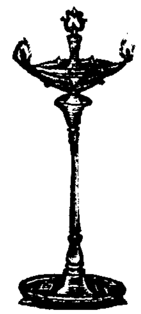
The Madras Journal of Co-operation



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CONTENTS.

PAGE

I EDITORIAL NOTES 483

II CONFERENCE—

THE 9TH MALABAR DISTRICT CO-OPERATIVE CONFERENCE—

(i) Welcome Address by Sri Kunhirama Menon, B.A., B.L. ... 491

(ii) Opening Address by the Hon'ble Sri Chandramouli 496

(iii) Presidential Address by Mr. V. Viyyanna, B.A., B.L. ... 502

(iv) Resolutions 529

III REVIEW 532

IV CONSUMERS' CO-OPERATION— (Review for March 1948) 533

6393 4710 11/5

THE

Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

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

AY 1948. No. 11, VOL. XXXIX PRICE 10 As. NET

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The Shape of Things.

Well done, Madras:

Handloom industry is next only to agriculture employing a large number of people. Its development on co-operative basis in recent years has been phenomenal. It is no exaggeration to say that when scarcity of mill cloth caused serious hardships, the handloom industry came to the rescue. The industry has passed through many a crisis and on every occasion it has managed to come out unscathed. Such assistance as the Government have been pleased to offer it has been well deserved. Therefore, it is with sincere gratification we reproduce below a letter of Her Excellency Viscountess Mountbatten of Burma written to the Registrar of Co-operative Societies in the hope the tribute coming from such distinguished quarters will prove an incentive to the handloom industry.

"I am so glad to have the opportunity of seeing something of the important work being done by the Weavers' Co-operative Sales Society at Saidapet and to learn from you of the valuable organisation of these societies throughout the Madras Province.

The Handloom Industry in India is such an inherent part of the country's economic life that it is of the utmost importance that it should be encouraged in every way, and I was most interested to learn of the facilities and encouragement offered by the Co-operative Societies of Madras which enable the individual weaver to make his full contribution to the Province's cloth production. I can fully appreciate the market difficulties with which you are from time to time faced but I feel confident that through your organisation these will be overcome. Apart from the economic value of the scheme and the individual benefit to the weavers it is very pleasing to know that in a machine age the traditional skill of handloom work is being maintained, and I was very much impressed by the high standard of work that is being produced.

May I ask you to convey to the Saidapet Weavers' Co-operative Sales Society my appreciation of the interesting time I spent at the centre together with my congratulations on the good work that they are doing, of which I am particularly glad to have some examples. Moreover, I was delighted to learn of the generous donations that the Saidapet Society has made to the Provincial Welfare Fund and for the purposes of a Child Welfare Centre, a Homœopathic Dispensary and for a free adult Night School.

With again my thanks and all good wishes."

Rochdale Principles:

When various changes are proposed in the co-operative set-up it is necessary to recall to our mind the Rochdale system and the principles on which it was based. It is also well to remember that a co-operative organisation is "an enterprise which belongs to the people who use its services, the control of which rests equally with all the members, and the gains of which are distributed to the members in proportion to the use they make of its services." What then are the principles which embody these objectives? They have been stated as follows and they bear repetition.

1. Open Membership.
2. Democratic control — one Member, one Vote.
3. Limited interest on Capital.
4. Distribution of surplus on the basis of patronage.
5. Sale at prevailing market prices.
6. Business on a cash basis.
7. Education in Co-operation.

The above principles are unexceptionable and must influence and guide the activities of our Rochdale system. If meticulous care is taken to follow these principles, there is no need to be unduly apprehensive of the future of our stores movement even after the controls are removed and such preferential treatment as has been accorded to the movement is withdrawn.

Timely Warning:

We have time and again drawn attention to the possibility of the stores movement facing a situation analogous to that which has already come to be an accomplished fact. Addressing the Malabar District Co-operative Conference, the Hon'ble Sri K. Chandramouli drew attention to this fact and rightly declared that "distributive co-operatives will succeed in a free market only if they adopt business methods and compete successfully with merchants." He was also perfectly right in stating that the ideal of distributive co-operatives is to satisfy the needs of its members and not to provide stocks for enabling traders to make profits at the expenses of other consumers. As he pointed out this reversion to the fundamental principles of distributive co-operation may result in the reduction of business and the consequent fall in profits. But "one need not mourn over this eventuality; for it will be an accession of strength to the principle of co-operation which does not seek to pile up profits but endeavours to serve its members." May we commend these remarks to those in charge of the stores movement. We have reason to believe that the enthusiasm for the stores movement is waning on account of the withdrawal of privileges till now enjoyed by them as also the prospect of dwindling profits. As every co-operative is actuated by service motive, there is no need to lament over the decreasing profits. The real satisfaction should be found in the service the movement renders to the community.

Producer-Cum-Consumer Societies:

Our readers are aware of the circumstances under which the producer-cum-consumer societies were organised and how attempts were made to supplant the existing co-operatives. At that time we, along with others, ventured to warn that these societies organised as they were on principles alien to co-operation were bound to fail as soon as the circumstances which helped their working changed and the support which they received was withdrawn. While we deeply regret that what was foretold is actually happening, we shall be failing in our duty if we do not plead that the experience gained and the capital accumulated should be utilised to reorganise them into real co-operatives. The Ramalingam Chetty Committee Report contains valuable suggestions which may be usefully adopted. Though that committee dealt with the working of the producer-cum-consumer co-operatives in the coastal districts of the Circars, its recommendations are equally applicable to Malabar also. Speaking at the Malabar District Co-operative conference the Hon'ble Sri K. Chandramouli, could not resist referring to the future of these societies in Malabar. As regards the producer-cum-consumer societies in the surplus areas of Malabar, he suggested they should be reorganised into marketing societies with producers as members. He also suggested how these reorganised marketing societies could assist the producers by constructing godowns, by running rice mills and by undertaking supply of manures, seeds and agricultural implements. Societies in deficit areas may by reorganised into stores to undertake distribution of food-stuffs. The President of the Conference, Sri V. Vivyanna, also dealt at length in his address on the future of the producer-cum-consumer societies and commended that a committee of representatives of all types of societies may be constituted to devise ways and means to join together and work the movement with a united effort so as to confer

the maximum benefit to the rural population. We are happy to learn that this suggestion met with a ready response and a resolution on the lines indicated by Sri Vivyanna has been passed. May we also appeal to all co-operators in the district to sink their differences, evolve a common line of action and join hands to pursue it with devotion so that the benefits of co-operation may spread bringing hope and cheer to the rural population. Personalities or individual perdilections can have no place in a movement meant for the uplift of the rural population.

National Savings:

In the February issue of the *Journal* we pleaded that co-operative institutions should lend a helping hand in promoting National Savings. The Registrar of Co-operative Societies has kindly furnished us figures relating to the investment of funds by the Co-operative institutions in the National Savings Certificates and they are as follows:

1945—1946	...	Rs. 35.70 lakhs.
1946—1947	...	Rs. 9.06 lakhs.
1947—1948	...	Rs. 3.35 lakhs.

These figures will show how justified we were in making the appeal. We are also constrained to state that the enthusiasm shown for the National Savings Movement by the Officers of Government and the public, let alone the Co-operative Department and the co-operatives, is not so great as that evinced by them during the War though the need for savings is now as great as it was then. The Savings Movement should be pursued now with greater vigour now that we are a free Nation. Will our co-operatives respond enthusiastically to this National Cause?

Yearbook of agriculture:

We have perused with great interest the ***Yearbook of agriculture*** dealing with *science in farming* issued by the United States Department of Agriculture. The publication is a compendium of practical information about research in the period between 1943-47 pertaining to animals, plants, insects, trees, soils, water, machines, conservation, processes, marketing, industrial uses of farm products, agricultural chemistry, food, clothing and economics. The information contained in the book is valuable from all points of view to all interested in the development of agriculture. We wish in our country too similar publications are issued time and again so that the public may know the results of research and spread the knowledge amongst the farmers and induce them to adopt improved methods of agriculture to grow more food. "If farming, as well as other sectors of our economy, is rapidly adjusted to the technical improvements that became available it will be possible to produce more with less effort. More time will be available for other things including education, recreation and increased leisure. And the real incomes per farm and per family will be larger."

In our province too a great deal of research is being carried on in the laboratory and in the field. Much of it is a sealed book to the actual cultivators. Ways and means should be devised to carry the knowledge to the doors of the farmers. Poor as they are the cultivators are not in a position to adopt improved methods in the hope of increasing gains. They are generally sceptical. It would be necessary to demonstrate improved methods on the cultivators' lands and enable them to observe the results. Once they are convinced of increased yield and the consequent increased returns, they need no further inducements to adopt them. A new orientation in our methods of propaganda and demonstration is urgently called for.

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.

Notice to Subscribers.

Volume XXXIX of the Madras Journal of Co-operation.

With the next issue of the **Madras Journal of Co-operation** we will be completing **Vol. XXXIX of the Journal.** Subscribers who have not so far remitted their subscription are requested to remit the amount **on or before 15-6-1948.**

V. VIYYANNA,
General Secretary.

JUST OUT! *JUST OUT!!*

The First Book on the subject in India

COMMODITY EXCHANGES

(With special reference to India in general and Bombay in particular)

BY P. G. SALVI, M.A.

(With a Foreword by DR. B. R. AMBEDKAR)

Price Rs. 15/- net

The subject is closely related to agriculture and forms an important link in agricultural marketing. The author has examined the commodity exchanges in all their aspects and therefore the book would be found to be very useful.

Published by:--

THE CO-OPERATORS' BOOK DEPOT,
9, Bakehouse Lane, Fort, Bombay.

Notice to Member Societies.

Sub:—PAYMENT OF ANNUAL CONTRIBUTION.

The Member Societies of the Madras Provincial Co-operative Union who have not yet remitted the annual contribution **Current as well as arrears** are requested to remit **on or before 30-6-1948.**

V. VIYYANNA,
General Secretary.

Conference

THE 9TH MALABAR DISTRICT CO-OPERATIVE CONFERENCE.

WELCOME ADDRESS BY SRI M. M. KUNHIRAMA MENON, B.A., B.L.,
Chairman of the Reception Committee.

On behalf of the Reception Committee I have great pleasure in welcoming you all to this the 9th Conference of the Co-operators of the District. We are meeting together to review the work so far done and discuss our difficulties and find solutions in advancing the cause of Co-operation after a long spell of over 12 years. The last conference was held in December 1935 at Palghat. Since then under the stress of a terrible economic depression from 1935 to 1939 and the spectre of a world war from 1939 to 1945 with its resultant restrictions and controls, we were not able to meet together and hold our annual conference. The District Bank wanted to celebrate its jubilee, but that also had to be dropped in 1942 on account of the war. We are still suffering greatly the after effects of the war, but slowly emerging into peaceful and, let us hope, prosperous times.

Very great events have happened in the meanwhile. Our country after a long period of tutelage and as a result of long strenuous struggle under the leadership of Mahatma Gandhi has achieved political freedom. But freedom has placed on our shoulders heavy responsibilities. The country has been divided into two. With the division arose the unprecedented communal strife. Millions of our countrymen had to leave their hearth and home abandoning everything. Thousands of lives have been lost and property worth millions destroyed and above all innocent women and children abducted. To crown all, our great leader who stood firm against all these atrocities, has been cruelly assassinated and the whole nation thrown into gloom and darkness. That is the situation we are in at present. Indeed, the Nation requires the message of love, service, mutual help, peace and amity among all preached by the co-operators of the World and for which the co-operative movement stands.

Three years have passed by since the termination of the war. Still we are terribly short of food, cloth and houses, the three absolute necessities of life. All our national leaders and heads of Government call upon the people to increase production. But what we find is unending strikes, lock-outs and long processions of discontented workers loudly shouting slogans. A section of the people are clamouring for Nationalisation of land, Industries and Commerce. How to end this conflict between sections of the people except by a courageous and bold policy of co-operation

It is time to consider deeply whether nationalisation will bring us the millinnium and solve all our difficulties. There is a considerable volume of opinion that the total annihilation of the individual and glorification of the State will not conduce to the establishment of a better social order. But the old order of the unrestricted reign of capitalism has to be replaced for the sake of the peace and progress of the country. We believe the way to solve these conflicts is to approach and tackle the problem on co-operative basis and principles.

The first co-operative credit society in Malabar was started in 1910 and that at Kannambra in the Palghat Taluk. The early societies were run by local deposits from philanthropic gentlemen. Loans were obtained from the neighbouring District Urban Bank at Coimbatore. In 1912, the number of societies rose to 10 with a membership of over 700 and working capital of over 15,000. A conference of prominent co-operators was held in Calicut in 1914 and when in December 1917 the Malabar District Bank was registered and started on work, there were 71 societies affiliated to three Unions in the district. With the incentive afforded by the high prices after the termination of the first world war, the movement spread rapidly in the District and in 1921, the number of societies rose to 325 with a memdership of 32,000 and a working capital of nearly 9,00,000. These societies were affiliated to 9 unions. In 1921, we had the unfortunate rebellion which gave a set back to the movement. A number of co-operative institutions in Ernad, Walluvanad and Ponani Taluks had to suffer much by loss of records, death of members, incarceration of borrowers and loss of crop and movables belonging to members. The movement took its share in helping the sufferers to revive the economic endeavours after the suppression of the rebellion. Then came the terrible floods of 1924 which destroyed the crops and devastated the country, wasted away a large number of houses and cattle. In that hour of need also the village societies helped the small cultivators and the artisans to rebuild their houses and remove the silt from agricultural lands and revive agriculture. In these two calamities we had the unforgettable aid and guidance of that great patriot and social worker the late G. K. Devadhar who besides giving tangible aid in money and materials gave us valuable advice and guidance presiding over two conferences in 1922 and 1934 held at Calicut.

The movement spread out in the district and more societies were started. There was a drive to start non-credit societies and a number of irrigation societies were started between 1923 to 26 This expansion reached its climax in 1930 when there were 562 societies and 24 unions. Soon followed the economic depression and with it the movement suffered again. Hasty expansion and failure to grasp and apply co-operative principles, contributed much to the bad state of societies. In the anxiety to utilise the proper propaganda and tapping local deposits and collection

of shares was altogether neglected. Loans were given to all and sundry for unproductive and wasteful purposes and naturally the borrowers could not repay the loans. Departmental supervision was withdrawn and local unions were entrusted with the work of supervising societies. The work of the unions was not quite satisfactory and to organise and co-ordinate their work a District Federation of all the unions was established in 1928. But the experiment was not a success both from the point of efficiency and the heavy cost involved and it had to be liquidated in 1931 with a liability of nearly Rs. 10,000 to be met by the Bank. Therefore the District Bank had to undertake the whole supervision work from out of the meagre supervision fund collected from the societies and the rebate from the District Bank, making up the balance from its general funds.

The economic depression and fall in prices of all agricultural produce hit the societies adversely and they fell into heavy arrears and after exhausting all coercive actions, a large number of societies came to be liquidated. In very many instances, unlimited liability of members had to be enforced by passing contribution orders against them and executing them through courts. After a time, the co-operative department was empowered to execute such awards and contribution orders. This brought the movement to some unpopularity and the unlimited liability characteristic of societies has come to be generally disliked by the people of the District. The number of societies affiliated to the District Bank came down to 420 and very few unlimited liability societies could be organised after this. Marketing societies were started in 1939 and we have 3 such societies functioning in this District. Though the 2 societies at Taliparamba and Palghat have not progressed much. The District Sale Society at Calicut has done good business in Calicut and in its Branches at Badagara, Tellicherry and Kalpatta.

With the outbreak of the second world war in 1939, all commodities of daily use became scarce and as merchants began to put up prices to a very high level, the necessity for co-operative stores was keenly felt and about 69 stores came to be registered by 1943. There was demand for registration of more and more stores, but Department put restrictions that no store can be registered except in semi-urban areas and after collection of fairly substantial shares amounting to Rs. 5,000 and over. In the early days of war scarcity, these stores did good service in distributing food articles among the members at moderate prices and all of them progressed in business and made profit. To co-ordinate the work of stores and to purchase stocks in large bulks the Wholesale Store was organised and registered in 1942. At this period under the Adviser regime co-operative stores were viewed with disfavour and dubbed inefficient and very little encouragement was given to them. The Commercial Tax Officers who were entrusted with the supervision of enforcement of control orders, antagonised and subjected the stores to many obstructions and pbrsecutions. But in spite of all such handicaps the Stores thrived and succeeded in attracting the loyalty and allegiance of the public. The district authorities would not listen to the request of the Wholesale Stores to admit it as one of the thirty two wholesale dealers in rice and it was with difficulty that a small quota of 500 tons a month was given to it out of 20,000. When compulsory procurement was introduced the wholesale stores was given the work in Alathur sub-taluk which yielded the largest quantity of paddy in Malabar and it discharged its work with great success and satisfaction to all. When the Adviser regime terminated and a popular ministry took up government in Madras, proposals were made to entrust the entire work of local procurement and distribution to co-operative societies. In the adjacent District of South Canara from the begining the work of procuring local production was entrusted to existing co-operative organisations, and when compulsory rationing was introduced both procurement and distribution were given to co operative societies. In Malabar however it was thought fit to organise a new type of societies (The Producers-cum-Consumers Co-operative Societies) on the limited liability basis under the auspices of the Supply Department. 107 societies were registered throughout Malabar and they were entrusted with the local-procurement of food grains and distribution of imported rationed articles. This deprived the Co-operative Stores and societies carrying on such business of their work and the new co-operative enthusiasts were in some cases-exacting that they and no one else should have a hand in the trade- few societies were however allowed to continue the work. An attempt was made by the organisers to get financial accommodation from the Joint Stock Banks but the Government fortunately did not support it and they took shares and got their financial requirements from the District Co-operative Bank. They bargained for reduction of interest and concessional rate of interest was allowed for the first year. All of them made profits in the first year and the concession was withdrawn in the next year. With the decontrol of pulses and sugar their business has shrinked and with the withdrawal of control over food grains these societies have to find new avenues of useful business. That is the problem facing the Producer-cum-Consumer Co-operative Societies now. The representatives of such societies met in conference in February and have asked for their transference for supervision and rectification to the Co-operative department. They have resolved to convert themselves to multi purpose societies and take up development of cottage industries wherever possible. They also resolved to federate among themselves and invite other societies to join their federation. How far such a federatian is workable or advantageous is a question to be tackled by you.

We have fared well in war boom and have had our share of increased business and better profits. The ryots have been able to wipe off to some extent their old and accumulated debts. But if the independence we have

gained is to be utilised for the betterment of the common people to enable them, to produce more, to earn higher, to live better and have equal opportunities, the Co-operative principles of joint action for common good with due consideration for individual exertion should be made the basis of production, transport and distribution of all essential articles of human need Our national Government both at the centre and in the provinces should do everything to foster and encourage the activities of the Co-operators.

I have given a resume of the work done in the District and we have to plan out future work such as development of cottage industries, land development, improvement of agriculture and livestock etc. on co-operative foundation.

I have taken enough of your time. I once more welcome you all to this gathering and make your discussions and decisions the basis for greater and higher expansion of the movement so as to spiritualise the life of the people with the ideology of love and service instead of competition and gain.

I welcome the Hon'ble Minister for Co-operation to Malabar on his first visit to Malabar and express our gratefulness for his agreeing to open the Conference. Agriculture and Co-operation go together in the development of our country and it is in the fitness of things that the Hon'ble Minister for Agriculture has responded to our invitation and come down to make our Conference a success. I welcome him to this Conference.

We are very much indebted to Sri Viyyanna, our President—elect, for having in the amidst of his professional work and various pressing duties as the chief of various Co-operative Provincial organisations such as the Co-operative Life Insurance and Provincial Union, readily consented to preside over this Conference at considerable personal inconvenience and give us the benefit of his ripe experience and sound knowledge of Co-operation. We are grateful to all those who have responded to our invitation and extend to them all our hearty welcome. In particular we are grateful to the Registrar of Co-operative Societies whose ripe experience and sage counsel and guidance are necessary to overcome our difficulties, for his presence on the occasion. I invite the Hon'ble Minister Sri Chandramouli to kindly open this 9th Malabar District Co-operative Conference.

JAI HIND.

Opening Address by the Hon'ble Sri K. Chandramouli.

1. It gives me great pleasure to be here this morning to open this 9th Malabar District Co-operative Conference. I am very grateful to the organisors of this conference for having given me this privilege and for having enabled so many of us to get acquainted with each other and to exchange views regarding the co-operative movement which promises so well for the economic development of people all the world over.

2. The last two great world wars and the calamities which people of various countries went through have changed the outlook of most people. Everywhere, and among all classes of people, the cry is for "peace, peace and peace". On almost every side, there is a persistent discontent with the old individualistic system, which generates a competitive and acquisitive spirit. People are now coming together more and more with a spirit of tolerance and fellowship, which alone can promote the peace and prosperity of humanity. One of the most fruitful forms which this new change of spirit in mankind is assuming is co-operation.

3. This principle of co-operation, however, is not a new thing to India. Our ancient village economy was based on this principle. In olden days, our forefathers in villages looked after their common economic and social interests in a spirit of helpful fellowship. Individual greed and rivalry among each other were a later growth, which gave rise to factions and quarrels and unhappiness. To a certain extent, the foreign rule to which we were subjected, with its highly centralised administration, promoted the disintegration of our ancient happy village economy; but thanks to the supreme efforts of the late lamented Mahatma Gandhi and that great organization known as the National Congress we have regained our independence wielding the weapons of Satya and Ahimsa. Now is the time to turn our political independence to good account and introduce in its wake economic and social independence.

4. As in many other countries of the world, no form of organization will help us in attaining this ideal than the co-operative form. A co-operative society is primarily a democratic organization in which there is no distinction of caste or creed, rich or poor. It is an organization in which people join as members on a footing of equality, each one exercising a single vote and not as many votes as the number of shares he holds in the institution. It is a business organization in which some business or other is transacted, but the spirit which animates the business is not greed for profits but a desire to serve each other. A co-operative institution promotes the economic strength of its members on the basis of self-help, mutual help and thrift and not on the basis of selfish help and competition, whatever be the line of business which a co-operative institution undertakes—be it credit, or marketing, or farming, or distribution—its aim always

is to import to every member the satisfaction of his wants on an equitable basis and to promote the fuller realisation of his own individuality.

5. I observe that in the district of Malabar, co operative credit societies have not, of late, flourished so well as other forms of co-operative organization. In a sense, this is a trait common to the whole province during the last five or six years during which the war ushered in other more pressing needs than the need for credit. Nevertheless, credit is the foundation of the entire co-operative movement in India, and it is the progress and development which the credit movement attained in the earlier years that made it possible for non-credit organizations of various kinds to spring up and establish themselves during the last decade. In Malabar, probably because some of the earlier credit societies did not work well and probably because its system of land tenure differed from that obtaining in the rest of the province, the co-operative credit movement has not attained the high standard of development which is necessary for the healthy and sustained development of the movement. I hope it will be one of the efforts of this Conference to devise ways and means of expanding the co-operative credit movement in this district so as to make credit available to everyone who is in need of it and who can make a good use of it. With a strong Central Co-operative Bank like the one you have and with such enthusiastic co-operators as those I see before me, it ought to be possible to substitute co-operative credit for individual money-lending in nearly every village in the district. I hope that efforts in this direction will be put forth in ever-increasing measure in the years to come.

6. In the direction of non-credit activities, much headway has been made, and it is my duty to congratulate that great band of workers who exerted themselves to the utmost during the last five or six years through the co-operative whole sale stores the co-operative primary stores and the co-operative producer-cum-consumer societies to reach everybody in the district with the provisions they required. But for their efforts, and the assistance they rendered to Government, a famine might have over-taken Malabar and many people might have gone without food, or might have had to purchase it at prohibitive prices in the black market. Every citizen of Malabar owes his thanks to these public spirited co-operators as much as Government are indebted to them.

7. But with the disappearance of the control orders and the gradual restoration of a free market, the future of these institutions is causing anxiety both to those who are running them and to Government who sponsored them. Although in pursuance of their policy of building up reserve stocks, Government still look to these institutions for assistance, and although the policy of growing more food may enable Government to distribute manures and agricultural implements through these institutions, the volume of business commanded by them till now is bound to go down

in the future, and these institutions will have to depend on themselves for purchases of stocks instead of looking up to the Civil Supplies Department of the Agricultural Department for their supply. In this effort, they will, no doubt, be assisted by the large cash resources which they have built up in the shape of share capital and reserves but more capital alone will not avail unless the ordinary trading methods are adopted.

8. The trader in food grains purchases them at the threshing floor or sends out agents to contact wholesale dealers in surplus districts He enters into forward contracts with exporters in surplus areas, or even finances cultivators in advance and binds over the produce to him. Co-operatives will have to adopt all these methods if they are to succeed in distributing provisions and agricultural requisites successfully. In this matter, they have certain facilities which the ordinary traders lack. For one thing, the co-operative central Banks are willing to accommodate them with funds ; for another, the co-operative producers' societies are willing to collect for them the produce of their members in their godowns for sale. But the co-operttive central Banks will finance only on business terms and the co-operative producers' societies will deliver the goods only if the prices offered to then compare favourably with those offered by merchants. Distributive co-operatives will succeed in a free market only if they adopt business methods and compete successfully with merchants.

9. But there is a serious handicap which distributive co-operatives will have to face in the future. At a time when Government were providing them with stocks, at time when Government made use of them as an efficient instrument for the equitable distribution of food, they were granted an exemption from theco-operative principle of "sales to members" and were permitted to sell their stocks to members and non-members alike. But when Government repeal their control orders and give up their responsibility for providing food for the people, the need for this exemption vanishes, and distributive co-operatives will have to revert to their basic principle of selling their stocks to members alone. I am sure, true co-operators will not seek to retain the exemption given in favour of sales to non-members. They may, indeed, contend that sales may be made to such non-members as are likely to become members ; but they surely will not contend that they should be allowed to sell their stocks to traders for resale in their own shops. The ideal of distributive co-operatives is to satisfy the needs of its members ; not to provide stoks for enabling traders to make profits at the hands of other consumers. A realisation of these fundamental principles of co-operation and an honest endeavour to adhere to it will undoubtedly reduce the volume of business in distributive co-operatives and cut down their profits too. One need not mourn over this eventuality : for it will be an accession of strength to the principle of co-operation which does not seek to pile up profits but endeavours to serve its members.

10. Therefore, Gentlemen, the time is up for us co-operators to re-adjust our methods of distribution in accordance with the changes in the Government's policy of distribution and our own fundamental principles of co-operation. A check-up has to be made regarding the nature of members in our distributive co-operatives. We have to eliminate from them traders and others who became members not for the sake of satisfying their own consuming needs but for other considerations. In the case of Producer-cum-Consumer societies in particular the check-up has to be done in an elaborate manner. They are institutions which were brought into being in order to serve the needs of the Government to distributive food-stuffs in an equitable manner. Like all other co-operative societies they have now to be asked to state what their respective needs will be in the restored free market. They should, in other words, be re-organised from the bottom which reference to the needs of the members who constitute them, and of the localities which they are intended to serve, instead of with reference to the needs of the Government. I am glad to state that the Co-operative Department has already taken up this task and is examining what variety business will be best suited to the needs of the member who constitute each producer-cum-consumer society or the locality in which each is situated.

11. It may be that Producer-cum-Consumer societies established in the surplus taluks of your district will have to satisfy the needs of the agriculturists who seek to dispose of their agricultural produce profitably. These societies may have to be reorgaized into marketing societies with producer members. They may invest their funds on the construction of godowns, where produce can be athered, and on purchasing or lessing out mills, where agricultural produce can be processed for the market. They may provide credit on the security of the produce and help the members to wait for a favourable market, which may very well be the market provided by the distributive cooperatives. They may also undertake the supply of seeds, manures and agricultural implements which are required by their members to assist them in their productive enterprise. Time was when it used to be said that a co-operative marke ting society could under take the supply of such articles on'v on an ageney basis and on indents collected from members. But now, after the deliberations of the All India co-operative Planning committee and XV conference of Registrars of Co-operative Societies, such societies may undertake the supply of the requisites of agriculture on a proprietory basis upto a limited extent, which will depend on the strength of their owned capital and on a reasonable estimate of the needs of the members.

12. In the case of the deficit taluks of the district, the needs of the members of the Producer-cum-Consumer societies may continue the distribution of food-stuffs. These societies will have to be organised into primary co-operative stores which will purchase provisions and distribute them in retail to their members. It may be that these purchases will be

made from the marketing societies of the surplus taluks of your district ; or it may be that they will be made from similar producers' societies in other districts; or it may even be that such purchases will be made from wholesale merchants of your district or of other districts. The volume of businss commanded by each reformed co-operative stores will depend on the degree of loyalty that the institiuon can command from its consuming members or from its prospective consuming members. An attempt has been made recently to encourage primary stores to purchase and sell consumer goods like toilet articles, fancy-goods, cloth, etc. While I shall not for a moment discourage this line of activity in primary cooperative stores, I should indicate that the bulk of the business of any successful primary stores in our provionce will continue to consist of rice, wheat pulses and groceries. Efforts will therefore have to be concentrated on developing the purchase and sale of these commodities.

13. In recent times, co-operative housing has come into prominence in this province and Government have provided Rs 79 lakhs during the year 1948-49 to be given as loans for building houses in urban areas through co-operative societies. There is also a scheme under consideration for providing Rs. 2 1/2 crores during the next two years for constructing dwelling houses in villages through cooperative societies. It may be that the members of some of your Producer-cum-consumer societies may be more in need of houses then in need of marketing their produce or purchasing their provisions. These members are likely to transform their societies into co-operative housing societies. As they hold large share capital. they may choose to employ this capital itself on the construction of houses instead of borrowing funds from Government at 3 1/2 or they may keep down the borrowings from Government at as low a level as possible. The lending rate today in co-operative housing societies is 4 1/2 so that the shareholders of some of the Producer-cum-consumer societies may be glad to re-invest their shares on house building which will yield them perhaps higher dividends tham investments in Government securities, without being any the less secure.

14. Gentlemen, these are but some of the many forms into which the Producer-cum-consumer societies can be reorganized. They are by no means exhaustive. Co-operative Banks, Co-operative Milk Supply societies, Co-operative Land Colonisation societies—these are some more forms whose business and bylaws may be adopted by some of the Producer-cum-consumer societies. But I should like to draw your attention to another form of Co-operative society which is much talked of today, but about which many people seem to have confused ideas. I refer to the co-operative multipurpose society. Very often, the Registrar and the Government have received proposals from enthusiastic people for the registration of multipurpose societies over a firka or a taluk. They have asked that one and the same co-operative society should undertake banking, trading, dairying. cottage industries, etc.,

etc. This question was gone into at great length by the All India Co-operative Planning Committee and by the XVth Conference of the Registrars of Co-operative societies. They came to the definite conclusion that every one of the rural credit societies should be reorganized so as to function as a multipurpose co-operative society. But they didi not recommend that there should be a multipurpose society for an area covering more than one village. The point is that the various activities proposed to be conducted by a multipurpose society are to be carried out with the share capital of the members and funds borrowed from Central Co-operative Banks on the security of this share capital. Every member will be interested in securing a reasonable dividend on his share-capital and will not like it to be endangered. In a wide area, all members will not be interested in, say, dairying or leather-goods manufacture. If dairying succeeds and leather goods manufacture fails, it would be unfair to make good the losses in the latter out of the profits of the former or their share capital. Indeed, enlightened members may complain even if the large profits on dairying are utilised to declare an equal dividend to the leather goods manufacture. It may be argued that even where the area of operations of a society undertaking more activities than one is restricted to one village this difficulty will arise; but, in this case, the members are likely to ignore the anomaly for the reason that after all they belong to the same village, whereas in a multipurpose society organised for an extensive area not only will a common economic interest be absent but even local patriotism may not support it. Therefore, if any of your Producer-cum-Consumer societies should decide in favour of undertaking a variety of activities on behalf of its members. I would suggest that such a society should cut down its jurisdiction to a single village.

15. In any case. the particular line of business which each Producer-cum-Consumer society will have to adopt in the future is a matter which should be decided by the general body of the members of each such society The Co-operative Department will assist in this direction and representative co-operators like you will no doubt also help in the matter When these Producer-cum Consumer societies are reorganised in the manner indicated, and when the existing primary stores and the co-operative wholesale stores undergo a little pruning of those un-co-operative excrescences which have crept into them during the abnormal period of the last four or five years, I am sure we shall have in Malabar quite a good number of truly co operative organisations, which will serve the needs of their respective members in a spirit of comraderie and toil for the economic uplift of the masses of the district. It is a matter of gratification to me that at this Conference, co-operative institutions of all varieties, young and old, credit and non-credit, producer cum-consumer societies and stores, are all represented in true co-operative fashion. It is my earnest hope that all these varieties of co-operative institutions will go forward into the future and work arm-in-arm for the highest prosperity of the largest number in Malabar.

16. Ladies and Gentleman, I thank you once more for giving me this opportunity and declare the Conference open.

PRESIDENTIAL ADDRESS BY MR. V. VIYYANNA, B.A., B.L.

I thank you, the Chairman and members of the Reception Committee for the honour you have conferred on me in asking me to preside over your 9th District Conference. I am deeply grateful to you. I first hesitated to accept the honour in view of the complex problems of Malabar—a District of which I have little knowledge. But finally I thought no practical minded co-operator should shirk responsibility and run away but accept the call of brother co-operators, and tender such advise as is in the best interests of the Co operative Movement. I am aware of the deep cleavage that is existing in Malabar between two groups of societies, based on two ideologies. Such a cleavage is not and cannot be in the interests of harmonious growth of the Movement and it should be the endeavour of all co-operators imbued with a sense of service to try and iron out their differenes and close the rift and work for the betterment of the masses and the country.

India has attained Independence and within a short time thereafter it received a hard blow, in the passing away of Mahatma Gandhi—the father of the Nation—at the hands of a cruel assassin. The grief of the Nation is great and the only way of cherishing his memory is to follow the principles of Truth, Ahimsa and Service of which he was embodiment. Mahatmaji is a true co-operator, though he was in action a non-co-operator. But his non-co-operation was with evil only. Co-operation embodies the principles of truth, honesty and service. May His Soul rest in Peace and may he be a guiding force to us all co-operators.

Economic planning has been the talk of the day. Numerous plans have been published. Various Committees appointed by the Central Government and the Local Government have submitted their reports. In every Planning Committee report great importance is attached to planning and economic uplift on co-operative lines. You are aware of the Gadgil Committee Report, the All India Co-operative Planning Committee Report and their recommendations. You are also aware of the two recent Conferences held in Madras, *viz.*, the All-India Co-operators Conference and the All India Registrars' Conference. You are also aware of the Conference of select Co-operators held in Madras under the Chairmanship of the Hon'ble Sri K. Chandramouli, Minister for Co-operation. At these Conferences a number of resolutions were passed concerning the future growth of the movement, so as to be of the greatest benefit to the people. These resolutions have to be implemented by co-operators with the fostering help of the People's Government. You are all veteran co-operators, grown grey in the service of the co-operative movement.

Co-operation is a Democratic Movement, run by the members for the members and as such it is for the non-officials to give effect to the various proposals made and work the movement.

Though the movement in our Province is by now 43 years old, the progress made is very slow and it has not even touched the fringe of the population of the Province. There are in our Province 35,430 villages with a population of 41.476,927. There were by 1944 11,878 agricultural societies and 3,452 other societies. The membership of the societies when compared with the total population shows that 5.3 per cent of the population only have come into the co-operative fold. Taking the villages into consideration, it is only 2.3 per cent of the villages that have a co-operative society. The position is not at all gratifying. It is therefore necessary both for non-official co-operators and the Government to give a drive for the spread of the movement. The Second Great World War has given a sudden impetus to the Stores movement and Cottage Industries particularly hand-loom weaving industry. There has been a phenominal increase in consumers' societies and cottage industries societies. In the year 1939, the number of stores societies was 85. In the year 1943-44 it was 1191, in 1946-47 it was 1,688. Similarly in the case of Handloom Weavers' societies in the year 1939 there were 174 societies in the year 1941-42 there were 215 and in the year 1946-47 there were 882, with a total membership of 65,286 and 39,452 looms. The District Wholesale Stores were also formed to help the primary stores and 22 such stores have been constituted. Out of the total 1,688 stores as many as 1,132 are rural and 346 semi-urban and only 210 are urban. The total purchases of these rural and semi-urban stores amounted to 721.33 lakhs of rupees and their sales to Rs 773.95 lakhs. These co-operative wholesale stores and some primary stores also took up the work of procurement of food grains on behalf of the Government. The Wholesale Stores of S. Kanara and Malabar have done good work in this behalf. Some village credit societies have also been permitted to undertake distribution work especially in relation to controlled commodities. The top most step in the ladder was reached by 1947. Late in the year 1947 and early in 1948 there has been a change in the policy of the Government in the matter of rationing, distribution and procurement of food grains. Pulses were de-rationed in 1947. Rice rationing was removed in almost all districts, except in a few and Malabar comes in the excepted Districts. But in view of the declared policy of the Government, Malabar will also soon follow. The stores and the handloom weavers' societies have been able to work very well by virtue of the conditions of scarcity created by the War and its aftermath. These conditions have now disappeared. The ordinary trade channels are entering the fields in which these co-operative societies enjoyed monopoly. So these co-operative societies have to enter the field of competition along with the trader. The advantages which a trader has as against institutions and that too such as democratic institutions is well known. The private merchant may not be as honest as a co-operative society. The private merchant's expenses will not be as much as those of co-operative institutions. The private merchant has the personal interest which makes him work days and nights whereas in the co-operative societies, it is only the labour of love that can prompt good management. It is against such odds the co-operative institutions have to struggle and survive. There are no doubt very many points in favour of the co-operative institutions. It is, therefore, necessary for co-operators to gird up their loins and face the future with hope, faith and courage.

P. C. C. Societies.

Here I have to mention about the birth of the Producer-Cum-Consumer Societies first in your District and later in the Circar Districts of East and West Godavaries, Kistna and Guntur. These societies have been created during the Premiership of Sri T. Prakasam and the underlying idea that prompted him to bring into existence these societies, as far as I know, was a feeling that the existing co-operative structure, especially the village credit society, was a failure. There is also the ideology that the interests of producers and consumers are not conflicting and therefore should be harmonised. At the time of the creation of these societies, I was one of those that tried to persuade the Government in power not to venture on the creation of a rival institution, but that it would be better to get the whole problem examined. Later on when these societies were sought to be started in the Circars, I, along with Sri T. A. Ramalingam Chettiar, the High Priest of Co-operation, and Sri B. Venkataratnam waited in deputation on the Hon'ble the then Premier. The societies have been in existence in Malabar for over two years and I understand that they have also done well. They have enjoyed Government patronage, monopoly in procurement and distribution. Those days were also highly propitious, and therefore they have been able to work well. It would have been a matter for regret if it were otherwise. That their success was in no small measure due to Government patronage has been demonstrated in the Circar Districts. There, unfortunately for the societies, soon after their registration, the Government who believed in these societies went out of power. The new Government did not give these societies monopoly in procurement and distribution. With the result these societies were not able

to make any headway in the face of competition at the hands of private merchants. Some of these societies have done well within the short period they had monopoly procurement. Thereafter the Government removed the monopoly and restored the ordinary channels of trade. The consequences were a stalemate. This demonstrates the weakness behind these P. C. C. Societies in that their working is based on dependance upon State-help which is contrary to the ideals and principles of Co-operation. The same also is the case with the Consumer Stores Movement. The same will be to a certain extent the case with the handloom industry also which has to compete with mill cloth, the price of which is very much cheaper than that of handloom cloth. I may also mention a small event which occured in the Circars in the working of P. C. C. societies. Recently, after the recommendations of Sri T. A. Ramalingam Chettiar's Committee a few societies here and there were selected and entrusted with monopoly procurement. Around these selected societies the private merchant was allowed to ply his trade. The result has been the selected P. C. C. societies are feeling the competition from the merchant and have not been able to do the work of procurement as is expected of them. This again demonstrates that these P. C. C. societies cannot work without State help.

Rural Banks.

In the year 1947 an attempt to start what are styled as '*Rural Banks*' for a group of villages, based more or less on the same model as the P. C. C. societies with an initial stress on credit and banking, was made. Here again the reason stated is that the village credit society was a failure and is not capable of making available all the capital and serve all the needs of the villagers. It is not at all correct to state that the village primary society is a failure. On the hand it is a success in that it was able to bring down the rate of interest prevailing in the money market. The activities of the society were confined to credit. That being so why blame the society. The blame should be laid at the policy of the then Government. Depression affected them as it affected every other activity.

Co-operators can and do expect State-help in the shape of free-audit, grants, supervision etc. To go further, will be really destructive of the principles of co-operation and converting co-operative societies into State institutions. It is therefore necessary for the co-operators of both idealogies to consider the future and devise ways and means of making the movement develop in spite of the competition, from the ordinary trade channels. The P. C. C. societies, the stores and the weavers are all faced with a common danger.

The State cannot be expected and will not give hereafter monopolies in any articles or work, though it is bound to give protection against unhealthy competition. The P. C. C. societies have come to stay and they are part of the co-operative movement. The workers in this field are co-operators of eminence and are national workers too. They too belong to us, co operators. In the Circars, those who are running the P. C. C. societies have also been intimately connected with the other existing co-operatative institutions. And yet I find here in Malabar a sort of a separatist tendency among the P. C. C. societies. I understand that these societies want a separate federation and a separate financing agency. Time has come for unity and co-operation. Days of disunity have gone. People have to work for the cause of the economic uplift of the-villagers who constitute 85 per cent of the population of our Province. India is a land of villages. The condition of villages is well known. There is no good drinking water or sanitation. There is not enough food to fill the stomach even once a day. There is no full clothing. Disease and epidemics are rampant. Economically the ryot is impoverished. The earning capacity of an individual in India is very low when compared with that in Western Countries. As such it is the duty of every enlightened citizen of this country to contribute towards the economic uplift of the rural people. We, co-operators, cannot afford to have any differences or separatist ideas. All of us will have to join together for the cause which is dear and near to us all, *viz.*, the economic uplift of the villager through co-operation. I therefore, earnestly appeal to all co-operators in Malabar, to whichever type of society they may belong to sink their differences, sit together and devise ways and means for a common and united effort. In another place, I venture to place before you my own views about the problem that is agitating your minds.

Target for Co-operative Expansion.

As I have stated already the co-operative movement has not touched even the fringe of the population. It is therefore necessary for co-operators and for the People's Government to set up a target of expansion. The All-India Co-operative Planning Committee as also the Registrars' Conference have recommended a 10 year plan. They state that an attempt should be made to bring 50 per cent of the villages and 30 per cent of the rural population within the ambit of the reorganised primary society which they recommend within a period of 10 years in two five year periods. I entirely agree that the target for expansion as recommended should be set up and work commenced. In my own view the target

is indeed not ambitious. On the other hand it is a conservative one. I am sure we can achieve the target.

The Village Society.

The present village credit society, it is true, has so far confined its activities to the supplying of credit. It is now agreed that these village societies, in order to be effective and render the largest benefit to the people, should be constituted on a "Multi-purpose" basis. As a matter of fact the existing by-laws of these credit societies were devised on a multi-purpose basis, though in practice the working of these societies was restricted to credit activity.

There has been a school of thought that the unit for a multi-purpose society should be a group of villages and not a single village. It is on this basis the P.C C. societies have been thought of. I am a strong believer in village institutions and for having a single village as the unit. The village and the village panchayat wherein are centred all the activities of the villages both economic and administrative, is a hoary ancient institution. In the Gandhian concept of State, the village is the basic foundation for the edifice of the Indian constitution. The Indian villager is deeply attached to his village and to his land. I have been holding the view all along that the village should be the unit and that the village co-operative society and the village panchayat should, as two limbs of the body politic work for the economic and material welfare of the rural people. This has been the view of eminent leaders in this Province like our High Priest of Co-operation Mr. T. A. Ramalingam Chèttiar, Sir N. Gopalaswami Iyengar, Mr. T. Prakasam, The Hon'ble Omandur Ramaswami Reddiar and others. I may also mention to you that the All-India Planning Committee is of the same opinion. The recommendation of the Registrars' Conference is more specific and is as follows :

> "This Conference recommends (*a*) that the area of operation of a primary multi-purpose society should ordinarily be the village (*b*) that in tracts where villages are very small there may be one primary society for more than one village . . . . .

The Madras Provincial Co-operative Union endorsed this recommendation and recommended to the Government the dropping of the formation of Rural Banks.

In our Province, we have the village societies, the loan and sale societies or marketing federations and the central banks. We have now the rural stores and the central wholesale stores. We have the P.C.C. societies combining credit, producer and consumer activities. The rural credit society has as its unit the village. The P.C.C. society is for a group of villages with the same functions and in addition distribution and procurement. The rural store has also the village as the unit. The loan and sale societies have also intimate connection with the village for advancing loans on crop and produce to village agriculturists and for the marketing of their produce. Thus there are at least 4 types of societies working in the villages. This is not a happy state of affairs, firstly because there is a good deal of over-lapping and secondly because there is bound to exist a sort of rivalry which is certain to be distructive. As such it is very essential to devise a co-operative structure which will work in the interests of the rural masses and as far as possible harmonise the conflicting ideals. Where there is a will there is a way. It is not a difficult matter to cut the gordian knot. I have appealed for the creation of the will to solve and harmonise. I now venture with my suggestions for your consideration and for the consideration of those co-operators in charge of the P. C. C. societies.

The Village Society and its Relationship with the P.C.C. Societies and Other Societies.

In a way I have already given expression to my views in a pamphlet that I circulated on the subject of Rural Banks at the last conference of select co-operators that was held under the chairmanship of the Hon'ble Sri K. Chandramouli. I will elaborate them and supplement wherever necessary.

The village should be the foundation on which the edifice of all co-operative effort for the economic uplift of the villager has to be built. There should be constituted a society on a multipurpose basis ordinarily for a village. The functions of this village multi-purpose society should be the following :—

(*a*) Finance crop production, by issuing short and medium term loans.

(*b*) Supply farmer's essential needs for crop production like seed, cattlefeed, fertilizer and agricultural implements.

(*c*) Serve as a centre for maintaining agricultural machinery for the joint use of members on hire.

(*d*) Act as agent for the collection of crop for the nearest Co-operative Marketing Organisation.

(*e*) Purchase on indents and supply the farmers simple consumer goods like cloth, kerosene, salt, matches etc.

(*f*) Serve as a milk collection centre for the nearest dairy and as a centre for animal first-aid and maintenance of stud-bulls.

(*g*) Encourage subsidiary cottage industries and occupations.

(*h*) Act a procurement agent.

(*i*) Disseminate knowledge of the latest improvements in agriculture, handicrafts etc.

(*j*) Encourage thrift.

(*k*) Encourage better farming.

These functions are comprehensive enough and if put into effect and undertaken by every village society will go a long way to make them of real service to the agriculturists. The ideal must be to work the society in all these ways. To work a society in this comprehensive manner, an honorary part-time worker will not do. There will be need for a full time worker. These activities of a society will provide full work for a single officer. It will therefore be necessary to employ trained men to work the societies.

Federation.

The producer-cum consumer societies will convert themselves into federations of these village societies and will undertake the work of procuring supplies and marketing the produce of these societies. They will also undertake distribution. Where there are no village societies, these P.C.C. societies may undertake the functions of the multi-purpose village society until one is formed. The main functions for these P.C.C. societies will be the following :—

(i) Procuring and pooling of paddy and arranging for its marketing or supply to Government.

(ii) Milling of paddy and marketing as rice and for that purpose own milling factories.

(iii) Arranging godown and storage facilities for members.

(iv) Arranging transport facilities to members.

(v) Arranging for technical and skilled personnel to help village societies in furtherance of their subsidiary and cottage industries and arrange for the sale of finished products.

(vi) Procuring raw material, implements etc. and supplying them to village societies to start cottage industries.

(vii) Function as a multi-purpose village society in villages where there are no such societies.

(viii) Function as distribution agent of wholesale stores.

Such of the societies as are too small may be amalgamated into a big society. Such an amalgamation will be necessary to make the P. C. C. societies *strong institutions* for undertaking marketing, owning factories, owning big godowns, transport lorries etc. The share capital for such societies will have to be fairly large. Marketing should hereafter be the main function, since rationing has ended. These P. C. C. societies require efficient paid secretaries to manage and work them.

Financing Agency.

Both for the village multi-purpose society and for the P. C. C. society, the Central Bank should be the financing agency. The Central Bank should be the financing agency for the District Wholesale Store as well. There should not be in the same District two co-operative agencies for financing co-perative institutions. A the time of the formation of the P. C. C. societies, there was an idea of permitting these societies to seek finance from joint stock companies. Nothing would have been more destructive for co-operation, and co-operative ideals if this had happened. But fortunately in Malabar this did not happen, though in Circars latitude was given for the P.C.C societies to deposit their funds and also *to borrow from* Joint Stock Banks. I would strongly appeal to co-operators, especially those administering P. C. C. societies not to cherish any idea of forming a separate financing agency for the P. C. C. societies. They will be rendering a great disservice to the cause of co-operation and hindering mutual assistance and good will.

It may well be said that under the present constitution of the District Banks, the P. C. C. societies as such have no place. This is a matter which can and ought to be set right. At present the village societies alone have representation through the supervising unions on the Board of Management of the Central Bank. I would suggest that an equal number of seats be provided for the P. C. C. societies on the Board of the Central Bank. The P. C. C. societies will have to become members of the Central Bank. The Central Bank will have also to give representation to the wholesale store to whom also the Central Bank will be the financing agency. The Central Bank will then be represented by all the types of societies which it finances. This change must satisfy the P. C. C. societies and enable them to have effective voice in the administration of the financing bank. The village societies will continue to have their representation on the Central Bank through the supervising unions.

Your Malabar District Bank has a glorious record of service and achievement. The Bank has a paid up share capital of Rs. 5,57,758 and a Reserve Fund of Rs. 1,77,000. The loans issued by

the Bank to its societies and to the Producer-Cum-Consumer Co-operative Societies aggregate to 4 crores and 12 lakhs of rupees. The total working capital of your Bank is 2 crores and 81 lakhs of rupees. The figures speak for themselves. The Bank is in a position to meet the requirements of its member societies. I fail to see why in the face of this grand achievement by the Bank it should ever be thought of having another financing agency in the District, styled as the District Co-operative Commonwealth Limited with a huge share capital of ten crores of rupees. It is not as if the District Bank could not finance the operations of the Producers-Cum-Consumers Co-opertaive societies in the past.

Relationship between Producer-Cum-Consumer Societies and Wholesale Stores.

It is better, I express my views on the relationship among the Producer-Cum-Consumer Societies, the Wholesale Stores and the Village Society in the matter of distribution of consumer goods. The By-laws of a multi-purpose village society provide for its acting as a consumer society for its members. The By-laws of the Producer-Cum-Consumer Societies also provide for the societies undertaking distribution work. The wholesale consumer society was conceived with the object of procuring all consumer goods on a wholesale basis and supplying them to the Primary Co-operative Stores. The Wholesale Store of Malabar was given procurement work for sometime which work was later entrusted to Producer-Cum-Consumer Societies. The result has been a great fall in the turn-over of the Wholesale Store. The Producer-Cum-Consumer Societies have also been given the sole distribution of iron and manure. To avoid conflict it is necessary to effect harmony among the Producer-Cum-Consumer Societies, the Wholesale Stores and the Primary Stores. The wholesale store will have nothing to do with procurement but will confine itself to purchase on a wholesale basis and supply to Producer-Cum-Consumer Societies and Primary Stores all consumer goods. As I already indicated the future of the wholesale store as also the Producer-Cum-Consumer Societies is gloomy and a concerted and united effort is necessary to fight the severe competition from the normal trade channels. The Producer-Cum-Consumer Societies will act as the transmitting agency or branches of the wholesale store for distribution to the primary store and the village society. In villages where there are no primary stores or village society, the Producer-Cum-Consumer Society will distribute by establishing a branch in each village. Here again the question of representation of the Producer-Cum-Consumer Societies on the Board of the wholesale society will naturally arise and I would suggest the adoption of the same method as in the case of the Central Bank. The Producer-Cum-Consumer

Societies will have representation on the Board of the Wholesale Store along with the Primary Store. And probably the village multi-purpose societies also will have to be given some representation on the Board of the Wholesale Store.

This then is a scheme I present to you to consider. I think this scheme should satisfy the Producer-Cum-Consumer Societies and pave the way for reproachment and harmony. I fervently hope the co-operators of Malabar will rise to the occasion. I also hope that the Hon'ble Minister Sri Madhava Menon who has at heart the good of the Co-operative Movement will exert his influence for the achievement of unity among the co-operators and the co-operative institutions in Malabar.

I am glad that the Producer-Cum-Consumer Co-operative Societies are now placed under the Registrar of Co-operative Societies and the Hon'ble Minister for Co-operation.

Limited and Unlimited Liability in Village Societies.

There has been a keen controversy as to whether the liability of a member of a village Agricultural Society should be limited or unlimited. Till now unlimited liability is prescribed under Section 4 (ii) of the Co-operative Societies Act for these societies. During the days of depression many societies could not pay the sums borrowed from the Central Banks and there were large arrears. Some of the departmental officers in their zeal for collection, resorted, unjudiciously, to the enforcement of this unlimited liability. There was, consequently a scare among the well-to-do members of societies. Men of position and status left the societies. The agitation for a change from unlimited to limited liability was very acute in the Andhra Districts. I understand even in your District there is a very large volume of opinion against unlimited liability. The All-India Co-operative Planning Committee recognised that in most provinces unlimited liability has not been very helpful to the progress of co-operative credit. They also state that "even when the principle was introduced in Act X of 1904, a warning was sounded that unlimited liability would keep away from the Co operative Movement those very classes of people whose help would be most needed and would be indispensable and the warning has been justified by experience." The committee recommended that except where unlimited liability has produced good results, the liability of the reformed and reorganised primary society, *i.e.*, the multi-purpose society should be limited and that in societies which do not contain multiple functions, unlimited liability is more suitable. Sir T. Vijayaraghavachari Committee by a majority recommended that the liability of a

Village Credit Society should normally be limited and also stated that where unlimited liability is more suitable having regard to local opinion, unlimited liability may be adopted. Sri T. A. Ramalingam Chettiar is strongly of the opinion that unlimited liability should not be changed if the Central Banks and the Provincial Bank are to finance these societies. The Banking Enquiry Committee and the Reserve Bank of India support the view of Mr. T. A. Ramalingam Chettiar.

Experience of co-operators is varying in different parts of the Province. There is no doubt that in certain districts, unlimited liability did scare away many rich people from joining and helping the societies. The need for man-power is very great for running these village societies. Men of status, wealth and influence have to be attracted to the Movement. There are no doubt great advantages in unlimited liability. The Raiffeisin Society is based on unlimited liability. But ideologies cannot be carried to such lengths as to criple the Village societies, which have to be organised and developed on a large scale. It is better that freedom is given to societies in certain areas to choose limited or unlimited liability instead of being compelled under statute to choose only unlimited liability.

Government Help.

To achieve the target recommended by the All India Planning Committee, in spreading co-operation among the villagers Government help is necessary. In the initial stages the Rural Village Society will not be able to meet the cost of the Rural Guide and until such time as these societies take up all the multi-purpose activities, it will be necessary for the Government to subsidise the cost for a period of 5 years. I am not sure if our Government will at all consider this request favourably. The All India Planning Committee has strongly recommended the giving of a subsidy for 5 years and I am sure the Popular Government will give due consideration to this recommendation.

Increase in Agricultural Production.

To the surprise of many people the war has demonstrated that in spite of its large paddy cultivation, this Province of ours is a deficit one. Every year we have been threatened with food shortage and we have been depending on foreign imports. The Government has been year after year encouraging the growing of more food grains and has been spending large sums for propaganda. Well irrigation is being encouraged by giving grants for the digging of wells. The average income of the Indian farmer is very low and it is Rs. 30 a year, whereas that of an individual in England is 980, in U. S. A. it is 1406, in Canada it is 1038. The Indian farmer has not food enough to eat two full meals a day. The ration that is now given per head is only 6 oz. per day. It is therefore necessary to increase the output from land and get a better price for the farmer. Agriculture is a seasonal operation and gives employment for half the year only. The rest of the time is wasted and no income is derived. It is therefore necessary to find employment for the farmer during this period of unemployment. These two problems have to be tackled and tackled quickly. The Government have to give priority to these two problems. The Government of Madras is giving first priority to Prohibition as a result of which there is a huge loss of revenue. In no other province in India Prohibition is given such a high priority. Prohibition is indeed a noble thing to be introduced as it will enable those addicted to drink to save money and improve their health. Crime will decrease with Prohibition. Whatever be the argument for and against Prohibition our Government is committed to it. I have mentioned about Prohibition only to say that on account of the loss in revenue, every other beneficial schemes are being relegated to the back-ground. There is a good deal to be done for the economic and material uplift of the masses.

Co-operative movement has a great part to play in the agricultural production and the economic uplift of the masses. The agriculturist requires credit for farming. He requires good seed manure and agricultural implements. He requires live-stock for ploughing, carting manure to his field and crop to the market. He requires employment during the off-season. The agriculturist in our Province is too poor to get these needs. The State cannot provide him with everyone of these things. The agriculturist has to procure these things to a great extent by voluntary effort, implemented by such aid as the State can give. And Co-operation is the best means for achieving this self-help. Co-operation is a form of organisation in which persons voluntarily associate together on the basis of equality, for the promotion of their economic interests. Owing to the weakness in his economic position it will not be possible for each individual to achieve his economic uplift. On the other hand by combining together, their resources, self-help and mutual aid, great success can be achieved. The motto of co-operation is "Each for all, all for Each" and this sutram affords the best remedy for uprooting poverty and increasing the economic well-being of the masses.

The Role of Village Society.

The co-operative society constituted on a multi-purpose basis is the best means for this co-operative effort. I have already indicated

the scheme for the development of these co-operative multi-purpose societies in every village and the target which the co-operators and the Government have to set before themselves for bringing into the co-operative fold 50 per cent of the villagers in a period of 10 years. This multi-purpose society is the best means for providing credit, seed, manure and implements. It is the means for marketing the crop to the best advantage. The federal producer-cum-consumer societies will attend to the marketing of the produce at the best price. The consumer needs of the member are also met by this society.

Co-operative Farming.

There is then the question as how best to improve the yield from the land. It is said that the yield from land per acre is very much lower than in other countries. The causes that contribute to this low yield are said to be the fragmentation of holdings, farming in unscientific ways, want of good manuring and lack of knowledge of improved methods of cultivation. One school of thought advocates consolidation of plots into big fields and the use of machinery for ploughing, harvesting and thrashing. This evil of fragmentation of holdings is not peculiar to India alone as stated by the All-India Planning Committee. Consolidation of small holdings is not an easy matter. It will lead to extermination of a large number of small scale owners of land. The average unit of land per individual in India is said to be 3 to 4 acres. In every village the land is held by a large number of petty land owners. People who own even 50 acres per head are few. In certain areas like Tanjore there are no doubt big Mirasidars owning hundreds of acres. In the Telugu districts land lords owning land over 500 acres can be counted on fingers. Even those who own 100 acres and more are fewer when compared to petty land owners. There are very many who own between one acre and ten acres. I should think the same conditions prevail in Malabar. This being the case I do not see how it is possible to consolidate holdings without upsetting ownership of land and creating a class of people who own land of more than a sizable extent and multiplying landless agricultural labour who again will go out of employment if mechanical means are employed in agriculture. India is a land of agriculturists either landed or labour. Every small scale land owner supplements his income by wages. Again big land owners own lands scattered over the entire village, some acres in one direction and some in other. To consolidate and unify the scattered land requires equally big land lords owning land adjacent to one another for purposes of exchange. Otherwise even here consolidation will lead to extermination of the small landholder. It is very easy to evolve theories but it is difficult to translate them into practice. The All-India Planning Committee recommended consolidation on the Danish model which is by legislation. It is said that consolidation through co-operative societies has achieved some success in Punjab, but I am not very hopeful of such a result in our Province where agriculturists' attachment to land is very great. Any forcible dispossession by legislation is bound to become unpopular. What then is the alternative for increasing production? Here again co-operative method is the best solution. State farming as in Russia is not suited for India. Even there, it is said State farming is giving place to individual enterprise. Corporate farming based on capitalistic methods also is not suitable to India. Co-operative Farming does not affect any of the fundamental social institutions or customs and does not also interfere with private ownership of property and at the same time will result in increased production.

There are 4 types of co-operative farming societies recommended by the All-India Planning Committee. It is better that I briefly state them here for your consideration. The first type of society is co-operative Better Farming Society. This society is designed to introduce improved methods of farming. The members agree to follow a plan of cultivation laid down by it. In furtherance of its object it may undertake joint purchase of seed or manure, pooling, clearing, grading and selling the produce, joint ploughing, joint harvesting, joint arrangement for watch and ward and joint use of machinery. Each member is however independent except for the specific purposes. He pays for services which he receives and at the end of the year he may receive a "Patronage Dividend." The second type of society is "Co-operative Joint Farming Society." This type of society is for pooling of land on the part of small owners. Each member works on the pooled land and works jointly and receives wages for his daily labour, while retaining his ownership of the land for which he is paid a dividend or rent. The produce is raised collectively, sold and profits distributed. The third type of society is Co-operative Tenant Farming Society. This society owns land in free-hold or lease hold and its holdings are divided into economic holdings and leased to members. The Society undertakes to supply credit, seed, manure and arranges to market the produce. Each member pays a rent and the produce is his own. This type of society replaces the superior land lord and profits are distributed to members. The fourth type of society is Co-operative Collective Farming Society. This type of society holds land in free-hold or lease-hold but instead of leasing to members cultivates jointly, all the members working for wages. Large scale farming

and machanisation are the main aims of this society. There is no individual ownership of land.

It is for you to consider which of these four types of societies is best suited to our Province and to Malabar. In the second and fourth types of societies the members receive wages and in my opinion there will be no incentive to work hard and earn higher profit. Far from being conducive for improved output, knowing human nature as we see daily, it will lead to diffusion and inefficiency of labour. The first and third types of societies are in my opinion the best suited for our conditions. In fact very many of the functions contemplated by the first type of society are provided for in the village multi-purpose society which can attend to this better farming. Clause (*g*) of the functions of the village society provide for better farming activity. Instead of having two societies in a village—a village society and a better farming society—it is better to combine both activities in the village multi-purpose society. The third type of society may also be encouraged and it will be of great help to the large body of landless agriculturist labour. The absentee land lord, and the big land holder will be better inclined to lease his land to a society, rather than to landless labourer. The society may also bid at Government auctions of waste lands, lanka lands etc. The large body of Harijans who really are landless people, but who are good agriculturists can have recourse to this type of co-operative society. In these two types of societies the defects of joint farming or collective farming are absent. Individualism and incentive to profit earning and hard work are not lost. This does not mean that the other two types of societies may not be tried. There is any amount of waste land at the disposal of Government in certain areas. A society of one of the 2nd and 4th types may be formed and tried in such areas.

Vegetable and Fruit Growing.

There is another aspect of agricultural production. Agricultural production need not be of food grains only. There is fruit which according to recent dietetic theories is an essential food requirement. Its cultivation has also to be encouraged to provide for balanced diet. Malabar is rich in fruits like bananas, jack, coconuts etc. There are no fruit growers societies in Malabar. It is time for co-operators to think of organising fruit growers societies and for the marketing of fruit which is in abundance in Malabar. There is also vegetable growing. Vegetables also form an essential part of a balanced diet. Very much can be done for fostering vegetable growing in villages and supply the towns.

Subsidiary Avocations.

There is need to provide employment to the agriculturists during the slack season. This can be achieved by providing subsidiary occupations to the agriculturists in the village itself. There are many subsidiary occupations suitable to the villagers like milk production, spinning, poultry, paddy husking, rope making, carpentry, gur making, paper making, match manufacture etc. Not all these will be suitable to every villager in every part of the Province. Local conditions make some kinds of subsidiary occupations more suitable in certain districts. Rope making and coir making will be suitable in Malabar where coconut trees are in plenty. But certain avocations like dairying and poultry keeping and bee keeping can be introduced in every village. In addition to these subsidiary avocations, cottage industries have to be developed to provide employment to certain category of villagers like weavers, and artisans like carpenters, smiths, coblers etc. who are also agriculturists.

In every village and in every agriculturist family poultry keeping and dairying are carried on, but not on a commercial scale for purposes of making profit. Milk is converted into butter and sold as ghee in some families. These avocations have to be diverted into a regular occupation on a Co-operative basis. Poultry-keeping, dairying and bee-keeping cannot be said to be derogatory to ones self respect and every agriculturist family can take to these avocations. In fact in some well to do families dairying is carried on as a profession and wealth amassed. Here again propaganda is needed. Organisation is needed. The village society, may as well stimulate these avocations and market the produce.

Cottage Industries :

Ancient India was famous for its handloom cloth, lace, metal works etc. India had foreign export trade in these articles. The British rule killed these handicrafts and Cottage Industries. The II Great World War has given a great impetus to handloom industry and there has been a phenominal growth of handloom weaving. Owing to the scarcity of yarn, the weaver could get yarn sufficient only for 7 to 10 days work in a month, so much so the weaver had to maintain himself and his family for 30 days from his earnings during these 10 days. The result was a high increase in the price of handloom cloth. As all the cotton mills were switched over for the manufacture of ammunition and cloth for the Military, mill cloth became scarce and so there was great demand for handloom cloth, inspite of high cost. The Provincial Handloom Weavers' Co-operative Society was entrusted with the distribution of yarn and

dyes to the member societies. It marketed the finished goods. This industry is also now faced with a serious situation consequent on the de-rationing of mill cloth, which is very much cheaper than handloom cloth. It is said that a huge quantity of Handloom cloth remains unsoid and there is a big slump. Government has come to the help of the industry by permitting exports to foreign countries. This is only a temporary relief. What about the future of this important Handloom Cottage Industry? The cost of the cloth will have to be reduced so as to bring it within the reach of the ordinary man. Since 1948 prices have been reduced from Rs. 1-6-0 to Rs. 0-12-0 for weaving a bundle of yarn. This works out at a wage of Rs. 35/- a month for the weaver at the present rate of supply of yarn. But even at this rate price for a yard of woven cloth is higher than that of the mill cloth. It is stated that a cooly employed in a mill gets in all a total wage of Rs. 80/- a month. In such adverse circumstances, I am afraid the Handloom industry is bound to receive a set back, unless the Government steps in and affords some sort of protection to this ancient industry, which affords living to a large section of the people of the Country. There can be no doubt that it is the duty of a National Government to act quickly and save the Industry. The British Government gave protection to their cloth industry in various ways such as by imposing duties on locally made cloth. The All India Planning Committee stated that it is necessary for developing certain small industries and that tariff protection should be extended to them. The Committee also suggested that the Tariff-Board should take up the question as to whether certain markets should be reserved partly or exclusively for the products of small industries. Such references, reports and decisions there on, take a long time and I am afraid in the meanwhile, the Handloom industry is bound to suffer a severe set-back. I would suggest to the Conference to strongly urge our Government to take up this matter with the Government of India without delay. Malabar has been famous for this Handloom Industry. It is said that some proposals are under consideration to prohibit mills from manufacturing cloth of lower counts with a view to encourage the Handloom Industry. It is best that a quick decision is taken on the subject and that the Madras Government, bestirs itself as Handloom industry is wide spread in this Province than in any other.

Other Cottage Industries.

There are other cottage industries flourishing in Madras. The most important of these are the bell-metal and brass industry, leather industry, silk and lace industry. There are very many other industries, which can be developed and fostered like soap making, paper making carpet weaving, mat-weaving, ghur making, match manufacture etc.

To develop these cottage industries with a systemic plan, programme and target, there is need for a separate department of cottage industries under a separate Joint Registrar of Co-operative Societies. These small-scale industries are being looked after by the Director of Industries as well as by the Registrar of Co-operative Societies and it is felt there is lack of co-ordination between the two departments. It is necessary that the Director of Industries should be placed in charge of major industries entrusting to the Registrar of Co-operative Societies, all cottage industries and small scale industries. There should also be a committee—assist the Registrar. It is pleasing to read the pronouncement of Hon'ble Pandit Nehru announcing the decision of the Union Government to encourage cottage industries to step up production of many consumer goods.

It is also necessary that in some of these cottage industries electricity should be utilised on a small scale to save labour in certain categories. It is also well worth consideration by the Madras Handloom Weavers' Provincial Co-operative Society as to establishing a spinning mill owned by the co-operative handloom weavers' societies.

Consumers' Co-operation.

Consumers co-operative movement has, as already stated, received great impetus especially in rural parts. The policy of decontrols and de-rationing is bound to adversely affect the societies. The wholesale stores are also bound to be effected, co-operators as well as the Government have to seriously consider the future of these Consumer Societies.

Wholesale Stores.

There has been a great lack of loyalty on the part of Primaries to the Wholesale Stores and this lack of loyalty is, to a great extent due to the behaviour of the Wholesale Stores. There are exceptions to this charge. But I have heard complaints from many districts. The managements of some of the Wholesale Stores make bad purchases and try to force the Primaries to take the bad goods along with good ones. There has been bad stocking of goods and deterioration which again is sought to be visited on the Primaries. Goods that have only a limited demand are purchased without any study of the needs of the Primaries. Some Wholesale

societies are allowed retail sale, which has been used to the detriment of the Primaries. Such actions naturally result in disloyalty on the part of the Primaries. The Wholesale Societies have been started solely for the purpose of helping the Primaries. These defects have to be rectified and the Wholesale Stores will have to win back the loyalty of their Primary members. Hereafter the functions of a wholesale store will have to be confined to purchases in bulk at cheaper rates in wholesale markets and supplying them to the Primaries. Here again the private merchant has many advantages. These difficulties will have to be overcome. The Wholesale Stores of diffierent districts will have to work in mutual co-operation supplying articles which are available in surplus in one district to districts where those articles are in deficit. The Wholesale Stores will have also to take to processing of certain articles of consumption, instead of buying them in the market. These Wholesale Stores have good working capital. Many of them have built up good reserves. They have come to stay and every effort will have to be made to make them consolidate and be of the greatest use to the consumer. Malabar District is a defecit district in paddy excepting for two taluks. The district depends upon outside imports from Circars and Burma. The district Wholesale Store will have to procure the necessary food from Circars and Burma. The Marketing Federations in Circars will be able to help the Wholesale Store of Malabar.

There has been a proposal to register a provincial society for the purchase on behalf of wholesale stores, of consumer goods from outside Provinces and foreign countries, but its registration was deferred on account of the existence of control and procurement by Government of consumer goods. Now that the controls have been lifted and procurement has been left to the merchants, steps will have to be taken by the Registrar to register a Provincial Co-operative Trading Agency. The necessity for such a trading agency is obvious.

Rural Stores.

The future for the Primary Rural Store is gloomy. These village stores are too small and their turn over cannot be sufficiently big as to leave a good margin for all expenses. These are practically war time babies. The Agriculturist Consumer is also the producer of some of his needs, specially articles of food. His wants are few. The village petty shop-keeper who sells for credit will have better sales, than consumer stores who have to sell for cash. In the constitution of the village multi-purpose society, provision is made for its taking up consumer activity and supplying its members essential consumer goods like kerosene, clothing etc. Even these societies will have to devise a safe method of sales on credit to its members. The agriculturist has no steady monthly income with which to make cash purchases every month. The income of an agriculturist labourer is too small to enable him to make purchases sufficient for a week. The benefits of Co-operation will have to be carried to him as well. Thrift deposit habit will have to be developed in this class of labourers and on the security of deposits sales on credit will have to be thought of, if he is to be protected from the shop-keeper. It is as such necessary for the Government and the co operators to examine the future of the Rural Stores and devise ways and means for preserving them. The uneducated and needy village folk are more in need of an honest institution which can supply them good articles with correct measurements and fair prices, all of which are lacking with the petty shop keeper.

Distribution of manure and steel. – Co-operators are aware that distribution of manure and steel was at one time entrusted to co-operative stores and later on was taken over by the Agriculturist Department and distributed by the Agriculturist Demonstrators in Government Depots. Co-operators have repeatedly protested against this step. At the recent conference of co-operators held under the chairmanship of the Hon'ble Minister for Co-operation, a resolution was passed requesting Government to hand back the distribution to co-operative societies. A committee was appointed to press this resolution on the Government. While the Hon'ble Minister for agriculture and the Hon'ble Minister for Food were willing to acceed to the demand of co-operators, it is a matter for regret to hear that the Registrar of Co-operative Societies and the Hon'ble Minister for Co-operation refusing to take over. This news has come, upon co-operators as a surprise. The Registrar was a party to the resolution passed at the conference of co-operators recently held and he never objected to the same then.

Urban Store.

In the case of urban stores, the danger is not so great. The consumers movement has progressed well and the urban citizen is educated enough to weigh the advantages of a co-operative store as against the merchant. In big Cities, a Store can have branches in different localities, like the T.U.C.S. The transactions will then be large. The membership too will be large. Enough talent is available in the towns to run these societies. As such there is a good future for these urban stores. The Movement can be extended further so as to cover every Urban area.

Land Mortgage Bank.

Long term credit is given by the Madras Co-operative Central Land Martgage Bank through the Primary Land Mortgage Banks Long term credit is intended for the discharge of the debt of the agriculturist in easy instalment spread over a period of 20 years and for improvements to lands etc. There are only 120 banks in 1946-47 for the whole of the Province. Dr. B. V. Narayanaswami Naidu has stated in his report that the agriculturist debt is still 217 crores in spite of the boom in the prices of agriculturist produce and land values. He estimated the rural indebtedness in 1939 at 272 crores. So there has been only a small reduction in the total indebtedness since 1939, in spite of the heavy boom and the operation of the Debt Relief Act. According to Dr. B. V. Narayanaswmi Naidu the debt scaled down under the provisions of this Act would be about Rs. 10 crores of rupees. It will thus be clear that this heavy debt will have to be liquidated. Dr. B. V. Narayanaswami Naidu placed before the Government some suggestions for the liquidation of this huge debt. One thing is clear, there is great scope for the Land Mortgage Banks to help in the reduction of the huge agriculturist debt. It is therefore necessary for extending the operations of the Land Mortgage Banks and increasing the number of Banks.

It is gratifying to hear that to popularise the Debentures issued by the Central Land Mortgage Bank, the Reserve Bank has agreed to subscribe 10 per cent of the debentures that are to be shortly floated. The Reserve Bank, has also, it appears, agreed to lend up to a reasonable amount on the security of the L. M. Bank debentures. Though one of the primary objects in establishing the Reserve Bank was to supply agricultural credit, till now, the attitude of the Reserve Bank was very unhelpful to the Co-operative Movement and the agriculturist. It is good that there has been a change of heart on the part of the Management of the Reserve Bank. This step will go a great way to help the Land Mortgage Banks to be of greater help to the agriculturists.

Urban Banks.

The position of Urban Banks in the Province is strong and highly satisfactory. In fact these banks have been suffering from a plethora of funds at their disposal with the result they have been feeling difficulty in investing them. Rule VIII-A of the Rules framed under the Madras Co-operative Societies Act is standing in their way. Representations have been received from almost all Urban Banks regarding this rule VIII-A and they have requested the Provincial Co-operative Union to move the Government to modify the rule in the case of at least strong Urban Banks. The All India Co-operative Planning Committee has suggested an amendment of the Co operative Societies Act to the effect that a provision should be made to permit Urban Banks with a paid up share capital and Reserve of Rs. 50,000 and over and with 10 years standing to invest 40 per cent of its surplus funds in such manner as their Boards may unanimously resolve The Provincial Government may act up to this recommendation without waiting for Legislative amendment of the Act by suitably amending Rule VIII-A. I hope the Registrar of Co-opertive Societies will look into this matter quickly.

Co-operative Life Insurance

The promotion of thrift and the development of savings habit among the rural, semi-urban, as well as urban middle and lower middle class population are two important aspects of co-operative idealogy. Now that prohibition is introduced in almost the entire province, it is indeed imperative that immediate attention of the Co-operators should be given to this aspect as well. One of the most effective and well known modes of investment all the world over is in a Life Assurance Policy. Such an investment is doubly secure, in as much as it is proof against any depreciation and secondly, a larger amount than that actually invested, is secured for the family of the investor in the event of his untimely death. Investment in life insurance is in the nature of a compulsory and methodical saving, which cannot be easily withdrawn as in the case of investment in a Bank. The *per capita* life insurance in U. S. A. is Rs. 2,300 in the United Kingdom Rs. 973 and in India Rs. 12.

A Co-operative Life Insurance Society is an ideal concern for investing ones savings. Under the Indian Insurance Act, Co-operative Life Assurance Societies are specially empowered to issue policies for sums below Rs. 1,000 with the sole object that the rural population can have the benefits of Life Assurance. The members of various co operative societies can take advantage of the benefits offered by the Co operative Life Assurance Societies and effect an arrangement with their societies for the diversion of the amounts standing to their credit in their thrift deposits towards insurance premia. The Registrar has recently issued a circular recommending the diversion of the thrift deposits of the members of Weavers' Societies towards their insurance premia and has exhorted on all the members of the Weavers' Societies to insure their lives with the South India Co-operative Insurance Society. The Registrar deserves our sincere thanks for this.

Propaganda and Education.

One distinguishing feature of the co-operative movement is the paramount importance it attaches to the education of the members. Education of co-operative is of 2 kinds. One is training of the staff, administrative and clerical. that is necessary for the running of the various types of co operative organisations. The Education of members of the societies is equally important to enable them to discharge their responsibilities and duties. Co-operation is a democratic movement wherein every member has a vote in the election of the committees of management of the societies. The success of a society depends to a very large extent on the elected members of management and there is a great responsibility on the part of the electors in their choice The second kind of education is education of the people and propagating the ideals and principles of co-operation among them. To achieve the target referred to therein before, *viz.*, to bring 50 per cent of the villages and 30 per cent of the rural population within the co-operative movement intensive propaganda is very essential. The best form of propaganda is visual education by means of films magic lanterns, holding of periodical conferences and exhibitions in rural areas etc. With the help of the Government of India's grant, a 5 year programme of mass education was put through in this Province. Thereafter a scheme of panchayatdars training classes was put through for two years. In this scheme of panchayatdars training classes, provision was made for both the kinds of education. This scheme has now been given up. The provincial co-operative union has recommended a new scheme to the government, wherein the district banks have an important role to play. The language federations have also an important place in this scheme.

For the successful working of any scheme of education and mass propaganda large finance is needed. Co-operative institutions have to co-operate in raising the money so needed. The common good fund of each society can be pooled together into a big fund in each district and utilised for education and propaganda instead of frittering it away in the shape of grants. Co-operative education and propaganda are the prime concern of all co-operative institutions. Co-operation is a faith and all co operators have to propagate this faith with a certain amount of belief in it. We see how the missionaries have been spending crores of rupees on propaganda of the Christain faith. They are running colleges, schools, hospitals etc. Similarly, we co-operators have to carry on propaganda, by pooling all our resources. The common good fund of all institutions will, if pooled swell to a pretty large amount. Co-operators have to run schools for the children of members. They have to run dispensaries and maintain small nursing homes. This kind of activity not only helps its members, but has a psychological effect on the minds of non-members and attracts them into the co-operative fold. I therefore appeal to all co-operators to act with a missionary zeal for the education of the masses. I appeal to all co-operative institutions to divert all their common good fund to propaganda and propaganda alone.

There is no language federation in Malabar. The District Central Bank is discharging the functions of a language federation. It is publishing a vernacular journal "*Parasparasahayi*" in malayalam. It is time for the Malayalees to think of a language federation for Malabar.

State Help.

Government help is very much needed for the spreading of co-operation and co operative ideals and making the masses co-operative minded. I take it that the National Government, both Central and Provincial, recognise co operation as the best means for the economic uplift of the country. Co-operation is given a high place in all the economic planning reports so for published. It being so is there not a duty cast on the State to help the spread of co operation among the people. The All-India Co-operative Planning Committee has set out the nature and extent of help which the State has to render to the movement in all its aspects. I need not repeat the recommendations of the committee, as they relate to both Provincial and All-India spheres. But suffice it to say that the committee have laid great stress on the need for active and substantial help to the movement in all its phases. I am afraid the Government, as it is now situated, will not at all be able to meet even half-way or even to a one fourth, the recommendations. But I plead strongly for the implementation of the report to some little extent at least. I would strongly plead for the implementation of the recommendations at least in so for as they relate to propaganda and agricultural village societies. The Peoples Government has a duty towards these societies. The Government is vitally interested in increasing production. The Government is spending large sums on Grow More Food campaign which the Hon'ble Minister for Agriculture Mr. Madhava Menon has very candidly characterised as a failure in that it has not increased production. I suggest to the Government to try the village multi-purpose society, as the agency for the Grow More Food campaign and take steps to enable it to function as a multi-purpose society and watch the result. Let the money that is being spent on sinking wells be spent through the village societies and thereby ensure honesty and better utilisation. The Advisers' Government has budgetted for a grant of Rs. 15,800 to the Provincial

Co-operative Union for panchayatdars training classes scheme. When the Provincial Co-operative Union did not run these classes in 1947, the grant lapsed. So also in the present year. The Provincial Co-operative Union has to do propaganda and for that purpose has to get films, pamphlets, etc., prepared. In fact it is the duty of the Government to get for propaganda, educational films prepared. Why not the Government give the Rs. 15,800 at least as a grant to the Provincial Co-operative Union for propaganda instead of allowing it to lapse. It should not be the policy of the Finance Minister to save everywhere to augment the depleted exchequer. There are very many other departments where the axe can be applied without detriment. But in relation to nation building departments like co-operation, Governments first duty is to spend and not to apply the saving axe.

There is another field where Government has a duty to perform. It is supervision and audit. From the days of the British Rule till 1948 Government was bearing the cost of audit generally in the case of almost all societies and in particular the agricultural village societies. The reason is obvious. These are small societies intended to help the agriculturist. Government have a great responsibility as well as a duty towards the agriculturist. It is in recognition of this duty the British administration were exempting the village societies from the audit fees. In the year 1948 the Peoples Government have passed orders that every society should pay audit fees. This decision of the Government has come upon us, co-operators as a shock. That a Peoples Government should have been party to such a decision is strange. The Provincial Co-operative Union has strongly protested against this decision of the Government and I hope our Popular Ministers will see that justice is done and that the axe of economy is not applied indiscriminately, but is applied where it will be more fruitful and not harmful.

Malabar District Co-operatives.

Malabar has forged ahead in the field of co-operation. There are by 30-6-1947, 717 societies working in the district. Of these 596 are village credit societies on an unlimited liability basis. There are 107 producers cum consumers co-operative societies. There are 75 Stores including the wholesale store. There are 33 weavers societies, 24 urban banks, 7 cottage industries societies to mention a few of the prominent types of societies. Of these as many as 517 are affiliated to the district bank. It is necessary that every society in the district should be affiliated to the district bank. It would appear that since June 1947 many more weavers' societies have come into existence. I hope the movement will develop quickly and spread into every village. Your district has been fortunate in having veteren and able co operators at the helm of affairs from time to time. The success of co-operation in your district is due to the whole-hearted labour of love of these co-operators.

You have been fortunate in securing the Hon'ble Minister for co-operation Sri K Chandramouli to open this Conference and the Hon'ble minister for agriculture to be present at the Conference. The Hon'ble Ministers hail from rural parts of the country and they are one of us. They have been evincing keen interest in co-operation and village uplift I am sure they will give their careful and sympathetic attention to the problems facing co operators and take quick decisions thereon on the interests of the movement. You have been able to get our Popular Registrar Mr. J. C. Ryan to be present here to-day. He embodies in himself the spirit and ideal of co-operation. He has served on two important All-India Planning Committees and brought credit to Madras by his ability, knowledge and advocacy. Such an able and sympathetic person is now in charge of the Department. We can depend upon him to fight our battles with the Hon'ble Minister for Co-operation and the Government.

Conclusion.

I have taken much of your time. I do not wish to weary you further. The field of co-operation is so vast that it is not possible to deal with all its aspects in a short time. I have touched upon the most important aspects of the future of co-operation, to draw the attention of co operators to them. The problems of Malabar, except in some respects, are common for all co-operators. The most pressing problem so far as Malabar is concerned is the need for co-operators of Malabar for unity and good understanding. I fervently pray God to give vision and strength to you all to come to a settlement. I finally appeal to you all to carry the gospel of co-operation in a missionary spirit and bring its benefits into every nook and corner of Malabar.

Let me once again thank you, the Chairman and members of the Reception Committee for having given me the Honour to Preside over this Conference. I also thank all the co-operators who have come here for the patience with which they have heard me. I wish every one of you will pledge yourself to the cause of co-operation and for its spread among the masses.

JAI HIND.

RESOLUTIONS.

1. In pursuance of the declared policy of our popular Government to reconstruct villages by making them self-sufficient, this conference resolves that a multi-purpose society be registered ordinarily for every amsom, provided it is an economic unit, otherwise for one or more amsoms, so as to tackle all rural problems of credit, agriculture, cottage industry, etc., affecting members.

2. That in order to enable these multi-purpose societies to function efficiently and to undertake all the functions contemplated, this Conference is of the opinion that these societies should have paid Secretaries or Managers; and as much as the profit of these societies in the initial years may not be enough to meet the cost of these paid Managers, this conference requests the Government to subsidise the societies to the extent of a half of the cost for a period of 5 years.

3. Whereas unlimited liability is creating a scare and preventing well-to-do and influential people from joining these agricultural village societies in this district, this conference resolves that the liability of the members of these multi-purpose agricultural societies in this district be limited.

4. This Conference resolves that the maximum borrowing power of the multi-purpose village societies should be fixed at 10 times the owned share capital and that 15 per cent of the profits be carried to the Reserve Fund for a period of 5 years.

5. In order that the local supervising unions may be strengthened and be more fully representative, this Conference resolves that all co-operative societies working within the area of jurisdiction of a union be affiliated to the Union.

6. This Conference is of strong opinion that the ultimate lending rate of interest to the borrower should not be more than 6¼ per cent and to this end would request the Central Bank to reduce its lending rate to societies to 4 or 4¼ per cent so as to enable the societies to have a margin of 2 per cent and lend to the borrower at 6¼ per cent.

7. This Conference regrets the decision of the popular Government to charge audit fees for all co-operative societies including village societies and appeals to the popular Ministers to revise their decision as this will hit very hard village societies and nascent societies.

8. This Conference requests the Government to allow societies free remittance transfer facilitie through Government Treasuries as before.

9. To achieve a healthy and harmonious growth of co-operative movement in the district, especially in view of the hard days ahead, this Conference appeals to all co-operators working the P.C C. Societies, wholesale stores, the primary stores and the Central Bank to close all rift and

devise ways and means to join together and work the movement with a united effort so as to confer the maximum benefit to the rural people. And to this end recommends the constitution of a Sub-Committee of 2 representatives of P.C.C. Societies, one representative of Primary Stores, one of the Wholesale Stores and one of Central Bank to work in collaboration with the Special Deputy Registrar for the reorganisation of the P.C.C. Societies and the Central Stores.

10. This Conference requests the Government to permit Local Board Deposits, Security Deposits of Government and Local Board Contractors and employees, also those of Minors and Trustees to be made in Co-operative Central Banks without restriction and that the Central Banks be given all the privileges and facilities afforded to scheduled Banks.

11. This Conference reiterates the demand of co-operative societies that the distribution of manure, iron and agricultural implements should be entrusted to co-perative societies.

12. This Conference requests the Government to make suitable amendments to the rules so as to enable the District Boards, the High Ways and the P.W.D. Department to entrust their works to labour contract societies if such societies are willing to undertake the work.

13. This Conference views with serious concern the possible set back in the progress of co-operative stores in the district as elsewhere as a result of the withdrawals of controls and State patronage and return of normal trade conditions wherein the stores will be called on to compete in the open market; and is of opinion that it is high time for chalking out the future plan of work both in the Wholesale Stores as well as the primaries on the lines suggested by the Registrar in his circular in this behalf for which expert advice and guidance are absolutely necessary. This Conference therefore requests the Government to sanction a special staff to plan and reorganise and regulate the business both in the Wholesale Stores as well as the primaries so as to consolidate their position and prepare them to meet the changed conditions and take their rightful place in the normal distributive system.

14. This Conference is of the opinion that an Urban Bank should be established at least at the head quarters of every Revenue Firka. This Conference requests the Government to modify Rule VIII-A so as to enable for Urban Banks to invest their funds in such manner as their Board decide unanimously.

15. This Conference draws the attention of the Government of Madras to the serious situation that has faced all weavers' societies wherein stocks have accumulated and exhausted all the cash resources of the societies in speed up and improve the present arrangements to clear the stocks unless the societies are to collapse.

This Conference further resolves that the present marketing arrangements for the stocks of the weavers' societies have not brought about any practical improvement in the situation and therefore requests the Government to purchase all the accumulated stock in the Weavers' Societies and to evolve more efficient ways than at present to dispose of the surplus stocks of Weavers' Co-operative Societies.

This Conference requests the Government to make steps to prevent the threatened extinction of the handloom industry.

1. By evolving protective measures against mill competition.
2. By reducing the prices of yarn supplied to the handlooms.
3. By creating preferential markets.
4. By encouragement of use of handloom goods in Government establishments and
5. By granting subsidies to weavers and weavers' societies and such other suitable measures as are suitable and sufficient.

16. This Conference requests the Government—

1. to sanction seed bulls and buffaloes to the Calicut Co-operative Milk Supply Union and other co-operative institutions with a view to improve the breed of cattle in Malabar;
2. to organise milk societies in all municipal towns and other urban areas in order to increase the production and consumption of milk;
3. to open a cattle breeding station in Malabar;
4. to assign Government lands and grant substantial subsidies to start cattle salvage schemes in Malabar.

17. This Conference views with concern the little progress made in the district in making long term loans available through the land mortgage banks. This Conference resolves that steps be taken to register more primary land mortgage banks and that loans be given to tenants and land owners out of possession on their interest. The Conferenee urges the Central Land Mortgage Bank to grant subsidies to the primary banks in Malabar.

18. This Conference while welcoming the programme enuciated by the Union Government in relation to the development of cottage industries with co-operative preference, requests the Provincial Government to take immediate steps to implement the resolution and develop cottage industries and subsidiary avocations on purely co-operative lines and to this end create a separate staff with district committee and a Provincial Committee of Co-operators.

* * * *

(Sd.) V. VIYYANNA,
President

Review.

COMMODITY EXCHANGES.

By P. G. Salvi

(*The Co-operators' Book Depot, Bombay, Rs. 15*)

This is a book dealing with the origin, growth and functions of commodity exchanges, with particular reference to conditions in Bombay. It is not quite a pioneering work. There were already two able studies of the Bombay Cotton Market published. Even as regards other markets grains and oilseeds the Agricultural Marketing Section of the Government of India had issued an interesting and instruction report on Produce Exchanges in India, which our author has made use of. But he has made a more detailed study of the working of the three great exchanges in Bombay—the grain Merchants' Association, the Seeds Traders' Association and the Marwadi Chamber of Commerce of which he gives a detailed descriptive and critical account in four chapters. He explains further the technique and discusses the theoretical aspects of speculation and its effect on prices, illustrating the same by reference to the trend of prices of wheat, groundnut and linseed in the Bombay markets. Readers would appreciate the addition of a chapter on cotton market, atleast summarising and bring up-to-date the previous studies on the subject.

The services rendered by commodity exchanges in general in prescribing grades and standards, terms of fulfilment of contracts, arbitration of disputes, collection and dissemination of market intelligence are recounted. Discerning readers will see what little part producers play in the fixing of prices of produce in the exchanges, though indirectly they gain by others taking over the difficult problems of storage, finance, distribution and above all, the risks of fluctuations in supply and demand. Manufacturers are gainers to the extent they are able to resort to hedging with a view to avoid any losses in fulfilling their undertakings. The greatest gainers are traders and pure speculators, though they are often losers too. Mr. Salvi exposes, in restrained language the frauds perpetrated in the markets by resort to 'corners' and 'squeezes', the existence of numerous 'bucket-shops' in Bombay with a clientele of mere gamblers who have not an iota of interest nor ability to forecast the future and operate accordingly.

Conditions are often worse in Upper India where there are far too many 'exchanges'. The old theory 'that speculation tends to even out or stabilise prices is explained fully; but it is subjected to severe criticism in the light of the writings of Kaldor and others. The need for the control of exchanges on the lines of the U. S. A. Federal Exchange Act is stressed. We trust that competent co-operators, who are not bothered by the daily routine of administration, will spare time to study this question which affects vitally primary producers and press on the State the need for control in the interest of producers and consumers alike.

K. C. R.

Consumers' Co-operation

REVIEW FOR MARCH

Co-operative Wholesale Stores

Membership and share capital.—As on 31-3-1948, the total number of members was 10,681 and the paid up share capital amounted to Rs. 34.53 lakhs as against 34.4 lakhs in the previous month. It is noted that there is a slight increase in the collection of share capital. But still the Co-operative Wholesale Stores should make further efforts to strengthen their share capital and stabilise their position.

The owned capital of the Co-operative Wholesale Stores was Rs. 47.31 lakhs, comprising share capital of Rs. 34.53 lakhs and Reserve fund of Rs. 12.78 lakhs. The total borrowed capital amounted to Rs. 179.49 lakhs of which Rs 169.40 lakhs represented loans and cash credit from the Central Banks and the balance of Rs.10.09 lakhs from others. Thus the total working capital as on 31-3-1948 was Rs. 226.80 lakhs as against Rs. 216.63 lakhs in the previous month.

Business.—During the month under review, the total purchases and sales of the Co-operative Wholesale Stores amounted to only Rs 97.74 lakhs and Rs 80.51 lakhs respectively as against Rs. 128.59 lakhs and Rs. 92 45 lakhs in the previous month. The fall in purchases was in respect of Anantapur, North Arcot, Coimbatore, Cuddapah, Godavary East, Guntur, Kistna, Madura, Malabar, Nellore, Tanjore, Tinnevelly and Vizagapatam districts. The progress made in the month in regard to sales is also far from satisfactory. When efforts are to be made to broadbase the business it is regrettable to note that there has been shrinkage in the volume of trade. No doubt the fall is due to decontrol and derationing. But if serious attempts at developing the buisiness in non-food lines are made by stores there is no reason why the sales should fall by Rs. 12 lakhs in a month. It is hoped that all co-operative wholesale stores will spare no pains to make sustained and strenuous efforts to develop their business in new directions as already suggested.

Sales to Primaries.—It is unsatisfactory to note that out of the total sales of Rs 80.51 lakhs, only Rs. 33 05 lakhs represent sales to primaries which works out to 41. This is not up to the mark and has to be improved. The Deputy Registrars should see that the special staff and the departmental officers working in the stores take active steps to ensure better co-ordination between the co-operative wholesale stores and primaries in order to strengthen their business relations and show better progress in future.

Primary Co-operative Stores.

Membership and Share Capital.—There were 1,754 stores societies with a membership of 5.51 lakhs and as paid up share capital of Rs. 97.89 lakhs as against 5 62 lakhs and Rs. 100.90 lakhs in the previous month. The apparent fall in share capital seems to be due to the non-furnishing of particulars in respect of all stores by the Deputy Registrars. This is bad. They are requested to furnish complete particulars or adopt the previous months' figures in the case of defaulting stores to avoid huge discrepancies in figures. The total working capital on 31-3 1948 was Rs. 195.77 lakhs as against Rs 210.70 lakhs in the previous month.

Business.—The total purchases and sales of primaries during the month under review were Rs. 111 37 lakhs and Rs. 118.32 lakhs respectively as against 107.84 lakhs and 111 93 lakhs in the previous month. The position has slightly improved but it is still not up to the mark. The Deputy Registrars and the special staff should take special interest to develop the business of the stores in non-food lines by broadbasing their trade on the lines suggested by the Registrar from time to time.

Special Consumer Activities.

Handloom and Mill-made cloth.—The total purchases and sales were only Rs. 3 12 lakhs and Rs.8 67 lakhs as against Rs.6.19 lakhs and Rs. 1093 lakhs for the previous month. The business is fast declining and no efforts seem to have been made by the co operative wholesale stores to obtain cloth supplies from Mills and Importers. There is no control over cloth now a-days and the stores can obtain more supply in the free market and develop their trade in cloth. The special staff should look to this and show a substantial progress.

Consumer goods.—The total purchases and sales under this head amounted to Rs. 11.14 lakhs and 1 69 lakhs as against Rs. 2.28 lakhs and 2.57 lakhs in the previous month. The purchases have considerably improved while sales have gone down. All stores are requested to develop considerably the busiuess in this line.

Processed Food stuffs.—It is regrettable to note that the total purchase and sales amounted to only Rs. 476 and Rs 1,071 respectively. Efforts should be made to improve this business and the co-operative wholesale stores should not neglect this.

Agricultural implements.—The purchases and sales were Rs. 79,185 and Rs. 42,862 under this head. Only the stores in the districts of South Kanara, Madura and Ramnad and in Kumbakonam area have made business in this line. The stores in Ramnad district alode have this time also showed appreciable progress (their purchases and sales in this respect being Rs. 79 149/—and Rs. 42,726/—respectively). The special staff should advise all stores to take up this line of business also.

The major number of stores are situated in rural areas and semi-urban areas whose members are generally agriculturists and there is no reason why business in agricultural implements cannot be improved considerably. Development of this business and in other non-food lines alone can enable the rural stores to survive this transition period. When the stores in Ramnad district are doing considerable business, the Registrar is at a loss to know why stores in other districts should not emulate them and take to this business.

General.—The progress made by the co-operative wholesale stores and primaries is not upto the mark. The special staff should be strictly instructed to give effect to the suggestions issued by the Registrar in the circular Rs. 2262/47—S. 1. dated 9-2-1947 and see that stores societies take effective steps to broadbase their trade and develop the business on an all round business so as to be able to withstand the keen competition in an open market which is being ushered in by gradual decontrol. The Registrar hopes that better progress would be shown in future and trusts that the Deputy Registrars and the special staff would realise their great responsibilities especially in this transition period for the consumers' movement and act promptly in the interests of the movement.

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