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THE

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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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The Shape of Things.

Central Land Mortgage Bank:

Elsewhere we have reproduced the addresses of the Hon'ble Sri K. Chandramouli and Sri C. S. Ratnasabapathi Mudaliar delivered at the Annual Land Mortgage Banks Conference. The speech of Sri Mudaliar deals with the subject of the need for cheap credit facilities to the agriculturists and quotes with approval the recommendation of the Gadgil Committee which emphasised the urgent need for making available institutional credit at rates of interest which for current and developmental finance should not exceed 6¼ per cent and 4 per cent respectively. But Mr. Mudaliar demurs to the suggestion to create credit corporations for the purpose and pleads that the co-operative machinery could well be utilised for the purpose if the same concessions and contribution from the State are made available. In saying this Mr. Mudaliar was giving expression to co-operative opinion strongly felt and expressed in the press and on the platform. In this connection he announced that the

Government had after all agreed to permit the reduction in the margin between the borrowing and lending rates from 3 per cent to 2½ per cent so that the ultimate borrower will be enabled to obtain credit for long-term purposes at 5½ per cent. But Mr. Mudaliar felt that even 5½ per cent was too high and agreed that efforts should be continued to reduce the rate to 4 per cent. The Government could make this reduction possible by subsidising the land mortgage banks to the extent of the difference between this rate and the lending rate under the present arrangement. Our readers may remember we referred in our last issue to a similar recommendation adopted by the Conference of Co-operators from Rayalaseema which met under the Chairmanship of the Hon'ble Sri Chandramouli. Even if it is not possible to afford assistance in respect of the whole province, we earnestly plead that at least in regard to the districts of Rayalaseema which are poor and backward this help would go a great way in rehabilitating the Movement.

Land Improvement:

We have more than once drawn pointed attention to the need for giving long-term loans for land improvements. We are gratified to learn earnest efforts are being made to encourage these loans. While the amount of loan for land improvement purposes was Rs. 42,925 in 1944-45, it rose to Rs. 1,02,915 in 1946-47. We are constrained to remark that this amount forms a very small percentage of the loan amount of Rs. 47·66 lakhs in 1946-47. We have no doubt that the Central Land Mortgage Bank realises the importance of credit facilities for land improvements and will do everything in its power to encourage loans for land improvement purposes. It may be argued that most of the loans given for the clearence of prior debts are utilised towards repayment of debt incurred for land improvement. Though we concede this is true to a great extent, all the same direct loans for land improvement purposes are necessary and greater amounts should be made available for the purpose.

Prosperity or Depression:

Mr. Mudaliar analyses 233 loan applications to ascertain the purposes for which loans are sought. His analysis and the deductions he makes therefrom bear repetition as he raises important points for the consideration of Government to prevent the disastrous consequences of depression which crippled the agricultural industry in the thirties.

			Amount. Rs.	Per cent.
1.	Repayment of prior debts (whose purpose could not be traced from the applications.)		1,63,199	32%
2.	Land improvment, purchase of land and house constructions	...	1,60,411	32%
3.	Cultivation expenses, family expenses	...	1,43,157	28%
4.	Marriage and other ceremonials	...	37,499	8%
	Total	...	5,04,266	

These figures reveal that 32 per cent, of the debts were incurred for productive purposes. The cultivation expenses and family expenses, though productive in one sense, cease to be so when they are not paid from that year's harvest and are carried over to be funded into a long term debt. These and the unanalysable 'prior debts' referred to, should be taken to the result of deficit economy and are indication of the impoverishment of our agriculturists. These figures have been gathered from the loan applications received in the last few weeks when the prices of agricultural commodities have been ruling high for a continuous period of five or six years and when the agriculturist is supposed to be prosperous. This question has to be examined with the thoroughness it deserves and remedial measures taken by Government. There are already indications of an impending depression. Reports have been received of a decline in the price of some of the cheif agricultural commodities in the U.S.A. like wheat and maize. The last depression of the thirties had played havoc with the agriculturists of our Province. A repetition of the same after so short an interval will cripple the major industry and cause untold misery to millions. I request that these and other trends may be watched and timely action taken by the Government to prevent a slump.

Maintenance of Staff.

The Central Land Mortgage Bank has time and again represented that the cost of Government staff maintained in connection with its work has become a serious burden and that the Government should waive these charges. In 1945-46, the Bank paid Rs. 1,09,288 and it is likely to be Rs. 1.32 lakhs in 1946-47. It is needless to say this amount forms a large part of the profits earned and they are in turn due to the margin between the borrowing and the lending rates. If these charges are waived, the Bank may be able to reduce the margin and lend at a rate lower than 5¼ per cent. Moreover, it is not understood why the Bank should be required to pay for the maintenance of staff which is mostly engaged in performing functions of a statutory nature including supervision and inspection. If the Government staff is also engaged in performing other functions which legitimately belong to the Bank, payment may be demanded in respect of those functions only or allow the Bank to make necessary arrangements for the discharge of those functions.

Minister's Assurance :

The Hon'ble Sri K. Chandramouli recognised that in spite of high prices, the total agricultural indebtedness had not been reduced to an appreciable extent and quoted Dr. Narayanaswami Naidu's recent survey in support of his statement. In the course of his reply to the remarks of Sri Mudaliar to which we have referred at length, Sri Chandramouli promised that in taking final decisions on the recommendations of the Gadgil Committee that "due recognition will be given to the results already gained by the existing co-operative machinery and that the already developed land mortgage bank system in this Province will be adopted as the means for the implementation of the recommendations." We are grateful for this assurance as it sets at rest the lurking suspicion entertained by co-operators that the credit corporations as recommended by the Gadgil Committee would supplant co-operative machinery. It is also gratifying to learn that the Registrar of Co-operative Societies had already moved in the matter and had even suggested 3 per cent

for loans for land improvement purposes. The Hon'ble Minister declared that "the idea is that the difference between this rate (*i.e.*, 3 per cent) and the present rate of 5¼ per cent should be subsidised by this Government and the Government of India on fifty per cent basis." The Hon'ble Sri Chandramouli also referred to the recommendation of the co-operators of Rayalaseema in this regard. He assured that all these points were under the active consideration of Government. On the point of repayment towards the cost of Government staff, the reply was not encouraging though it must be acknowledged he promised to give his best consideration to the remarks of Sri Mudaliar on this point. The Hon'ble Minister referred to the inordinate delays in sanctioning loans and pleaded they should be minimised. He also suggested a revision in the policy of the Bank in regard to loans on the security of dry lands alone and the desirability of dispensing with insistence on security in the shape of irrigated land.

Handsome Tribute :

The Annual Report of the Madras Central Land Mortgage Bank closes with a tribute to the work of its Secretary, Sri Koneti Rao. Sri Koneti Rao was the Secretary of the Bank from almost its inception. He rendered valuable services and it was during his time the Bank attained its present stature. In his retirement Mr. Rao will have the satisfaction that the institution started under such good auspices has grown from strength and strength. In this connection we owe a duty to recall to our mind the unostentatious, silent and steady efforts made by the late Dewan Babadur M. Ramachandra Rao.

Livestock Development.

Elesewhere we have reproduced in full the speech of Dr. Rajendra Prasad delivered at the All India Cattle Show. Though it is some time since the copy became available, we have thought it necessary to draw the attention of our readers to this thought-provoking speech on a subject of vital importance to the rural areas. Dr. Prasad rightly envisages the three-fold problem of more milk, better cattle and sufficient fodder. All these problems require to be tackled simultaneously. Unless we have sufficient fodder, we cannot have better cattle; unless we rear better cattle, we cannot have more milk. If the needs of India's population in regard to milk supply even to a minimum is to be satisfied, the total milk production in the country should be increased three-fold, *i.e.*, from 23 million tons to 70 million tons. The problem of increase of milk supply is beset with many difficulties and should be carefully planned and carried out. These cattle should be protected from diseases like rinderpest as this disease not only reduces milk supply but also claims a heavy toll. Therefore, a well-planned programme of livestock development must be undertaken. The Government and their officers should exercise careful vigilance to detect and nip in the bud any kind of cattle disease before it becomes epidemic. Veterinary institutions and peronnel should be greatly increased to serve these dumb millions who easily fall a prey to diseases. The Veterinary personnel should be imbued with a higher sense of responsibility and devotion as the cattle suffering from diseases are dumb animals which cannot complain if they are neglected.

Co-operative Audit:

We have drawn attention to this topic more than once in recent months. We have no doubt the co-operatives and the co-operators have apprised the Government with their view on the draft notification published. Before making the rule imposing audit fees in respect of all societies, profit or loss, absolute and depriving the Registrar of Co-operative Societies the power which he now enjoys of exempting deserving societies from the payment of audit fees, it is hoped the Government will realise the hardships imposed on this account and so amend the rule as to give relief to loss societies, new types of societies, infant co-operatives which have yet to be planted firmly on their feet. It will be conceded the Registrar of Co-operative Societies has not been too generous in the past in granting exemptions. If so, why should he be deprived of the discretion

vested in him? A popular Government wedded to promote the interests of the common man should not by a stroke of the pen deprive deserving co-operatives of a privilege they are entitled to enjoy especially in the early years of their existence and compel them to pay their audit fees out of the meagre share capital collected from its members who are by no means affluent. We await with interest the final decision of Government in this important matter.

We are informed that audit is to be divorced from administration and a separate staff is to be maintained for the purpose. As this staff is required to discharge a statutory function imposed on the Government, they should be prepared to bear the cost of such staff instead of thrusting the responsibility on the poor co-operatives Is this the sort of encouragement the co-operatives have been looking forward from the Government for the spread of the movement?

Co-operative Housing:

We are gratified to learn that the Government have realised the need to encourage co-operative housing societies as a means to solve the housing problem. During the war the allotment made for loans to co-operative building societies was meagre and utterly inadequate. In the Budget for 1947-48, a sum of Rs. 4 lakhs was provided for loans to co-operative building societies. In the supplementary estimates for 1947-48 presented the other day it was proposed to raise the limit upto Rs. 27 lakhs while a sum of Rs. 75 lakhs has been provided in the Budget for 1948-49. Co-operative house construction and house building societies are to be organised in all the municipalities and the major panchayats of the Province where there is housing shortage. Already house construction societies have been organised at Madras, Trichinopoly, Tanjore, Palamcottah, and other places. Necessary staff for organisation and supervision has also been sanctioned. Need we commend the action of Government.

Reorganisation of the Co-operative Credit Movement in Rayalaseema.

BY S. KRISHNIAH, B.A.,
Secretary, Kurnool Co-operative Central Bank, Ltd.

The Rayalaseema Co-operative Enquiry Committee (1945-46) have recommended the abolition of the central banks in the Rayalaseema and conversion of the existing central banks into branches of the Madras Provincial Co-operative Bank, Ltd., and that the Central Land Mortgage Bank should also finance the individuals direct eliminating the existing primary Land Mortgage Banks with the ostensible object of extending cheap credit to the agriculturists. The Committee opened that the existing central banks are mere intermediaries and that the Madras Provincial Co-operative Bank, Ltd., will be in a position to extend credit to the ultimate borrower at a rate not exceeding 4½ per cent. The Registrar of Co-operative Societies, Madras, who was asked by the Government to examine views of the Apex banks on the various recommendations of the committee has stated that the Madras Provincial Co-operative Bank and the Central Land Mortgage Bank are not in favour of abolishing the existing central banks and the Primary Land Mortgage Banks respectively. The Agricultural Finance Sub-Committee appointed by the Government of India have made a proposal that separate Agricultural Credit Corporations may be started with a view to extend cheap credit to agriculturists especially in areas where the co-operative movement has not made much head way due to backwardness of the tracts. The Registrars' Conference and All India Co-operative Conference held at Madras in May last have, while not accepting this proposal, resolved that cheap credit may be made available though the existing co-operatives and that the proposal to start a separate Agricultural Credit Corporation may be dropped. The Government of Madras having dropped the proposal to start separate Agricultural Credit Corporation have asked the Registrar to submit alternate proposals as to how best the existing co-operatives can be made use of to extend cheap credit to the agriculturists at a rate not exceeding 4½ per cent for short-term loans and 4 per cent for long-term loans. The Registrar of Co-operative Societies, has submitted a scheme the details of which are given below. The Government have also ordered the Registrar of Co-operative Societies, Madras to convene a conference of select Co-operators of the

Rayalaseema to ascertain their views on the various aspects of the scheme. The conference it is understood will be held shortly.

Main Features of the Registrar's Scheme.

1. With a view to remove the existing load of bad debts, the Central Banks should write off the existing bad and doubtful debts from out of the Bad Debt Reserves. In the case of central banks whose bad debt reserves fall short of the estimated bad and doubtful debts, the Government should give necessary subsidies to write off the bad debts to the extent of the deficits.

2. The central banks which issue short-term and medium-term credit will be given subsidy for five years by the Government so as to enable the former to lend to societies at a rate not exceeding 3 per cent and that the societies in return should issue loans to members at 4½ per cent.

3. With a view that State Aid is properly utilised the Registrar has suggested that the services of a Co-operative Sub-Registrar may be given free to each of the Central Banks.

4. The central banks should amend their by-laws making provision for nomination of two gentlemen to the Board of Management.

5. With a view to have effective supervision the Government should give subsidy to the central banks for a period of five years to appoint additional supervisors at the rate of one snpervisor for every 12 societies and two reserve supervisors.

6. With a view to enable the Central Land Mortgage Bank to make long-term credit available to the agriculturists at 4 per cent the Government should give necessary subsidy as suggested for central banks for five years.

Having dealt with the main features of the scheme let me examine the various items seriatum.

Provision of clear slate.

It has been contended that the existing bad debts have been the greatest hurdle for further expansion of the credit movement. Even taking it for granted that the existing bad debts are written off either from State Aid or from the existing reserves, where is the guarantee that the agriculturists with the present economic set up will not relapse once again upto a state of chronic indebtedness.

The present reserves have been built up by the banks by retrenching their profits during periods of boom as well as depression. Moreover during the last four or five years on account of the conditions created by the last war central banks have issued large amounts particularly to stores and weavers' societies in which it cannot be said with any degree of certainty, all the amounts are standing on adequate security. On account of the present policy of the Government a gradual process of decontrol of foodstuffs and textiles has been going on. In the circumstances it is likely that the consumers' movement is bound to receive a set back. The working of weavers' societies has now reached a crisis due to accumulation of large stocks of finished goods which could not find a ready market for sale due to a variety of circumstances which will not be possible to narrate in an article of this type.

If at all the present position of the central banks is to be impressed, the only course opened seems to be that the Government should give subsidies to all central banks the extent of estimated bad and doubtful debts with a view to write off them without touching the existing reserves. The existing reserves can profitably be used for writing off future bad debts which are likely to be estimated as time lapses. In the absence of any well conceived and careful planning for an all round economic improvement of the agriculturists of this backward area, such as the execution of the irrigation projects so as to increase the productive capacity of the land, it is highly doubtful whether writing of bad debts alone will solve the problem in entirety. There appears to be no use of mere palliatives. Drastic ills require drastic remedies. The Government would do well to give priority for the execution of various irrigation projects referred to in the report of the Rayalaseema Co-operative Enquiry Committee. The achivements of the co-operative movement for the last 4 decades in an essentially backward area like the Rayalaseema should be judged either by friends or foes of the movement with special reference to the existing economic set up of the entire tract. Unfortunately this important aspect has been overlooked by the Rayalaseema Co-operative Enquiry Committee both in taking stock of the achievement of the movement and in suggesting measures calculated to improve the working of the movement.

Subsidies to reduce rates of Interest.

The scheme contemplates issue of necessary subsidies to central banks so as to make them pass on money to the existing

Co-operative Credit Societies at 3 per cent so as to enable the latter to pass on short-term credit at 4½ per cent to the ultimate borrower. Though the Registrar has suggested that 1½ per cent should be the basis for issuing subsidies to central banks, the Government wants the conference to consider whether this margin cannot be reduced to 3 per cent. This item in the agenda deserves the consideration of all co-operators dispassionately both from the point of the credit vendor and credit consumer. Cheaping of credit has been the slogan and order of the day of these who have absolutely no stake in the movement. Unfortunately the destinies of this great economic movement are guided at any rate in our country by the powers who have no financial stake in the movement. Responsibility without money stake should at any rate not be allowed to continue.

The Government have with effect from May 1947 reduced the maximum rate in the Madras Agriculturists Debt Relief Act as 5½ per cent and they made no exception as far as the Rayalaseema is concerned. As per report of Mr. W.R.S. Sathianathan I.C.S., on 'Agricultural Indebtedness in Madras Presidency' the rural indebtedness of our province has been estimated at Rs. 204 crores and that the rural indebtedness in Rayalaseema alone was estimated at Rs. 22.17 crores. The percentage of Co-operative debt to the total rural indebtedness in the Rayalaseema will hardly work out 3.2. From this it can be seen that Co-operative debt forms only an insignificant portion of entire rural debt.

In view of the changed circumstances the central banks in future have to concentrate their attention only on expansion of business with rural co-operatives having lost their wartime constituents namely the stores and weavers' societies. What ever may be the drive for increasing the transactions of central banks particularly with credit and marketing societies, it may not be possible for the former to come to the prewar level. Hence 1½ per cent margin not to speak of per cent may not after all be sufficient if the central banks have to make decent profits after meeting the interest on deposits and establishment charges. The banks may not be able to declare decent dividends to the share holders. Though service is the motto of co-operation, it is necessary that the working of financial institutions should result in declaring decent dividends if at all the confidence of the investing public is to be kept up.

The Vijayaraghavachari Committee in stressing the need to cheaper credit have also cautioned the central banks that their intention was not that the rates should be dangerously low and that their anxiety to extend cheap credit should not be " to the extent of being suicidal." Referring to the same subject the committee said as follows :—

" We feel that while co-operative credit societies and central banks should make every endeavour to bring down the intrest on loans advanced to their members at as low as possible, they must so regulate their business as to maintain a sufficient margin between their borrowing and lending rates so as to ensure adequate revenue for the efficient conduct of their indoor and outdoor operations and maintain unimpaired their financial stability." (Paras 194 and 195).

Though there has been a lot of criticism on the observations made by the Reserve Bank of India on the working of the co-operative movement in our country, any suggestion made by the highest banking authority in India deserves the earnest consideration of all co-operators. The Reserve Bank of India in the course of their statutory report (1935-37) have observed as follows :—

" What we wish to emphasise is the question of credit (referring to agricultural credit) which is intimately connected with an increase in the earning capacity and purchasing power of the farmer and in this connection the various Provincial Governments should explore the possibility of finding for him and inducing him to follow suitable and profitable side pursuits."

"Co-operative institutions in district which are frequently subjected to crop failure cannot work successfully unless there is liberal margin of profit in good years and large funds are accumulated for bad years."

One of the Ex-Registrars speaking on the occasion of opening the new buildings of the Tinnevelly Co-operative Central Bank Ltd., has struck a note of warning in deciding the rates of interest to be fixed on loans to agriculturists. "..................It is easy to be charitable with other people's money. In practical politics, the philosophy of co-operative credit organization depended entirely on the maintenance of a thoroughly efficient banking system and for the maintenance of which it is necessary and essential that every proposal to ameliorate the lot of the cultivator must be examined from the point of view of the financing bank. For example we are constantly reminded that the rates of interest must be reduced. That is a good idea, to benefit the ryot. But the bank should pay interest to those who invested their money in it, it should build up reserves to enable it to weather periods of difficulties and it must provide for bad debts. Therefore the bank should maintain the interest rate level at a point that would enable it to meet all these requirements and fixing rates of interest these considerations should prevail in all cases of sound banking."

The solicitude of the vociferous co-operators to the agriculturists should be a true sympathy which have to take a long range view and that all well-wishers of the movement should see that the position of the central banks is rendered quite secure. The limitation of any system of finance should be well recognized. It is also very easy to take responsibility and decide policies without any financial stake. In no circumstances can the margin for central banks be reduced below 1½ per cent without jeopardising the financial position of the financing banks. Of what use can these banks be to the ryots when their financial position will be at stake ?

It is most unfortunate that the Government have now come out with a proposal to collect the audit fees even from the agricultural credit societies. On one side we talk of cheapening audit and on other side we want to tax the co-operative credit societies. There has already been a great drain on the co-operatives. Cannot the Government spend some amount for the welfare of institutions which cater to the needs of the agriculturists from whom the Government desires a good lot of revenue by land revenue. Of all the sectors in the national economy of the country agriculture deserves the greatest State Aid. Hence the proposal to levy audit fees on credit societies should be dropped.

Free Services of Co-operative Registrar.

Under the garb of State help, the Registrar has suggested that the central banks may be given free services of Co-operative Sub-Registrars with a view that State-Aid is utilised in an effective manner. This suggestion of the Registrar however good it may be deserves serious consideration of the Co-operators who believe that co-operative movement is essentially a democratic and people's movement. State aid and co-operative autonomy are not contradiction in terms and there can never be any kind of inconsistency as is generally looked upon by the department. The All India Co-operative Planning Committee has suggested that if the movement is to make much headway in the present national economy State aid

is necessary. The All India Co-operative Conference which considered the planning committee's report has passed the following resolutions on State aid and deofficialisation.

1. "This conference strongly recommends that Central, Provincial and States Governments should make available to the Co-operative movement State aid in the manner and to the extent envisaged in the Co-operative Planning Committee's report. It draws the attention of the Central, Provincial and States Governments to the fact that such help will be merely a contribution from the state for effecting the economic betterment of rural masses in India."

2. "This conference is definitely of opinion that the time has come when, along with the increased assistance by and association of the state for new societies, a policy of de-officialisation should be adopted for successful groups and types of societies. The conference urges upon the Government the need for a declaration of its policy in this behalf in no uncertain terms and to begin to formulate steps neeessary in that connection at an early date."

In the face of these two resolutions of the All India Co-operative Conference, the Co-operators have to consider seriously whether the time has not come to consider whether there should be still departmental domination over central banks which have been in existence for nealy three decades. Have we not passed that period of minority when spoonfeeding was necessary ? Dewan Bahadur Hiralal Khaji, President of the All India Co-operative Institutes Association has vehemently criticised in the course of a minute of dissent submitted by him to the Co-operative Planning Committee report and also in his Presidential address to the All India Co-operative Conference held at Madras in May last the policy of the Governments to dominate over the movement under the guise of State-aid. Departmental control is the greatest impediment to the healthy growth of the movement and will not foster to a great extent a sense of responsibility both on the management and the affiliated primaries. Speaking at the All India Co-operative conference at Madras in May last he rightly observed as follows :—

"I have no quarrel with those who advocate increased Government control. All I am insistent about is the result. The result so far has been very poor. With increased departmental control and decreased responsibility of the management, the result, I am afraid, is not going to be any better. If co-operation is to succeed it must not be tied up to the apron strings of the Registrar who however able and conscientious cannot possibly be an expert in Agriculture, Banking, Marketing and so many other sectors of the economic life of the country as also in Administration. ....It is the present policy of making societies a semi or a pseudo Government institution that has largely contributed to the poor results so far achieved ".

In view of the fact that the co-operative central banks have at any rate learnt how to manage their business with the existing non-official paid staff, the conference should insist only cash subsidies for making necessary arrangements to strengthen the staff for effective supervision of societies by appointing only qualified non-officials as per rules suggested by the Registrar and adopted by the banks as part of their by-laws. The existing staff should under no circumstances be disturbed except on grave charges. We have also bitter experience of co-operative institutions having worked at huge losses in spite of their being manned by departmental subordinates as executive heads and retired biggest officials of the co-operative department as office-bearers.

Nominated Directors.

The Vijayaraghavachari Committee (1939-40) dealt at some length on this question. They have suggested that co-option of people with knowledge of banking may be done by the central banks. It is very unlikely that there will be any kind of harmony between elected representatives and nominated people. So long as there are enough provisions in the Co-operative Societies Act to supercede the committees if anything goes wrong, nomination is absolutely unnecessary. It is indeed an irony that attempts are being made to tighten the hold by the Government on the co-operative movement when political freedom has become an accomplished fact in spite of communal troubles and sectarian bickerings. The provision to nominate a chosen few by the Registrar will be a highly retrogade step. It needs no special mention that the nominations to the Upper Houses (Legislative Councils) under the Government of India Act 1935 have been the subject of criticism even by liberal leaders as the nominees will be nothing but mere reactionaries. When co-operators are already agitating for removal of provisions in the by-laws of some societies regarding nominations, it is indeed curious that the Registrar has now come out with a proposal to dump his own *chelas* on the co-operative central banks. So nomination will not be for the healthy growth of the movement at any rate under the changed political set up.

Subsidy for Supervision.

All co-operators may welcome the suggestion of the Registrar for providing necessary subsidies to central banks to increase the field staff. The question the co-operators will have to consider is whether the scales on which the subsidies have been worked out will at all attract qualified people as supervisors. The basis for working out figures has been Rs. 35 as pay Rs. 15 as F.T.A., and Rs. 16 as D. A. It must also be remembered that the scheme cannot at all attract qualified people as it is purely a temporary one for a period of five years. A Junior Inspector in the Co-operative Department is paid an initial salary of Rs. 65 with usual D.A., and F.T.A., and the total emoluments will work out to Rs. 110. Hence the basis of giving subsidy to central banks requires a drastic revision to be in a par with the emoluments paid to Junior Inspectors. Unless the employees are paid living wages either in Government service or private employment there can never be any tempo in co-operative activity irrespective of the nature of schemes that may be put into effect by the Government. This is a factor which should be considered very seriously before co-operators come to a decision.

The Madras Central Land Mortgage Bank, Ltd., in view of the Government having guaranteed the principal and interest on the debentures, has been making huge contributions to the Government towards cost of staff deputed for scrutiny of loan applications, etc. The Government should give subsidies to the Central Land Mortgage Bank for employment of non-official staff in primary land mortgage banks of Rayalaseema for scrutiny of loan applications. The Central Land Mortgage Bank could not also reduce their lending rate still further in view of their being asked to create debenture redumption fund and sinking fund at the instance of the Reserve Bank of India by the Provincial Government under the guise of infusing confidence in the investing public.

The subjects marked for discussion at the conference are so important that they cannot be disposed off without serious consideration. It is now for the co-operators to decide whether they would like to keep co-operative autonomy in tact or surrender to the departmental domination under the garb of State Aid. All measures calculated to improve the economic position of the agricnlturists should be impressed upon the Government with one voice by all co-operators apart from schemes for cheaping credit if it all there is to be any tangible and perceptible improvement among the people at large.

Co-operative Audit.

By K. Krishna Rao.

The Government have recently expressed their intention of modifying the rule under Act II of 1932, by which, all co-operative societies will be made to pay towards audit fee to the Government. Recently the scale of fees has been raised. The Government has also stated categorically that the amount that is paid to its employees engaged in the audit of co-operative societies, should be fully recovered from co-operative societies. It is said that the salaries and expenses of staff of the audit section of the Co-operative Department will not be met from Provincial revenues. This means in plain langauge that the co-operative movement will have to pay for the maintanance of a Government machinery that is not a part of the co-operative structure. It means that the co-operative movement is to have a part of its funds taken away by force, for the up keep of a machinary not created or elected by it, and which does not in any sense owe any responsibility to it. It means that the co-operative movement is to maintain from out of its surplus, a machinery in no way co-operative, but which ultimately is intended to dominate it; a machinery that does not safegaurd co-operative principles, but which through history introduced procedures and precedents that are the very antithesis of co-operative principles of all-embracing unity, democracy and service.

What is Co-operative Audit.

Before we understand the implications of this rule, let us see what co-operative audit means. Co-operative audit is not a mere arithmetical verification of accounts or vouching for correctness of entries. It is much more than this. Besides testifying to a truthful representation of transactions of co-operative institutions it is a scrutiny, if the transactions are conducted in accordance with co-operative principles with a view to develop the co-operatives on right lines. Viewed in this light, co-operative audit not merely would be content with the detection of technical irregularities, but would as an essential feature, suggest and guide the development of the society in order that it may acheive the objectives of co-operatives. While acting as a check on activities of un-co-operative elements in societies, co-operative audit should give really useful suggessions for making the Society serve the members to the maximum extent possible. The co-operative auditors are but limbs and parts

of federations of co-operatives, which pool the experiences of co-operatives in a particular area, so that the secrets of success of co-operatives that are run in an exemplary manner are made the common knowledge and property of all co-operatives. Even the pitfalls and failures in the application of co-operative principles are made known widely, so that they may be avoided.

Agency to Conduct Audit.

When such is the nature and function of co-operative audit, it will be obvious that the only agency that can carry on co-operative audit is a co-operative union formed on a regional basis. The function of co-operative unions such as the ones envisaged, and such as are functioning in democratic countries, is not merely audit, but propaganda, education, development and safegaurding common interests of co-operatives and its members. Audit by co-operative unions of the type that are found in democratic countries is not merely efficient; it not merely makes for strengthening co-operatives and eliminating factors as weaken co-operatives, but what is more conforms to co-operative principles, fosters a sense of deep responsibility, encourages self help on a collective basis and ensures the application of democracy in co-operatives. It is therefore a self evident truism which at this time of the day requires no lengthy argumentation, that audit by agencies other than the co-operative unions is not merely unsatisfactory, but positively harmful.

Honest co-operative opinion always held that Government agencies are singularly unfitted to the task of co-operative audit. Insistence on audit by Government agencies has always been actuated by the grabbing tendencies of vested interests out to dominate co-operative institutions. Vested interests are always affected by the development of co-operatives. To curb their growth, to strangulate their development has always been the policy of profiteers and monopolists. Insistence on co-operative audit by Government agencies has been inspired by these interests, to serve their ends. To dominate over the co-operatives to make them impotent and ineffective has been the slogan of the vested interests in all countries. *Why did the State in India take up function of co-operative audit?* The reason for co-operative audit being so far the function of a department of the Government in our province is very clear. We have been ruled so far by an alien autocracy. One of the propagandist weapons in the armoury of the foreign beauracracy is the theory that Indians are ignorant, backward and primitive and as such singularly unfitted to rule themselves and therefore are to be ruled by foreigners. Hence the "white man's burden" theory has been sedulously propagated. The garb that this theory assumed in the co-operative field was: Co-operative democracy and co-operative principles are singularly unfitted to Indian conditions. Negate the co-operative principles of democracy, self-help and anti-profiteering and you will get co-operatives well fitted to Indian conditions. From this it is clear that the dominant aim which is sought to be pursued by introducing a policy of Government audit of co-operatives not merely in 1904, but is continued under various pretexts and excuses down to 15th August 1947, is one and only one. The co-operative movement is a movement of human liberation. It is not merely liberates to a limited extent though it be the man of small means from the shackles of usury, landlordism profiteering trade and sweated labour, but fosters the growth of democratic aims and solidarity and urge for collective efforts to achieve common aims and aspirations among men of all means. It is precisely to bar such movements of liberation, and developments tending towards liberation that the Government through its machinery has assumed such roles and functions inside the co-operative movement as are directed to thwart the native and natural development of co-operatives. This also explains why in spite of the verdict of history that state intervention in co-operatives have always hindered co-operative effort and development, and inspite of such a verdict manifesting itself in no uncertain trends in the history of Indian Co-operation, the Co-operative Department persists in insisting on state control of co-operatives. Co-operative audit by the Government department is intended to curb co-operative development and not to further it. It is intended to perpetuate state domination over co-operatives through a seemingly technical function like audit. It is not intended to further co-operative democracy, and can in no case pave way for co-operative development.

Entrust Audit to Co-operative Agencies.

In view of the foregoing co-operative audit should as a rule be entrusted to agencies which are a part and parcel of co-operative structure. They should be entrusted to co-operative unions formed on a district and provincial basis. These co-operative unions are federal organisations formed on the basis of strict co-operative democracy, and which discharge besides auditing functions, functions of co-operative education, organisation, propaganda, development, and which are to safeguard co-operative organisations from attacks by interests hostile to co-operatives from without and from within.

An appeal for Developing Co-operatives.

If co-operators are to take seriously the effusions about the efficacy of co-operatives in a planned economy to eliminate poverty and destitution that we are witnessing of late from ministers of state, they have a right to urge that policies that are legacy of a previous regime out to put down co-operatives, should be abandoned.

Audit by Government agency operates most as a fetter on co-operative development. This is the verdict of history. This is the view of those co-operative stalwarts in all lands from Late Henry Wolff down to the Late Ramadass Pantulu.

I hope that the congress ministry would entrust the entire function of co-operative audit to a Provincial Co-operative Union operating through district co-operative unions formed on the basis of co-operative democracy if they are at all serious about developing the co-operative movement.

The rule proposed by the Government, needless to say, is entirely harmful to co-operative interests and it is hoped that the Government would accept the suggestions to entrust audit only to co-operative agencies.

Livestock Development*

Cattle have an importance of their own in our economy of life. We need milk and need it more than other peoples of the world because there is a very large proportion of our population which does not eat meat or any other animal product except milk or milk products. We need good strong hardy bullocks for agricultural purposes, for ploughing our land, for other processes in connection with agriculture, for lifting water for irrigation, for drawing carts for transporting goods and serving as conveyances. The problem of maintaining cattle of the requisite quality both for supplying milk and for supplying power is one which ought to occupy our attention. Its tremendousness will be apparent when we remember that India has the largest cattle population of the world. According to the last census, the total bovine population (cattle and buffaloes) in 1941 was 208 2 millions including (*a*) 74.4 million adult females, (*b*) 68.5 million adult males and (*c*) 65.2 million yonng stock of both sexes below three years of age. Of the adult females, about 5 millions are not used for milk production thus leaving about 69.5 millions for milk supply, and the number of animals in milk and dry are about 35 millions and 34.5 millions respectively. Amongst the male population about 3 millions are not used for any work. The number of bulls is about 1 million and that of bullocks about 64.5 millions. The annual production of milk from cows and buffaloes is estimated at about 22 million tons or 6 crore maunds. This has to be increased at least three-fold to meet the nutritional minimum which at about one pound a day per head of the population (8 oz. fluid milk and 8 oz. in the form of products like *ghee*, butter, etc.) works out at about 70 million tons and allowing for feeding of calves the total quantity required would be 80 million tons or nearly 21 crore maunds. Dr Norman C. Wright calulated in 1937 the income from cattle as follows:

Milk and milk products	Rs. 300 crores
Hides and skins	Rs. 40 ,,
Value of cattle labour	Rs. 300 to 400 crores

The cost or value of cattle manure is difficult to calculate but a provisional figure of 270 crores of rupees has been suggested. We get a correct perspective of these figures if we remember that the value of milk and milk products alone is roughly equivalent to the value of India's total output of rice and three to four times that of wheat. Dr Norman Wright concludes that 'in actual value the cattle industry contributes at a very rough estimate aboot 1,000 crores of rupees to the agric ultural income of the country which has been assessed at a total of 2,000 crores of rupees. The potential value of cattle as a means of raising the level of fertility of

*Speech delivered by Hon'ble Dr. Rajendra Prasad, Food and Agriculture Member to the Government of India, at the opening of the Sixth All-India Cattle Show held in Delhi on 10th February 1947

the soil and of thus increasing the output of both cash and food crops is incalculable '.

The problem has thus a two-fold aspect each of which has to be fully kept in view. We need milk and milk products and we need catlle for draught purposes. In towns and other places where human population is concentrated and agricultural and draught purpose of less importance milk supply is the more important, while in rural areas both aspects are equally important. As the population is becoming concentrated in towns and industrial areas which are growing up, the question of supply of milk to them is assuming an ever-increasing importance. On the other hand, in rural areas, while the question of increasing the supply of milk is not less pressing than in towns, there is no appreciable chance of mechanization replacing the bullock as the chief source of power for agricultural and other purposes.

'India' in the words of Mr. R. A. Pepperall 'is not now in the position nor is there any immediate likelihood of conditions changing, to admit of the luxury of maintaining separate types of animals for milk and for draught. Therefore, dependence must continue to be placed on a dual purposes kind of animal, the males of which are capital of meeting the agricultural and transport needs of the country whilst at the same time, the females can be expected to yield reasonable quantities of milk'. To support her dense population, India needs, that output of agricultural produce per acre which is lower than what it is in most other agricultural countries, should be raised and for this purpose, the fertility of the soil must be maintained. 'The development of agriculture' says Dr. Wright, urgently requires the dovetailing of the arable and animal husbandries into one mixed farming system'. 'Bulk mixed farming system' he continues, 'would utilize not only the utilization of all available manure but the cultivation of leguminous fodder crops which contribute so markedly to soil fertility. The fodder crops so grown would, in turn, provide an ideal source of food for cattle and particularly for milking purposes'.

We have thus to consider the problem of cattle husbandry in relation to agriculture and milk supply and it is necessary to divide it into three parts:

(*a*) The type of cattle best suited to our requirements with which is allied the problem of improving the breed,

(*b*) the problem of feeding, and

(*c*) the problem of disease of cattle.

As regards the cattle best suited to our purpose, there are some breeds which yield much milk but not sturdy bullocks for draught purposes. It is these which have received much attention in our dairy farms, particularly the military dairy farms, where milk supply is naturally the dominant consideration. The present policy of the Government is to increase the number of good dairy cows and to maintain the quality of good work breeds while developing to the full what potentialities for milk production these work breeds possess. That they do possess these potentialities has been proved in the case of Kankrej, Bachur, Gaolao and Hathkar breeds. The dairy breeds will be developed in the fresh milk zones around towns, but that must be done without endangering the quality of the country's work bullocks, which, it must be kept in mind, form the overwhelmingly most important livestock of the country.

For this purpose it is necessary to aim at improving the best of the established breeds where they exist and the grading up of non-descript stock with them. It has been found by experience that cattle which have flourished in a particular locality have developed qualities which are best suited to that locality and therefore as far as possible the merits of local cattle should be discovered and they should be developed. Imported cattle, although of superior type, may, it is just possible, not flourish in new environments and on account of their superior quality the local cattle, which will necessarily suffer in comparison, may be neglected with the result that the imported cattle do not flourish and the local cattle get neglected. It is, therefore, necessary to find out the potentialities both in regard to milk yield and draught purposes of local cattle and encourage them. I may note, however, that some varieties have proved very successful in some cases even a after being taken to environments which are very different from their original homes. For example, the Sindhi has been found to flourish on the west coast in the South. I am mentioning this as an exception to prove the rule which is that it is the local breeds which should be patronizad and improved.

In order to elimiuate the perpetuation of the inferior stock it is necessary to take steps which, while not hurting the wide-spread susceptibilities of some communities, may still prove effective. That the value of bulls of good quality was understood and that our people in the past were able to develop different kinds of cattle with varying qualities can be gathered from books as also from the various types which were developed and which are still existent. A young calf which was to be dedicated as a Brahmini bull is described with meticulous care and its qualities which are mentioned are such as insured a bull of a very high quality. In course of time the principle underlying the dedication of Brahmini bulls has lost its meaning and only the form now remains. The result is that one just fulfils what is considered a religious obligation. Any kind of bull is dedicated which is certainly not what was intended by those who introduced this system. While on the one hand, dedication of high quality bull was considered an obligatory duty by a pious Hindu at the time of the *Shradh* of his father, the Hindus also developed the system of sterilizing the greater num ber of male calves and this was done in spite of the great prejudice which the

Hindus have in favour of the cow and its progeny. Different systems of sterillzation prevail in different parts of the country even now and it is in a scientific development of activity on this line that the true remedy for elimination of low quality cattle can be found. There is no serious religious prejudice against castration and modern method has indeed this to recommend it, that it is certainty less painful are less cruel than some of the methods which and widely prevalent in different parts of the country. It is, therefore, necessary to take action in two directions. In the first place the best quality bulls should be preserved and bred for breeding purposes and at the same time all other bulls should be sterlized by adopting castration. As to what quality of cattle is considered the best in particular parts of the country is a question which can be answered only by specialists and I believe the experiments which have so far been made and which are now being made will enable particular breeds to be developed in particular areas of the country. Improving breed is necessarily a long term project and it sometimes so happens that while improvement may be introduced as a result of cross breeding in the first and second or third generation there is gradual deterioration thereafter. Care has, therefore, to be taken that permanent improvement is achieved. We know from experience that breeds have been developed for various purposes in the past. Thus there are some breeds which are good milkers but whose males are not efficient workers. Even amongst those that are good for work, different varieties have been developed in the past. Thus there is a variety which can do hard work, drag heavy ploughs and carts with heavy loads but cannot go fast. On the other hand there are breeds which run fast but cannot work hard or carry heavy loads. These qualities were developed centuries ago as a result of judicious and selective breeding and perhaps feeding and there is no reason why we should not be able to develop breeds to suit our purpose, *viz.*, the dual purpose of giving resonable supply of milk and good bullocks for work purposes.

I believe it is possible within a reasonably short time to eliminate the inferior quality of cattle without having to destroy them if only care is taken to prevent their multiplying which, as a I have said above, can be done by sterilizing the males. The poorer quality cows also have some how to be sterilized. I do not if any method has been discovered for doing that but we have to give up the temptation of getting what little milk we get of them and the poor bullock that they produce. If the *gowshalas* that are in existence or other organizations which may be created could take charge of all the poor quality cattle their elimination without having to destroy them could be effected in a few years and I do not consider this to be an impossible task.

We know that a very large number of our best quality cattle is destroyed every year. This is particularly true of the best milk yields. They are purchased by private individuals also by those who carry on milk business from the countryside and are removed to big cities when they are in milk. When they go dry it becomes burdensome for the private individual and even more so for the businessman to maintain dry cattle in cities. The so-called milkmen try to get the utmost out of the cow while she is in milk and for this purpose they not only remove the calf which takes his share of the milk but they also use various cruel and inhuman methods like the *Phooka* for getting the utmost of the milk out of the cow. This has the effect of rendering her less and less fertile, if she is allowed to survive after the first lactation, and by the time she goes dry the milkman has taken enough out of the cow to cover not only the cost of her maintenance but also the capital invested in purchasing her. He can afford to sell her away to a butcher at a price which is more or less equivalent to the price of beef and the hide. In this way he makes a profit on his investment by selling the calf, by selling the milk and lastly by selling the cow and saves by not having to maintain her during the dry period. It has been calculated that the milkman in this way finds it more profitable to purchase a cow in the early period of lactation and to dispose it of as soon as she goes dry. It is profitable to the individual but it is obviously a very serious loss to country at large which is in this way denuded of the best quality cattle in the country. To prevent this waste it is necessary to make it worthwhile for the milkman to save the calf as also the cow when she goes dry. The calf can be saved if arrangement is made for acquiring it from him by some organization which may be a private concern or a public institution, and bringing it up until it becomes either a cow or a bullock. The cow can be saved by making arrangements for maintaining her during the dry period cheaply at some distance from the city where she can be looked after without deteriorating her quality. It would be necessary to establish farms for dry cattle where they can be fed cheaply arrangement could be made with railways or other transport organizations for taking them to and back to such farms at a small cost. I am glad that this is being taken up in some places and such farms are being started and the Government is helping them.

One problem which is a vital problem is of sufficient and nutritious fodder. At present in spite of the so-called reverence which Hindus and others have for the cow their cattle are under-fed and are kept in conditions which cannot compare with those of contries where people have no such reverence but keep them well, even though they are slaughtered for food and other purposes. It is a scandal which has to be removed and any effort in that direction will not succeed unless and until maintaining cattle becomes an economical proposition. I believe this is possible and can be achieved but it requires a little fore-thought and getting over certain prejudices which hinder our progress in this connection.

Fodder presents a formidable difficulty and yet it is not insoluble. What is called mixed farming is the solution. Our economy is such that land, man and cattle should be so organized as to create a natural balance. We must understand that the land cannot give us more than a certain quantity of grain or any other produce. Man's ingenuity can increase and has succeeded in increasing it but there is a limit to that. Natural economy requires that whatever is taken away from the earth is somehow or in some way restored to it to maintain its fertility and yielding capacity. Agriculture carried on in a way which restores what it takes out of the land is the ideal arrangement. We cannot go on drawing out of land without putting something back into it in a different way. This can be seen in any field which is cultivated. If some countries like India and China have gone on producing crop year after year since time immemorial, it is because this economy has been maintained. It is necessary that it should be maintained if in the course of time vast tracts are not to cease to yield produce and become deserts. Cattle play a very important part in this economy and it is for man to so arrange his affairs that land supports the cattle and man and they in their turn restore to the land what they take from it. The system of manuring and rotation of crops is as old as the hills in India and is based on this sound principle.

The three-fold problem of more milk, better cattle and sufficient fodder for cattle has to be tackled. The total annual production of milk is estimated at about 28 million tons, which varies from province to province and is not by any means uniform throughout the country. The daily *per capita* consumption in milk products is estimated at 5·8 oz. for India, which is the lowest among the civilized countries of the world. This *per capita* consumption also varies from place to place as it is only about 1·2 oz. in Assam as against 22 oz. in Sind. The quantity considered necessary from a nutrition point of view is 8 oz. liquid milk and 8 oz of milk to be consumed in other forms, or 16 oz. per head. It is, therefore, necessary that the total milk production in the country should be increased threefold, that is from 28 million tons to 70 million tons a year which should be the ultimate target. The necessary increase will have to vary from province to province as the *per capita* production and consumption varies today. To bring about this increase is a tremendous task and calls for a concerted effort. It is bound to be a slow process and will depend upon the adoption of sound cattle husbandry processes which will mean better breeding, feeding and management of cattle. As has been stated above, the increase in production has to be spread over both rural and urban areas. The urban programme will necessitate concentration, whereas the rural programme means better breeding, feeding and better management in numberless homes and farms of individual agriculturists. Although reaching the target mentioned above is a long term programme, it is possible within comparatively short period, say of 10 years, to achieve perceptible results. Milk is most required by the vulnerable group of the population such as children of school-going age and expectant and nursing mothers. If they are calculated to be 25 per cent of the total population and if the level of nutrition in the form of milk for them is to be put at one pound per head per diem, the quantity required will be in the vicinity of 17½ million tons per annum. Taking into account the *per capita* share out of the milk produced and consumed today, the additional quantity required to meet their needs would be about 12 million tons annually and this means an addition of about 55 per cent to the present output of the milk of the country today. If within the next five years we can increase our milk production, say, even by 30 per cent it would be an effective contribution to the nutrition of the country. To reach this target we have to depend upon improving the breed and supply of sufficient nutritive fodder. There are 70 million cows in the country requiring the services of 1 million good bulls, or an annual supply of about 2·5 lakhs These can be produced theoretically from 6 lakhs of good cows served by about 10,000 superior quality bulls. It is therefore necessary to aim at the maintenance of the basic stock of 20,000 to 24,000 cows in the breeding farms so that 10,000 really superior bulls will be maintained at stud in the villages. There are at present 59 Government and semi-Government farms, excluding military farms, carrying some 6,500 cows. The development plans are framed to increase the number of farms 87 to carry 13,700 cows and thus attaining the necessary minimum total of 20,000. To effect real improvement it is necessary to test the progeny for their quality. As the bulls are passed from the farm to the country for multiplication they must be used for cows which are at least not below the average quality, and the placing of the bulls must be concentrated and consistent so that the improvement effected in one generation by a farm bull is not counteracted in the next by a scrub bull.

As it is likely to take a long time in producing the number of bulls that is required, the process of artificial insemination has been thought of to enable one bull to serve the purpose of as many as, say 10 bulls, and thus to reduce the number of bulls required. Experiments have been made not only in other countries, but also in India and it has been now more or less established that we can really get as good results from artificial insemination as from natural process of generation It has not, however, become quite popular. There are at present five centres at Izatnagar, Calcutta, Dacca, Patna and Bombay, where arrangements are made for artificial insemination and wherever it has been introduced it has found favour with the cattle owners. Centres like these require to be established in numerous other places. It not only reduces the number of quality bulls to, say, one-tenth of that required to serve our needs, but also brings about a rapid improvement in the quality of our cattle and incidentally improves milk production by shortening the dry period of our cows.

In this connection it is necessary also to remember that enormous wastage of livestock takes place on account of contagious diseases, especially rinderpest. It is estimated from what figures are available that some 2.2 million maunds of milk are lost each year and perhaps as many as 3½ lakhs of bullocks from rinderpest alone. It is satisfactory to note that a reliable vaccine has been made available by the Indian Veterinary Research Institute at Izatnagar which can confer immunity against the disease at a small cost which comes to less than annas two per inoculation. The total elimination of rinderpest has thus become feasible and it is really disappointing to note that while the vaccine prepared at Izatnagar is in demand in foreign countries it has not yet reached the stage of popularity it deserves in our own country. I trust a vigorous campaign shall be adopted wherever this fell disease is or is likely to be prevalent.

As I have already stated above, the pedigree bulls should be bred mainly for the purpose of giving us the dual purpose cows and bullocks. In this connection it is necessary to remember also that while establishment of large dairy farms is necessary in and near cities we have to devise methods which would make easy the rearing of good quality cattle by cultivators in rural areas in general. Perhaps some sort of co-operative farming might prove helpful, but it will take time to develop it. In the meantime we cannot afford to allow the present unsatisfactory state of affairs to continue. With judicious and vigorous propaganda it is possible to instruct the agriculturists in the latest and most scientific methods of cattle husbandry and for this purpose the lower forms of schools where the children of agriculturists come for instruction might be utilized Broadcasting has a great future and as it advances and becomes more and more widespread it might be utilized for giving instruction to rural areas in this as also in so many other matters which concern them relating to health, education and agriculture. Animal husbandry organizations might also organize lantern lecturers bringing home to them the value of improvement in cattle husbandry, giving more milk and better bullocks.

But no scheme aiming at improvement in the milk yield or better bullocks can be successful unless there is sufficient nutritious food available for our cattle. It has been suggested, and I think rightly, that it is possible to improve the milk yield considerably without improvement in the breed by giving sufficient and more nutritions food than is given to our cattle today. Experiments have been made and it is the common experience of all who have made the experiment that a great deal more milk can be had from our existing cows if we give them sufficient food. As things stand, not more than 60 per cent of requirements in fodder are available today and only a quarter of the concentrates needed. While working for the production of food for man it should be possible to develop the sources of cattle feed. The economy of agriculture requires that while the grain obtained out of agriculture is used for human food the leaves and stalks of the plant are used for cattle feed and I think it is possible even now to so arrange our agriculture as to get sufficient cattle feed on the one hand and sufficient grain on the other. There may be an apparent conflict between man and his cattle in as much as both make a demand on land, but I think with good management the conflict may be avoided. As grain production increase there is a proportionate and *pari passu* increase in the fodder available for the cattle, in as much as the leaves and stalks increase with the increase in grain production. In so far as concentrates are concerned, any increase in the production of oilseeds implies an increase in the production of oilcakes which are perhaps the most important concentrated food for our cattle, provided oilseeds are not exported, but are all crushed in the country and the oilcakes made available for our cattle. The quantity of land used for growing fodder varies considerably from province to province. With the increase of population there is bound to be a tendency to bring in more and more of this land which is now used for fodder growing into cultivation for food crops. Improvement with the help of manures in the productive capacity of land is likely to help equally its capacity to produce increased fodder ; and just as in the case of food crops, so also in the case of fodder we have to depend more and more on intensive cultivation.

Another thing which has to be borne in mind is that there are seasons when we have more fodder than our cattle can consume, which are followed by seasons when there is not enough fodder available for them. It is therefore necessary to arrange preservation of the surplus fodder for the lean season. Our agriculturists know the art, but in this, as in other respects, cheap improved modern methods of preservation have to be brought home to them. I have seen expensive methods of preparing silage which requires masonry tower requiring cost which the average agriculturist cannot afford ; but I have also seen a very cheap method of preserving grain in pits and trenches dug underground. I believe that if grain can be preserved in *khads*, as they are called in many parts of the country, without being damaged by moisture or vermin there is no reason why fodder could not be preserved in the same way. There is immense quantity of grass which grows wild in many parts of the country. If all that could be salvaged and preserved either in the form of silage or hay it would go a great way towards solving our fodder problem.

Then there are crops of fodder like berseem which not only help the cow in giving more milk but also improve the fertility of the soil. If such fodder crops could be grown in rotation they would help the fertility of the soil for food crops and at the same time also help to increase our fodder supply.

Our forests, if well managed, can not only give plenty of timber, but also help in the solution of our fodder problem to a not considerable extent.

I have taken the opportunity of indicating some of the lines which could be adopted for increasing our milk supply and improving our cattle Research is being carried on in our institutes and dairy farms inr espect of matters concerning agricultural development and animal husbandry. The results of these researches have to be made known to our numberless agriculturists all over the country. They can be of value only if they are able to suggest methods which are within the means of those for whom they are intended. India war at one time a land which was said to be flowing with milk and honey. In the Hindu *Puranas* there is reference to an ocean of milk. The whole legend of Sri Krishna's early life revolves round cows and milk. The wealth of the individual or of the community was at one time measured in terms of the heads of cattle that the individual or the community possessed. It was not mere religious sentimentalism but shrewd, hard calculating economics of the times that dictated the respect in which the cow and her progeny came to be held. As in so many other things this economic scheme was given a religious covering which today has lost its real meaning and offers only occasions for communal conflict. We have to lift the question of animal husbandry from this rut and put it in its correct environments which is no other than a purely economic environment. Bovine species is essential for our life and it must be made apparently and demonstrably economic to maintain and improve it. This can be done as I have said by mixed farming, by improving the breed of our cattle, by increasing our fodder supply and concentrates. The value of an exhibition like the one which I am going to open lies in the fact that it enables the visitors to see with their eyes the improvement that can be effected and that has as a matter of fact been effected and I trust that this exhibition will give at least to some of us the incentive to look after our animals better so that we may get more milk and better bullocks.

Rural Reconstruction*

I am very grateful to the Principal of the Y. M. C. A. College of Physical Education and the Rural Recreation Officer Trainees' Association for the opportunity which they have given me to address them this evening. It is a source of encouragement to all of us that the Hon'ble Minister for Prohibition should have found time in the midst of his multifarious duties to come and preside over to-day's function.

In the first place, I must say that we are under a deep debt of gratitude to the Y.M.C.A. for the readiness with which they have always taken this training in rural recreation work. The success with which they have organised and you have participated in games, dances and various other items this evening reflects great credit not only on their powers of organisation but also on your enthusiasm for your work.

You may remember that when most of you appeared some months ago before the Committee appointed by the Government for your selection, some questions were put to most of you with a veiw to ascertain not only your aptitude for games but also the measure of success with which you were likely to adapt yourselves to village life. Most of you may still wonder what connection there is between Prohibition and rural recreations. I would, therefore, like to say, at the outset, a few words on this subject.

Pandit Jawarlal Nehru has repeatedly told up that the true wealth of a nation depends on its manhood and womanhood even more than its material resources. Ours is one of the poorest countries in the world and the standard of living of our masses is miserably low. Many things have contributed to reducing our splendid manhood to its present low state. It is universally recognised that the drink habit is widespread among them, and that those who drink spend such a large part of their wages on drink that they have less than the absolute minimum necessary for a health physicaly existence.

We have no dsoubt recently attained our independence. If we are to take our place which is rightly ours in the family of nations by virtue of our population and the traditions which we have inherited not only from our past but also trom Mahatma Gandhi, the father of our nation, who was only till recently among us, we have to do every-everything that we can to raise the economic, social and moral level of the masses. This can be done not by increasing their earning capacity-a matter which is also seriously engaging the attention of the state-but also by eliminating all wasteful expenditure, so that their earnings are utilised to the best advantage to promote their well-being. It is

*Copy of the Valediotory Address delivered by V. N. Kudva Esq. C.I.E., I.C.S., at the Rural Recreation Officer Trainees' Association.

considered that no single measure of reform can help the masses and raise their economic and social level to the same extent as total prohibition can. From this point of view, the Congress, was wedded to the policy of prohibition from the earliest days of its fight for independence under the guidance of Mahatma Gandhi. Of all provinces, the Madras Government have taken the lead in the matter of giving effect to this social reforms of far reaching importance. Prohibition has been introduced already in two-thirds of this Province and is to be introduced in the rest of the Province in October next.

The programme is two-fold; on the preventive side, a large staff has been entrusted with the task of enforcing and stopping illicit liquor traffic with a view to remove temptation from the weak. On the positive or ameliorative side, schemes are organised on a co-operative basis not only for the purpose of providing employment for those who find if difficult to adjust themselves to new environments but also to show the people at large the ways and means by which they can improve their resources, and some mesures have also been undertaken to encourage thrift and savings out of the money which was till only to recently spent on drink. If is not necessary for me to say more on the subject as it is sufficient if you know the back-ground against which you have to direct your activities when you go out into the district.

I now come to the part of the ameliorative programme which will be soon entrusted to you. It is better that you should know that there is a large body of public opinion which believes that much has not been achieved in its working. Please remember that you will soon be put to the test and it is up to you to show your mettle.

As we all know, the life of an ordinary villager is often dull and dreary. With the change in outlook with the impact of modern civilisation, there has been of late a marked tendency for the best sons of the villages to feel their environments in the village un-congenial and with the gradual impoverishment of the countryside, they find little scope for their activities in the villages and migrate to towns in search of employment. The traditional games, folk dances and entertainments which occupied the attention of the villagers and enlivened their spare hours have considerably suffered for want of encouragement, and many of them have resorted to drink to escape the tedium of their life and the monotony of their existence. You are expected to provide ample amusements by organising effectively in your taluks rural and popular games, folk dances, Bhajanas, Katha Prasangams, Kalakshepams, Harikathas and similar amusements according to a definite plan. Modern games and tournaments, when funds are forthcoming, will no doubt attract large gatherings on occasions, but it must be remembered that the equipment for them may very often be beyond their resources, and you will do well to encourage indigenous and non equipment games like Chedugudu, Pillaiyar

Panthu and Kilithattu and try to build up rural recreation clubs wherever possible. If you successfully organise this programme, you will not only make them forget their craving for drink and promote their health but also help to develop such traits as team spirit, communal harmony, common endeavour, etc. which are so essential for the advancement of the country. Thanks to the teachings of the various religions which have taken root in this country, the prevailing sentiment has always been against the use of alcohol and drugs. Moral persuasion has been known to play an important part in the success of temperance movements all over the world, and you are expected to make the fullest use of your opportunities for the advancement of the cause of Prohibition.

You will also see that the programme is so designed that it is possible to combine amusement not only with propaganda but also instruction. It is for this purpose that elementary instruction have been imparted in the course of your training for rural recreation work about the manner in which various departments like Agriculture, Veterinary, Industries, Co-operative and Public Health, are contributing to general uplift. You have already visited co-operative societies not only in the City but also in the Chingleput district and seen for yourselves what is being done through the co-operative agency for economic uplift so that you may acquaint yourselves with the method of approach to the villagers for carrying out the general rural uplift work. It is realised that you may not be able to organise co-operative institutions yourselves or render technical assistance in regard to the Agricultural, Veterinary or other matters. In a country like ours, where illiteracy is widespread, some dissemination of your knowledge of rural subjects and problems is essential if the villagers are to take full advantage of the beneficent activities of these departments. It is, therefore, intended that you should make the best use of the knowledge gained by you by transmitting it to the villagers during the entertainments and further the movement for rural uplift for the purpose of making villages and towns healthier, happier and more prosperous. It is possible that in some areas your efforts may be crowned with success and the villagers may be enthusiastic to come forward with adequate funds to be utilised for their own benefit. It is up to you to direct their energy by forming organisations which may develop, in course of time, into organisations which not only promote games, playgrounds, dramas and other recreations but also activities like the cleaning of villages, the laying of village roads, cleaning and repairs to wells, introduction of better methods of agriculture and establishment of cottage industries on Co-operative basis, which are an integral part of our national reconstruction programme.

You will in your turn have to train persons for uplift work. Rural uplift schools are conducted in the Prohibition districts once in a quarter.

In these schools you are expected to give training in rural recreation to village guides gathered at a suitable centre for training for a month, and arrangements are made through District officers connected with the various beneficent Departments of the Government to impart instruction on subjects relating to them. They are intended to train enthusiastic youngmen having a stake in villages to join the campaign for rural reconstruction and work voluntarily for rural uplift. You are, therefore, trained to become teachers on a smaller scale in schools which are conducted in the districts and which are expected to be run on the lines of the Y. M. C. A. College where you have just received your training.

To put it briefly, you are expected to play the role of friends, philosophers and guides to the villagers. It is necessary that you should always keep your minds alert and be resourceful to meet the varying needs of the villages in different parts of your taluk. Above all, please remember that the measure of your success will depend on the manner of your approach to the villagers and it is very essential that you should mix very freely with the villagers and adjust yourselves to local conditions.

The programme is a very ambitious one, and you cannot expect to get quick results. If you are determined to but in a good deal of effect, patient and sincere and sustained work, success is bound to be yours in the long run.

Many of you are naturally thinking of your future particularly as a Committee which has been appointed by the Government have been thoroughly going into the question of the lines on which the activities of the various prohibition departments have to be run to ensure stricter enforcement and better results. I am sure that they will recognise the need for providing recreation for the villagers and am confident that there is no need for any apprehension that you may not be called upon to render the services for which you have been specially trained and equipped. At the same time, I would like to appeal to you not to think too much in terms of your prospects, and always remember that you have to do your best for this great human experiment which so vitally affects the well being of the millions of our countrymen and that its success will depend on your enthusiasm and zeal for a cause which was so dear to the heart of Mahatma Gandhi.

Conference.

THE EIGHTEENTH LAND MORTGAGE BANKS' CONFERENCE
Held on 21st February 1948

ADDRESS

BY SRI C. S. RATNASABAPATHY MUDALIAR,

President, The Madras Co-operative Central Land Mortgage Bank, Ltd.

I extend to you all a hearty welcome on behalf of the Board of Directors of the Madras Co-operative Central Land Mortgage Bank. This is the 18th Conference to be held but the first after our country attained independence. I was looking forward to this happy occasion as it gives us a chance to initiate the future development of our Province in the atmosphere of the new won freedom. Little did I then realise that this Conference will have to meet in the gloom that has overtaken the entire country, on account of the sad and unexpected death of Mahatma Gandhi under tragic circumstances. He is the Apostle of Peace and Love, the friend of the poor and low the messenger of goodwill to the whole world, the Father of the Nation and the architect of our Freedom. The entire world mourns this great soul. The tributes paid to him in all climes by the rich and the poor, the artless villager as well as the sophisticated philosopher testify to the great influence the Mahatma weilded over the hearts of humanity as a whole. To us, co-operators, Mahatma Gandhi was a tower of strength. From the beginning of his public life in the country he emphasised the need for economic freedom, set his face against all methods of exploitation of man by man and preached incessantly the need to strengthen the villager who forms the back bone of our nation. To the agriculturists Mahatma Gandhi's death is an irreperable loss. **May his soul rest in peace.**

It is a matter for consolation that the Government of our country is in the hands of a trusted band of public men under the leadership of Pandit Jawaharlal Nehru. His Government has made it known to the world that the ideals of Mahatma Gandhi and the causes for which he worked and laid his life shall guide them in their actions and State policies. This augurs well for the Nation and let us fervently hope that there will be a cessation of communal and class conflicts and fratricidal wars and that the nation will settle itself and give its chosen representatives the atmosphere necessary to tackle the grave problems facing the country.

Though Agriculture is the most important industry of the country on which 85 per cent of the population depend for their livelihood, Governments both in the Centre and in the Province have not till now formulated an integrated agricultural policy. Now that our country is independent and its destinies are in the hands of the elected representatives, it is time that a comprehensive agricultural policy is formulated and vigorously pursued. Such a policy shall have as its main objective the securing of good life to the villager. Provision of good and adequate food, decent clothing and housing, better medical care, educational facilities, good roads and better means of transport, these and other amenities which make life in the villages prosperous and happy are measures which require immediate attention. These can be achieved by co-ordination of the activities of the different Departments of Government.

Agriculture in our country has been recognised to be a deficit economy or what is known in other countries as subsistence farming as opposed to commercial farming. A depressed agriculture is a mill-stone round the nation's neck. If the nation is to prosper, agriculture must prosper. Committees which have in the last few years examined the economic affairs of the country have emphasised the need to place agriculture on a remunerative basis. The first step to be taken in this direction is provision of irrigation to minimise the failure of crops. The construction of big irrigation projects for the supply of water to agricultural land comes under long term plan. These projects when completed provide not only irrigation facilities to land but also cheap power to the industries. Rapid industrialisation of the country will help greatly in relieving the pressure of population on agriculture. Our Government have on hand more than one multipurpose project of this nature and it is hoped that with the completion of these projects a new era of prosperity will be ushered in. The well construction scheme under which subsidies are sanctioned by the Government to the agriculturists requires to be augmented with expert technical advice. The cost of digging wells will be much less if modern machinery is made available on a reasonable rental basis. The industries Department of the Government owns a few of these boring sets and naturally they cannot be made available to all those who wish to sink wells. Many more sets will have to be acquired by the Government and made available for the purpose through co-operative agency. Provision of electrical energy for lifting water for irrigation purposes is a very important facility which must be made available to all parts of the Province. Many of the agriculturists have been unable to fix up electrical motors either because the Electricity Department is unable to give connections or because the Electrical machinery required, *viz.*, the motors and the pump sets are not available in the market. Though Government have given priority in this respect, in practice this is not given effect to. In this connection I would like to mention about the great need for increasing the number of Agricultural Research stations in the Province in order that the results of experiments carried out on different types of soils may be made available to the ryots of the different areas.

The efforts of the Government to provide adequate credit facilities to the agriculturist is one of the important steps taken in the direction of changing agriculture from its present basis of subsistance farming to commercial farming. The Agricultural Finance Sub-Committee presided over by Prof. Gadgil has emphasised the great need for making available institutional credit to the agriculturists at rates of interest which for current and development finance should not exceed 6½ per cent and 4 per cent., respectively. For this purpose, the Gadgil Committee has suggested the establishment of Agricultural Credit Corporations which are to be semi-state organisations to whose capital and working, the State should largely contribute. The utilisation of the existing co-operative machinery for implementing the recommendations of Gadgil Committee will not only be in consonance with the general co-operative opinion in the province but will also facilitate in the people directly participating in plans for their economic betterment. If the same concessions and contributions that the state is expected to make to the Agricultural Credit Corporations are made available to the Co-operative organisation, the rural credit problem can be tackled in a more effective and far-reaching manner.

For many years representations were being made to the Government to review their view that there should be a margin of 3 per cent between the borrowing and lending rates I am glad to inform that Government have after all in their order dated 19-3-'47 been pleased to decide the question permitting a reduction in the margin to 2¼ per cent. I take this opportunity to tender our thanks to the Government for this help to the agriculturist. As the latest series of debentures was issued bearing interest at 3 per cent., the lending rate to the ultimate borrower has been fixed at 5¼ per cent. This rate of interest will continue as long as the borrowing rate of the Central Land Mortgage Bank remains at 3 per cent. This is still high, and if agriculture is to be remunerative it should be reduced to at least 4 per cent, which is the rate recommended by the Gadgil Committee and other Economists who have examined the problem. This cannot be achieved unless the

Government agree to subsidise the Land Mortgage Banks to the extent of the difference between this rate and the lending rate under the present arrangement.

I hope Government will give their earnest consideration to this.

During the years of the war, from 1942-43 the transactions of the bank declined. The amount of loans disbursed fell from Rs. 40.32 lakhs in 1941-42 to 18.25 lakhs in 1943-44. There was also a heavy rush of advance payments. In the last two years, the tide has turned. The advance payments have practically stopped. The amount of loans disbursed increased from Rs. 24 77 lakhs in 1944-45 to Rs. 42.78 lakhs and 47.66 lakhs in 1945-46 and 1946-47 respectively.

Most of these loans continue to be for repayment of prior debts, while loans for land improvement are only a few. In the last three years, the following loans were issued for land improvement purposes.

Year.		No.		Amount. Rs.
1944–45	...	45	...	42,925
1945–46	...	77	...	91,886
1946–47	...	98	...	1,02,915

In regard to loans issued for repayment of prior debts for which applications are made, it is seen that some of these debts were originally incurred for purposes of land improvement. The debts mentioned in 233 loan applications were analysed to see for what purpose they were originally incurred :

		Amount.	Per-cent.
1.	Repayment of prior debts (whose purpose could not be traced from the applications) ..	1,63,199	32%
2.	Land Improvement, purchase of land and house construction ...	1,60,411	32%
3.	Cultivation expenses, family expenses ...	1,43,157	28%
4.	Marriage and other ceremonials ...	37,499	8%
	Total ...	5,04,266	

These figures reveal that 32 per cent., of the debts were incurred for productive purposes. The cultivation expenses and family expenses, though productive in one sense, cease to be so when they are not paid form that year's harvest and are carried over to be funded into a long term debt. These and the unanalysable 'prior debts' referred to, should be taken to be the result of deficit economy and are an indication of the impoverishment of our agriculturists.

These figures have been gathered from the loan applications received in the last few weeks when the prices of agricultural commodities have been ruling high for a continuous period of five or six years and when the agriculturist is supposed to be prosperous. This question has to be examined with the thoroughness it deserves and remedial measures taken by Government. There are already indications of an impending depression. Reports have been received of a decline in the prices of some of the chief agricultural commodities in the U.S.A. like wheat and maize. The last depression of the thirties had played havoc with the agriculturists of our Province. A repetition of the same after so short an interval will cripple the major industry and cause untold misery to millions. I request that these and other trends may be watched and timely action taken by the Government to prevent a slump.

I am glad to report to the representatives of primary banks that the Government have been pleased to come to a decision on the question of future guarantee of debentures. They have expressed their decision that the guarantee should be continued for sometime to come, though on the question of permanent guarantee they have not expressed any opinion. We are thankful to the Government for their continued support to the cause of long term agricultural credit.

In regard to cost of Government staff, however, I have to report the Board's disappointment at the attitude of the Government who have declined to re-open the question till 31st March 1950. For the year 1945-46, the Bank has been asked to pay a sum of Rs. 1,09,288 towards cost of Government staff (Rs. 51,369 for the three Deputy Registrars and Rs. 57,919 for the half cost of Co-operative Sub-Registrars.) It is expected that in the present year a sum of over Rs. 1.32 lakhs will have to be paid towards cost of these officers. This has become a heavy impost on the Bank, and is responsible for about 50 per cent of the total budget of the Bank. In order to make long term credit available at cheap rates of interest, Governments elsewhere have been subsidising institutions doing this work. If an analysis of the items of work done by various officers is made, it will be found that a major portion of their work such as supervision and inspection, is done for and on behalf of the Government enjoined on them by statute as in the case other types of co-operative institutions. The items of of work, cost of which can legitimately be recovered from the Bank, are only a few and the Bank is willing to pay for such items. I request that the Government may have the matter re-examined from this point of view to arrive at a solution satisfactory to all.

I am thankful to the Hon'ble Sri Chandramouli, for having made it convenient to be present here and give us the benefit of his advice. Mr. Chandramouli comes of an agricultural family and has specialised in the study of agriculture in foreign countries. He is, therefore, fully acquainted with the problems of agriculture, and we are, therefore, particularly glad in having him here to open the Conference.

I now request him to declare the conference open.

JAI HIND.

OPENING ADDRESS

BY THE HON'BLE SRI K. CHANDRAMOULI,

Minister for Co-operation.

I am thankful to Mr. Ratnasabapathy Mudaliar for inviting me to open this Conference. I welcome the occasion as it gives me an opportunity to come into contact with the various leaders in the Co-operative Movement due to whose untiring efforts, the Land Mortgage Bank movement in this Province has made rapid strides. I need not stress, how useful such Conferences are; I only wish to say that as a member of the Government I value this opportunity for close association with you all and for acquiring a first hand knowledge of the various aspects and problems of this movement.

2. Mr. Ratnasabapathi Mudaliar has referred to the gloom that has overtaken the country on account of Mahatmaji's tragic death. To those of us who have been his followers in the political field the loss has been more than personal. Mahatmaji has been enshrined in the hearts of every one of us as the embodiment of Truth and Ahimsa and the Avatar of the Modern Yuga. He is the Purana Purusha whose 'niryana' has created a void in the world. We mourn deeply his loss add pray that his soul may rest in peace.

3. One of the welcome changes that have been brought about by the war in the economic life of agriculturists, is the high prices of agricultural produce and land that have been noticeable in the past five or six years. I am aware that the agricultural community in our Province has not failed to take advantage of this favourable factor and in many a case the agriculturists have been able to free themselves from their heavy indebtedness. The review of the position of agricultural indebtedness in this Province undertaken by Dr. B. V. Narayanaswami Naidu has revealed that in spite of the high prices, the total agricultural indebtedness has not been reduced to any great extent. At the same time, it has to be recognised that a new turn has been given to the character of that indebtedness in so much as the indebtedness has been diverted towards productive channels to an appreciable extent. Agricultural indebtedness, by itself, is not an evil, provided the borrowers have learnt to utilise their borrowings for productive purposes. In the earlier years, by far the vast majority of our agricultural population, was literally growing under the heavy burden of their debts in the sense that they were helpless to redeem themselves from the burden and were in fact sinking more and more into the mire. Thanks to the rapid development of the land mortgage banks in this province, this pitiable state of affairs has been remedied at

least to a certain extent. From the 18th Annual Report of the Central Land Mortgage Bank for the year 1946-47, I find that the total loans outstanding against Primary Land Mortgage Banks at the end of that year was Rs. 265.110 lakhs. We may feel gratified that at least to this extent the burden of debt of the agriculturists has been reduced; for, these loans carry a reasonably low rate of interest and can be repaid in easy instalments. It is also a fact that in recent years, Land Mortgage Banks in the Province have been giving more and more loans for land improvement, for purchase of land and other useful agricultural objects, and I shall look forward in the future to a more substantial increase in the amount of loans granted for such purposes apart from the mere discharge of prior debts. Now that the rate of interest to the ultimate borrower has been reduced to 5¼ per cent, it is hoped that the agriculturists will take full advantage of this and more and more of them will seek to come under the aegis of Land Mortgage Banks to redeem their indebtedness and take up land improvement so as to increase the production of foodstuffs.

4. Formerly when the Central Land Mortgage Bank floated debentures at 3 per cent it used to charge 5 per cent interest to Primary Land Mortgage Banks and the latter used to charge 6 per cent to the ultimate borrower. This question was considered by Government with a view to securing a reduction in the rate of interest charged to the ultimate borrower. Government accepted the proposal that the margin between debenture rate and the ultimate lending rate may be reduced from 3 per cent to 2¼ per cent. The position therefore, now is that, of this margin of 2¼ per cent, the Central Land Mortgage Bank retains 1¼ per cent and Primary Land Mortgage Banks take 1 per cent. I gather that the Central Land Mortgage Bank has a proposal to create from out of this 1¼ per cent a separate fund of ¼ per cent for subsidising the weaker Primary Land Mortgage Banks. I am aware that the Central Land Mortgage Bank has been granting subsidies from its general funds to Primary Land Mortgage Banks working on loss. The proposed move to create a separate fund for this purpose is one in the right direction because it shows the readiness of the Central Land Mortgage Bank to make greater concessions to Primary Land Mortgage Banks to stimulate their work and to assist such of them as are not yet able to develope their transactions to any appreciable extent. I hope that the Primary Land Martgage Banks would appreciate this gesture on the part of the Central Land Mortgage Bank and put forth their best efforts in the future to develop their transactions for their own benefit, the benefit as the Central Land Mortgage Bank and the

agricultural masses. The Primary Land Mortgage Banks should realise that this leaves practically only one per cent margin for the Central Land Mortgage Bank to meet its expenses.

5. Your President in his presidential address has referred to the fact that during the years of the war from 1942-43 onwards, the transactions of the Central Land Mortgage Bank had declined and there was also a heavy rush of advance repayments. But I am glad to find that during the last two years the tide has turned and the amount of loans disbursed has again increased. In 1946-47, the loans disbursed amounted to Rs. 47 66 lakhs. I trust that this progress will be maintained and that an increased number of agriculturists will avail themselves of the facilities offered by Land Mortgage Banks.

6. I take note of your President's remark regarding the recommendation of the Gadgil Committee for making institutional credit available to the agriculturists at rates of interest which for development finance should not exceed 4 per cent. I am also aware that, Committee suggested the establishment of Agricultural Credit Corporations heavily subsidised by Government. I am sure that in the final decisions to be taken on these recommendations, due recognition will be given to the results already gained by the existing Co-operative machinery and that the already developed Land Mortgage Banks system in this Province will be adopted as the means for the implementation of the recommendations. In this connection, I may mention that the Registrar of Co operative Societies, has already submitted proposals to make credit available to the agriculturists through Land Mortgage Banks at 3 per cent for land improvement so as to assist in the Grow More Food Campaign. The idea is that the difference between this rate and the present rate of 5¼ per cent should be subsidised by this Government and the Government of India on a 50 per cent, 50 per cent basis I may also refer to the recent Conference of Co-operators of the Rayalaseema crea held on the 16th February 1948 which considered measures calculated for the future development of this backward area. That Conference has recommended with regard to long-term loans that the lending rate to the ultimate borrower in Rayalaseema should be just 1 per cent over the borrowing rate, of the Central Land Mortgage Bank and that the difference between this rate and the present rate of 5¼ per cent should be paid by Government to the Central Land Mortgage Bank. I may say here that this and other recommendation of the conference for development of Rayalaseema will receive the Government's earnest consideration.

7. The guarantee given by the Government for the debentures of the Cental Land Mortgage Bank at present extends to a maximum of Rs. 400 lakhs. The Government recently examined the question of the future policy to be adopted by them in regard to this guarantee and they have decided that it should be continued for soms more time. Government have also continued to provide temporary accommodation to the Central Land Mortgage Bank as

and when required. Such accommodation during the current year, 1947-48, amounted to Rs. 33 lakhs.

8. With regard to the cost of Government staff employed for work in the Land Mortgage Banks, the Government have extended the existing concessions for another three years form 1-4-47, *i.e.*, the Government will continue to meet one half of the cost of the Co-operative Sub-Registrars and peons employed on this work till 31st March 1950. I very much regret that it has not been found possible for the Government to go beyond this for the present. I, however, make note of the remarks of your President on this question and I may assure you that the points urged by him will be taken into account when the question is reconsidered.

9. I should like to draw the attention of this Conference to the general complaint that it takes much too long a time for a person to get a loan from the Land Mortgage Banks. I am aware that the Central Land Mortgage Bank is doing its best to curtail this delay, and that exhaustive investigations and careful scrutinies have to be done to ensure that loans given are well secured and that they can be recovered. The laws of inheritance and the failure of most agriculturists to produce their title-deeds and documents evidencing discharge of mortgages are a great obstacle. Yet I consider that if the staff, both official and non-official entrusted with the scrutiny of loan applications and the Directors of the Primary Land Mortgage Banks evince greater enthusiasm in the matter and take a little more trouble, a good part of the delay can be avoided, and the agricultural masses will be ever grateful to them for it. Again there is the complaint that in dry areas loans are not issued on the security of dry lands alone, and that it is insisted that a certain percentage of the security should consist of irrigated land. Due to this restriction it is said that many of the agriculturists in the dry taluks are not able to take full advantage of the land mortgage banks. The policy followed by the bank so far seems to require revision; so that the farmers in the dry areas also may derive the benefit of long-term credit. Without impairing the security to the bank, I think credit can and should be made available to the agriculturists in the dry areas as well.

10. I again express my gratification at the opportunity I am having in being able to participate in this conference and I hope your deliberations will result in expanding and strengthening the Land Mortgage Banks movement and making it more useful to the bulk of the agricultural population. Land Mortgage Banks have a great role to play in the programme of national reconstruction for reconstructing the agricultural industry on a more remunerative basis than heretofore. Both the Government of India and the Madras Government have adopted a policy of giving high priority to all schemes, calculated to develope the agricultural resources of the country and I am confident that in implementing all their programmes the co-operative machinery will be utilised to the full in order to secure maximum results.

I have very great pleasure in declaring the Conference open.

Consumers' Co-operation.

REVIEW FOR JANUARY 1948.

Returns in respect of primary stores were received late from all Deputy Registrars excepting those at Anantapur, Vellore, Cuddalore, Bellary, Chingleput, Chittoor, Mangalore, Madras, Calicut, Ramnad, Tanjore and Trichinopoly. The Deputy Registrars, Coimbatore has not yet submitted his report. This is unsatisfactory. Some Deputy Registrars have failed to furnish the figures in respect of Reserve Fund, the purchases and sales made in cloth, consumer goods, etc., by the Co-operative Wholesale Stores and the primaries in the district and to adopt the previous month's figures in respect of the primaries which did not send their reports. In regard to the Co-operative Wholsale Stores reports were received in time from all except those at Vellore, Coimbatore, Rajahmundry, Guntur, Bezwada, Madura, Nellore, Ootacamund and Vizagapatam. All Deputy Registrars and Co-operative Wholesale Stores are requested to send their reports *promptly before 20th* of every month with full particulars.

Co-operative Wholesale Stores.

Membership and Share Capital:—During the month under review the number of members was 10,676 and the paid up share capital amounted to Rs. 34.51 lakhs as against Rs. 34.42 lakhs in the previous month.

The owned capital of the Co-operative Wholesale Stores was Rs. 45.75 lakhs comprising share capital of Rs. 34.51 lakhs and Reserve Fund of Rs. 11.24 lakhs. The total borrowed capital amounted to Rs. 163.98 lakhs of which Rs. 157.65 lakhs represented loans and cash credits from the Central Banks and the balance of Rs. 6.33 lakhs from others. Thus, the total working capital as on 31-1-1948 was Rs. 209.73 lakhs as against Rs. 250.44 lakhs in the previous month.

Business:—The total purchases and sales in January 1948 were Rs. 116.82 lakhs and Rs. 153 80 lakhs respectively as against Rs. 108.00 lakhs and Rs. 151.14 lakhs in December 1947. The increase in purchases was mainly contributed by the Coimbatore and Tinnevelly Co-operative Wholesale Stores. The sales have not improved much. All Co-operative Wholesale Stores should spare no efforts for the expansion of their business in order to be able to withstand the keen competitive private trade and the repercussions following de-control and de-rationing.

Sales to primaries:—It is regrettable to note that out of the total sales of Rs. 153 80 lakhs, Rs. 64.23 lakhs only represented sales to primaries which works out to a percentage of 41.7. It is not known why active steps have not been taken yet to ensure better co-ordination between the primaries and Co-operative Wholesale Stores and to strengthen their business relations. This is very essential especially now when both the primaries and Co-operative Wholesale Stores are passing through a crisis. They cannot afford to overlook the need for fostering better relations between themselves. All Deputy Registrars are requested to closely watch the progress in this respect and suitably impress upon the stores societies the need for better business relations between the primaries and the Co-operative Wholesale Stores.

Primary Co-operative Stores.

Members and Share Capital :—There were 1,752 stores societies with a membership of 5.76 lakhs and a paid up share capital of Rs. 101.14 lakhs as against 5.79 lakhs and Rs. 101.76 lakhs respectively in the previous month. The total working capital for the month under review was Rs. 196.99 lakhs as against Rs 203.64 lakhs in the previous month. It is evident that the paid up share capital and membership have not been improved at all. It is still observed that reports from all stores are not received by the Deputy Registrars and correct figures furnished. At least, the previous months figures should be adopted by them in such cases so that apparent discrepancies as fall in share capital and membership are avoided. All Deputy Registrars are requested to issue necessary instructions to their special staff for supervision of stores to pay special attention to the strengthening of the membership and share capital of stores as well as the development of business.

Business :—During the month under review, the total purchases and sales amounted to Rs. 130.49 lakhs and Rs. 145.42 lakhs respectively as against Rs. 161.71 lakhs and Rs. 172.21 lakhs in the previous month It is unsatisfactory to note that there has been a sudden fall in the business transactions for the past two months. All the stores societies would do well to remember the need and urgency for the development of business in all lines and are requested to spare no pains to ensure a fair turnover during this past transition period also.

Special Consumer Activities.

Handloom and Mill made cloth :—The total receipts and issues were Rs. 9.57 lakhs and Rs. 10.69 lakhs as against Rs. 12.13 lakhs and Rs. 12.06 lakhs respectively in the previous month. It is regrettable to note that the Co-operative Wholesale Stores as well as the primaries are, instead of developing the business in textiles, poor turnover on the other hand. While the control over cloth has been removed there is ample scope for free and unrestricted trade. All Deputy Registrars should take suitable action to see that better progress is shown in future.

Consumer Goods :—It is also disconcerting to observe a sudden fall in the total purchases and sales of consumer goods which amounted to Rs. 1.34 lakhs and Rs. 1.55 lakhs respectively as against Rs. 1.48 lakhs and Rs. 1.58 lakhs in the previous month. The stores (including the Co-operative Wholesale Stores working in the districts) in the districts of North Arcot, Godavari East, Kistna, Madras, Malabar, Nilgiris, Trichinopoly and Chicacole area have made practically no business at all in consumer goods

and non-food lines which is very disappointing. It is not known if the stores did not transact any business in this line or particularly have not been furnished by the Deputy Registrars. The Deputy Registrars should see *in future that the business in this line is not in any way neglected by either the Co-operative Wholesale Stores or by the primaries.* The special staff should look to this and show better progress in future.

Processed Food Stuff :—The total purchases and sales under this item were only Rs. 1,075 and Rs. 1,151. It is evident that the business in this line has been completely neglected by all the district Co-operative Wholesale Stores and the primaries especially in the urban areas. It is a very feature that a line of business which was almost an established feature with the stores should be given up or neglected line this when it is all the more the need of the times to develop business in all branches. The stores societies should be strongly warned against their neglect in this respect.

Agricultural Implements :—It is gratifying to note that the total purchases sales in this line were Rs. 34,359 and Rs. 32,958. The transactions were and made only by the stores in the districts of Ramnad, Madura, South Kanara and Kumbakonam area. It is not known why the business in this line has not been taken up by all the primary stores especially those located in the rural areas. All stores are strongly advised to take up this business.

Bakelite Articles :—Negligible business of Rs. 266 has been done in bakelite articles. This need considerable strengthening.

In general, it is regrettable to note that no progress has been made during this month too, in any single line consumer activities, inspite of repeated instructions in Registrar's reviews and circulars. The Deputy Registrar's and the special staff will do well to realise their great responsibility during this post control period in ensuring development of business by all stores or an all-round business and to stabilise the consumer's movement. Only, sustained and sincere efforts on the part of the departmental officers and the managements of stores societies can enable the stores to stabilise themselves and pass through the crisis successfully. Promptitude of action is required and no time can be lost. All the Deputy Registrars and special staff for supervision of stores should work with a missionery zeal and ensure the healthy growth and development of stores societies in their charge and look to the consolidation of their position.

Circular.

No. R. 7859/47-J. *Dated, 8th January, 1948.*

CIRCULAR.

Sub :—Primary Land Mortgage Banks issue of loans Acceptance of House property as security enhancement of the percentage of valuation from 20 to 25 amendment to by-law 42.

Ref:—Registrar's Circular R. 8469/35 Dated 21-6-36.

In the Circular cited, the Registrar permitted the Primary Land Mortgage Banks to accept in exception cases House property commanding rental value within the limits of municipality and Major Unions provided that four fifths of the Security offered is land and only one fifth is house property. At the last conference of the representatives of the Primary Land Mortgage Banks, held on 19-1-1947, it was resolved that the primary banks might be empowered, to take house property fetching decent income as additional security to the extent of 25 per cent of the loan instead of 20 per cent at present in the by-law. The Registrar, in consultation with the Central Land Mortgage Bank, accepts the view of the conference and suggest that the primary land mortgage banks may amend their by-laws as follows.

Substitute the following for the last sentence of by-law. No. 42.

" In exceptional cases, however, when the landed property offered as security by the member is not sufficient for the loan applied for by him, house property commanding rental value within the limits of Municipalities and Major Panchayats may be accepted provided that not less than three-fourths of security offered is land.

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