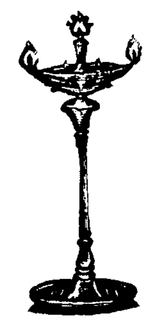
The Madras Journal of Co-operation



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THE

Madras Journal of Co-operation

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.

Control or Decontrol:

However much we may wish and even try to improve food supplies, it looks as though circumstances have so conspired that it will be some years before we are out of the woods. Madras has the misfortune of suffering from acute food scarcity specially owing to the failure of the North-East monsoon. Even in normal years Madras had to depend on imports for food supplies. But such imports were not much. Lack of regular imports, failure of season and the growing population have all contributed to the present crisis. While our population has been increasing our food production has not kept pace with this increase. It looks as though we are bound to perish if we do not produce more and such production as we may have together with such imports as we may secure should be equitably distributed. Mr. Zacharias of the University of Madras has in a well-reasoned article printed elsewhere argues with the help of facts and figures pleads for an integrated system of control and distribution. While we are aware there is a large body of opinion in favour of decontrol, it is always good to know the other side of the picture. We heartily commend the article of Mr. Zacharias to the notice of our readers and request them to ponder over the effects of decontrol, immediate as will as ultimate. Already soaring prices, depleted stocks, slow down imports and other concomitants of decontrolled economy are noticed. If control is bad, what then is the remedy for this worsening situation?

Co-operation in Coorg:

We commend to our readers the short address of Sri J.C. Ryan, Registrar of Co-operative Societies, delivered recently at Coorg. Coorg has always stood in the vanguard of the Movement thanks to the enthusiasm evinced by the people of that Province. Coorg is a small but compact area. There are 359 co-operative institutions with a membership of 41,000 and a working capital over Rs. 41 lakhs. This achievement is highly creditable and our good neighbours deserve all congratulations. As in Madras, co-operatives have also played a notable part in the procurement and distribution of foodstuffs and controlled commodities. Sri Ryan gave the Conference the benefit of experience gained in Madras and exhorted co-operators in Coorg to extend their co-operative activities in various directions.

Role of Cottage Industries:

The long-awaited statement of the Government of India on the Industrial Policy they propose to pursue has been announced. Interested as we are in improving the standard of living and the effect of industrialisation on it, we shall not deal with large-scale industries and the policy laid down in regard to them. As co-operators we are interested in cottage industries. The statement has the following observations:

> "Cottage and small-scale industries have a very important role in the national economy, offering as they do scope for individual, village or co-operative enterprise and means for the rehabilitation of displaced persons. Those industries are particularly suited for the better utilisation of local resources and for the achievement of local self-sufficiency in respect of certain types of essential consumer-goods like food, cloth and agricultural implements. The healthy expansion of cottage and small-scale industries depends upon a number of factors, like the provision of raw materials, cheap power, technical advice, organised marketing of their produce, and, where necessary, safeguards against intensive competition by large-scale manufacture, as well as on the education of the worker in the use of the best available technique. Most of these fall in the provincial sphere and are receiving the attention of the Government of the Provinces and the States. The resolution of the Industries Conference has requested the Central Government to investigate how far and in what manner these industries can be co-ordinated and integrated with large-scale industries. The Government of India accept this recommendation. It will be examined, for example, how the textile mill industry can be made complimentary to, rather than competitive with, the handloom industry, which is the country's largest and best organised cottage industry. In certain other lines of production like agricultural implements, textile accessories and parts of machine tools, it should be possible to produce components on a cottage industry scale and assemble these into their final product at a factory. It will also be investigated how far industries at present highly centralised could be decentralised with advantage.
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> The resolution of the Industries Conference has recommended that Government should establish a Cottage Industries Board for the fostering of small-scale industries. The Government of India accept this recommendation and propose to create suitable machinery to implement it. A cottage and small-scale industries Directorate will also be set up within the Directorate-General of Industries and Supplies.
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> One of the main objectives will be to give a distinctly co-operative bias to this field of industry. During and before the last war, even a predominently agricultural country like China showed what could be done in this respect, and her mobile industrial co-operative units were of outstanding assistance in her struggle against Japan. The present international situation is likely to lessen to a marked degree, our chances of getting capital goods for large-scale industry, and the leeway must be made up by having resources to small-size industrial co-operatives throughout the country.

We are glad to know that one of the main objectives will be to give a distinctly co-operative bias to the cottage industries. The Resolution quotes the example of China and commends recourse to small-size industrial co-operatives throughout the country. It is presumed that on the lines of the Central Cottage Industries Board, and the Cottage and Small-scale Industries Directorate, each province will set up similar Provincial Boards and Directorates. We have no doubt that this Board and the Directorate will give a distinctly co-operative bias to this field of industry and the organisation of small-size industrial co-operatives throughout the province will be one of its main tasks. Whether the Cottage and Small-scale Industries Directorate in the provinces should be set up within the Industries or Co-operative Department is a matter of detail. Already a nucleus of the Directorate exists in this province in the set-up for the development of cottage industries in connection with the Firka Development Organisation. The cottage industries have to be co-ordinated and integrated with large-scale industries. A separate Directorate acting in close consultation and co-operation of the Departments of Industries and Co-operation, which will certainly be represented on the proposed Cottage Industries Board, is more likely to lead to quick and satisfactory results than if it forms the wing either of the Industries or the Co-operative Department. Whatever may be the decision of Government in regard to the future set-up of the Cottage Industries Department, we wish to emphasise the need to take decisions in the matter and proceed with their organisation on sound and safe lines.

Growing Faith in Co-operation:

The Nineteenth Session of the Bombay Provincial Co-operative Conference which recently met in Bombay was opened by the Hon'ble Mr. B.G. Kher. Co-operators who assembled in large numbers availed of the occasion to take stock of the progress made and to consider measures necessary to harness the Movement to accelerate the country's plans for economic development. The inaugural speech of the Hon'ble Mr. Kher delivered on the occesion contained his and the Government's growing faith in Co-operation. The following excerpts are worthy of note:

> "The Co-operative ideal appeals to me, because, in its essence, while upholding the freedom of the individual, it seeks to harmonise it, if not identify it, whith the good and the welfare of the Community as a whole. To my mind there was never a greater need than to-day for spreading that message not only in our province and in the whole of India, but all over the World."

After impressing on the need for the training and education of workers engaged in the co-operative field, he expressed his view

that these alone were not enough for a true Co-operator. He pertinently added.

> "What is required besides, is political imagination which will create a new social order and adjust it to human needs." For the attainment of the ideal of economic activity as Gandhiji conceived it, Co-operation provides a unique opportunity . . . . . . It seems to bring about a synthesis between the claims of the individual and those of the community, it inculcates the virtue of self-reliance; it teaches the art of self-Government in humble spheres; it steers clear of class conflict, and above all, it is imbued essentially with the spirit of non-violence."

Financing of Cottage Industries:

The proceedings of the Bombay Provincial Co-operative Conference as also the deliberations of all assemblies elsewhere and in any part of the world demonstrate that faith in the efficacy of the co-operative approach to economic activity has found almost universal acceptance. As already pointed out and as the extract from the Government's industrial policy reveals, there is pronounced bias in favour of medium and small-scale industries and industrial co-operatives. The Bombay Conference took the logical step to recommend the creation of a Provincial Industrial Co-operative Bank to finance apex, district and primary industrial co-operative societies and district and regional co-operative banks to provide finance for cottage industries.

Collective *Versus* Co-operative Farming.

Sir V. T. Krishnamachari who presided over the Bombay Provincial Co-operative Conference suggested that in order to produce more a nation-wide compaign for the use compost manure, production and distribution of good seed and an extensive well-sinking programme should be seriously undertaken. But his remarks on the collective farming particularly on the Russian model merit our consideration :

> "I do not agree with this (that is, the contention of those who hold that there can be no appreciable progress unless the present pattern of agricultural economy in India undergoes a revolutionary change and the whole of India is brought under a system of collective farms on the Russian model). Conditions in the two countries have no similarity whatever, and in

the U. S. S. R. collectivisation was achieved after colossel losses and suffering for which there are few precedents in history. India cannot stand a shock to its economic system of this character."

We are not sure collective farming as such did not commend itself to Sir V. T. Krishnamachari. It may be he is against regimentation which is the main feature of everything Russian. It is possible and should be possible to introduce collective farming adapted to local conditions as what is collective can as well be co-operative. The idealogy behind it is the same though as it has taken shape in Russia it might not commend itself to co-operators in this country.

T. U. C. S. Ltd.

The Annual Report for 1947-48 of the T.U.C.S., shows again a steady and marked improvement in the working of this pioneer co-operative institution. The society began with 14 members and a share capital of Rs. 310 in 1904. From humble beginnings the banyan tree has grown spreading its branches to every nook and corner of the City. Its roots also have gone deep and it can now withstand any storm and remain unruffled. The number of members now is 14,545 with a share capital of Rs. 1,60,000. The branches number 31 and the depots catering to all are located in 35 places. We have no doubt no efforts will be spared to convert the depots also into branches by enlisting as members all those who take advantage of the facilities offered by the depots without becoming members. It is a pity that the General Body of the Society rejected some wholesome alterations proposed in the by-laws. Those who know the working of the Society ought to realise how unwieldy the present Board is and how cumbersome the present procedure is. A small and campact Executive Committee entrusted with powers delegated to it by the Board would greatly conduce to the smooth working of the institution.

We are grieved to learn that many changes took place in the staff owing to poor emoluments paid. While the institution is making good profits, it should be its endeavour to make its staff contented. There need be no further anxiety to declare bonus on purchases, be it one anna or two annas. There is no denying the fact that many go to the T.U.C.S., and continue to do so because of the services it renders. The attraction is no longer the bonus offered. Therefore, the bonus offered should to some extent be diverted to improve the pay and the prospects of the staff. There is the danger of service deteriorating and scaring away even existing members, which will have serious repercussions on the future of the Society. A decent well paid staff is a necessary concomitant of any successful business enterprise, even be it co-operative. Such a staff will prove an asset of incalculable value adding to its growing strength. Co-operatives should set an example to other enterprises.

The Tamil Nad Co-operative Federation Ltd., No. 599

Announcement.

The Tamil Nad Fifth Co-operative Conference will be held at Salem on 14-5-1948.

The Salem District Co-operative Central Bank has kindly consented to stand host and provide lodging and boarding to all the delegates. Delegation fee of Rs. 3 each shall be remitted to the Secretary, The Salem District Co-operative Central Bank.

All the Central Banks, Supervising Unions, and other member institutions are requested to send their delegates to represent them at the Conference.

Central Banks, Unions and other member institutions are requested to send the names of delegates to the Secretary, The Salem District Co-operative Central Bank Ltd., with copies of resolutions electing them as delegates.

The Conference will be held at the premises of the Salem District Co-operative Central Bank, Limited, Salem.

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

V. VIYYANNA, B.A., B.L., *General Secretary.*

MADRAS, *10th February 1948.*

The Second Provincial Co-operative Conference of Milk Supply Societies and Unions.

APPEAL.

The Second Provincial Co-operative Conference of all Milk Supply Societies and Unions in this Province will be held at Madura in July 1948.

The Madura Co-operative Milk Supply Union has kindly consented to stand host and provide lodging and boarding to all the delegates.

All Co-operative Milk Supply Societies and Unions are requested to send delegates to attend the Conference.

	Delegate fee.	No. of delegates to be sent.
Milk Supply Unions	Rs. 5	2
Milk Supply Societies	,, 2	1

Societies and Unions are requested to send the names of delegates sufficiently in advance to this Office together with delegate fees.

The exact date and place of meeting and the name of the President will be communicated later on.

V. VIYYANNA,
General Secretary

Decontrol of Food in Madras

BY C. W. B. ZACHARIAS

In consonance with the Government of India's intentions, the Government of Madras have already given effect to the policy of gradual decontrol of food, and with the possible exception of the bigger cities, the process will be completed by February 28th. The Government's responsibility thereafter will be confined to keeping a reserve stock, half of which will be maintained as a real reserve and the other half distributed in areas of shortage. The price of rice has been raised by Rs. 2 a maund, but whether this new price will apply only to the grain procured by Government before complete decontrol, or is expected to operate later too is not clear.

The question to ask at this juncture is whether the new policy and the new arrangements will improve the food situation in the province or worsen it. Admittedly it is an experiment that the Government are trying which they are prepared to reverse immediately signs of impending disaster are manifested. The control organization is to be kept in readiness to take charge, if the occasion for it should arise. But before these measures are finalized it is pertinent to ask the question whether in the matter of food even experimentation is wise and whether the Government would be justified in thus prematurely discarding their admitted responsibility of providing food for the millions under their care. The little success that is at present attending the measure in some of the districts is no guarantee at all that state of affairs will continue.

The requirement under decontrol is that adequate supplies should be forthcoming to meet demand at prevalent prices, and that both rich and poor should be equally served in the matter of their primary need. If the Government and the trade together can ensure this, there would be no cause for complaint anywhere. But neither production within the province, nor prospects of importation from other provinces or other countries give any guarantee of this being achieved. Even undivided India suffered from an over-all deficit, and though it was small, what trouble even a small deficit can create is indelibly registered in the Bengal famine and the general experience of the country since 1943. Doubtless much of the trouble was man-made, and if producers, middlemen, procuring agencies, consumers and all people concerned had been honest and patriotic and actuated by generous and humane impulses, the task of the Government would not have been so difficult or the sacrifices imposed on the community so heavy. But the acquisitive instinct of man merely exploits a pre-existing advantageous situation, and so it is only legitimate to attribute the trouble to its ultimate source.

The All-India deficit at present is of larger magnitude with the separation of Pakistan. Many of the surplus provinces of undivided India are now outside the frontiers of the new Dominion. This fact coupled with the other fact that the world food problem continues to be as acute as during the last two years, makes it infinitely more difficult for a province like Madras to rely on outside supplies.

Internal Production.

While prospects of securing food supplies from outside the province are very slender and argue against decontrol, the inadequacy and fitful character of internal production too refuse to give any warrant for such a measure. Even in the most favourable year internal production has been found insufficient. Net importation has been a normal feature since 1918, with the quantity imported rising as the period advanced. Even according to the statistics given in the Government publication, *Rural Problems in Madras* by S. Y. Krishnaswamy, which by the way makes two large an allowance for absorption in Cochin, the average net importation of rice and paddy for 1935-1939, exclusive of the imports of other grains and flour, was 428,000 tons. This was the measure of deficit in the immediate pre-war years. During the war period and in the two years of the post-war period the production situation remained practically unchanged. The year 1940-41 was the best year of the period, but even in that year total grain production (husked and after making allowance for seed) did not exceed 7.8 million tons. This figure does not materially exceed the average for the quinquennium, 1924-29, which was 7.6 million tons or come up to the average for the quinquennium, 1929-34, which was 7.9 million tons. In those two quinquenniums the population to be fed was less by about 12 millions. In 1945-46 according to the statement made by the Food Minister in the Legislature, production was only 6.8 million tons and in 1946-47, according to the Press Note of the Government issued on February 19, 1948, only 7.4 million tons. In the *Kharif* year 1947-48 according to the statement placed before the Food Advisory Council by the Government, production is expected to be only 5.6 million tons—3.7 million tons of rice and 1.9 million tons of millets. Internally this is the quantity available against a requirement of 8.2 million to 8.7 million tons.

The Deficit.

The Government calculation of the deficit places it at 2.1 million tons, taking the quantity required to be 7.7 million tons on the basis of the consumption rate of 1.19 lbs. per adult per day alleged to have prevailed in the quinquennium, 1937-42. This rate does not appear to be the correct or appropriate rate for estimating requirements under decontrol. The quinquennium selected is not a normal period, since it includes three years of the war period, during which, controls being ineffective, food prices were rising without any compensating rise in the incomes of the lower and middle classes. The proper rate would be the rate that prevailed during the nearest normal period in the past, say 1934-39, for the off-take of the staple food under decontrol depends on prices, incomes and food habits of the people, and in assessing its probable magnitude, the uncontrolled rate of the nearest past is a better and a safer guide. That rate was 1.33 lbs. per adult per day.

The rate of 1.19 lbs. adopted by the Government does not appear to be the correct rate even for the quinquennium selected, *viz.*, 1937-42. Production and trade figures as given in *Rural Problems in Madras* adverted to earlier, show that the average rate of consumption during that period was 1.25 lbs. Average production of cereals *plus* net imports of rice and paddy amounted to 7.55 million tons, exclusive of imports of other cereals and flour. This quantity distributed over a population of 36.8 million (in terms of adults) yields the figure of 1.25 lbs. If imports of other cereals and flour too are included, the quantity will be raised to 7.7 million tons and the consumption rate to 1.28 lbs.

That the rate of 1.19 lbs. adopted in the Government calculation is clearly inadmissible is seen, if the matter is viewed in a different way. At that rate the quantity required for the population of the quinquennium 1937-1942 would not have exceeded 7.1 million tons in any one of the years. This could have been found by internal production alone, as the quantities produced in all these years except 1938-39 were above this quantity. In 1938-39 alone there was a deficiency of 0.35 million tons. And yet there was net importation in all the years, which goes to prove that the quantities produced were insufficient to meet needs. Even with such high rates of production as 7.8 million tons in 1940-41, 7.6 million tons in 1941-42 and 7.5 million tons in 1937-38, net importation was found necessary.

The present requirement at the immediate pre-war rate of consumption, *viz*, 1.33 lbs. is 8.7 million tons. The present deficit therefore is 3.1 million tons. Even if the corrected rate for the quinquennium 1937-42 is adopted, the requirement will be 8.2 million tons and the deficit, 2.6 million tons. This means lack of food for 18.5 million of the population if 3.1 million tons is accepted as the deficit, and for 16 million people if 2.6 million tons is accepted. Even in the most favourable year, such as the one we had in 1940-41, the deficit will be 900,000 tons, involving a population of 5.3 million people. In fact internal production even in the best of years is just sufficient to feed the rural population and leave a surplus of 600,000 tons against an urban requirement of about 1.5 million tons.

The consumption rate may possibly rise above the pre-war rate, as a result of the higher money incomes at the disposal of the people at present and the successful introduction of prohibition in the province. But no dogmatic assertion seems possible regarding it.

Surplus and Deficit Districts.

Such a large deficit is bound to create immense difficulties for the consumers and inflict unequal suffering on different parts of the province and different classes of people. Only ten districts are surplus districts on the basis of the pre-war rate of consumption, *viz.*, East Godavari, West Godavari, Kistna, Nellore, Cuddapah, Kurnool, Bellary, Anantapur, all in the north, and Tanjore and Chinglepet in the south. These districts will be surplus districts only in a favourable year, but if natural calamities should overtake them, they too may be converted into deficit districts. Among them, East Godavari in the Circars, Bellary and Anantapur in the Deccan and Chinglepet in the South are peculiarly vulnerable in this respect. Further, the surplus of the Ceded Districts is only in millets, rice production being very low, and so the feeding of the urban population and the richer sections of the rural population there will constitute a problem.

Of the remaining districts of the province, seven districts, comprising Vizagapatam, Salem, Coimbatore, Ramnad, Tinnevelly, Malabar and the Nilgris are heavy deficit districts even for the rural population. Two other districts too, *viz.*, Chittoor and North Arcot fall into this category, but with lower deficits. Vizagapatam, Coimbatore, the Nilgiris and Malabar have highest deficits of all.

The surplus which may be procured from the surplus districts will not even in the best of years exceed 750,000 tons, which is

little over half the requirements of the urban areas of deficit districts. To meet this, the Government are stated to be planning an accumulation of 2 million tons for distribution as well as for maintenance as reserve. It is not known what the source of this accumulation will be. If foreign sources alone are tapped and the plan in successfully carried out, the problem of the deficit will be partially solved. But the Government of India's promised aid is only to the extent of 400,000 tons, just 1/5 of this quantity, and as it seems likely that the Provincial Government, in order to carry out their plan, will have to rely on internal sources. That evidently would not solve the problem.

Position Under Decontrol.

It should be clear from the above that under decontrol widespread hardship will be caused by a legal or illegal rise of prices and the artificial holding back of stocks by producers and dealers for further rises. This latter will take place inspite of the new powers assumed by the Government to inspect stocks and confiscate the inordinately larger ones. Except those who produce their own grain and stock it for the year's consumption, all sections, especially the poorer classes, including those who habitually sell part of their grain income immediately after harvest and depend upon grain loans and subsequent purchases to meet later needs, will be faced with anxious times. In addition, pockets of special difficulty may be created in the southern and western portions of the province, particularly in the districts of Malabar and Coimbatore. Vizagapatam which is as badly off as Coimbatore or Malabar, has, however, the advantage of close proximity to Orissa, a surplus province, and to the Circars, the most important surplus region of this province, to compensate it. In these pockets food crisis may be expected to become normal and to develop ***any time of the year***. The crisis at present threteaning the province and which has made the Government to make frantic appeals to the Centre to come to their aid, is only the first of the series which may be expected to periodically make their appearance and affect large or small areas at a time. If immediately after harvest, there should be this crisis, one naturally wonders what would be the state of affairs as we move farther away from harvest time.

Under control, the high proirity accorded to the transportation of food and the planned distribution of stocks helped to confine the crisis to well-marked periods of the year and to indicate well in advance an impending danger. The Government were thus enabled to rush supplies to needy areas and by cutting down rations to tide over the difficulty. It is idle to pretend that the trade will be as solicitous of the public interest as the Government were, or as watchful of the situation. Apart from their profiteering instiuct which has only got sharpened during the period of scarcity, such co-ordination of action as will be needed to meet threatening situations, will hardly emerge from the dealers. The control system has the great merit that in spite of all the dishonesty, corruption and inefficiency alleged, it worked and delivered the goods and actually averted famines. Doubtless, for all the weaknesses of the system, the consumers have had to pay in higher prices or in illegal tributes or via, the Govenment, in higher taxes, but rich and poor alike were assured of certain supplies and saved the anxious time and the frantic efforts of the pre-rationing days. The trade can hardly be expected to be servicable. Under decontrol consumer payments can in no wise go down, but will on the other hand increase, and the alleged illegal gains of the control officers will accrue as legitimatized higher gains to producers and dealers in the ratio of their bargaining strength. The prospect for the consumer will however be higher prices and precarious supplies.

The Government's contemplated retention of responsibility for an even distribution of available supplies will in the new situation unaided as it is by any control over consumptton, be found to be more onerous than hitherto. They can be sure neither of maintaining adequate stocks nor of delivering in the selected localities quantities which will meet needs. *It will be just a case of responsibility without powers.* In fact it is a little difficult to understand why the Government should retain this phantom of responsiblility when everything else is to be handed over to the trade. If the reason for decontrol, as the Food Minister has more than once unconvincingly alleged, is the utter inability of the Governmental organization to carry on, what hope can they have of efficiently and satisfactorily discharging their responsibility. The experience with price control in the pre-rationing days amply shows that unless an integrated system of control and distribution is operated, the system is bound to break down.

It is certain that the new system will not improve the lot of the consumer, and *such improvement can be the only justification for decontrol.* Safeguarding producer or trader interest is not so paramount and need not consist in giving a blank cheque to them. An adequate raising of the price paid for procured grain within the system of control will do the right thing by them and yet keep the sacrifices imposed on the consumers within limits.

It is imperative, therefore, that the policy of decontrol should be immediately reviewed and reversed before the situation gets out of hand.

Conferences

THE COORG PROVINCIAL CO-OPERATIVE CONFERENCE

The 13th, Coorg Provincial Co-operative Conference was held at Virajpet on 5th. April, under the presidency of Rao Bahadur J. C. Ryan, M. A., Registrar of Co-operative Societies, Madras. After singing "Vande Matharam" the Co-operative flag was unfurled by Rao Saheb N. C. Subbiah, B.A., and the Exhibition was declared open by Mr. A. C. Thimmiah, M. A. (Cantab). The session commenced with the singing of "Vaishnava Janatho". The conferance was opened by Dewan Bahadur C. T. Mudaliar, B. A., Chief Commissioner of Coorg. Over two thousand Co-operators from all parts of the province attended. Most of the heads of departments and the Registrar of Co-operative Societies were present. At the outset a condolence resolution on the demise of Mahatma Gandhi was moved by Mr. P. I. Belliappa, M.L.C. Mr. K.P. Appaya M.L.C., while welcoming the delegates and the guests, placed a detailed account of the working of the movement in the province. Both the Chairman and the Hon'ble the Chief Commissioner referred to the all round progress of the movement in the province. Seventeen resolutions relating to the all round developement of the co-operative movement were passed.

The exhibition of agricultural produce, handicrafts and needle works was a great success, the Virajpet Ladies Co-operative Society contributing a major part of handicrafts. A drama was staged by the students of the Coorg Co-operative Institute. There was slso a grand display of classical Coorg dance by the members of Balamuri Co-operative Society.

At the conclusion of the Conference, Mr. Ryan stressed on the immediate necessity of forming Labour Contract Societies, and made special reference to the progress of Ladies Co-operative Societies in Coorg.

On the following day, Dewan Bahadr C. T. Mndaliar, and Rao Bahadur Ryan addressed a meeting of the Official and Non-official Co-operative workers. The Chief Commissioner emphasised the need for forming Labour Contract Societies immediately. He also promised to enhance the strength of the Government Inspectors considerably.

With a vote of thanks proposed by Mr. P, M. Chengappa, Registrar of Co-operative Societies, and Mr. P. I. Belliappa, M.L.C., the meeting terminated.

The following is the presidential address of Sri Rao Bahadur J.C. Ryan, Registrar of Co-operative Societies, Madras, delivered on the occasion.

For many years, I have been anxious to visit Coorg. Its picturesque highland country, situated on the summits and slopes of the Western Ghats, whence springs the Cauvery, which flows beside the college where I read, attracted me even in my college days. Its coffee plantations and its orange gardens make a special appeal to a Madrasi, who loves oranges and who cannot do without coffee. I was, therefore, delighted to receive an invitation from the President of your Provincial Bank and your Registrar asking me to come and preside over your 13th Provincial Co-operative Conference. The invitation had the added advantage of giving me an opportunity to meet co-operators—official and non-official—who have devoted their energies in the cause of the economic progress of the Province through co-operative enterprise. It is a pleasure to make their acquaintance both for its own sake and for the mutual benefit of co-operative institutions in Coorg and Madras.

2. Through the kind courtesy of your Registrar, I have had an opportunity of perusing the latest report of the working of co-operative societies in Coorg for the year ending 30th June 1947. It contains a record of all-round progress in which 359 co-operative institutions with about 41,000 members and a working capital of over Rs. 41 lakhs have played an important part. As in the Madras Province, the chief activity of the co-operative movement in Coorg during the year has been in the direction of procurement and distribution of foodstuffs and controlled commodities. Unlike Madras, however, the institutions which transacted this business were not organizations of consumers registered as Co-operative Wholesale Stores and Primary Stores, but organizations of producers registered as a Provincial Marketing Federation and Paddy Marketing Societies. Yet, six co-operative stores appear to have participated in this business just as a few marketing societies in the Madras Province have also helped in the distribution of foodstuffs and controlled commodities.

3. I have drawn attention to this aspect of co-operation because, during the last few years, co-operative trading has been done in many parts of India not in accordance with strict co-operative principles but to cope with the exigencies of an abnormal situation. Food was scarce. It had to be procured and rationed; and

control orders had to be introduced to regulate procurement and distribution. In other words, a free market in foodstuffs was suspended. The State found that, in this emergency, co-operative organizations, which were composed of public-spirited men and over which Government could exercise close control, were the most suitable agencies for the equitable procurement and distribution of foodstuffs and other controlled articles. They availed themselves of that agency, suspended the rule that co-operative societies should deal only with members, and distributed controlled articles through them to members and non-members. But with the disappearance of control orders, the free market will be restored, the patronage of the Government in the matter of the allotment of stocks will disappear, and co-operative institutions will be thrown on their own resources and will have to confine their dealings to members. The ordinary laws of economics will begin to operate and co-operative trading should readjust itself to normal conditions. There will be no controlled price, and producers will seek the maximum prices for their products, while consumers will seek the minimum prices for their purchases. These two classes of people can hardly be brought together in one and the same co-operative organization because their needs are different and the object of a co-operative society is to serve the *common needs* of its members. A sizing up of co-operative organizations into producers organizations and consumers organizations will be essential in a free market if they are to survive and flourish. While it would be desirable for producers' co-operatives to sell to co-operatives of consumers, it will be necessary for consumers and producers to have their own organizations because their respective economic interests are different.

4. I observe a tendency in this direction in your province, where it has been proposed that marketing societies should construct 26 godowns at a cost of Rs. 7 lakhs. Government have already been pleased to give a free grant of Rs. 3,000 each to the Hudikeri and Bengunad paddy marketing societies and similar grants are expected from them towards the construction of the rest of the godowns. I take it that the members of these marketing societies will be producers—agriculturists who seek to dispose of their produce at advantageous prices. They will bring their produce soon after harvest to these godowns, store them there and obtain loans on their security from the marketing society so as to enable them to wait for a favourable market. Consumers organized in co-operative stores could purchase their requirements from these godowns of the marketing

societies at rates competitive with those offered by ordinary traders. If stocks held in these godowns are of large volume, I have no doubt that the Co-operative Wholesale Stores at Mangalore and Calicut will make some part of their purchases from there

5. The need for organizing producers in the manner indicated cannot be over-emphasised in these days when the food we produce is not enough to feed the population of our country. "Produce or Perish" is the problem now; and, if production has to be encouraged, the producer has to be given the maximum prices for his products. Marketing societies are a real help in this direction; but more than these are societies for co-operative farming which bring more lands under cultivation. The All-India Co-operative Planning Committee, of which I was a member, classified co-operative farming societies as follow :—

(i) A Co-operative Better Farming Society has been defined as a society designed to introduce improved methods of farming. Its members agree to follow a plan of cultivation laid down by it; but they are independent of one another in other respects. They may, however, agree to joint-purchase of seeds and manure, joint-sale of produce and other joint efforts, and the society may help them in these directions.

(ii) A Co-operative Joint Farming Society is one in which small land-holders pool their lands and entrust them to the administration of the society. They then work on the pooled land in return for wages from the society which sees to the cultivation of the land on its own account according to modern methods The income from the pooled land, less expenses, constitutes the profits of the society. Each member is entitled to a share in the profit in proportion to the value of his land. This recognizes his ownership in the land. Each member will also have to pay for any improvement made on his plot of land.

(iii) A Co-operative Tenant Farming Society owns land in free-hold or lease-hold; but its holding is divided into smaller holdings, each of which is leased to an individual cultivator who is a member of the society. He pays to the society rent for his land; but cultivates the lands on his own account and retains the profits thereof The society assists him in his cultivation by supplying credit, seeds, manures, implements, etc, and by marketing his produce if he wants any of these helps.

(iv) A Co-operative Collective Farming Society holds lands in free-hold or lease-hold. The lands are cultivated on the society's account by its members who are paid wages. The yield belongs to the society. The profits, after meeting expenses, are divided as in every other co-operative society, and the members are given a bonus on the wages earned.

Of these four classes, the Madras Province has worked the third type of Co-operative Tenant Farming societies under the name of Land Colonisation Co-operative Societies. At the end of 1946-47, there were 26 such societies with 3237 members on the rolls of whom 2694 members were active colonists. Out of 10,701 acres assigned to these societies, 8891 acres have been reclaimed and brought under cultivation. Generally, food crops like paddy, cholam, cumbu, ragi, etc., were raised on the lands, besides vegetables. During the year 1947-48 these societies received subsidies to the extent of Rs. 32,924 from Government. Loans advanced by Government amounted to Rs. 26,738 and co-operative central banks also advanced loans to the extent of Rs. 12,928. At the end of the year, loans due by the societies to Government and co-operative central banks were Rs 1.09 lakhs and Rs. 30,073 respectively.

6. I understand that there are in Coorg vast extents of cultivable lands belonging to Government, where the land-less poor may be settled and more food can be grown. The Government of India who are spending large sums of money in aid of the Grow More Food campaign may well be expected to assist efforts at forming land colonisation societies which will bring more lands under the plough. Where, on the other hand, lands are already held by agriculturists but cannot be cultivated for want of irrigational or other facilities, long-term loans for the improvement of the land will be necessary. I observe that efforts have been taken already to obtain long-term money from Government through your Provincial Co-operative Bank. I wish these efforts speedy success; but if you fear that this will take time, I am prepared to examine whether the Madras Central Land Mortgage Bank, which is the most successful organization in India for financing agriculturists with long-term money, cannot come to your aid and provide funds through a Primary Land Mortgage Bank organized for the whole of Coorg. Loans for 20 years at 6 per cent per annum obtained in this way will be a great impetus to increase production.

7. Another suggestion which I might commend for your consideration is the organization of co-operative milk supply. I am

not acquainted with local conditions; but the location, size and hilly character of your province, reminds one of Switzerland and makes one enquire why you cannot, like that country, specialize in milk, butter and cheese. In my own province, where facilities for pasture are poor, there are 21 Co-operative Milk Unions and 220 Co-operative Milk Supply Societies which together handle about 75 lakhs of rupees worth of milk and milk products per year. Agriculturists are taking to this industry in ever increasing numbers. They realize that it is the most paying occupation subsidiary to agriculture, and as more and more of them purchase cows and she-buffaloes and maintain them on their farms, the character of agriculture in that province will partake of the nature of mixed farming, which accounts for the prosperity of farmers in Europe and America.

8. It is not necessary that co-operative societies for milk-supply should be organized as separate units. This was the policy adopted in Madras till recently; but after the All-India Committee on Co-operation recommended the reorganization of our village co-operative credit societies into multi-purpose societies, and after the XV Conference of Registrars of Co-operative Societies supported the recommendation, we have begun to introduce milk-supply as the most paying second line of activity in rural credit societies situated near towns where there is a good demand for milk. Loans are given by Central Co-operative Banks through these societies for the purchase of cows and she-buffaloes on condition that the animals should be milked in a common milking yard of the society under its supervision. The milk collected from the members is delivered to the Milk Union in the adjacent town which sells it to consumers and remits the sale-proceeds to the credit society. This system brings the members into daily contact with the credit society, makes them indent for cattle-feeds first and then for their own requirements of household needs. We expect that, through the medium of milk supply, many rural credit societies will transform themselves into full-fledged multipurpose societies. We feel that this method of organizing multipurpose activities in rural credit societies by introducing milk supply will be more lasting than the method of organizing them by distributing controlled articles, because, the latter method may not avail when controls cease to operate.

9. It is often advocated that cottage industries should be introduced in rural credit societies to convert the latter into multi-purpose societies; but we have found that this counsel cannot be easily

put into practice. Not every member, nor even a large number of the members of a rural credit society, engage themselves in a cottage industry as a subsidiary occupation; and, when they do so, they do not toil on it systematically, so that the supply of the raw material needed for the industry through the society or the disposal of the finished products will be a haphazard affair. On the other hand, where people ply a cottage industry as a wholetime occupation (as for instance weavers, metal-workers, potters; leather goods manufacturers, etc), the business is steady and the need for the supply of raw materials and the disposal of the products is continuous. But such wholetime workers have very little in common with the other members of a rural credit society. Their needs are distinct and their problems are different and they therefore demand a separate organization for themselves. As their industry is one which has established its survival value, it is proper that they should be organized into separate co-operative units. This is the line which Madras has been adopting, and as a consequence, we have organized 1,32,231 weavers into 882 co-operative weavers' societies which manufacture over 50 lakhs of rupees worth of handloom goods every month. The Madras Provincial Handloom Weavers' Society, with which all these weavers' societies have been affiliated, has established 52 emporiums within the province for the sale of handloom products. Recently, it has gone further afield to open emporiums at New Delhi, Calcutta, Colombo, and Trivandrum. I have suggested that it should come to your province shortly and open another emporium here, even as your Orange Society has established sales depots at Mysore, Bangalore and Mangalore.

10. This, indeed, is the right line of development for co-operatives to rise above natural or artificial boundaries and build up a system whereby producers' societies will open their own sales depots in consuming centres. If consumers at these centres are organized in strong co-operative stores, they might act as the sole agents of the producers' co-operatives. As this line of development progresses, a new economic system will be built up in which the trader will be cut out and producers' co-operative will either sell to consumers direct or sell to them through their own co-operative stores. This is an ideal which co-operators all the world over work for, any may this also be the ideal for which co-operators in Coorg and in Madras will exert themselves.

Badagara Co-operative Union, Ltd.

SILVER JUBILEE CELEBRATIONS

ADDRESS BY MR. T. NARAYANA PILLAI, B.A., B.L.,

I thank you for allowing me to associate myself with your Jubilee Celebrations. I know my own limitations and I also appreciate very much your idea to encourage brother co-operators to come to you and learn and emulate your example for the spread of co-operation and I take this opportunity of expressing my admiration openly for the great co-operative work you are doing for bettering the living conditions of the agriculturers and other labourers.

Free independent India though socialist in principle is really aiming under the able guidance of Pandit Jawaharlal Nehru to give practical shape to the Gandhian philosophy and government and is really planning for the creation of a co-operative commonwealth.

We, co-operators have in a way succeeded in a measure in giving relief for agricultural indebtedness in our presidency and during the war periods we have striven hard to mitigate the hardships of the consumer from the avaricious, profit-seeking traders and middlemen. But our future task is stupendous. The Government of India in their industrial policy have decided to develop cottage industries and planned them in a co-operative basis. We have to take up the scheme in earnest and develop our national wealth through co-operative cottage industries. Though we have been attempting to develop and improve cottage industries we have not succeeded to any appreciable degree. The Madras Women's Cottage Industries, the metal workers, potters, coir and mat weavers have just begun to take some interest, but we have to develop them intensively throughout the whole presidency. Other cottage industries also have to be tackled. The major cottage industry of handloom weaving has made tremendous strides in production and marketing. But in spite of it the plight of the handloom weaver is pitiable, his wages have been reduced by 50 to 70 per cent, he is not able to get full time employment and he is not able to get his wages in time as handloom goods are not readily saleable after de-control of cloth. The Provincial and the Central Governments have expressed deep concern and sympathy for them, but relief is not tangible. I hope the government will soon thoroughly investigate into the matter and see that mill products do not compete with the handloom goods and ensure an equitable living wage to the handloom weaver.

Since large scale production may not be suitable to Indian conditions and the non-availability of capital goods at reasonable prices will certainly give a great impetus to the growth of cottage industries. But

I would like to impress upon the government that the improvement of cottage industries must be primarily to give off-time employment to people engaged in agriculture. Most of the cottage industries that we have organised gives a wage to the employed as a full timed worker in that cottage industry itself. So far it is good but it has not solved the problem of the vast agriculturers who are unemployed throughout the major period. A subsidiary occupation to this agricultural unemployed is the one vital problem facing rural India. The Khadi scheme of the popular government even in the selected firkas is uneconomic and is merely continued on by artificial enthusiasm which is not responded to by the people in spite of the official and congress propaganda. The Chief work of the district planning committee ought to be to select cottage industries suitable to the agriculturists to provide off-time work. I hope the government will succeed in this effort.

The small land-owners are now able to get cheap credit through co-operative institutions, but the landless agricultural labourer is now practically nowhere in the co-operative field. To improve the agricultural labourers and improve agricultural production is the primary duty of every citizen of the Government. Both in the ryotwari and zamin villages the real agricultural population are not getting their due share. In many cases the ryots do not directly deal with land-holders. Between the cultivating ryot and the land-holder there are invariably one or two intermediaries who earn an unearned income to the detriment of the land-holder and cultivating tenant. The immediate thing the Government will have to do is to make illegal any agricultural lease agreement entered into by any non-cultivating tenant. If this is effectively done the cultivating tenant can get 10 per cent more of his income. If through the co-operative society proper manure and implements are given to the agriculturers and is distributed in time and improved methods of cultivation are given to the ryot it will certainly put more money into the hands of the ryot.

But intensive cultivation is practically impossible since the holdings of lands are small and uneconomic. Voluntary consolidation of holdings has not succeeded. Therefore I would suggest that the Government must by legislation consolidate the holdings to make them real economic producing units. The land-holders' right to the particular land must be limited but only to an equal extent of such land in the village or group of villagages. The patta must be made a land certificate like a share certificate and he must be entitled only to a reasonable dividend thereon. But the land for purpose of cultivation must be divided into economic units to be cultivated by the ryots through the respective co-operative societies. But to begin with, I would suggest that the lands of all absentee land-holders must vest in the village co-operative society for planned cultivation and raising seasonal crops through the village co-operatives. When the whole village is cultivated the income derived therefrom must be divided equally by the ryots who compose the co-operative union after paying a reasonable dividend of 2 or 2½ per cent to the land-holder. But instead of improving cultivation and increasing the income of the cultivators, antagonism between land-holders and tenants has been fanned up by interested self-seekers. As such the land-holders are now becoming nervous on improving the lands and spending money on manure and increasing the irrigation facilities by digging wells, etc. Cheap electric power must be made available to the ryots and three or more portable pumping sets must be made available in each village through co-operatives for baling out water when the mansoon fails.

The multi-purpose of co-operative societies are expected to solve these problems. But though the scheme of multi-purpose co-operative societies have been agreed upon in principle both in provincial and all India Conference and Government, the policy has not yet been implemented. Perhaps the department is awaiting further instructions from the Government. But your district has got the fortune of having the Producer-Cum-Consumer Societies with large capital. Though they are now trading corporations they must be manned not by the share-holders but by the agriculturers themselves and they must be made more co-operative in membership and spirit. These societies have done very good work in your district as agents of Government but I would like them to be made people's co-operatives, manned, directed and controlled by the co-operators themselves and they must also take the legitimate place in the co-operative structure of the country. I hope in course of time they will all come into your union and give fresh vigour and effort to the spread of the cc-operative movement. I know your Bank President, Mr. Kunhiraman Menon has done his best to make the societies remain in the co-operative field and by his untiring efforts they will take their legitimate place and cater to the needs of the co-operatives. When control is removed unless fresh vigour and life is given to them they may not have much of procurement and distribution work. They must take their legitimate place as village societies having multi-purpose activities. They could easily take up the cultivation of major part of the village if they are properly tackled and organised.

In my district we have got co-operative societies in most of the villages. All the villages and portions of villages which have not come into the co-operative structure we hope will be brought into the structure within a couple of years and we are making a drive towards it. I hope you also will see that the whole area in your district will come into the movement shortly.

I really admire the great work done by your Central Co-operative Stores. Though my district is the pioneer in this respect you have advanced to a large extent and expanded. The P.C.C. societies have taken some of the work of the Central Stores in your district. I hope your Central Stores will take to processing of food stuffs by having rice mills, instal flour mills and also engage in producing ready-made consumed goods such as soaps, oils, biscuits etc. By these methods of processing and manufacture, the Central Stores must help the primaries in catering to the needs of the public.

The less said about marketing is better. We have no real marketing societies but most of our societies are mostly loaned societies. When you take up the multi-purpose activities the loan societies will strengthen the Central marketing organisation and bring a very good price for agricultural produce.

I wander far many from the field in this address but the most important problem that concern you immediately is the audit fees that are to be levied from the primaries. The societies are now borrowing at 4½ per cent or 5 per cent and lending at 6¼ per cent. In this, they have a margin of about 1½ per cent. Under the societies bylaws the secretary or other office bearers will have to be paid 8 annas per cent for scriptory and other work. They have to meet the contingent travelling and other expenses and as such the societies are not able to save anything. If in these circumstances they have to pay audit fees they will not be able to meet both ends. We have to urge the Government that all rural societies must be given free audit by the government and should see that audit does not make economic oppression on societies. For trading societies such as weavers, stores, marketing societies and banks the audit must be paid for by the societies. But an exemption must be made in the case of village societies.

The village societies organised in union is the pivot and the driving force of the co-operative movement and I am glad to see that we have made steady progress and are celebrating your Jubilee to-day. I hope in course of time you will develop to a large extent and celebrate your Golden and Diamond Jubilees and ére long the unions will become the electoral units and you will be running your own co-operative candidates for the Provincial and Indian Assemblies and make future Free India real Co-operative Republic with no match for them in the world

Improving the Milk Supply of Towns

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In dealing with the problem of milk supply in India, the vital distinction between increasing the milk supply of a town or a particular urban area and of a province or the country as a whole is to be recognized. The former, unlike the latter, can be achieved in comparatively short time by adopting measures such as are proposed to be discussed at some length in this note These measures aim at making the milk produced in areas surrounding the town available to it instead of the milk being converted into products, as at present.

The improvement in the existing milk supply of a town can broadly speaking be brought about by (i) augmenting the existing milk supply by developing new sources, to enable the supply to cope with the demand, and (ii) reorganizing the existing system of control and supervision of the milk supply to the town.

The present high level of prices of milk and milk products in town is mainly due to the fact that supply is not able to cope with the demand. The first step to be taken, therefore, is to find out ways and means of augmenting the existing supply. What these should be would depend on the location of the town and its surroundings. The present system of producing milk by housing cattle in the heart of the town has been universal in the country and has been found to be most uneconomical and unhygienic, besides leading to the gradual destruction of the valuable cattle wealth of the country. Any new method adopted should, therefore, aim at abolishing these stables and for that reason the source for the iucreased supply of milk would have to be looked for from areas outside the towns. This source may be (i) organization of milk supply from areas surrounding the town, (ii) establishment of creameries in milk producing areas, and (iii) establishment of dairy farms.

Organization of milk supply from areas surrounding the town will divide itself under two heads: (*a*) Milk supply from villages lying adjacent to the towns or what may be called 'inner belt'—extending up to a radius of about 15 miles of the town, and (*b*) milk supply from villages lying beyond this radius and extending up to 50 miles, which may be called the 'outer belt'. Of the two, it is desirable that the organization of the milk supply from the 'outer belt' should be taken up first because that will help in actually augmenting the milk supply without disturbing the present supply as the milk is already being brought by various means to the town from the 'inner belt'.

The inner belt.

Many of the towns in India where shortage of milk is felt at present are fortunately surrounded by areas which form potential sources of supply of milk. Almost every town, whether small or large, derives nearly 50 per cent of its milk requirements through what are called 'milk carriers'. The milk collected by them from the villages is carried on cycles or head loads and distributed direct to individual customers. Their range of work extends even up to 12 miles radius from the town. For some of the larger towns like Bombay, Madras, Calcutta, etc. which are well-provided with local trains, milk is brought from even greater distances by these carriers. This is one of the most important agencies in the milk supply to towns and one which presents great possibilities of improvement. The sources of supply of milk in this system also lend themselves for further increased production. Some of the measures which can be adopted for this purpose are:

(i) To organize the producers on co-operative lines and arrange for them to deal direct with the consumers themselves, to the mutual advantage of both, by doing away with the middlemen or the carriers.

(ii) To organize the carriers themselves on co-operative lines by giving them facilities of a central milk collecting depot or depots from which milk can be economically distributed collectively instead of each individual carrier going round the delivery. This will ensure a greater uniformity of method and fewer distributing agencies, consequently less supervision and control by the authorities concerned.

(iii) To open depots for cattle feeds in the producing areas and subsidizing the supply, if necessary.

(iv) To provide milk supply cans of suitable types and at a concession rate, as also cycle tyres, tubes, etc., which are very difficult to obtain at present.

(v) In the case of carriers bringing milk by local trains, allowing them concessions in the freight and providing a special carriage or compartment where milk can be put in a clean place during transit.

(vi) For the municipalities to provide special depots well-distributed in the town, from where milk can be distributed to the areas apportioned each set of carriers.

(vii) To give loans to the organized small producers for purchasing cattle and feeding stuffs to effectively increase the production of milk in the zone surrounding the towns. It has been found from experience that by proper feeding and maintenance the milk yield of a village cow can be increased even up to 50 per cent.

The outer belt.

The organization to be set up for the purpose should aim at organizing the producers the collection of the milk from them and its rapid transport to a suitable centre where it can be processed and distributed through a reliable agency or agencies, so that the quality of the milk is assured and it is sold at a reasonable price to the consumers. Such an organized effort calls for the following :

(i) *Survey* :—A rapid survey of the areas is necessary in order to ascertain firstly the quantity of milk available for collection after allowing for the domestic need of the producers and the wide fluctuations for the different seasons which invariably occur under village conditions, and secondly the disposal of surplus milk and the scope for developing this source. Such a survey can be satisfactorily carried out in two to three months by employing adequate temporary staff, but this will require expert guidance.

(ii) *Organizing the producers* :—This will have to be undertaken, preferably on co-operative lines, based on the data obtained in the survey of the area, so that those villages or centres which produce sufficient quantities of milk which can be handled economically, need only be considered in the earlier stages. It will be desirable to attempt to centralize the milking in the villages right from the beginning and in order to provide an inducement for the purpose to the villages, each village should be provided with a small milking shed with facilities of water-supply, etc., the cost involved being partly or wholly borne by the Government.

(iii) *Collection of milk* :—This should be done at centres which are so situated that the collection of milk may be done as expeditiously and economically as possible.

(iv) *Rapid transport of milk* :—Quick haulage of milk to its destination soon after production is very essential as the time factor is most important with such a highly perishable food as milk. The haulage can be done either by rail or road, but in a majority of cases it will have to be done by the latter, in which case motor transport will have to be employed. Motor lorries for this purpose will be required.

(v) *Processing of milk* :—As milk will be collected from various sources and produced under insanitary village conditions and as some time must elapse before it is made available to the consumers it will have to be processed (heated or chilled or both, *i.e.*, pasteurized) and for this a processing centre or pasteurizing station will have to be established, preferably in the consuming town itself, with facilities of cold storage, etc., so that the

distribution of milk can be regulated according to the requirements of the consumers irrespective of the time of milking in the villages.

(vi) *Distribution depots* :—The milk collected and processed as above can then be distributed to the consumers over the counter through depots specially provided for the purpose, where milk of guaranteed quality can be made available to the public. It is not considered feasible in earlier stages to attempt house to house delivery of milk, particularly in view of the shortages of containers and bottles.

(vii) *Supply of cattle feeds* :—As a necessary adjunct to such a system of milk collection and supply, arrangements will have to be made to supply cattle feeds such as oilcakes, bran, chunni, etc., to the village milk producers so as to give them an incentive for producing more and better quality milk. In some cases this idea of helping the villager can be further developed by arranging for the supply of his daily requirements such as kerosene oil, sugar, cloth, etc., against deliveries of milk.

Co-operative working.

The schemes as outlined above by virtue of its special features of collective working may preferably be run on co-operative lines under the aegis of Co-operative Department of the province.

Conditions governing the selection of a town for the scheme and the pre-requisites to the sncessful adoption of a scheme of this nature will be as follows :

(*a*) That the town selected for the supply of milk is surrounded by milk-producing villages or centres lying within 15 to 50 miles of it and the quantity of milk produced by such centres should be sufficient to make its collection, haulage, handling and distribution economic on a consideration of working costs. In the light of the experience gained so far it may be stated that each such village or centre should on an average be able to supply a minimum quantity of 2½ maunds of milk a day.

(*b*) That the majority of villages to be tapped should lie as for as possible along side the roads to be traversed or at a distance not exceeding 2 to 3 miles from the road, as it is necessary to collect the milk rapidly for transporting it to its destination.

(*c*) That the area is well-provided with roads which will permit of the haulage of milk by motor transport in all seasons of the year.

(*d*) That the producers must be assured of the market for their milk throughout the year at a predetermined price and the milk must be paid for periodically, as ready cash is the greatest need of every stock-owner.

Establishment of creameries

A scheme for establishment of creameries in milk-producing areas in the provinces may or may not be found feasible for all towns or urban areas. The location of some of the towns, which are generally of a large size like Bombay, Calcutta, Madras, etc. would permit of the additional collection of milk being drawn only from sources placed far away from them and which would involve long-distance transport of milk by rail, after processing it at the collecting end itself. Such sources of supply generally are to be found in every province and which at present are not fully exploited for the supply of milk in liquid form. The organization to be set up for obtaining milk from these areas would consist of the following :—

(i) Establishing a creamery or milk-collecting and processing centre in the milk-producing area itself.

(ii) The transport of milk so processed by rail and in refrigerating vans over distances ranging from 50 to 300 miles.

(iii) Establishing a milk-distributing organization in the city itself with sufficient cold storage facilities.

The extra overhead charges involved in a system of milk supply of this kind will be more than compensated for by the low price at which milk can be purchased in these milk-producing tracts. To make the working of such a creamery economically possible it should be in a position to receive and process at least about 6,000 to 8,000 lb. of milk a day, but this quantity would vary from place to place according to circumstances. The whole of this organization can be run either by a Government agency or through private enterprise which may be subsidized. It will, however, be possible to build village milk-producing societies round about such creameries and in course of time they may be run on co-operative lines.

Establishment of dairy farms

Experience has shown that milk obtained from villages fluctuates widely in quantity according to seasons and that it is at its lowest in summer. Since the supply of milk to the consumers must be constant and assured throughout the year, in order to counteract the above drawbacks there should be another and more dependable source of supply of milk for the town. This should be in the form of a dairy farm or farms established as near to the town as possible either by Government or through private enterprise. In the latter case a subsidy may be provided in some form or another preferably by the payment of a certain amount per pound or maund of milk of a guaranteed quality delivered to the town. Such farm or farms should be producing at least 25 per cent of the quantity of milk obtained under the village system to meet the deficit during the scarcity period. The following facilities may be needed to establish and encourage such a supply.

(i) Facilities of land and grazing.

(ii) Provision of irrigation water for the cultivation of fodder crops at a concession rate.

(iii) Concession in railway freight with the facility of refrigerating vans.

(iv) Provision of necessary equipment for the dairy, etc. under priority.

(v) Providing subsidy to enable the farm-produced milk to be sold in the consuming areas at controlled rates.

Control and supervision

Reorganization of the existing system of control and supervision of the milk supply to the town is of supreme importance. No matter how carefully the agencies, for the increased milk supply at a place are arranged they will not stand a fair chance of surviving unless these are effectively protected against unfair competition from the trade, both in respect of price as well as quality. This calls for proper control and supervision over the supply. One of the greatest handicaps in the proper supervision and control of the milk supply of a town is the existence of the innumerable agencies or channels through which milk is made to pass during its handling and distribution in a town. This also hinders the development of the dairy trade on right lines. The reorganization of the present system of milk supply calls for definite measures to be taken. They may be summed up as follows:

(*a*) *Creation of a milk supply organization* :—Adoption of measures which would ensure adequate milk supply on the lines indicated above should provide such an organization for obtaining milk from reliable sources. Such an organized effort will enable the milk-supplying agencies to be reduced to a few selected ones and this will call for the division of the milk-producing areas into zones, so that a zone may be assigned to a particular agency to prevent the various selected agencies from competing with one another unfairly.

(*b*) *Creation of milk procurement and distribution organization* :— This is necessary for replacing the innumerable individuals employed in distributing milk, by a few selected agencies. As in the case of (*a*) above, the area of trading in the town will also have to be zoned out, so that each agency is allotted a zone to prevent unfair competition.

(*c*) *Removel of cattle stables from urban areas* :—As more and more milk is imported in the town from the rural areas through an organized effort, the city milch cattle stable will have to be removed. Their removal will call for (*i*) the prevention of the return to the city of cattle salvaged from the stables when they come into calf again and (*ii*) the absorption or colonization of the replaced animals from the city at centres away from the town from where milk could be easily obtained for the town.

(*d*) *Adoption of an effective system of licensing and supervision*:— The introduction of a complete and effective system of licensing of the trade with suitable standards for quality and an adequate and efficient staff for enforcing supervision and the standards of quality will be a necessary adjunct to such a reorganization.

(*e*) *Appointment of a milk control board*:—Such a board may be for the province or the State as a whole or for the town in the first instance where the improved milk supply scheme is to be worked. Experience in the past has shown that efforts made at reorganizing the milk supply of a town were always too much diffused and there was no co-operation between the man in the trade and the controlling authorities in improving matters. It is, therefore, felt that there should be a central independent body which should coordinate the activities coming under the reorganization of the milk supply of a town. It is suggested that a milk control board should be created. Such a board should be constituted of a limited number of members, not exceeding seven, representing government, municipality, producers, traders and consumers. Its primary functions should be the following:

(i) To safeguard the interests of the producers, traders and consumers.

(ii) To periodically fix the purchase as well as the sale prices of milk for that area.

(iii) To control the marketing and distribution of milk according to the needs of the different classes of consumers.

(iv) To control the production of milk and milk products in a consuming area as well as in areas adjoining it.

(v) To fix standards of quality of milk and milk products sold in that area.

(vi) To act in an advisory capacity in matters relating to the policy to be followed and measures to be adopted for the development of the milk trade.

Technical guidance.

Whatever be the type of scheme adopted by the provinces or States for improving the milk supply of a town, technical help and guidance will be needed to solve the difficulties which are bound to arise at every stage with the commencement of the scheme. The prerequisite for the success of such a venture will be the provision of adequate teachnical staff. No doubt expert help and guidance will always be made available from the

Centre but the Provincial Governments shall have to maintain staff of their own to be on the spot. The strength of the staff required will depend on the amount of dairy development work undertaken by the province concerned Since this kind of work will require qualifications and experience of a high order, the pay and status of the posts to be created should be such as to attract men of the right type who could command the confidence of the trade.

Urgent steps.

This note has been drawn up with the idea that it will suggest to the province and the States the various ways and means which are possible to adopt for improving the milk supply of a town. The steps which should be taken to achieve this are briefly indicated below:

(*a*) Appointment of technical staff.

(*b*) Starting of surveys of (i) the potential milk-supplying areas to determine to what extent each area can be depended upon to supply the needs of the towns and for organizing the supply from that area whether on co-operative lines or by the establishment of creameries or milk processing centres, (ii) sites suitable for establishing large-scale dairy farms so that the milk supply from the rural areas can be supplemented by milk obtained from reliable sources, and (iii) urban areas or towns where the reorganization of the milk supply is proposed to be introduced. In the latter connection it must be remembered firstly that instead of large cities where the problems are too numerous and complicated it may be desirable to select a few small towns to begin with where a more complete model scheme on experimental basis may be tried out. Secondly the town or area where the shortage is most acute should be tackled first, both for production and distribution and thirdly, the total requirements of a town or area selected may not be met all at once but it may be feasible to mitigate conditions on a progressive and limited scale to begin with.

(*c*) Establishment of a milk control board and the creation of an organization for the production of milk and another for the procurement and distribution of milk based on the surveys carried out.

—*Indian Farming.*

Raising Dairy Calves on a Minimum of Milk

T. W. MILLEN, M.Sc., D. V. M.

Head of the Department of Animal Husbandry and Dairying, Agricultural Institute, Allahabad.

The present milk shortage in India threatens to be a permanent situation if we cannot by some method increase supply faster than the regularly increasing demand There are several ways of alleviating the situation and a number of large schemes for co-operative marketing of milk, Government breeding farms and model dairies are under way. We are interested in what the average cow owner can do to help out.

Stock improvement.

It has been recognized in the leading dairy countries of the world that to maintain a high-yielding herd the heifers must be sired by the best bulls obtainable and the calves raised under the best environment possible. The famous herds are often built around one good cow along with her daughters and grand-daughters. In any case the best dairymen keep all their heifer calves so that they can replace the poorest producers with higher-yielding home-raised heifers. In Europe and America the average dairy cow has a lifetime average of between four and five lactations. The situation may be somewhat better in some parts of India but in areas where rinderpest and haemorrhagic septicaemia are prevalent the average may be still less. Since in a given cattle population at least half the calves born each year will be males, it will be necessary to raise half the female calves born for replacements and many of the others if any selection is to be practised.

Wasting our dairy animals.

A pernicious practice in India is the purchasing of the best cows obtainable from the breeding areas, milking them till they are nearly dry and then disposing of the cow and calf in a way that they are too often lost to future production. Many of the city cattle keepers are anxious for the most milk possible and often cheat the calf beyond its ability to survive. In many such cases the cow will not yield any milk after the calf is gone. With the usual practice of underfeeding the calf, the productivity of the heifer is greatly limited before she matures and the owner knows she will seldom sell for more than one-fourth of his expenditure on her when he no longer needs her for priming the cow at milking time

Post-natal care of the calf.

In this article we take for granted that the heifer calves in question are from good parents and are worth raising. We recommend that they be weaned from their mothers at birth The cow should not be allowed to

see or lick the calf and it should not be allowed to nurse from her even once. If the calf receives as much as one mouthful of milk with its nose up, it is very difficult to train it to drink from a pan or pail. If the cow and calf never see each other they fail to miss each other, should either suddenly die or be sold. Immediately after birth the navel cord should be shortened to about one inch by cutting it with a pair of sterilized shears and the stub painted with tincture of iodine. The calf is dried with a towel or clean gunny bag and removed to a clean place preferably with a brick or cement floor.

The calf's first meal should be the colostrum from the mother. If a finger of the right hand is dipped in the colostrum and the calf's head lowered into the pan with this finger in its mouth, she will usually begin drinking very quickly. The milk should always be at blood heat and should be fed in a clean container. The calf should be fed according to its size and breed. Six to eight pounds of milk a day to a Red Sindhi or Sahiwal calf would be about right. After a few weeks the calf may be given skim-milk for part of the whole milk and after six months the milk may be stopped provided a balanced concentrate ration is fed along with adequate roughage.

Milk necessary to properly feed a calf.

Our custom at the Agricultural Institute was to feed about 300 lb. of whole milk and 1,200 to 1,500 lb. of skim-milk to each heifer calf during the first six months of her life. As production costs mounted with the rising prices of concentrates, fodder and labour, it soon became very expensive to feed the calves. Also we had a ready market for all the milk produced at a rate double that prevailing in 1940. We began to look for a satisfactory substitute.

Milk substitutes.

In Western countries powdered skim milk is often a cheap source of milk substitute but in India this product finds its way into human food. Fish meal has also been used in the West but in India very little fish meal of feeding quality has been produced. Whey and butter-milk also are not readily available.

We had started making blood meal for swine and poultry feeding in 1943. In looking up references on blood meal feeding we came across the 'New Jersey dry-fed calf mixture'. This seemed to be what we were looking for. This mixture is as follows:

Yellow maize meal	...	25·0 lb.
Ground oats	...	37·5 ,,
Wheat bran	...	12·5 ,,
Linseed meal	...	12·5 ,,
Blood meal	...	12·5 ,,
Steamed bone meal	...	1 ,,
Pulverized limestone	...	1 ,,
Salt	...	1 ,,

In the New Jersey system about 150 lb. of whole milk in all is fed to the calf. It is started out on 6 lb. of milk per day but after three weeks the milk is gradually reduced and water substituted until the calf receives only water to drink after it is 30 days old. At this time it should be eating about one pound of the meal per day along with good quality lucerne or clover hay. The calf has been receiving all the dry concentrate mixture and hay it would eat from the time it was one week old. Fresh water is available at all times. After six months the calf is fed a ration containing no blood meal.

We have tried the method using the prescribed ration and have found it suitable for Indian conditions. We have, however, modified it a bit to suit our requirements. *Juar*, gram or *birra* may be substituted for the maize. Barley can be substituted for the oats and *chuni* of one of the *dals* or peas for the wheat bran. There is no substitute for the blood meal as the young calf requires certain amino acids in its youth that are found only in animal proteins.

Vitamin-A feeding essential.

As vitamin-A rich lucerne or clover hay is not available readily in India, we see that the calves are fed a mixture of chopped green feed and dry grass daily. If this is not done many deaths will occur and the calves will not grow properly. Our problem was to have something green every day of the year. We use berseem, lucerne, sweet potato leaves, serpentine radish plants, *papita* leaves, *doob* grass, napier, *bajra*, green *jawar* and cowpea according to the season. If the calves are fed green fodder only, they are liable to scour. If only dry hay is given, they are liable to constipation as well as vitamin-A deficiency.

With this method of feeding it is noted that the calves lose condition after they no longer receive milk but by the time they are three to four months old they are in as fine condition and have grown as well as animals fed on the more expensive milk ration.

When we replace the whole milk with skim milk gradually instead of using water, we find that the calves escape this second month slump. With this system we feed the skim milk for the second month only so that the calf receives 150 lb. of whole milk and about 210 lb. of skim milk. We have saved 150 lb, of whole milk and over 1,000 lb. of skim milk by this system compared to our former method of feeding calves. Besides having this added milk for human consumption we have saved about Rs. 120 in feeding each calf.

Precautions

The meal mixture should not be allowed to become moist as it quickly ferments and becomes unsuitable for feeding to the calves. The calf

should not be allowed to eat more than 6 lb. of feed per day but up to this amount it should be given all it will eat. Green feed must be given daily as the calf has no vitamin-A reserve. Fresh, clean water should be before calf at all times.

Economics of using milk substitutes.

Last year we fed 7,370 lb. of dry blood meal to our calves, saving over 16,000 lb. of whole milk and 1,10,000 lb. of separated milk. Actually about 1,25,000 lb. of milk was available for sale as fresh milk or for making into dairy products for human consumption as we usually separate just enough milk for feeding the calves. We saved over Rs. 10,000 in feeding the calves up to six months of age, by using the milk substitute. Each pound of dried blood spared about 17 lb. of milk. It would take the full production of 42 cows averaging about 3,000 lb. per year to provide the milk that we replaced with dried blood.

In a city of 2,50,000 people enough blood is wasted in the slaughter houses each year to replace 2,50,000 lb. of milk.

This waste blood can be made into edible blood meal by a Government servant or private party and sold to those wishing to raise calves or the calf owner himself could make up a year's supply in a few days.

Complete instructions for making the blood meal are found in the article published earlier by the author. If the blood now wasted is made into calf food India will have more thrifty cows and more milk for her hungry millions. Non-producing cows should be made to yield their blood and bones for the next generation and their meat for protein-starved humanity.

Consumers' Co-operation

REVIEW FOR FEBRUARY

By the Registrar of Co-operative Societies, Madras.

Co-operative Wholesale Stores

Membership and share capital.—The number of members at the end of February, 1948 was 10,673 and the paid up share capital amounted to Rs. 34.45 lakhs as against Rs. 34.51 lakhs in the previous month. The fall was in respect of Bellary, Chittoor, Coimbatore, Kurnool and Tinnevelly Co-operative Wholesale Stores. When efforts are to be made for increasing Share capital it is unfortunate that it should be allowed to dwindle. No Co-operative Wholesale Stores should spare pains to collect more share capital and stabilise its position.

The owned capital of the Co-operative Wholesale Stores was Rs. 45.84 lakhs, comprising share capital of Rs. 34.45 lakhs and Reserve Fund of of Rs. 11.39 lakhs. The total borrowed capital amounted to Rs. 170.79 lakhs of which Rs. 165.26 lakhs respresented loans and cash credits from the Central Banks and the balance of Rs. 5.53 lakhs from others. Thus the total working capital as on 29th February, 1948 was Rs. 216.63 lakhs as against Rs. 209.73 lakhs in the previous month.

Business.—The total purchases and sales during the month under review were Rs. 128.59 lakhs and Rs 92.45 lakhs respectively, as against Rs. 116.32 lakhs and Rs. 153.80 lakhs in the previous month. The progress made in the month in regard to sales is far from satisfactory. All Co-operative Wholesale Stores should strictly follow the instructions issued in Registrar's reviews and circulars Rs. 2262/47 SI, dated 9-2-1948 and Rs. 9249/47 SI, dated 2-6-1947 and take immediate steps to broadbase their business and prevent any shrinkage in the volume of trade.

Sales to Primaries.—It is disconcerting to note that out of the total sales of Rs. 92.45 lakhs, only Rs. 36.98 lakhs represent sales to primaries which works out to 10 per cent. In spite of repeated instructions, the Deputy Registrar do not seem to have taken any tangible steps for better co-ordination between the Co-operative Wholesale Stores and primaries in their transactions and development of business. The Special staff and the departmental officers working in the co-operative wholesale stores should take special interest in this and show better progress.

Primary Co-operative Stores.

Members and Share Capital:—There were 1,753 stores societies with a membership of 5.62 lakhs and a paid up share capital of Rs. 100.90 lakhs as against 6.76 lakhs and Rs. 101.14 lakhs in the previous month The total working capital for the month under review was Rs. 201.70 lakhs as against Rs. 190.99 lakhs in the previous month. It is observed that the membership and share capital have been going down little by little for the past two months. This is bad. All Deputy Registrars are requested to suitably instruct the special staff for supervision to show an improvement and a decent progress in the case of *every* stores.

It is noted that still there are a large number of stores *viz.*, 382 from whom reports have not been received by Deputy Registrars. The Deputy Registrars should see that reports from all stores are received in time with full particulars and that no stores is allowed to default in the submission of the report.

Business

During the month under review the total purchases and sales amounted to Rs.? 107.84 lakhs and Rs. 110.03 lakhs as against Rs. 130.49 lakhs

and Rs. 145.42 lakhs respectively in the previous month. The purchases and sales in stores are showing considerable decline; it is obvious from this that the Deputy Registrars and the Special staff have not made any efforts to develop the business of the stores in non-food lines by broadbasing their trade on the lines suggested by the Registrar. Unless effective steps are taken to prevent shrinkage of business due to decontrol, the position may grow worse. The Deputy Registrars and special staff should take more interest in this work. The special staffs for supervision should work hard in the present transition poriod and advise the stores to develop trade in non-food lines.

Special Consumer Activities.

Handloom and Mill-made cloth.—The total receipts and issues were only Rs. 6.19 lakhs and Rs 10.93 lakhs respectively, as against Rs. 9.57 lakhs and Rs. 10.69 lakhs in January, 1948 and Rs 12.13 lakhs and Rs. 12.06 lakhs in December, 1947, respectively. This is not satisfactory. The days when there was control over distribution of cloth only limited supplies were available. Now that the control has been withdrawn, it should be possible for all stores to obtain more supplies in the free market and develop their trade in cloth. The special staff should see to this and show a substantial progress

Consumer Goods.—It is gratifying to note that the total purchases and sales under this head amounted to Rs. 2.28 lakhs and Rs. 2 57 lakhs as against Rs. 1.34 lakhs and Rs 1.55 lakhs respectively last month. All stores are advised to keep up this progress and to develop considerably the business in this line further.

Processed Food Stuff.—It is regrettable to note that the total purchases and sales amounted to only Rs. 149 and Rs. 1 325. This line of business has been completely neglected by all Co-operative Wholesale Stores and primaries excepting in the districts of Madras, Salem, Tanjore, South Arcot, South Kanara and Kumbakonam area. Efforts should be made to improve this business.

Agricultural Implements.—It is gratifying to note that the total purchases and sales were Rs. 89.573 and Rs. 45.584 respectively. Only the stores in the districts of Ramnad, Salem, Madura and Kumbakonam area have made business in this line. The stores in Ramnad district alone have made purchases for Rs. 89,538 and effected sales for Rs. 44,552. It is not understood why the stores in other districts situated mainly in rural areas have not evinced any interest to develop this business like the stores in Ramnad District. The special staff should advise all stores in their charge to take up this business and show considerable progress as in Ramnad District.

General.—On the whole the progress made by the Co-operative Wholesale Stores and primaries during the month under review is far from satisfactory. All Deputy Registrars are requested to closely watch the progress of each primary stores and the Co-operative Wholesale Stores in their charge regarding their share capital membership, business transactions etc., and see that the progress is maintained especially during this decontrolled period. All stores should be strongly advised to implement the suggestions made in Registrar's circular Rs. 2262/47 SI, dated 19-2-1947 and Deputy Registrars should ensure the proper working of stores societies in their charge.

Some Jottings.

CATTLE WELFARE IN INDIA.

India's Agriculture and Food Minister, Mr. Jairamdas Daulatram in opening the 7th All-India Cattle Show at Delhi on 20-2-48 said " The Cattle problem in India is really a humanitarian problem of animal welfare but in it are substantially involved both the health and wealth of the nation. The earlier we relieve this, the sooner shall we see the end of poverty and disease in the country." He added that in spite of so many big questions confronting the nation at the present moment " we cannot afford to ignore those problems the farsighted solution of which affects the very foundation of the nation's economic life and therefore the happiness and well being of our people." The Minister further stated that the planned scientific breeding of animals was also necessary for the improvement of cattle. A number of Government farms were at present producing pedigree bulls of various breeds and these animals were distributed to villages for the improvement of local stock. There were about 45 such farms in India which annually issued about 1868 bulls. Considering the requirements of the whole country, these 1868 bulls distributed annually did not meet even 1 per cent of our annual requirements. He also put forward various suggestions to improve the cattle.

Mr. Daulatram said that India possessed one third of the total cattle population of the world. Inspite of our huge cattle population, the country is in short supply both in regard to bullocks as well as milk. He said that one of the main reason is that our cattle suffer essentially from food shortage. This is evident from poor productive capacity, stunted growth, late maturity and long inter-calving period. Thus people lose millions of tons of milk. As matters stand at present, not more than 60 per cent of the fodder required is available and only one-fourth of the total concentrates needed can be obtained. He compared the per capital consumption of Milk in India with other countries which is far greater. He then dwelt upon the fodder problem and expressed that total requirements can only be met if production from land can be increased by about 50 per cent.

An Appeal to the Co-operators and to the Public.

There are in our province about 1,771 co-operative stores employing about 12,000 non-official co-operative employees. They have been of invaluable service to the people in supplying at fair prices necessities of life during days of soaring prices of hoarding and black marketing. They have sold these commodities to the rich and poor alike at uniform prices and in correct measures with the policy of the Government recently announced of divesting themselves of the responsibility to ensure supply of necessities of life at fair prices to the rich and the poor alike, a new situation has arisen.

There has been an opinion fostered by the co-operative department, that these co-operative stores would develop only so long as contols last, These officials of the department have been propagating the idea that the success of the stores, or of their continued existence would last only so long as the Government encourages them as a part of their policy of controls, quotas and rationing. The result of this has been that many people believe that with the policy of decontrol and abolition of rationing the co-operative stores could have to close, its employees thrown out into the street to swell the army of the unemployed.

With the abolition of rationing and controls the needs for stable co-operatives to serve the people as they did in the past has grown and has not a bit diminished in fact there is an urgent need to expand these co-operatives, start new co-operative stores and open more branches of these existing co-operatives. It is the salaried and wage earning class and men of small means that will have to help themselves through these stores to liberate themselves from the black marketeers and hoarders as are out to devour them all. They should join as members of the stores and purchase their requirements only through them.

Co-operative are democratic organisations. They are peoples' organisations to which members ship is open to all, and are administered on principles of democracy. Their aim is service and they are not profiteers. So it is the task of all democrates and progressives in our land to develop, encourage and foster the co-operatives. The progressive parties of our land must do what similar parties are doing all over the world. They must call upon their followers in the name of freedom and democracy to purchase only in co-operative stores, all their necessities of life, as a religious duty.

These co-operatives are to-day largely dominated by the Department nurtured in the traditions and routine of an alien autocracy. Many departmental men are appointed in key places in the co-operatives. It is as a result of this element of a autocracy in an essentially democratic movement that the stores have not developed to the stature that they should. It should be the recognised as the duty of all men of small means to join the stores and

(1) develop the business of the stores ;

(2) carry on extensive co-operative propaganda and create co-operative loyality ;

(3) Democratic the administrations of the stores and make them very popular, thus eliminating departmental domination that is arresting all growth ;

(4) Ensure payment of adequate salaries and dearness allowances to all employees in the stores, thus enthusing them to work for the development of co-operative stores and their business.

It is by working for the development of the store as a patriotic task that we can perpetuate the memories of the late Rao Saheb T. K. Hanumantharao and Rt. Hon'ble V. S. Srinivasasastry who planted the first seeds of consumers' co-operation in the Triplicane Urban Co-operative Society.

I hope all people would actively work for the development of the stores and ensure their growth from progress.

K. KRISHNA RAO,
President, Madras Provincial Non-official Co-operative Employees' Association.

Circular

Rc. No. 8277/48 B. *Dated 30th March, 1948.*

Sub :—RURAL CREDIT SOCIETIES—Prompt disbursement of loans—Introduction of cash credits and post sanctions for loans.

Rural Credit Societies have been functioning in the villages for a long time now but yet they supply on a small fraction of the credit requirements of the ryots. If these societies should successfully compete with other credit agencies in rural areas and prove their usefulness, it appears necessary that they should change their methods of business to suit the requirements of their clientele. At present, even loans which are required urgently by members are not disbursed to them by societies before going through the usual routine of getting the loan applications scrutinized by the Bank Supervisor and obtaining the sanction of the Central Bank, which takes time. This delay can no doubt, be avoided by the adoption of the system of forecast loans. But this system can be worked successfully only if the members exercise some foresight and take steps well in advance to arrange for the funds that they may require in a year before the need actually arises. Unfortunately, they do not make such advance estimates of their requirements. They think of applying for loans only at the last minute when they can wait no longer, and the slow-moving machinery of rural credit societies fail them then Here is where the private money lender with his shrewdness and promptitude scores over the local credit society. It will take years to re-form the ryot and make him forecast his needs; the easier course would be to readjust the business methods of the society to suit his temperment. The Registrar therefore considers that if the practice of obtaining the previous sanction of the Central Bank for the disbursement of loans is dispensed with and the system of post sanction is introduced in its stead societies can satisfy the credit requirements of their members more promptly. This post sanction system can, no doubt, be introduced only in societies which are working well and whose management can be trusted to act prudently To these societies, the financing bank may safely grant cash credits which they may utilise in disbursing short-term loans to. members as and when they are sanctioned by the Panchayatdars without waiting for the approval of the Bank. The amount of cash credit that may be sanctioned to a society will depend on its maximum credit limit, its financial stability and the confidence which the Central Bank has in the business ability and prusidence of its panchayat. It shall be within the competence of the Central Bank to raise or reduce the limit of cash credit sanctioned to a society or to withdraw it altogether, for any valid reasons.

2. This is how the above proposal will work :—

A financially strong society with trustworthy panchayatdars will be given a cash credit by the Central Co-operative Bank for-say Rs. 2,000 for the year 1948-49, for disbursement of short-term loans to its members. When a member wants a loan, the panchayat of the society will meet at once and sanction the loan. The loan will be disbursed to the member in the form of a cheque drawn on the Central Bank, which he may cash at his convenience at the Central Bank or at the nearest urban bank which functions as the transmitting agency society. If the member so requires, the society itself may make arrangements to cash the cheque and pay the amount in cash to the borrower. When five or six or more members have been given loan in this way and the cash credit is nearly exhausted, the society will preare a statement of loans disbursed out of the cash credit showing the name of the borrower, the amount, the security, the period and the signature of the borrower, together with a loan application for a like amount and send them to the Central Bank. The Executive Committee of the latter will scrutinize the disbursement statement, and when it is satisfied that the loans have been properly disbursed, it will sanction the loan applied for; for a like amount and credit it to the cash credit account of the society. Thereafter, the society will operate on the replenished account as before. It may well be that such replenishments of cash credits are done four or five times during the year; but when the year is over, the entire cash credit will lapse, unless it is renewed by an application from the society in June 1949 and by a sanction accorded by the Executive Committee of the Central Bank. It is necessary that before the Executive Committee sanctions the renewal, the operations on the cash credit is thoroughly scrutinized.

3. The suceess of this arrangement will largely depend on the promptitude with which the amounts utilised out of the cash credit are recouped. To help the societies in this matter supervisors should be required to visit them at least once a fortnight and to send up to the Central Bank statements of loans disbursed backed by loan applications for equivalent amount to recoup the cash credit. Those papers should be checked by the Secretary of the Central Bank and placed before the Executive Committee of the bank at its very next meeting. When the Executive Committee approves the loan disbursements made and sanctions the loan application the cash eredit account should be credited at once with the sanctioned amount and the society should be informed of it promptly. In case the Central Bank objects to any loan which has been disbursed, the society should take immediate steps to close that loan and to recover the amount involved from the borrower.

4 The Registrar is anxious to see that this system of cash credits and post sanctions for loans is introduced at once in at least twenty societies in each of the districts. Some districts have already adoped it. More may take it and watch results. All Central Banks and Deputy Registrars are requested to take immediate steps to put the scheme into operation and make it a success. This procedure appears to be the most effective way of overcoming the delays usual in disbursement of loans in rural credit societies. The progress made should be reported by the Deputy Registrars in their D. O. narrative reports.

J. C. RYAN,
Registrar.

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

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

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

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The General Secretary,

The Madras Provincial Co-operative Union,

Esplanade, Madras.

Regd. No. 1248.

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