Conference is of the opinion that subsequent loans should be sanctioned to borrowers provided the conditions of security and repaying capacity are satisfactory. This is essential as long as private money lending is not prohibited.

*Primary Land Mortgage Bank Staff*.—Resolved to request the Central Land Mortgage Bank to consider the proposal to have an adequate minimum establishment of one supervisor, one clerk and one peon. This establishment is adequate till the bank completes transactions up to Rs. 5 lakhs. Every bank should specify office hours and must keep its office open except on notified holidays.

Resolved that the special bonus of one month's pay ordered for payment by Government to employees of primary banks be made payable to employees of banks which worked at a loss also, as the payment is not made out of profits but out of general funds. Resolved further that the

condition that the employees should have worked at least for one year be reduced to six months.

Resolved that the scales of pay, F.T.A. and dearness allowance in respect of the paid staff in primary land mortgage banks already approved by the Central Land Mortgage Bank and the Registrar of Co-operative Societies should be adopted and given effect to by all the primary banks.

It is resolved unanimously to request the Central Land Mortgage Bank to provincialise the entire services of the paid staff of the primary land mortgage banks subject to the following conditions :—

1. *Paid Secretaries* should be on a par with Government Senior Inspectors with transfer in a unit of six districts.
2. *Supervisors* to be on a par with Junior Inspectors with one peon with transfers in a unit for one district.
3. *Clerks*. Qualified clerks should be started along with Supervisors and others on a par with the Lower Division clerk.

The clerks and the supervisors should be promoted to the higher posts as per seniority.

### THE FIRST CONFERENCE OF THE CO-OPERATIVE SUB-REGISTRARS AND SUPERVISORS OF LAND MORTGAGE BANKS IN THE CENTRAL CIRCLE.

ADDRESS OF SRI G. JANAKIRAMA CHETTIAR.

It gives me great pleasure to welcome you all to this first Conference of Co-operative Sub-Registrars and Supervisors of Land Mortgage Banks in the Central Circle. We have been holding Conferences of representatives of land mortgage banks ever since the inception of the Central Land Mortgage Bank. The representatives have been discussing and deciding on matters of policy. In the shaping of the policy the influence of the field-worker has always been felt. If the working of land mortgage banks in our province is a matter for admiration in other provinces and States, it is in no small measure due to the unostentatious services willingly rendered by the Co-operative Sub-Registrars and supervisors of land mortgage banks.

This Conference has been specially convened to discuss and decide upon the procedure to be adopted in the disposal of loan applications and in the working of the primary banks. There is a standing charge against land mortgage banks that there is a great delay in the disposal of applications. I am aware that the delay is mostly due to the inability of the applicants in filing the necessary documents of title. I am also aware that in a number of cases loans have been disbursed within two months of the date of filing the loan applications. I would, however, like this Conference to state clearly what should be done to make it

possible for the land mortgage banks to sanction loans in a much shorter time.

The Central Circle consists of the economically backward Ceded Districts as well as the deltaic districts like Tanjore. During the year 1946-47, banks in these districts borrowed a total amount of Rs. 15.18 lakhs as against Rs. 12.69 lakhs borrowed in the North Circle and Rs. 19.88 lakhs borrowed in the South Circle. As usual, the borrowing has been heavy in the deltaic districts of Tanjore and South Arcot than in the other district. The personal factor seems to count for a lot in this work than elsewhere. In some of the dry areas, some of the supervisors have shown good work and considerably improved the transactions of their banks. Without the hearty co-operation of the Co-operative Sub-Registrar, such improvement is impossible. A study of the transactions of the banks through the years discloses that, when an area is lucky enough to get the services of an enthusiastic Co-operative Sub-Registrar, who is keen on improving the transactions of the bank in his charge, he is able to wake up the till then lethargic supervisor from his slumber and improve the transactions of the bank far above the expectations of the primary bank or the central land mortgage bank. I am just referring to this to bring to your notice what important place the supervisor and the Co-operative Sub-Registrar occupy in the development of business and in the extent of services that land mortgage banks can render to the agriculturist. I request you to realise as co-operators your duty to the agriculturists and spare no pains to help him to the best of your ability. I take this opportunity to request the Registrar to post for land mortgage bank work only such Co-operative Sub-Registrars as have the necessary aptitude and liking for this work. The Registrar has under him a large number of Co-operative Sub-Registrars, and I think it will not be difficult for him to comply with this very modest request.

The entire edifice of the land mortgage bank system is dependent upon the successful issue of debentures. The success of the debenture issue is always dependent upon the soundness of the security behind the debentures. We are now going through a period of inflation and high land values. As institutions dispensing long-term credit, we cannot afford to lend on the basis of the prevailing high values. We have, therefore, adopted the pre-war values with an addition of 10 per cent to the same. As practical men in the field you will have occasion to assess the value of land using your discretion for want of suitable statistics. At such times I suggest that you should bear in mind the great importance that should be attached to the security behind the debenture. The entire responsibility for valuation ultimately rests on the Co-operative Sub-Registrars and the supervisors, and I hope that they will continue to shoulder the responsibility with the same degree of caution that they have so far exercised.

The ordinary townsman considering the high prices he has to pay for his foodstuffs is likely to feel that this is a boom period for the agriculturist. It is no doubt true that the prices of agricultural commodities are high but the cost of production has gone still higher. All the necessities of life, which an agriculturist has to pay for, are selling at high rates beyond his budget possibilities. The borrowings of the banks in the Central Circle consisting of the districts of Anantapur, Bellary, Chittoor, Cuddapah, Kurnool, Chingleput, North Arcot, South and Tanjore in the years 1944-45, 1945-46 and 1946-47 which amounted to Rs. 7,54,550, Rs. 13,30,630 and Rs. 15,18,770 respectively show that there is a continuous rise in their borrowing which indicates clearly that the agriculturist is not able to save much.

We are now issuing second loans for all purposes for which loans in the first instance are granted in land mortgage banks. In some of the banks applications for loans have been made for a third time even when the first two loans are subsisting. The purposes for which such loans are applied for are land improvement, discharge of debts mentioned at the time of the prior application but not cleared then, *e.g.*, *Othi* debt on other property, loans from Government, etc., or for discharge of other debts. A question has been raised whether it is permissible at all for land mortgage banks to issue third loans. I think that it cannot be disputed that loans for land improvement should always be encouraged even though the application be one for a third loan. I also think that land mortgage banks are to provide funds for the discharge of debts left over at the time of the earlier loans as they were left over then for certain known reasons. It then remains to consider whether third loans can be issued for discharge of prior debts incurred since the date of earlier loans. Here again, if the borrowing has been occasioned by purchase of land for improving an agriculturist's position or for land improvement or for similar productive purposes such applications should, in my opinion, be sanctioned. The issue of third loans for repayment of debts incurred for non-productive purposes will have to be examined carefully. While a refusal of such a loan may drive the borrower to private sources, the grant of such loans in land mortgage banks may have an adverse influence on the borrowers, and may not be in their ultimate interest. As workers in the field, it is for you to give us the benefit of your considered advice.

High authorities on Economics have declared that our agricultural economy is a deficit economy.

If our Province is to emerge out of this, our Government should adopt a definite agricultural policy and plan for removing the pressure on the land and provide for industrial expansion so that our agricultural products may be turned out into finished goods, and at the same time

help in stabilising the prices of agricultural commodities at a remunerative level. We are on the threshold of Independence, and I hope that the Government will give their earnest attention to this all-important question of changing the present deficit economy of the agriculturist to a surplus economy. I hope that, in the new set up, co-operation will have a high place and our new Registrar would do his utmost to increase the usefulness of the movement to the ordinary ryot.

I now request Rao Bahadur Mr. J.C. Ryan to inaugurate the Conference.

*Resolutions passed at the Conference of Supervisors and Co-operative Sub-Registrars in charge of Land Mortgage Banks of the Central Circle, held on the 2nd and 3rd August, 1947, at Madras.*

*Resolution No. 1.* Resolved that Supervisors may be directly permitted to peruse and take relevant extracts from Sub-Registrar's offices relating to loan applications as in the case with taluk offices.

*Resolution No. 2.* Resolved to request the Central Land Mortgage Bank to have two Executive Committee meetings each month.

*Resolution No. 3.* Resolved that in the case of Government loans, a certificate from the village officers may be accepted as sufficient proof to the discharge of agricultural loans. Such a certificate may be verified by the Co-operative Sub-Registrar and countersigned by him if thought necessary.

*Resolution No. 4.* Resolved that suitable amendments to the Land Mortgage Banks Act be made and passed expeditiously to avoid execution of assignment deeds by the primary banks.

*Resolution No. 5.* Resolved that necessary modifications be made in the forms and reports of Supervisors, Directors and Co-operative Sub-Registrars to minimise the clerical labour in filling up the forms containing the same information in the several reports.

*Resolution No. 6.* Resolved that section 29 of the L. M. Bs. Act be suitably amended compelling the usufructuary mortgagee creditors to take payment of the amounts tendered by the primary banks on behalf of their members and surrender possession of the land to the latter.

*Resolution No. 7.* Resolved to request the Deputy Registrar to obtain sanction permitting the Supervisors to peruse pre-settlement registers in Collectors' offices.

*Resolution No. 8.* Resolved that in regard to payment of decree debts by primary banks, receipts from the creditors for full discharge of the decree be deemed adequate substitute for the full satisfaction memos from the courts.

*Resolution No. 9.* Resolved that the C.L.M.B. be requested to address the Registrar to arrange with the Government to send certificates of full discharge of Government loans within 15 days from the date of receipt of the reference from the primary banks.

*Resolution No. 10.* Resolved that sketches attested by the joint-owners without certification by Karnams may be accepted.

*Resolution No. 11.* Resolved to request the C.L.M.B., to consider the proposal to have a minimum establishment of one Supervisor, one clerk and one peon. This establishment is adequate till the bank completes transactions up to 5 lakhs. Every bank should specify office hours and must keep its office open except on notified holidays.

*Resolution No. 12.* Resolved that the special bonus of one month's pay ordered for payment by Government to employees of primary banks be made payable to employees of banks which worked at loss also, as the payment is not made out of profits but out of general funds. Resolved further that the condition that the employees should have worked at least for one year be reduced to six months.

*Resolution No. 13.* Resolved that the C.L.M.B. be requested to print and stock the necessary forms and registers required by the primary banks on a uniform basis for supply to primary banks.

*Resolution No. 14.* Resolved that applications for second and third loans should be refused only in cases where it is clear that the further borrowing is occasioned by the borrower's improvidence.

*Resolution No. 15.* Resolved that the services of Supervisors in all the primary banks be centralised by suitable financial adjustments between the C.L.M.B. and P.L.M.Bs., and the power of controlling the work, etc., be transferred to the Central Land Mortgage Bank.

## Consumers' Co-operation.

REVIEW for AUGUST 1947.

Sub :—Co-operative Societies—Primaries and co-operative wholesale stores—Progress for August 1947—Reviewed.

### Co-operative Wholesale Stores.

2. *Membership and share capital* :—At the end of August 1947 the number of members was 10,522 and the paid up share capital amounted to Rs. 33.22 lakhs as against 33.05 lakhs in the last month.

3. The owned capital of the co-operative wholesale stores was Rs. 43.93 lakhs comprising a share capital of Rs. 33.22 lakhs and reserve fund of Rs. 10.71 lakhs. Out of the total borrowed capital of Rs. 198.97 lakhs Rs. 186.96 lakhs represented loans and cash credits from Central Banks and the balance of Rs. 9.01 lakhs from others. The total working capital on the last day of the month under review was Rs. 242.90 lakhs as against Rs. 253.76 lakhs in the previous month.

4. *Business* :—It is satisfactory to note that the total purchases and sales of co-operative wholesale stores for the month were Rs. 118.43 lakhs and Rs. 139.34 lakhs respectively as against Rs. 77.10 lakhs and Rs. 132.94 lakhs for the previous month. This increase is mainly contributed by the South Kanara, Madura, Ramnad, Coimbatore, Malabar, and Kurnool co-operative wholesale stores while the rise in the sales is contributed by those at Bellary, Chingleput, Chittoor, and Mangalore.

5. *Sales to primaries* :—Out of the total sales of Rs. 139.35 lakhs only Rs. 57.60 lakhs represent sales to primaries which works out to 41.48 per cent as against 40 per cent for July and 55.67 per cent for June 1947. This is unsatisfactory. All the co-operative wholesale stores are requested to realise the great importance of and urgency of co-ordination between their primaries and to themselves and to take *immediate steps* for increasing their business with the primaries which alone can stand them in good stead in the future keen competitive trade.

### Primary Co-operative Stores.

6. *Membership and share capital* :—On the last day of the month there were 1,740 stores with a membership of 5.51 lakhs and a paid up capital of Rs. 98.64 lakhs as against Rs. 97.99 lakhs in the previous month. Their total working capital was Rs. 217.17 as against Rs. 204.45 lakhs on 31-8-47. It is satisfactory to note the increase in respect of share capital collected by the primaries in the South Arcot, Guntur, Madura, Tinnevely districts whereas the share capital is shown considerably low in the districts of Nellore, Nilgris, Ramnad

## CONSUMERS' CO-OPERATION

and Madras. Obviously, the figures do not include all stores in the districts. In such cases the figures for the previous month should have been adopted. Adequate steps should also be taken to get the latest figures of all stores in time to give a fuller and truer picture of the progress.

7. *Business* :—During the month the total purchases and sales were very poor compared to the previous month's progress. It is not known if this is also due to the failure to furnish figures for all stores. It is expected that a decent progress will be shown in the future.

### Special consumer activities.

8. *Consumer goods* :—The purchases and sales under this head were Rs. 1.22 lakhs and Rs. 20.37 lakhs as against Rs. 2.10 lakhs and Rs. 2.55 lakhs for July and June Rs. 3.21 lakhs and 3.01 lakhs. There has been a continuous fall in their business from month to month. The Registrar is at a loss to note the decrease in sales when they should have developed this line of activity; the progress is thoroughly unsatisfactory in spite of repeated instructions issued in Registrar's circulars for the development of business especially in consumer goods and non-food lines. The officers are requested to see that business in this line is considerably improved. Neglect of this will effect their working adversely in the post-control period.

*Handloom and mill-made cloth* :—The total purchases and sales of cloth during the month amounted Rs. 14.00 lakhs and Rs. 13.45 lakhs as against Rs. 11.16 lakhs and 9.92 lakhs in the last month. There is still scope for further improvement in the business. Proper co-ordination between co-operative wholesale stores, primaries and weavers' societies would help the development of this trade.

*Processed foodstuffs* :—The total receipts and issues during the month amounted to Rs. 1.12 lakhs and Rs. 19.643 respectively. Out of this the purchases made by the Coimbatore and Madura-Ramnad co-operative wholesale stores were Rs. 18,477, and Rs. 90,462 respectively while the sales effected in the Coimbatore wholesale stores were Rs. 14,456. The progress made by these co-operative wholesale stores should be emulated by co-operative wholesale stores in other districts whose progress is regrettably poor.

*Agricultural Implements* :—It is still disconcerting to note that the purchases and sales made in this line amounted to Rs. 263 and 149 only. The special staff has evidently not evincing interest in advising the stores which are mostly located in rural areas, to develop their business in this line. It is hoped that a fair progress will be shown in the future months.

9. *General* :—On the whole it is seen that the business of the stores in consumer goods as well as in non-food lines is not up to the mark. It is time that the stores shake up this complacency and take steps to improve matters. The Deputy Registrars are requested to see that the instructions regarding the lines of development and strengthening of business are followed up in right earnest by all stores and the special staff should show substantial progress in this direction.

## Roll of Co-operatives in Rationed Areas.

**Sub:—**Rationing—Statutory rationing in urban areas—roll of co-operative stores in the scheme—progress for the half-year ended 30-6-47.

**Ref:—**Registrar's Review No. D. 2886/47. S. I. dated 11-7-47.

2. **Wholesale distribution.**—As in the previous half-year the co-operative wholesale stores in S. Kanara, Chingleput, Kurnool and Anantapur continued to be the sole distributors of foodgrains under the statutory rationing scheme. The co-operative wholesale stores at West Godavari (branch of the Godavari Co-operative Central Stores), Cuddapah, Vizagapatam, Coimbatore and Tinnevely have been recognised as sole wholesalers in their respective districts and were entrusted with purchase, stocking and distribution of rice to all the rationed towns in their respective districts. The Trichinopoly Central Co-operative Stores was one of the two wholesalers for rice and millets, in respect of Trichy-cum-Srirangam rationed area, one of the six wholesalers for wheat and wheat products, and the sole wholesaler for rice and wheat in respect of Karur rationed area. The co-operative wholesale stores in Bellary, South Arcot, North Arcot, East Godavari, Chittoor, Guntur districts continued to be the sole wholesale distributors for Bellary in Bellary district, Cuddalore in South Arcot district, Vaniambadi, Tirupathur, Tiruvannamalai, Wallajah, Gudiyatham in North Arcot district, Peddapur in Godavari district, Chittoor in Chittoor district, Guntur in Guntur district, respectively. The co-operative wholesale stores in Kistna, Madura and Tanjore districts continued to be one of the wholesalers in one or more of the rationed towns in their jurisdiction.

3. **Retail Distribution.**—In 87 towns, where rationing has been in force the co-operative institutions were running 735 out of a total of 3,218 ration shops on 30-6-47, the percentage of co-operative ration shops to the total number being 22.8 per cent as against 22.3 during the last half year. The rise in percentage is no doubt a healthy sign but it is not up to the expectations. During this half year too, all the ration shops in Kasargode, Anantapur, Hindupur, Hospet, Cuddapah, Proddatur, Perundurai and Kollegal continued to be run by the co-operative stores in the respective towns. 50 per cent or more than 50 per cent of the ration shops in the towns of Cuddalore, Udipi, Tadpatri, Guntakal, Bellary, Adoni, and Chittoor and 25 per cent to 50 per cent of the ration shops in the towns of Kumbakonam, Mayavaram, Tiruvarur, Villupuram, Nellore, Mangalore, Srivilliputhur, Bimilipatam, Udumalpet, Gobi, Avanashi, Coimbatore, Tiruppur, Tanjore, Guntur, Tenali, Ongole, Narasaraopet, Salem, Tirupathi and Palani were run by co-operative institutions.

4. **Ration cards:**—The number of registered cards registered with co-operative institutions during the half-year under review was 3.92 lakhs out of a total of 14.19 lakhs as against 3.68 lakhs outstanding a total of 14.51 lakhs for the half year ended 31-12-46. The percentage of ration cards registered with the co-operative stores to the total number of cards issued was 27.9 as against 25.4 the previous half year. The increase in the number of cards registered is no doubt encouraging but the general progress in terms of percentage is not encouraging. For instance, the percentage is still less than 20 in the towns of Chicacole, Calicut, Cannanore, Tellichery, Palghat, Negapatam, Ellore, Palacole, Chidambaram, Bandipur, Gudivada, Vizianagram, Anakapalli, Trichy and Srirangam, Rameswaram, Erode, Conjeevaram, Chirala, Rajahmundry, Golavada, Peddapur, Qorty, Perakulam, Kodaikkanal, Bodinaickanur, Tiruvannamalai, Wallajah, Gudiyatham, Dindigul, Vellore, Vaniyambadi and Tirupattur.

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