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The Madras Journal of Co-operation

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THE

Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

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

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The Re-shaping of Things

Rural Borrowers, Be Wary !

We have published in this issue a brief note on the observations of Mr. Gruen, Economic Research Officer in Australia, on the subject of rural credit. Though his observations have been based on Australian rural conditions, they hold good for Indian conditions also; and as such merit careful study and adoption by the rural classes of our land.

Mr. Gruen has offered three definite suggestions for serious consideration: First, borrowing must be done only for productive purposes; secondly, repayment of loans must be spread over a period of years, rather than made in a lumpsum at the end of a fixed period of time; thirdly, indebtedness should be reduced as much as possible while farm incomes are still at a high level.

A consideration of these suggestions in the light of conditions obtaining in our own Province of Madras will be instructive. In this connection we refer our readers to the Welcome Address of the President of the Madras Co-operative Central Land Mortgage Bank at the recent Land Mortgage Banks' Conference held in Madras. In the course of his Address (which has already appeared in our March 1949 number) he observed on the increase in the borrowing during recent years that with the comparatively small rise in the value of produce upto 1943-44, the ryots were able to make large advance repayments and borrow much less than in the former years; but in the years 1946-47 and 1947-48, with a further rise in prices, they borrowed much more and the advance repayments were comparatively small. Analysing the position, he said: "The main reason for this state of affairs appears to be a case of the agriculturist being forced to borrow as his industry does not pay enough to keep him above want. Even in the case of above average holdings a small out of the way expense upsets the balance and the agriculturist is forced to borrow with no immediate prospect of repaying it from the income. . . . . Some of the borrowing seems to be due to the fact that lands are being purchased not only with the surplus income but also from borrowed funds." His analysis of the purposes of the loans for 1947-48 showed that of 187 loan applications examined, 22 per cent were for purchase of land and 30 per cent for cultivation, family expenses and ceremonials. Over fifty per cent of the borrowing was thus for purchase of land and family and other expenses. Is this desirable or advisable? Mr. Gruen is clear on this vital point; for he has stated that borrowing to improve present living conditions is done only at the expense of future standard of living and that borrowing based on over-optimism should be avoided. He is strongly of opinion that the present period of high farm incomes should be used rather to reduce liabilities and borrowing since the position may deteriorate in a measurable time and may ruin unwary borrowers.

This is a sound note of warning. Ofcourse a note of warning against unwary borrowing was sounded by the President of the Central Land Mortgage Bank in his Address. Yet coming from a country of wealth and prosperity where *also* a crisis is apprehended and dreaded, this warning of the Australian must ring louder in the ears of the average Indian since he is seldom far above want even during good times. We appeal that the agriculturists in our land should give serious consideration to the matter so that the curse of indebtedness may be rooted out from our countryside.

"A Bank for Every Town".

"A society in every village" is now the slogan in our countryside where a province-wide campaign for reorganising rural societies and starting new ones is in full swing. We have its counter-part in the call for starting a bank in every town. At a meeting recently held at Tiruvarur, Sri A. Palaniappa Mudaliar, Joint Registrar of Co-operative Societies, stressed the need for promoting the urban credit movement and pleaded for the starting of a co-operative bank

in every urban centre. He said that the small towns are usually neglected by the joint stock banks which prefer big business and large turnover and in such places the *sowcars* and money-lenders are the only purveyors of credit to the poor and the middle classes. This class of *clientele*, consisting chiefly of labourers, artisans, small industrialists and clerks is exploited by the usurers in the urban areas. These areas, therefore, offer a fruitful field for co-operative activity.

Another circumstance also, as the Joint Registrar said, offers a good opportunity for promoting urban co-operative banking. The introduction of Prohibition has the effect of leaving in the hands of numerous individuals and families a part of their earnings which would otherwise have been spent on drink. A campaign for promoting thrift and encouraging savings is in progress. Urban banks have therefore an opportunity to tap the savings by introducing *hundi* boxes and daily deposit system and to play an important role in the general scheme of national savings.

A third favourable condition consists in the present policy adopted by the urban banks in the matter of limiting individual borrowing power. The Registrar has fixed the individual maximum credit limit to Rs. 5,000. The Provincial Co-operative Union on the other hand has felt that such restriction in the case of mortgage and jewel loans in particular is undesirable since the resources and needs of the banks will themselves virtually determine the limits. No bank, with its meagre funds, will in the present circumstances exceed reasonable limits. Some banks are already exercising this restraint. This restraint is designed to check the flow of co-operative money into the hands of a few favoured individuals and to divert them towards meeting the needs of the numerous small men in towns. Progress in this direction is said to be encouraging. It is now possible for the funds of urban banks to be split into small sums and lent to a large number of small customers. If this facility is followed up with the starting of banks in several small towns, the small men of the places may eagerly flock round the institutions and uphold them gratefully.

The conditions at present are therefore favourable for promoting the urban credit movement. It may now be confidently hoped that a healthy urban credit movement will be developed and the whole Province will be dotted with urban banks of sound position and useful service.

The Stores Must Do Better:

With a view to study how far the Co-operative Movement actually utilised the immense opportunities thrown open to it, how far it had proved itself capable of meeting the situation and what defects it had disclosed and developed in its operations relating to the distribution of food and controlled articles, the Agricultural Credit Department of the Reserve Bank of India addressed the various Provincial and important State Governments in September 1947 to furnish full particulars bearing on the subject. The results of this inquiry have been summarised and examined by the Chief Officer, Agricultural Credit Department of the Reserve Bank of India, in his article published in May 1949 issue of the Reserve Bank of India Bulletin.

From the information received, it has been observed that mainly in eight Provinces and three major States, the Co-operative Movement was called on to undertake rationed distribution. Of them, only in Madras, Bombay, Travancore and Baroda the coops received some Government support while in the others they were rather disregarded. The co-operatives on their part had many shortcomings which consisted not merely in those relating to inexperience (for instance defective accounting, improper handling and inadvertant breaches of rules), but also deliberate mis-management, unfair distribution and other malpractices. The redeeming feature however was that these defects and malpractices were noticeable in a less marked measure than in the case of private agencies and Government-run shops.

It is interesting to note from the information furnished to the Reserve Bank of India that Madras showed a remarkable growth of the Consumers' Movement. The latest reliable figures for 1946-47 show that the Wholesale Stores in the Province made purchases and sales valued at Rs. 1,818.57 lakhs and Rs. 1,945-34 lakhs respectively; and the figures for the primaries in 1946-47 were Rs. 1,733.55 lakhs and Rs. 1,814.93 lakhs respectively. The total value of the business transacted by the co-operative stores in Bombay was only Rs. 1,234 lakhs as against Rs. 1,615 lakhs accounted for by private agencies. It is a matter of great pleasure for us that the Stores Movement in Madras has made a rapid advance during recent years. But it is really not a matter for self-complacence; for in relation to the population of the province and the volume of business transacted through the various agencies, the business turnover of the stores appears rather small. The pace of increase is short in relation to the strides made by some of the co-operatives in other countries. For instance, it has been reported that the English Co-operative Wholesale Society had in 1948 a record turn over of £ 252 million. The turn-over of our Wholesales amounting to a few crores of rupees must be considered a petty transaction in comparison with that of the English Co-operative Wholesale Stores.

Apart from this there is one point which demands serious consideration: Our stores dealt chiefly in controlled commodities; and their business was good during "controls." But when "decontrol" came, the co-operative business received a set-back in a free market. For instance, the purchases and sales of our Wholesales which in 1946-47 stood at Rs. 1,818.57 lakhs and Rs. 1,945.34 lakhs respectively fell in 1947-48 to Rs. 1,391.22 lakhs and Rs. 1,627.59 lakhs respectively. On the other hand it is said that in the case of the English Co-operative Wholesale Stores, the relaxation of controls has resulted in a partial return to normal competitive conditions and yet "the sales for 1948 represent real progress over 1947." It is a pity that we should be faced with the problem of how to hold our own while the other countries are busy building up "the store of the future"; for we learn that while in America and England "self-service" stores are being perfected, the Soviet Co-operative Movement has made revolutionary contribution to the controversy as to the store of the future by opening in Moscow a non-stop co-operative store which by comparison is said to make the most up-to-date self-service store a timid and conservative affair.

What then is to be done, that our stores may at least hold their own under the present conditions? Two lines of action must be developed for the purpose. For one thing, the members must be made to realise that the Stores are their own and that they themselves manage the show and any mismanagement reacts on them only. It should be driven home to them that "there are no two different interests here, one to be exploited and the other to profiteer." Secondly, the staff employed by the Stores must do their job better. Inexperience can no more be a plea for their improper handling of goods and accounting. They must also give up malpractices. The management and the Government must exercise a strict vigil over the staff in this respect. Realisation of their responsibility by the staff ensures their honest dealings with the consumer and the management. But experience has shown that there is yet another important short-coming in co-operative business which makes all the difference between a Co-operative, howsoever honest, and a private agency. It is "the *lack of personal attention* and fuss which can be given by private owner of a small business, and which tends to be missing in the Co-operative Movement." This has been found even in England to be mainly responsible for the refusal of over half the population to buy the bulk of its needs from co-operative societies. It is therefore essential that while the stores in our Province—and of our Country too—develop business honesty, they should also imbibe the virtue of bestowing personal attention on the customers, in the same way as a private shop does; so that customers, whether members or non-members, may have inducement to approach them for all their requirements.

"A Model *Khaddar* Co-operative"—

The Vizianagram Spinning and Weaving Co-operative Society[1]

VISWANATHAN TEKUMALLA

I Origin and early promise

The *Khaddar* industry was revived in India in 1921 when Gandhiji declared that "*Khaddar* is the symbol of Indian unity, the bread of hundreds of thousands of homes in this poverty stricken land".[2] In appealing for its revival, Gandhiji's aim was to make it a means of self-sufficiency in clothing rather than a source of commercial gain. He desired that people should spin chiefly for their own use and that any surplus yarn might be sold with advantage to the spinner; for the income of one pice per hour of spinning could be none too small for the poor villager. In 1925 the All India Spinners' Association was started with a view to popularise *khaddar* as a necessary prelude to self-sufficiency propaganda. But in actual working the Association tended towards commercialisation though the original object of self-sufficiency was not entirely lost sight of.[3]

The political importance of *Khaddar* as a means of creating political consciousness in the masses and preparing them for the national struggle loomed large in the mind of Gandhiji and the Congress. They strongly felt that organising the spinning wheel was the moral method of fighting for *Swaraj* and the easiest and the cheapest method of peacefully organising the masses. At the same time they saw that the masses would not spin unless the educated class set the fashion and assured them that the wheel was not to be a nine days' wonder.[4] The All India Spinners' Association was obviously too small for the task ahead and the encouragement of private enterprise in the matter was found expedient. So alongside the All India Spinners' Association there were some private *khaddar* organisations started by enthusiasts with whom the original object of self-sufficng weighed more than commercial gain. The Vizianagram Spinners' and Weavers' Association was one of such organisations.

Started in 1925 on a modest scale, with a membership not exceeding twenty of whom the majority were self-spinners and sacrificial spinners and the rest hired labour, the Association devoted itself to national service. Yarn was spun by all and turned into cloth by the weaver members for the use of the members and the surplus cloth was disposed of to outsiders.

The Association worked for two years and helped promote the cause of *khaddar* in the district. Sentiment had knit the members

[1] Vizianagram is a Municipal town in Visakhapatnam district of the Coastal Andhra. It is also the headquarters of the *Vizianagram Samasthanam*—one of the biggest *zamindaris* of the Coastal Andhra.

[2] *Khaddar Work in India*:—Published in 1922 by the All-India Congress Department.

[3] See my paper *The Khaddar Industry in War Period*: The Indian Co operative Review: October-December 1943: Page 343.

[4] Young India: 8th April 1926.

together and enabled them to progress as a body; and when the first impulse had begun to weaken, progress slowed down; for there was not enough yarn to feed the looms and the weavers themselves began to feel that their interests had not been properly cared for by the Association. It was felt in common that mere sentiment of national service would not carry the organisation far and that if the institution was to have stability it should be reorganised on lines which would appeal to the artisan whose well-being the sponsors of the *Khaddar* Movement had at heart.

The co-operative line suggested itself to the organisers as the most desirable. It was rather bold on their part to have decided on such a step, for certain circumstances did not probably warrant it: For one thing, the weavers' co-operative movement had just made a beginning in the country. In spite of State aid there were no more than fifty-two weavers' co-operatives in the Madras Province; and even they were consumers of mill yarn. *Khaddar* had not found favour with the Government for political reasons. The Congress, on the other hand, evinced little faith in the helpfulness of the Co-operative Movement to the *khaddar* work as social service of first class order. Gandhiji himself expressed in his Presidential Address at the Indian National Congress held at Belgaum in 1924: "Organisation of *khaddar* is (thus) infinitely better than co-operative societies or any other form of village organisation. It is fraught with the highest political consequence, because it removes the greatest immoral temptation from Britain's way." Yet the organisers were emboldened by other considerations: Though Gandhiji and the Congress were rather sceptic about the helpfulness of the Co-operative *Movement* to the *Khaddar* industry, they were cognisant of the indispensability of the co-operative *sentiment* for the healthy progress of the *khaddar* industry. Writing on Co-operation in spinning Gandhiji stated: "In speaking to a co-operative society in Madras last year I said that through hand-spinning I was trying to found the largest co-operative society known to the World. This is not an untrue claim. It may be ambitious. It is not untrue because hand-spinning cannot serve the purpose for which it is intended unless millions actually co-operate in it.

"There must be co-operation from the very commencement—Just as our agriculture is possible only because there is co-operation, be it ever so little, of millions in regard to the cultivation and disposal of the produce, so will spinning be successful only if there is co-operation on an equally large scale.

"A spinning centre, is therefore a co-operative society whose members are ginners, carders, spinners, weavers and buyers-all tied together by a common bond, mutual goodwill and service[1]" This gave moral sanction but the legal sanction, though formal was to be had from the Government. The existence of two *Khaddar* Co-operatives in the Nellore district [1]—one at Nellore and the other at Kavali

[1] Young India: 10th June, 1926.

breathed confidence into the organisers. They considered it expedient to reconstitute the Association on co-operative lines in the best interests of the constituents.

The Vizianagram Spinning and Weaving Co-operative Society, Limited, as so reconstituted, came into being on 22nd July, 1927. There were twenty members of whom fifteen were private individuals and only five were spinners. The assets of the Association including a profit of Rs. 58 as well as its liabilities were made over to the new institution.

The reconstitution proved a step in the right direction, for the Society soon showed considerable progress as can be seen from the following figures :[2]

Year	Share Capital.	Borrowings.	No. of spinners.	No. of weavers.	Total wages.	Total production.	Sales.	Net profit
	Rs.	Rs.				Rs.		Rs.
1927-28	538	1,740	4	4	477	1,985	1,073	+ 153
1928-29	986	1,400	50	17	4,983	10,360	8,495	+ 537

This progress was due to two causes: First the structural change in the organisation and the propaganda of the organisers—thanks to their good offices—inspired in the local artisans a sense of enthusiasm and a feeling of confidence that the new organisation was their *own* and that they could promote their interests through it. Secondly, the general *Swadeshi* sentiment and the boycott propaganda had slowly gained ground in the country thus increasing the demand for *khaddar*.

In April 1929, when Gandhiji visited Vizianagram during his Andhra Tour, the Society had occasion to present its case to him in an address.[3] The society stated that its object was to spread spinning and weaving locally, to secure livelihood for the workers and to set a part a share of the profit to the member workers. Gandhiji was so well impressed by the achievements and aspiration of the Society that he observed that "it appeared to me to be a very successful ventnre and without an equal in lal India."[4]

II The Boom

The years that followed were favourable to the development of the *khaddar* industry: The boycott of foreign cloth had been in progress in the country for some years past; and the political agitation of 1930 and 1931 with picketing of foreign cloth shops as part of its activity gave new life and vigour to it. The Economic Depression which set in the country during the same period affected the purchasing power of the people. Consequently, there was a sharp fall in the imports of cloth and yarn from abroad. The country had to depend largely on indigenous textile production. The general *Swadeshi* sentiment which prevailed in the country

[1] *Young India* : 2nd June, 1927.
[2] Vide Appendix.
[3] For other details see Appendix.
[4] Young India : 9th June, 1929.

made the position more favourable to indigenous cloth. The decline in the supply of imported yarn to the handloom weavers, the social ban on the cloth woven out of imported yarn, and the inadequacy and irregularity in the supply of Indian mill yarn to handloom weavers threw many of the latter out of employment in all parts of the country.[1] The only way to keep them employed was the weaving of *khaddar* whose scope of expansion was unlimited and whose political and social status was evidently on the increase. The scope for the supply of hand spun yarn increased since the heavy fall in the price of cotton made it expedient for the poor cotton grower to spin it into yarn himself so that he might realise a higher value for his commodity. The competition of mill *khadi* which for a time threatened the position of genuine *khaddar* was now reduced by the agreement of some of the textile mills with the Congress in 1930 not to produce mill cloth of 18s and below. As Gandhiji stated in 1929, "On all sides the *khadi* tide is rising. . . . . . The' 21 is coming back again.[2]"

There was now an earnest endeavour on the part of the *khaddar* workers to prevent the waning of enthusiasm which occurred in 1923. The political, social and economic conditions were favourable; only the *human* element was still lacking to some extent; for as Gandhiji painfully noticed: "Tuni has earned an unenviable notoriety for the manufacture of spurious *khadi* which even the all India Spinners' Association finds hard to suppress. *The root cause of all this is the severance of connection between the spinner and the weaver.*"[3]

It was this human element that the Society endeavoured to bring in its own little way; it was this gulf between the spinners and the weavers that it desired to bridge. It was particularly fortunate in securing the good offices of enthusiasts like the late Sri Tekumalla Sita Ramaswamy and Sri Durvasula Venkata Ramiah who worked heart and soul to achieve this object.

Gandhiji's famous Dandi March of 1930 gave the signal for a swifter march of the "wheel" on to the corners of the country. The Society was not slow to take it. Thanks to the enthuaissm of its workers, its "wheel" made rapid strides and in a brief space of time extended its influence over a score villages like Bhogapuram, Pedada, Bantupalli, Sundapeta, Pedavemali and Kumili—all situated within twelve miles of Vizianagram. There were in each of these villages 15 to 150 *charkhas* many of which were attached to the Society. The Membership of the Society increased by leaps and bounds. The number of spinners and weavers rose from 50 and 17 respectively in 1928-29 to 225 and 25 in 1929-30 and to 410 and 31 in 1931-32. The

[1] For a graphic description of the condition of the weavers, *Pictures from Andhra* recorded in *Young India* of June 1929 may be read with interest.
[2] *Young India* 20th June 1929.
[3] Iibd: 20th June 1929. Italics mine.

spinners went to the Society's office at Vizianagram at intervals and, received cotton or slivers from it for working into yarn. Usually they took cotton and after ginning, carding and slivering it, spun it into yarn. The bulk of the yarn produced ranged from 6s to 12s. The spinners took the yarn to the Society and after delivering it, received wages. The wages were about one rupee for four viss of cotton turned into yarn. The weavers also visited the Society at intervals, took yarn and after having woven it into cloth, returned it to the Society. The wages paid to the weavers varied with the width and variety of cloth woven and included the remuneration for the preliminary processes of winding, warping and sizing and for actual weaving. The preliminary processes were done by the members of the weaver's family and friends and weaving was done by the weaver himself. The following wage schedule was adopted by the Society for paying the weavers and was in force upto 12-9-1931.

Serial No.	Width and variety.		Rate per yard. Rs.	A.	P.
1	18 inches	Handkerchief	0	0	9
2	27 „	and 30 inches Plain	0	1	0
3	36 „	Plain	0	1	3
4	45 „	Plain	0	1	9
5	50 „	Plain	0	2	2
6	54 „	Plain	0	2	7
7	54 „	Double thread	0	3	4
8	36 „	Honey comb	0	1	9
9	30 „	Twill	0	3	8
10	30 „	Drill	0	4	0
11	45 „	*Kuppadam* (dobby pattern without dobby)	0	4	0

The Society had its own *dhobies*, printers, tailors and reed makers.

There were no disputes among the members since their object was self-elevation. There was no competition of any local *khaddar* organisation since there was none in the locality. The Society received much public support and sympathy as can be seen from the increase in "A" class membership from 47 in 1928-29 to 70 in 1929-30 These favourable conditions enabled the Society to increase its production and sale considerably. The following table shows the position of the Society during the period :[1]

Serial No.	Share Capital.	Total Membership.	No. of spinners.	No. of weavers.	Spinning wages.	Weaving wages.	Production.	Sale.	Net profit or loss.
	Rs.				Rs.	Rs.	Rs.	Rs.	Rs.
1928-29	986	117	50	17	2,791	1,984	10,360	8,495	+537
1929-30	2442	326	225	25	3,039	2,644	10,10 5	13,287	+829
1930-31	2611	411	310	25	4,161	4,502	15,642	16,288	+1282
1931-32	2894	518	410	31	2,869	2,700	7,910	10,010	+964

[1]Other details are given in the Appendices.

The Madras Co-operative Central Land Mortgage Bank, Limited.

LUZ, MYLAPORE, MADRAS.

President:
SRI BHOGARAJU VENKATARATNAM,

Authorised Capital	...	**Rs. 20 Lakhs.**
Paid up Capital	...	**Rs. 11,93,500.**
Reserves	...	**Rs. 22,38,581.**

The Bank is the Apex Co-operative Bank for long-term agricultural credit and issues debentures for 20 years on the security of first mortgages transferred to it by Primary Land Mortgage Banks and its assets.

The principal of and the interest on these debentures are guaranteed by the Government of Madras. They are TRUST SECURITIES and are also approved Securities under the Insurance Act, 1938. A REDEMPTION FUND (SINKING FUND) is constituted to pay off the debentures of maturity.

Summary of Balance Sheet as on 30—6—'48.

Liabilities.	Rs.	Assets.	Rs.
Paid up Share capital ...	11,93,500	Cash on hand & balance with Banks ...	7,54,480
Reserve and other Funds.	22,38,581	Loans .	2,99,12,090
Debentures ...	3,41,55,300	Sinking Fund Investments. ...	75,95,681
Deposits ...	89,92,061	Other Investments ...	34,62,638
Sundry Liabilities ...	4,62,457	Sundry Assets ...	5,51,577
Profit ...	2,34,567		
Total Rs. ...	4,22,76,466	Total Rs. ...	4,22,76,466

M. DATTATRAYULU, B.A., C.A.I.I.B.,
Secretary.

Urban Co-operative Credit Movement in Madras*

SRI A. PALANIAPPA MUDALIAR, M. A.,

Joint Registrar of Co-operative Societies and Dy. Commissioner of Prohibition (Amelioration), Madras

Brother Co-operators,

I am grateful to the President and the Board of Management of Sri Kamalambika Co-operative Urban Bank Ltd., Tiruvarur, for having asked me to unveil the portrait of Sri M. Ramadoss Mudaliar, Vice-President of the Bank. I am indeed very happy to associate myself with this pleasant function.

Mr. Ramadoss Mudaliar, as you all know, has been closely associated with Sri Kamalambika Co-operative Urban Bank for nearly two decades and has been largely responsible for raising this institution to the place that it at present occupies among the urban banks in the Province. He has been a director of the Bank since 1933 and was its Honorary Secretary for over 7 years from 31-7-36 to 2-9-43. After the appointment of a paid Secretary to the Bank, he became its Vice-President and continues as such till now. He has been taking a lively interest in the affairs of the Bank and the striking progress that it has made during the recent years is not a little due to the efforts of Mr. Mudaliar. He has been devoting considerable time and attention to the affairs of the Bank and never lost sight of even the minutest detail in its working. He is a silent and unostentatious worker with winning manners and has been sincerely devoting himself to serve the needs of the members of the Bank. He is actively connected with several co-operative institutions in the Tiruvarur town like the local Land Mortgage Bank, Co-operative Stores, Supervising Union and the Milk Supply Society. He is also connected with the Central Stores and the Central Bank at Kumbakonam. He has been doing yeoman service to the people. I have personally known him for a long time and I have found in him a sincere and honest worker. Tiruvarur can well be proud of having a Co-operator of his type and an honour done to him is an honour done to the people of Tiruvarur. It is in the fitness of things, therefore, that the co-operators of Tiruvarur and particularly the members of Sri Kamalambika Co-operative Urban Bank should have thought it

* Speech delivered while unveiling the portrait of Sri M. Ramadoss Mudaliar at Tiruvarur on 19-6-'49.

necessary to unveil the portrait of Mr. Mudaliar, which will adorn the walls of the Bank from today.

When I speak of Mr. Mudaliar, I cannot do so without saying something about Sri Kamalambika Co-operative Urban Bank itself. Yours is one of the premier banks in the district, nay in the whole of the Province. It is one of the well managed institutions, which have played a notable part in improving the economic conditions of the middle class in the town. It should be a matter of pride that the Bank has completed forty years of its working and has made steady progress year after year. It commenced work on 7-12-1910 with a little less than 100 members and a share capital of Rs. 2,600. Today, there are about 2,100 members with a paid-up share capital of Rs. 71,000. The working capital of the Bank today, *viz.*, Rs. 6,04,049 is nearly 6 times what it was at the end of the year 1930-31. It is also encouraging to note that the Bank is commanding local resources to carry on its transactions without outside help. It is still more pleasing to find that out of the total deposits of nearly 5 lakhs, one third is from the members. The transactions of the Bank have been steadily increasing and on date more than Rs. 4 lakhs of loans are outstanding against members. The jewel loans in the Bank are popular and out of 889 short-term loans involving about Rs. 1.06 lakhs, nearly 403 loans are jewels covering about Rs. 63,348. This is, indeed, a line of business which the Bank will do well to encourage. From the point of view of overdues also, the position of the Bank is satisfactory, the overdues constituting only 3 per cent of the outstandings. Your Bank is placed in "A" class which is a testimony to the efficient management of the institution. Above all, the bank has constructed a fine building which is valued at more than Rs. 20,000. The building certainly adds prestige and dignity to the activities of an urban bank of this type, and you have lost no time to have a building of your own.

While the Board of Directors, past and the present, can certainly congratulate themselves on the results achieved, I wish to make one observation with regard to future working. Tiruvarur is a big Municipality. The numbers of members in the Bank at present is 2,069. How I wish that the Urban Bank should cover the entire bulk of the middle and poorer classes, so that its beneficient activities may cover the entire population. I suggest that a campaign should be launched to increase the membership and to see that the activities of the Bank cover a wider filld bringing within its gold the bulk of

the middle class people, artisans, *etc.*, so that the benefits of Co-operation may be extended to them. I am sure that the Management will strive their utmost in this regard so that the Bank may function as a potent instrument of economic regeneration of the middle classes and the poorer sections of the community in the town.

I do not think it will be out of place on an occasion like this to say a few words about the Urban Co-operative Credit Movement in the Province. The first Co-operative Societies Act of 1904 contemplated the formation of credit societies both on limited and unlimited liability basis. Limited liability credit societies are generally formed in urban and semi-urban areas, while the rural credit societies are based on unlimited liability. The first Co-operative Urban Bank on limited liability basis was started in October 1904 at Kancheepuram and the Bank is now called "The Kancheepuram Town Bank." As the 1904 Act did not contemplate the formation of central financing institutions, the urban banks formed in the towns were financing the village credit societies also till the enactment of the Co-operative Societies Act of 1912. Thus, the old urban banks had both individuals and co-operative societies as their members. After the formation of central banks in all the districts, the older urban banks restricted their business only to individuals and at present all the urban banks function merely as primary credit institutions. Just as the ryots in the villages were the victims of village *sowcars*, the urban population consisting of artisans, traders, shopkeepers, industrial employees and others were equally under the baneful influence of local moneylenders, with the result that the need for the formation of credit societies in urban areas was also recognised. To give them relief is no less humanitarian than relieving rural indebtedness. This has been gradually perceived and a variety of credit societies has been organised with a view to saving the poorer class in the towns from the clutches of the moneylender who charged higher rates of interest and gave few facilities for repaying in instalments. The Madras Province can well be proud of its sound urban banking system. Urban Co-operative Credit Societies are generally of two types—ordinary urban banks and employees credit societies. In addition, a few societies for scavengers and similar low-paid employees are formed in the towns on unlimited liability basis. Communal banks of the Bombay type are not generally encouraged in this Province. On 30th June 1948, there were 210 urban banks maintaining fluid resources, 590 employees credit societies and 338 other credit societies. Thus there were 1,138 urban credit societies in the province with a membership of Rs. 3.93 lakhs and a paid-up share capital of Rs. 134.43 lakhs. Unlike the agricultural credit societies which generally depend on the Co-operative Central Banks for finance, urban banks generally raise their funds by way of share capital, deposits from members and non-members. Out of Rs. 668.63 lakhs of borrowings outstanding on 30-6-48 Rs. 218.53 lakhs are from members, Rs. 330.46 lakhs from non-members and Rs. 119.64 lakhs from the local central banks. It is really encouraging that a substantial portion of the borrowings is in the form of deposits from members. The loan business done by the big urban banks numbering 210 is also large. Out of Rs. 671 lakhs of loans issued by the 1,138 urban credit societies, more than Rs. 400 lakhs were issued by the 218 big urban banks alone. Besides granting loans on personal security or on mortgage of immovable properties, they make advances on the security of merchandise, life insurance policies, Government securities, *etc.* They provide other banking facilities: for example, issue of drafts or collection of cheques, drafts, bills, *etc.* These banks which are run on efficient lines have succeeded in some measure in inculcating habits of thrift among the people of small means and making available funds to them at lower rates. While Madras can very well be proud of its achievements in urban co-operative banking, at the same time it is necessary to ensure that the movement preserves its co-operative character, that the purpose for which the urban credit movement was originally started is not lost sight of and that its benefits reach a wider range of population in the towns.

I should like to refer in this connection to some of the tendencies which are creeping into the movement, against which we should guard ourselves and to make a few observations regarding the future line of development of urban credit co-operation. First, it is worth reminding ourselves that a co-operative urban bank is quite different from a joint stock bank and that no tendency should be countenanced to allow a co-operative urban bank to develop "joint stock" spirit. A co-operative institution is formed on principles quite different from those which govern a joint stock concern: the former aims at rendering service to its members at the cheapest possible cost consistent with soundness and solvency, while the latter aims at profit for its share holders. This is why co-operative banks enjoy a number of concessions from the State which contribute in no small measure to the development of their business and the

building up of their reserves. It would be an abuse of co-operative effort if an institution nursed by it were allowed to concert itself into a capitalistic concern. Moreover, an urban co-operative bank is brought into being mainly to serve the small and the middle class men; and if it is allowed to develop on joint stock lines, these very people are likely to be neglected. Joint stock banks are not interested in developing the business of small loans, because the cost of advancing and recovering them is comparatively high. Further, as joint stock banks are not likely to have under ordinary circumstances full and intimate knowledge of the standing and resources of persons of moderate means, they will not advance loans to persons of moderate means, they will not advance loans on personal security. On the other hand, there are, in urban areas, numerous persons of small means, like traders and merchants, artisans, factory workers, street hawkers, motor and lorry drivers who resort to moneylenders and similar agencies for small loans and obtain them at high rates of interest. Ex-servicemen like technicians, and skilled workmen like carpenters, blacksmiths, mechanics, *etc.*, will also require credit for setting up their own business in small workshops. By establishing a personal and intimate relationship with people of this class, co-operative urban banks qualify as the most suitable agency for serving their credit needs. Any tendency therefore for the urban banks to develop joint stock spirit should be deprecated.

A charge levelled against some of the big urban banks is that they tend to issue big loans to business men and other rich class people. Instances have come to notice where some urban banks have dared to issue loans to the extent of Rs. 10,000 to an individual. While it may be true that co-operation stands for the economic betterment of all, it is certainly more intended for people who are economically backward. If co-operative urban banks are to be really co-operative in character or really to serve the people, they should encourage small loans to the middle and lower middle class people of the town. I need hardly emphasise that the urban banks should devote themselves to serve the cause of the poor and the needy; the exploited and the oppressed by giving them financial assistance, by encouraging them to save, by helping them to pursue industries and the like. They should remember that they are part and parcel of a co-operative fraternity and should come to succor not only of the well-to-do members but the thousands of the struggling working men and small craftsmen in the cottage industries in the urban areas.

Again, in recent years, a tendency to undertake large scale banking business is noticed among some of the big urban banks. They desire facilities to discount bills and drafts, to issue large amounts on immovable securities and similar other activities which are usually expected to be done by joint stock banks. Co-operative urban banks are not started to replace joint stock banks but are formed to relieve the distress of the ordinary men at the hands of the local moneylenders. This should never be forgotton at any stage and urban banks, because of their financial strength and other facilities, should not try to usurp the functions of other banks. They should no doubt help their members to have all banking facilities but such facilities should only be to a limited extent. In view of the persistent requests, some of the urban banks have been allowed to undertake discounting of bills, drafts, *etc.*, with necessary safeguards. It is, however, not quite desirable for these banks to increase these activities which may involve them in financial risks. They have enough and more work to do in helping the members with cheap credit and encouraging thrifty habits; and they should develop in that direction.

Secondly, urban banks should be started in all towns to arrest the exploitation of the poor labourers, artisans, small industrialists and lower middle class by the middlemen and *sowcars* and to elevate their material and moral condition. The target should be to have one urban bank for every urban centre. It should be the aim of the urban banks to tackle this class of population and uplift deserving labourers and artisans and particularly traders by inculcating co-operative habits among them. The small towns are usually neglected by joint stock banks which prefer big business and large turnover and in such places *sowcars* and money lenders are perhaps the only purveyors of credit to the lower middle classes. These areas offer a fruitful field for co-operative activities. There is a vast field still to be covered and I hope that before long areas not covered by urban banks will also come under the influence of the urban co-operative credit movement.

Thirdly, an urban bank is not merely an institution which should lend. It should take an active part in tapping local resources and encourging investment on the part of the public. It should function

as an instrument of thrift. Savings by both members and non-members should be encouraged by introducing recurring, homesafe and daily deposits. As you are aware, with the introduction of Prohibition, a thrift campaign has been launched to encourage savings on the part of the people in general and ex-addicts in particular. A sum of Rs. 17½ crores was realised as excise revenue by the Madras Government and 4 times that amount, *i.e.* about Rs. 70 crores was spent on intoxicating drinks. This money should be availale for expenditure on useful objects and even afterwards some thing should be left for savings. Urban banks have an ample opportunity to tap the savings consequent on the introduction of Prohibition. They can introduce a system of daily deposits by the artisans or the wage earners and encourage people to save. The deposits may range from one anna to one rupee to 110, 260 300 or 365 days and a small nterest can also be paid. The labour involved in getting such daily collections and keeping accounts and pass books may not be compensated by the temporaty utilisation of the funds. But the one great object with which such deposits are entertained is to help the poor by saving something by thrifty habits. Once one begins to make a daily deposit, it not only continues but the saving is also increased. ***Hundi*** box collections can also be done effectively by urban banks by employing the necessary staff. They will thus be doing a great service to the people and incidentally provide resources to the bank also. It is up to the urban banks therefore to supplement the efforts of other agencies employed in ameliorating the condition of the ex-addicts and others consequent on the introduction of Prohibition by taking an active part in encouraging savings amongst the people.

Fourthly, the banks should endeavour to get their financial resources by local deposits of various kinds. Careful lending, punctual collection, scrutiny of the purpose of loans, selection of members of character and vigilent watch over the outstandings are the guarantee of safety to depositors. The test of the progress of any institution is not so much the number of shares or the amount of loans issued or profits earned but the extent of moral improvement effected by it. "We will not measure the success of the movement," said Mahatmaji referring to Co-operation, "by the number of co-operative societies formed but by the moral condition of the Co-operators. The Registrars will, in that event, ensure the moral growth of the existing societies before multiplying them." Mahatmaji thus laid great emphasis on the moral development and personal equation in the working of co-operative societies. It should be the endeavour, therefore, of the urban banks to preserve their co-operative character and to so conduct their activities that they elevate the moral and economic condition of their members.

Urban Banks are as much important in towns as credit societies in rural areas. They have got no less responsibility in the matter and have a noble part to play in the eradication of poverty and distress among the poor and middle class people and artisans and labourers in the towns. The task is equally exacting and it calls forth best efforts on the part of the co-operators in the towns. It should be the aim of the urban banks to cover the bulk of the people and to facilitate their daily avocations. Inspired as they are, not by the profit motive but by service motto, they are expected to promote not only the material condition of the clientele but the moral and social improvement of those who come within its fold. I am sure that the urban banks in the Province will continue to be inspired by the ideals of Co-operation and render useful service to the public. May I suggest that it is well worth for representatives of urban banks in the Province to meet annually at a conference to consider their problems, co-ordinate their activities and formulate a common standard of procedure on the business of co-operative banking? Sri Kamalambika Co-operative Urban Bank will, I am sure, under the guidance of its able president, continue to render greater service to a wider section of the people. Your Bank is singularly fortunate in having as its president, Sri G. Ramanuja Mudaliar, who is taking an abiding interest in this and other institutions and also in having Mr. Ramadoss Mudaliar as the Vice-President, whose portrait I have the honour to unveil today. I need hardly add more to what I have said about Mr. Ramadoss Mudaliar. I am sure that his example will be emulated by others. Let us pray that God may be pleased to endow him with long life to carry on the useful work that he has been doing.

I have now great pleasure in unveiling his portrait.

A Plea for Reorganising the Handloom Industry*

SRI A. D. BALASUNDARA MUDALIAR, B.A.

Joint Registrar, (Weavers) Co-operative Societies, Madras

Brother Co-operators,

I sincerely thank you all for having given me this honour of presiding over the opening ceremony of the building constructed by the society. The history of the handloom industry in India in general and in our Province in particular shows that the industry has had and is having a chequeed career, though romantic. Periods of boom for the industry have always been followed by periods of acute depression. It is but natural, therefore, that the institutions associated with the industry should also enjoy prosperity or suffer reverses according to the vicissitudes of the trade. Thus, with an uncertain future and the consequent need to conserve funds to the utmost extent, it is not easy for weavers' societies to undertake capital schemes or set apart funds for constructing buildings such as the one in which we are assembled to-day. If your society, which I see is only 3 years old, has been able to spare within such a short time so much as about Rs. 17,000 for the purpose, it is really an achievement on which the members and the directors in particular can really be proud and deserve to be congratulated. The building is thus a standing monument to the zeal and enthusiasm with which the promoters and the directors have so rapidly built up the society. There is another achievement on which the directors deserve to be congratulated. Your village is one of the very few villages which have realised the potentialities of co-operative enterprise and have brought as much as 80 per cent of the weavers in the village into the fold of this society and this achievement is due in no mean measure to the untiring efforts of the directors. I have no doubt that before long the remaining weavers also will join the society and thereby set up an excellent example to other villages in the Province.

The progressive growth of the Society from year to year in all directions is ample proof of the abiding interest which the directors have evinced in the welfare of the society. With a humble beginning of 134 members and Rs. 4,835 of share capital in the month of July, 1945, the society made rapid strides so that it has at present 345 members with a share capital of Rs. 21,000.

*Speech delivered while opening the Building of the Bhaggeswaram Weavers' Co-op. on 15-2-1949.

I observe also that production has been steadily increasing. As against Rs. 1.05 lakhs worth of goods produced in 1945-46. Rs. 1.44 lakhs' worth of cloth was produced in 47-48. Sales also increased during the period from Rs. 1.14 lakhs to Rs. 1 45 lakhs. You have also to your credit a Reserve Fund of Rs. 12,393 which is not a small sum. I further observe that the society earned profit in all the years except last year and that the loss sustained last year was due to the slump in the trade. I am glad, however, that the loss has since been recouped and that the society has worked at a profit of Rs. 3,694 at the end of last month.

The year of loss which you have had to face must be viewed as a blessing in disguise for, it has impressed on you the cardinal truth about the industry, namely that the industry must adapt iself to the changing needs of the consuming public and the vagaries of trade. You have stated that last year you were obliged to switch over your production of local varieties to exportable varieties like turban cloth. Similarly you should always study the market very closely and also the taste of the people and with foresight should change the varieties, after the patterns, so as to keep the industry alive. This alone would strengthen your hands against possible reverses and also bring home to you that it is in your hands to prevent repercussions on your business, as a result of the slump in trade, by adopting effective safeguards.

What is the present position of the handloom trade? You are all aware that the trade is facing a crisis. What is it due to? Here again, the common answer given is competition of mill-made cloth and the absence of facilities to export to the extent possible as before the war. True, they are all there. What is the remedy? It has been suggested that the import of mill-cloth into the Province should be curtailed and the export of handloom cloth should be increased. Will they be possible and receive popular support? For one thing it is not fair to restrict the import of mill-cloth at the expense of the 50 million consumers with a view to provide a decent living to weavers and their dependants in this Province who number about 2 million according to their conception. Are there not many people engaged in other industries and avocations similarly situated as you are? What about them? For another thing such a measure will take away the incentive from those engaged in it to improve the industry and to play fair to the consumer. Nor is it desirable or feasible to

encourage exports. Apart from the fact that the cloth produced in the country is inadequate to meet in full the requirements of the people there is also the lurking fear that every foreign country is trying to become self-sufficient and when this becomes an accomplished fact the industry if it mainly depends on exports will languish. You are all aware that Pakistan is taking one lakh of bales a year. You might have seen in the newspapers that a delegation has come from Burma to negotiate with the India Government for the purchase of yarn from us. This only bears out my previous statement that every country is endeavouring to become self-sufficient. Another suggestion has been made that mills should be prohibited from weaving certain counts. The problem is not so simple as to be solved so easily. If you restrict the production by mills to higher counts, would it not throw out of employment a large number of weavers? The other way also will affect the industry very badly. You should not think of surviving the industry by throttling your competitor, particularly when he is serving the country at large. So what is needed is not extraneous help but an effort—a tremendous effort—to do what is all possible from within the Industry to strengthen it and secure the patronage of our people. In your anxiety it is easy to criticise Government and say that they have not done this or that. You cannot realise that they have done a lot and you cannot appreciate it. But for their sustained help you would not have organized the industry on a co-operative basis as you have done in this Province. They have succeeded in getting to this Province 24,500 bales of yarn every month, so as to employ the weavers for a great part of the month. Besides such help and others, India Government also have done good to the industry by levying a cess on superfine mill-cloth and a duty on mill-cloth exports. So it appears to me that for your part there is yet to be done much before you can criticise others. Are your methods of production fool-proof and effective to withstand competition? Can you assert that you have done everything in your power to withstand competition? A shrewd and successful businessman never complains of competition—rather he welcomes competition, because it takes him more and more near to his business, to find out his short-comings and concert ways and means to improve his methods, designs, technique, *etc.*, so as to not only withstand temporary competition but to establish his business on a firm footing and gain, if possible a monopoly for his business. It is with this spirit that you as members of the society, which is first and foremost a business institution must face competition. But when we just pause for a while and consider whether the industry has equipped itself sufficiently to withstand competition we realise that we have been conservative and that we have been depending too much on Government and outside help for the survival of the industry without doing what we can and must for the improvement and stability of the industry.

The immediate steps to be taken for the improvement of the industry are (i) to increase production at competitive rate, so as to compete with mill made cloth, and (ii) to improve the quality of handloom cloth and standardise it in such a way as to develop the internal market. Improved types of looms like the pedal looms of Bombay provided with arrangements for automatic movement of shutters should be introduced. Each loom is capable of producing 30 yards a day, working for 8 hours. The output of each weaver can thus be increased and so he need not be scared away by any reduction of wages. Much has to be said about colour charges which go to increase the manufacturing costs. Some societies employ private dyers or own dye factories but the rates paid and charged are on a par with or higher than market rates. They should give up this system and charge only the actual costs. In the case of societies not owning dye factories nor getting coloured yarn from the Provincial Society, dyers should be employed on piece-work basis periodically; and every society should provide itself with adequate coloured yarn to meet supplies to members charging for the colour yarn the actual rates.

The fixation of reasonable rates of wages is another factor which goes to increase the costs. Market rates should not be taken as the criterion as they are fluctuating and are influenced by various factors. The purchasing power of the ordinary consumer should be the basis for determining the wages. The weaver can no longer complain that this income is low on account of limited supply of yarn. Now that yarn is available in plenty, his aim should be to get more yarn to increase his income by increasing the turnover. He should be supplied sufficient yarn to employ himself and his family members through out a month instead of working for 10 days a month and charging 30 days wages for the work. Besides taking steps in this direction you should take measures to standardise the varieties which are popular in your market. There is no point in producing cheap varieties in utter disregard of their qualities. It should be your earnest endeavour to standardise varieties by supplying the weavers

with sized warps if necessary and maintain the quality. At times the societies also try to exploit the markets at the cost of the consumers. They should have a definite policy in the matter of profits by charging only the minimum to meet the overhead charges and to enable them to lay by reserves sufficient to face unforeseen losses. They should not charge as a policy more than 12½ per cent on costs subject to market fluctuations. All these will make the handloom cloth popular and ensure patronage from the consumers.

I am sure that these suggestions will carefully be considered by you all and steps will be taken to programme your production and sale in such a way as will be to the mutual benefit of the consumers and the producers and thereby place the industry on a stable basis to withstand any reverse.

Brother co-operators, this building provides a common place where you can meet from time to time to discuss matters affecting your industry and evolve policies. It can also serve other purposes like the development of cultural unity and diffusion of knowledge for the attainment of which also Co-operation is striving. I am sure that this is only a beginning and ere long your society will endeavour to establish a colony to provide each of you with a house fitted with the necessary amenities for living in healthy surroundings. I have great pleasure in declaring this building open.

Prohibition in Madras*

Ameliorative Activities—Progress in May 1949

1. *Provision of Employment to Ex-tappers*: (*a*) By organisation of Special Types of Co-operatives :

(i) *Jaggery Societies*: During May 1949, 38 jaggery societies were organised in the districts where tapping of sweet juice was permitted ; 35 societies were registered; and 109 started on work. So far 1,489 societies were organised of which 1,468 have been registered, and 1,429 started on their work. 7,239 ex-tappers were enrolled as members and 5,717 licences to tap sweet juice were issued during the month. The total number of ex-tappers enrolled and licences issued at the end of May were 95,808 and 77,126 respectively, 1,96,582 mds. of jaggery valued at Rs. 10.74 lakhs was produced in May. Up to the end of May, 11,08,161 mds. of jaggery valued at Rs. 59·78 lakhs was produced by all societies.

(ii) *Milk Supply Societies*: —Nine such societies in different parts of the Province and one Union in the Krishna district were organised. During May 100 ex-tappers were provided with work in dairying. At the end of the month there were 132 societies and 3 Unions, providing work for 1,025 ex-tappers.

(iii) *Land Colonisation Socieies* :—Out of the sanctioned subsidy of Rs. 30,000 for wells, a further amount of Rs. 3,921 was disbursed to 32 members of the societies in Salem district during May, bringing the total disbursement to Rs. 12,458.

(iv) *Labour Contract Societies* :—The Bukkapatnam Society in Anantapur district is progressing in its work; and a loan of Rs. 3,000 from the Central Bank has been recommended.

(v) *Cottage Industries Co-operative Societies* :—In Malabar, a Cottage Industries Society for *Harijans* of Perur and a Bell-metal Workers' Society at Kunhimangalam have been organised The Ayodhiapatnam Carpet Society produced in May goods worth Rs. 878 and sold goods worth Rs. 789. Four members of the Tiruvanmaiyur Cottage Industry Society were receiving training at the Madras Handloom Factory of the Provincial Weavers' Co-operative while ex-tappers received training in spinning at the Khadi Spinning Centre of the Society.

(vi) *Rural Credit Societies* :—An ex-tapper has joined a Society organised at Gollalacheruvu in Anantapur district.

(*b*) Other modes of employment :—During May, 2139 ex-tappers were provided with work in various avocations as agricultural labourers,

*Summary of the Report of the Registrar of Co-operative Societies to Government for May 1949.

office peons, gang coolies, *etc*. Up to May 24,710 ex-tappers in all were provided with employment, chiefly in the uew Prohibition area.

2. *Formation of Co-operatives for the Benefit of General Public including Ex-addicts* :—

During May, 66 rural credit societies were organised in various district; 32 societies were registered. 11 milk supply societies were organised in the Province. 4 milk supply unions were started on their work. 2 coir co operatives were organised in Malabar. 2 house site societies for *Harijans* and one cottage industries society for iron workers were also organised. The Bethapudi Rajaka Tenants' Society (Guntur district) was granted 20 tons of rice for the benefit of its members. The Basket Makers' Society in North Arcot produced baskets worth Rs. 1,613 in May and sold goods worth Rs. 2,808. In Nellore district a labour contract society for *Harijans* and a cottage industries society have been started. In Kurnool district a labour contract society and a leather goods society were granted cash credit accommodation. In Anantapur district, a cattle breeding and milk society was organised and a women cottage industries society was registered In Cuddapah district a shoe makers' society and a tanning society were organised. In Madras a co-operative canteen was organised the South Madras Fishermen Co-operative was inaugurated by His Excellency the Governor of Madras. In South Arcot a field labourers' society and in Chingleput district a building society were organised. In Ramnad district one egg production society and one *Khaddar* society were organised.

Loans were given by several milk supply societies and Union to members for purchase of milch cattle, *etc*. In Chittoor district 23 societie's distributed controlled commodities and agricultural manure to 1,098 members to the value of Rs. 32,140.

3. *Development of Co-operative Activity in Selected Firkas* :—

In May, 66 rural credit societies were organised, 25 registered and 8 started on their work in various districts. One house site society for *Harijans* in Krishna district and one in North Arcot, two in Kurnool district, and one in Ramnad district were formed. In Guntur district one cottage industries society was organised for lock and razor making. 2 multipurpose societies were organised; the bye-laws of some societies were amended to introduce multipurpose activities; and one dormant society was revived.

In Dendulur Firka (West Godavari) 8 societies borrowed Rs. 41,550 from the Central Bank and gave loans to members ; while in Kadambuliyur Firka (South Arcot) 5 societies borrowed from the Central Bank.

4. *Co-ordination of Beneficient Activities of Government Departments and Promotion of Rural Uplift* :

(*a*) By the *Gramasanghams* During 52 *Gramasanghams* were organised in various districts. The total number was 12,701 at the end of May; of them 3,907 were active, 940 *Sanghams* provided counter-attraction to drink; 391 were engaged in public health activities; 412 in sanitation; 283 in providing village communications; 571 in education; 205 in agricultural improvements; and 16 in women's uplift.

The activities consisted in the building of a clock tower, opening reading rooms and libraries, building schools, laying roads and the like. An All-India and Regional Cattle Show was opened by the Honourable Minister for Prohibition at Ongole on 2-5-49.

(*b*) *By Rural Credit Societies* :—In May 218 rural credit societies amended their bylaws to undertake social and recreational activities and so far 625 societies amended their bylaws. During May, 82 societies undertook recreational activities; 101 social and rural uplift work; 61 construction of reading rooms, 4 installation of public radios; and 36 the opening of libraries.

5. *Scheme for Reorganisation and Intensive Supervision of Rural Credit Societies* :

All the 30 Central Banks except the Madras District C.C. Bank worked the scheme. The following was the progress made :

(i) *Number of Rural Credit Societies* :—There were 11,304 societies at the end of May. The number of good and active societies was 9,058. The dormant societies decreased to 1,165.

(ii) *Number of Villages and Population served by Credit Societies* : The members of villages and population served were 16,675 and 46·78 lakhs respectively.

(iii) *Membership and Paid-up Share Capital* :—The number of members and the paid-up share capital were 8·03 lakhs and Rs. 96·57 lakhs respectively.

(iv) *Borrowings from Central Banks* : The borrowings amounted to Rs. 507·59 lakhs.

(v) *Members Loans due to Societies* :—The loans outstanding against members amounted to Rs. 514·97 lakhs.

(vi) *Multi-purpose Activities* : 271 rural credit societies undertook extra-credit activities in May. In all, 1,808 societies undertook such activities so far. 1·83 lakhs of members benefited by them, the amount involved being Rs. 16·24 lakhs.

(vii) *Staff* : 627 supervisors visited 6,114 societies in May.

6. *Counter Attractions to Drink* : (*a*) *Drinks* : Fresh tea and coffee stalls were opened at many places in the districts.

(*b*) *Recreational Activities* :—Rural games, tournaments, *bhajanas*, *kalakshepams kolattams*, folk dances were conducted in the districts. The games and tournaments were presided over by the District Collectors and prizes were awarded. The Honourable Minister for Firka Development visited the sports and folk dance at Tittagudi (South Arcot). Reading of *puranas* and lecture—competitions were also arranged. Public radios were installed at some places. Street dramas were organised in several districts like Nellore, Madras, Madura and Guntur. In Nellore district the Mica Labour Welfare Advisory Fund arranged three free dramatic performances in the mica mines area.

7. *Thrift* :—During May, 2,248 *hundi* boxes were distributed and Rs. 17,946 saved through them. Thrift Propaganda was done and thrift days were celebrated in many districts by societies. In Tinnevelly district savings groups were organised under the auspices of the Women Welfare Centre.

8. *Propaganda* :—Propaganda was continued with the help of propaganda vans. Mike equipment, gramophone records, radios, magic lanterns, films of moral and educative value were used.

9. *Harijan Welfare* :—*Harijan* days were celebrated at many villages. House site societies and adult schools were organised. A radio was installed at a *cheri* in Madura district. In Kurnool district, sarees were awarded to *Harijan* women who kept their houses clean. The Honourable Speaker of the Madras Legislative Assembly and the Honourable Ministers for Prohibition and Firka Development visited some centres of *Harijan* work. Temple entry was made at Ulundurpet and Tittakudi in the immediate presence of the Honourable Speaker and the Honourable Minister for Firka Development.

10. *Miscellaneous Activities* :—The Honourable Minister for Co-operation visited Ungutur and Rameswaram. The Honourable Minister for Industries opened a road in North Arcot and also visited a jaggery society; The Honourable Minister for Prohibition presided over the Ryots' Conference at Bukkapatnam. On these occasions, prohibition and co-operation were explained to large gatherings by the Ministers and Special Development Officers.

11. *General* :—It is reported that Prohibition has generally resulted in a distinct improvement in the economic and social condition of the villagers.

Our Monthly Digest

RURAL CREDIT: POINTS WORTH WATCHING

F. H. GRUEN,

Economic Research Officer, New South Wales

***The Price of Credit*:**

Though interest rates are apparently low, the price of credit may contain other "hidden charges" which should be added to the interest rate. For instance:

***Hire Purchase*:**

The hire-purchaser of a machine has to pay interest on the sum he owes, as if he had borrowed money and paid the price. The hire-purchase price is higher than the cash price. The cash price may be less than the listed price if a discount is allowed. All these affect the real cost of obtaining credit.

***Store Credit*:**

Credit sales usually entail higher prices than cash sale prices.

***Private Lending*:**

Credit is largely obtained through private lenders. In many cases the purchaser pays a part of the price and gives the seller a mortgage for the balance. The difference between this price and the "cash" price should be added to the interest still payable in order to arrive at an estimate of the real cost of such credit.

***The Period of the Loan*:**

This should be determined on the basis of security and convenience. For land purchase and expensive improvements a long term loan of twenty years is desirable. If the farmer borrows on short-term for the purpose, he may have to borrow again on unfavourable conditions. Loans for the purchase of live-stock or costly machinery must be for four to five years. During a period of good farm comes, early repayment is easy; but the high prices cannot always be depended upon. A very long term also is undesirable since it entails the payment of interest on "idle money."

***Elasticity of Credit and Risk of Embarrassment*:**

The financial position and the attitude of the lender towards renewal are also important. Due to uncertain seasonal and price conditions, the farmer cannot state how long he may require borrowed money. He has, however, to make quick decisions frequently and may need additional

funds due to sudden illness or a breakdown in the middle of the harvest. In such cases an inelastic schedule of payment makes the farmer's position unenviable unless the creditors are accommodative. The financial strength of the creditor is important. For instance, individuals and institutions operating in a small area are less accommodative than those operating over a wide area since local reverses cannot affect the latter.

***Borrow for Productive Purposes only*:**

Many farmers borrow without thinking whether they need really borrow. Borrowing to improve present living conditions is done only at the expense of the future standard of living. Farmers, in general, are over-optimistic in prosperity and unduly pessimistic during depressions. Borrowing, based on over-optimism should be avoided. As a rule—of course with golden exceptions—the present period of high farm incomes should be used rather to reduce liabilities and borrowing.

***Amortisation*:**

Farmers gain from repaying loans gradually over a period of years rather than in a lump sum at the end of a fixed period of time. For example: on £ 1,000 at 5 per cent for 35 years, the borrower pays £ 631 more towards interest if he repays in a lump sum than if the repayment is spread over 35 years.

When is the Best Time to Borrow?

For this difficult question the experience in the inter-war years may give a helpful answer. Farmer "A" who borrowed in 1926—28 had more difficulty in repaying than "B" who borrowed in 1936—38. This was because prices fell in the early 'thirties not only in absolute monetary terms but also relative to farm costs whereas in the 'forties the absolute and relative farm prices were higher. The current prices are very high relative to farm costs. A forecast of price movements is difficult; but the position may deteriorate in a measurable time. It seems therefore advisable to reduce indebtedness as much as possible whilst farm incomes are still at a high level.

Soviet Non-Stop Store

Seven Days a Week—9 A.M. to Midnight

The Soviet Co-operative Movement has made revolutionary contribution to the controversy as to the store of the future. It is opening a co-operative store in Moscow which, by comparison, makes the most up-to-date self-service store a timid and conservative affair. This non-stop co-operative store opens seven days a week, from 9 a. m. to midnight on a two-shift system, thereby solving the week-end work problem. A recent issue of "Soviet Weekly" gave the following description of the new store.

In November 1946, a decree of the Supreme Soviet of the U. S. S. R. called upon the consumers' co-operative societies to extend their activities into the cities and towns: previously the co-ops had been rural organisations in the U. S. S. R. and all shops in the urban districts were State-owned.

Central Position

To-day the co-ops. play a very big part in supplying and provisioning the Soviet workers, and they own many fine stores in Soviet cities. Of these we can take as typical a new store opened in Gorky street, Moscow's principal thoroughfare. It occupies the ground floor and basement of a large block of workers' flats, not far from the Red Square, and is one of 200 co-ops. in the city of Moscow.

The co-ops. purchase produce direct from collective farms and from individual collective farmers: they sell it, either in the nature state, or processed in co-operative factories. Other goods are purchased by the co-ops. from various State enterprises.

The management always pay great attention to ensuring that a really good assortment of commodities is available for customers. Every evening the director meets the departmental managers to decide upon the goods required for the following day.

Shift Workers

The store is always open—seven days a week from 9 a. m. to midnight. There are thousands of customers, and the primary aim is to give them the best service. This does not mean that the shop assistants are over-worked. There is shift system in operation. Each assistant works a maximum of eight hours a day for a six day week, and has at least two weeks' holiday a year on full pay. There are 60 shop assistants at this store.

Delivery Same Day

There is a system of deliveries to customers. This, together with the fact that the store is always open, is immense assistance to working women, who constitute a high proportion of customers. Orders can be placed by telephone. There is not much delay about deliveries, which are always made on the same day, sometimes within an hour of an order being placed.

G. O's. and Circulars

Copy of G. O. Ms. No. 2519 Development, dated the 12th May 1949.

Co-operative Societies—Concessions—Fees payable under the Law of Registration—Concessions in respect of documents of the value of Rs. 5,000 and above—Withdrawal—Orders modified.

Read the following:

G. O. Ms. No. 1007 Development, dated 28th February 1949.
Letter from the Inspector General of Registration, No. 321—G-1 dated 17-3-1949.

ORDER:—

In the G. O read above, the Government accepted the recommendations of the Retrenchment and Reorganisation Committee that the concessions enjoyed by Co-operative Societies in the matter of fees payable under the law of Registration should be withdrawn in respect of documents of the value of Rs. 5,000 and above. The Registration fee leviable on documents of the value exceeding Rs. 4,000 and not exceeding Rs. 5,000 is Rs. 20 and the next higher rate of fee applies only to documents of the value exceeding Rs. 5,000. This has resulted in an anomaly in as much as documents of the value of Rs. 5,000 on which a registration fee of Rs. 20 is leviable are not eligible for the concession, documents of the value ranging from Rs. 4,001 to Rs. 4,999 on which a registration fee of Rs. 20 is likelise leviable are eligible fo the concession. To remove this anomaly the Inspector General of Registration has recommended that the concessions enjoyed by Co-operative Societies in the matter of fees payable under the Law of Registration may be restricted to documents of the value not exceeding Rs. 5,000. The Government accept the recommendation.

2 The following notifications will be published in the Fort St. George Gazette:—

NOTIFICATION.

In exercise of the powers conferred by section 30 (2) (b) of the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932), His Excellency the Governor of Madras hereby makes the following amendment to Development Department Notification No 358, dated the 10th October 1931, published at page 1371 of Part I of the Fort St. George Gazette dated the 20th October, 1931, subsequently amended.

AMENDMENT.

In the said notification for the proviso at the end, the following proviso shall be substituted, namely:—

"Provided that fees at the full rates shall be levied in respect of documents of the value exceeding Rs. 5,000.

In exercise of the powers conferred by section 30 (2) (b) of the Madras Co-operative Societies Act, 1932, (Madras Act VI of 1932), His Excellency

II

the Governor of Madras hereby makes the following amendment to Development Department Notification No. 850, dated the 9th April 1938 published at pages 553-554 of Part I of the Fort St. George Gazette, dated the 12th April 1938, as subsequently amended.

AMENDMENT.

In the said notification, for the first proviso, the following proviso shall be substituted namely :—

"Provided that fees at the full rates shall be levied in respect of documents of the value exceeding Rs. 5,000.

(True Copy)

J. C. RYAN,
Registrar.

Copy of G. O. Ms No. 2841, dated, 27th May 1949 of Government of Madras Development Department.

Sub :—Audit—Co-operative Societies—Levy of audit fees Concessions—Orders Passed.

Read :—G. O. Ms. No. 5127, Development dated, 4-11-1947 G. O. Ms. No. 225, Development dated 16-1-1948 From the Registrar of Co-operative Societies letter No. 35182/47 L. dated, 14-12-1949.

ORDER :—

In the G. O. cited as item (i) above, the Government ordered that with effect from 1-1-1948 the expenditure on the staff employed for the audit of the accounts of co-operative societies should not in any circumstances be a charge on the Provincial Revenues and that all the concessions granted in rule XI of the rules made under the Madras Co-operative Societies Act should be withdrawn from that date. A draft amendment to that rule was accordingly published for public opinion as required under section 65 (3) of the Co-operative Societies Act. The Madras Provincial Co-operative Bank, the Co-operative Land Mortgage Bank, the Provincial Co-operative Union, 22 Central Banks and a number of other co-operative institutions protested against the withdrawal of audit concessions. The Provincial Co-operative Conference held at Madras in September 1947 also considered the question and recommended that rural credit societies should be completely exempted from payment of audit fees and that the existing concessions should be continued in the case of other types of societies subject to the modification that audit fees under the existing scale might be levied by Government if any such society was able to declare a dividend of 3 per cent in any year. The objections received from the various co-operative institutions and the recommendation of the Provincial Conference were

examined by the Government in consultation with the Registrar of Co-operative Societies. With a view to meet the above objections and also to make every society which works at a profit to pay for its audit according to its ability, the Registrar has proposed that co-operative societies which are now exempted from the payment of audit fees and which have not taken Auditors at their own cost should contribute to an audit fund 10 per cent of their net profits immediately after allocation to the Reserve Fund and that this amount or the audit fee according to the scale prescribed whichever is less should be paid to Government as audit fees. His Excellency the Governor of Madras accepts the Registrar's proposal in supersession of para 4 of G. O. Ms. No. 5127, Development, dated 4-11-1947. Separate orders will issue regarding amendment to rule XII of the Rules made under the Madras Co-operative Societies Act.

The Government have also examined the question of withdrawal of all concessions (statutory and non-statutory) granted to co-operative societies working at a profit The Registrar has in this connection stated.

(i) that the time is not yet ripe for the withdrawal of statutory concessions ; and

(ii) that the question of discontinuance of non-statutory concessions may be examined on the expiry of the period for which they have been granted.

The Government agree with the Registrar. He is requested to examine the non-statutory concessions granted to co-operative societies for limited periods and submit a report to the Government with information as to when the periods for which they have been sanctioned will expire. The Government also consider that in the case of permanent non-statutory concessions granted to co-operative societies, they should be reviwed now so that in the cases of societies working at a profit, the question of withdrawing them may be considered. The Registrar of Co-operative Societies is requested to examine the question and submit detailed proposals to Government.

J. C. RYAN,
Registrar.

R. C. 3977/49. D. Coimbatore, Dated : 23-5-1949.

From

SRI A. SINGARARAJU PILLAI, B. A., *Deputy Registrar.*

CIRCULAR.

Sub :—Establishment—Co-operative Department Bifurcation—employment of additional Deputy Registrar of Co-operative Societies and Staff at Erode—Sanctioned.

Ref :—G. O. No. Ms. 1896 Development dated 6-4-1949.

The Government have sanctioned the post of one additional Deputy Registrar of Co-operative Societies, for Coimbatore District with jurisdiction over the taluks of Erode, Dharapuram, Udumalpet, Bhavani, Gobichettipalayam, and Kollegal. A separate Deputy Registrar's Office with Erode as head quarters will begin from 1-6-1949. The Office will be located at Door No. 3, Court Street, Erode.

2. Sri P. Dharmalingam has assumed charge as the Deputy Registrar of Co-operative Societies, Erode now at Coimbatore on the forenoon of 23-5-1949. All confidential correspondence, relating to Co-operative Societies in the taluks mentioned above may be addressed to him by name.

A SINGARARAJU
Deputy Registrar.

Copy of G. O. Ms. No. 2968, dated 1st June 1949 from the Government of Madras (Deveolpment Department.)

Sub :—Acts - and Rules—Co-operative Societies Act—By-laws of Co-operative Societies—Amendments with Retrospective effect—Registrar is Proposals—Orders passed.

Ref :—From the Registrar of Co operative Societies, Rc. No. 18477/48/B. Dated 20-7-48, 16-2-49 and 21-3-49.

ORDER :—

In G. O. No. 213, Development, dated 16-1-48 orders were issued that any amendment to the by-laws of a Co-operative Society could have effect only from the date of approval and could not be given retrospective effect. The Registrar of Co-operative Societies has represented that the above orders have caused considerable difficulty in the working of Co-operative societies and has suggested that legislation may be undertaken for enabling registration of amendments to by-laws with retrospective effect. The Government have since been advised that it is within their competence under section 60 of the Madras Co-operative societies Act to modify section 12 in such a manner as to enable amendments to by-laws being registered with retrospective effect. The Government consider that power to amend by-laws with retrospective effect should be exercised with utmost care and caution as such amendments will affect existing rights or augment existing liabilities. In these circumstances the Government consider that legislation on the lines proposed by him is not necessary and that it is enough if the power conferred by section 60 of the Madras Co-operative Societies Act is invoked by Government for the purpose in individual cases on a consideration of the merits of each case.

Copy of Circular Memo Rc. 18477/47 B. dated 16-2-49 from the Registrar of C S. to all Deputy Registrars.

Sub :—By-laws—Co-operative Societies—Registration of by-laws with retrospective effect.

Ref :—1. G. O. Ms. No. 213 Development Department dated 16-1-48.
2. Development Memo No. 1776-B.I/49 dated 25-1-49.

It has been the practice hitherto to register certain amendments to the by-laws of Co-operative societies with retrospective effect under certain extraordinary circumstances to regularise the actions of societies in certain matters. Government have now held that registration of such amendments to by-laws giving retrospective effect is irregular and contrary to the provisions of the Act. They have also said that to register such amendments powers should be taken by legislation and the question of making suitable amendments to the Act has been taken up with the Government. The Deputy Registrars and Special Development Officers are requested to note these orders of Government. They are informed that they should not register any amendment to any by-law of a society if it is to have any retrospective effect until necessary provisions are made in the Act.

Memorandum of the Registrar of Co-operative Societies, Madras.
SRI J. C. RYAN, M. A., *Registrar.*

Rc. 21141/49.-X-3. *Dated, 19-6-49.*

Sub :—Prohibition—Amelieration—Promotion of thrift through hundi boxes—utilisation of Savings-Instructions—Issued.

Ref :—Registrar's Rc. No. 16365/46. V. 1 dated, 12-10-46.

The Registrar observes that the system of home-safe deposits through hundi boxes has not been introduced in the districts on any appreciable scale. As already instructed in the circular cited, the Co-operative Central Banks may arrange to get these hundi boxes and supply them to members of the societies. The Madras Provincial Co-operative Marketing Society is in a position to supply hundi boxes at cheap rates and the Special Development Officers were instructed in Registrar's circular No. 10393/48-X-3, dated 19-12-48 to indent on the Provincial Co-operative Marketing Society for the supply of the boxes required by the Societies in their districts. A good deal of money can be made to come into the co-operative movement, if systematic attempts are made to encourage savings among members of Co-operatives through hundi boxes. At present, the accumulations in the savings and thrift deposits are generally paid back to the depositors at the end of a year or the stipulated period and the accumulatoin of money thus saved is frittered away by the depositors for various items of expenditure. It is therefore necessary that the accumulation of the deposits should be invested in some permanent forms of assets, for specific objects. A suggestion has been made that the depositors may be encouraged to take up Insurance policies in the South India Co-operative Insurance Society for short periods which will provide them with funds for the education or marriage of their children and other useful purposes and that their savings may be earmarked for payment of premiums of the Insurance policy. The Registrar commends the suggestion and desires that the Deputy Registrars and Special Development Officers may advise the Societies to encourage their members to earmark their savings for specific objects like payment of premiums for Insurance policies.

(2) In this connection, a copy of the note on 'Thrift Drive' by Sri O. A. Narayanaswami, Vice-President, the Tanjore Central Bank is communicated to all the Special Development Officers and Deputy Registrars for their information.

J. C. RYAN,
Registrar.

THRIFT DRIVE.

The inauguration of Prohibition has produced an impetus to the carrying on of a strenuous campaign for thrift on the part of not only the ex-addicts but also of the entire rural folk. Added to that the present inflationary phase of our economic structure calls forth all out efforts towards mopping up the surplus purchasing power in a way beneficial to the ryots. Among the various devices that can be employed towards this end like investments in long-term transactions, and business and other crystallised forms of properties, the method of homesafe deposits in Hundi Boxes offers the best and widely applicable means for encouraging thrift among men of small incomes and ryots. For this purpose, Hundi Boxes are supplied and regular collections have to be arranged at the beginning of every month. But at present, the accumulations in these deposits are generally paid back to the accumulators at the end of the year and are spent away by the depositors for their ceremonial functions and other items. Thus, the had earned savings of one full year fizzle out in a few days and the depositors find themselves in the same position as they were when started these savings. It is therefore necessary that the yearly accumulation of the deposits should be canalised into crystallised and permanent forms of the assets of the depositors, in a way that it can be of inestimable benefit and source of help during times of agricultural depression or difficulty or senility due to age It is in this context that Co operative Insurance Scheme come to have a very significant role to play in the thrift drive. The yearly savings of the members of the Society should be ploughed into policies in the South India Co-operative Insurance Society the premiums for which will be met with the savings made in the Hundi-Boxes. The Hundi Boxes savings are made an integral link in the chain of thrift drive, making way for larger and permanent investment in

the South India Co-operative Insurance Society which offers very attractive terms to the intending Policy-Holders. Therefore, it becomes apparent that the homesafe deposits must be earmarked for premiums of the policies to be taken or taken in the South India Co-operative Insurance Society. Thus, the ryots with small margin of income will be able to build up sufficient cash reservers, in order to meet the monetary demands of the premium for the Policies taken by them. The small savings of the year will go to make up for the larger investments, thereby adding to the assets of the depositors productive of reasonable rates of dividends in the long run. Besides this will have the necessary effect of increasing the net assets of the members of the society, increasing thereby its security for increased transactions.

This way of linking up homesafe deposits with policies in the South India Co-operative Insurance Society will not only give a continuity of purpose to the thrift drive but also make homesafe deposits by Hundi Boxes a highly significant and indispensable factor to be encouraged at all costs Further the vicious spirit of inflation eating into the vitals of our economic life will be effectively neutralised by this method

(True Copy)

Proceedings of the Registrar of Co-operative Societies, Madras.

SRI J. C. RYAN, M. A., *Registrar.*

Rc. 53669/49 B. *Dated 25-6-49.*

Sub :—Arbitration fees—Levy at enhanced rate for non monetary dispute ordered

Read :—1. Registrar's circular F. 7005/36, dated 7-6-47.

2. G. O. Ms. No. 352, Development dated 17-2-47 communicated with Registrar's endorsement R. 2429/41, K dated 23-2-42.

3. G. O. Ms. No. 3325 Development dated 22-6-49.

In partial modification of the orders of the Registrar, contained in the circular cited as item (1) above and in exercise of the powers conferred on him under Rule XV(5) (a) of the Rules framed under the Madras Co-operative Societies Act VI of 1932 the Registrar prescribes a fee of Rs. 100 (Rs. one hundred only) on each plaint relating to non-monetary disputes and revision petitions thereon filed under Section 51 of the Madras Co-operative Societies, Act 1932.

2. The revised scale of fee will come into force from 1st July 1949.

(By Order), V. SATHYANARAYANAN,
Manager.

The following G. O. is published with a view to elicient the opinion of Co-operators on the question:

Copy of G. O. Ms. No 3381, Development Department dated 24th June 1949.

Acts and Rules--Co-operative Societies Act--Rules--Rule XII (a) Contributuion to audit fund from net profits—Draft amendment--published. *Read the following* :—Letter from the Registrar of Co-operative Societies,

Rc. No. 35182/47-L. Dated, 14-12-1948.

G. O. Ms. No. 2841, Development dated 27th May 1949.

ORDER :—

The following notification will be published in the Fort St. George Gazette :—

NOTIFICATION.

The following draft of an amendment to the rules published with Development Department Notification No. 2641, dated the 1st August 1933 at pages 1178 to 1185 of Part I of the Fort St. George Gazette dated the 1st August 1933, as subsequently amended which it is proposed to make in exercise of the powers conferred by section 65 of the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932), is hereby published for the information of all persons likely to be affected thereby, as required by sub-section (3) of the said section.

Notice is hereby given that the draft will be taken into consideration on or after the 29th July 1949 and that any objection or suggestion, which may be received with respect thereto from any person before that date will be considered by the Government of Madras.

DRAFT AMENDMENT.

In rule XII (a) of the said rules, after the second sentence, the following sentences shall be inserted, namely : –

"Every registered society which does not pay a charge for its audit to the Government according to the scale of audit fees prescribed or which does not have its accounts audited at its own expense shall next set apart 10 per cent of its net profits to an audit fund. This amount or the audit fee according to the scale prescribed whichever is less, shall be paid to the nearest Government Treasury within three months from the date on which the audit certificate for the year is issued by the Registrar under Rule VII".

No. R. C. 4427/47 X-3. *Dated 11-7-1949.*

The following note from the Registrar of Co-op. Societies, Madras is published for the information of Gramasanghams :

SRI J. C. RYAN, M. A.,
Registrar of Co-operative Societies, Chepauk, Madras

Sub :—Prohibition—Amelioration—Library Grants to the Gramasanghams in the old Prohibition districts—1948-49—Sanctioned.

In their order No. 1217 dated 15-5-1948 of the Education, and Public Health Department, Government recognised Gramasanghams in the Prohibition districts as being eligible for free library grants and have also relaxed certain conditions governing such grants in favour of the Gramasanghams. In their order No. 3216, Education dated 16-12-48 and memo No. 84560/48-5 C. 2 Education, dated 23-2-1949 Government have sanctioned library grants amounting to Rs 26,200 to 262 Gramasanghams at the rate of Rs. 100 each for 1948-49. Besides this, an annual grants of Rs. 100 has also been sanctioned to 27 of these Gramasanghams. This has made possible for Gramasanghams to promote literacy in the rural areas.

Steps are being taken to obtain similar grants for the libraries opened by the Gramasanghams for the present year also.

A Note on Palmirah and Cocoanut Jaggery Manufacturers' Co-ops. in South Kanara

In the wake of introduction of Prohibition in this district on 1-10-1947 and consequent hardship on ex-tappers, who were suddenly thrown out of employment, a number of Jaggery Manufacturers' Co-operative Societies came into existance in this district. Government decided that with a view to have direct and effective control over ex-tappers, who are issued licences for drawing sweet toddy and manufacture of jaggery, under the Madras Sweet Toddy Rules 1939, the system of licencing should be put into execution only through Co-operative Societies which are specially formed for the purpose. This meant all those ex-tappers who wanted to pursue their old profession of tapping for manufacture of Jaggery, should necessarily form themselves into Co-operative Societies and become members thereof before application for licence under the Sweet Toddy Rules is made to competent authorities.

Thus, with a view to settle ex-tappers in work a number of Co-operative Societies for ex-tappers were formed in this district both for manufacturers of Palmirah Jaggery, as well as Cocoanut Jaggery. Palmirah Jaggery is seasonal. These trees are tapped from October to the end of May. For four or about 5 months there is a break for this profession. Unlike this, the Cocoanut tree tapping extends through-out the year; what is needed here is that there should be change of trees once in 6 months. Trees tapped for 6 months in the year should be left free thereafter and a new set of trees should be fixed up for tapping for the next 6 months. Thus while those following the profession of palmirah tree tapping will be engaged only for about 7 to 8 months in the year, those pursuing Cocoanut tree tapping will be engaged throughout the year.

Experionce has shown that production from Cocoanut Juice is by far much less than from Palmirah Juice. It is said that the proportion of yield from the former is just half or one third of the latter; the income of the cocoanut jaggery manufacturer is therefore considerably less than that of the Palmirah Jaggery Manufacturer. In good weather a palmirah palmirah Jaggery Manufacturer can produce Jaggery worth Rs. 2 to Rs. 3 a day, by tapping 15 to 20 trees. But the income of a cocoanut Jaggery Manufacturer will not be more than Rs. 1 or Rs. 1-4-0 a day.

There were 31 Societies on 1-1-48, 59 on 30-6-48, 81 on 1-1-49 and 82 on 30-6-49. Out of 82 societies for Jaggery Manufacturers as on date 11, are for Cocoanut Jaggery and 11 for Palmirah Jaggery Manufacturers. There were a membership of 7578 with a paid up share capital of Rs. 46,341 on 31-5-49 ; 6256 licences were issued to members. Licences are valid for a period of one year

from date of issue. Fresh applications are received from members in the prescribed form just before the period of expiry of the original licence and new ones issued. There is a special staff of 8 senior Inspectors of Co-operative Societies to supervise the working of those societies where generally the office bearers are not quite literate and experienced enough to look after the societies as frequently as possible, help the office-bearers in the maintenance of accounts, enforcement of loyalty on the part of members, checking any tendency on the part of ex-tappers towards misuse of licence, and marketing of produce, etc. These societies produced 1,59,426 maunds of Jaggery valued at Rs. 8,00,688 in the season 1948-49. It is likely that the aggregate production would have been something more as some of the licencees were found not quite loyal in delivering their entire produce for sale through the Co-operative Society. It is also somewhat difficult to determine the volume of production by each member accurately as the yield varies with refeience to weather conditions and the nature of trees.

The society acts only as an agent on behalf of members without any risk to it. The members also on their part get the entire benefit of enhanced price by paying only a commission of one anna per rupee of sale proceeds without being required to worry themselves about marketing. The society attends to marketing Sometimes the producer member himself also strikes a bargain with the purchaser and gets his stock sold through the agency of the society.

In this district there is little difficulty in marketing. Palmirah Jaggery is considered to be very nutritious. They are even used to feed milch animals immediately after calving. The entire community of Christians and non-Brahmans like palmirah Jaggery in preference to even sugarcane jaggery. Besides, the supply of Cane Jaggery not being sufficient to meet the demand there is great demand for palmirah Jaggery. The price also compares favourably It sells at between Rs 7 to Rs 8 per maund, while Cane Jaggery is sold at Rs. 10 per maund. Out of about 1,37,892 maunds produced by the various secieties in this district the stock unsold on 31-5-1949 was only 336 maunds The stocks are sold mostly Locally. There being no ban on export some portions are exported to Mysore State as well.

Palm Gur is not a new thing. This Cottage Industry is carried on in this district from time immemorial. Tapping for toddy having been stopped owing to the introduction of Prohibition, this industry is given a fillip. The production however is not refined It gives a strange smell which generally is not liked. Some research probably is required to remove the smell from the Jaggery. The ex-tappers in this district are generally accustomed to produce Jaggery in round slabs of about 4″ in diameter and about 0.4″ in thickness with a palmirah leaf support round the slab. They are then bundled up in 25 pieces and packed in palmirah leaf. The ex-tappers are so conservative in their outlook and almost got stuck up in their old practice and that it is almost impossible to pursuade them to prepare in other convenient moulds. It will require some time for a change in their outlook in this direction as also in regard to taking up improved method of production.

Monthly News Page

Foreign

Under the auspices of the Co-operative League of U. S. A., on "Economic Action Conference" of representatives of Farm, Labour, and Co operative Organisations to seek common ground for Economic Freedom was held at Washington from April 10th to 13th Cabinet Ministers and legislators addressed the conference.

In his opening address Mr. Lincoln, President of the Co-operative League said that the problem of under consumption again threatened economic stability. The working together of business, labour, co-operatives and agriculture could provide economic abundance for all. The recommended the immediate extension of the Rural Electricity Administration principle to rural and urban co-operatives throughout U. S. A. by means of this device the Federal Government would make available to new and established co-operatives, funds sufficient to encourage their rapid and steady growth. This principle he said, should be extended to every area of production and distribution, where any commodity or service is in short supply or monopoly priced. The recommended its appreciation in the field of power, health, steel, housing, fertiliser, money and credit and the processing and distribution of food products. The extension of this proposal into law would lead to economic democracy.

Indian

A Co operative College, the second of its kind in India was opened on 3-7-49 in Trivandrum by the Hon'ble Mr. J. L. P. Roche Victoria, Minister for Food and Fisheries, Government of Madras. Declaring the College open. Mr. Roche Victoria said that for the attainment of the ideal of economic equality as Mahatmaji conceived it, co-operation provides unique opportunity. By teaching us self-reliance, self-government removal of class conflicts and the spirit of non-violence it helps us to build up a New India.

Dr. B. Natarajan, Economic Adviser to Government of Madras delivered the Inaugural Address, is which he said co operator is not a mere way of living, but a way of life which seeks to reconcile the best elements of communism and capitalisms. There has been excessive concentration of economic power and political power, resulting in conflicts. The remedy lies in a re-ordering of society based not on liberalism but truth and non-violence.

Provincial

A deputation from the Madras Provincial Co-operative Bank led by Sri T. A Ramalingam Chettiar waited on the Premier of Madras and some other Ministers on 15-7-49 and urged that Government should grant to the

Bank on advance of Rs. 5 crores to help the Bank in the work of food procurement in the Province. There is already on outstanding advance of Rs. 1.9 crores from the Government to the Bank to help in the procurement work. It is learnt that the Government would increase their own advance to the Bank by about Rs. 10 lakhs bringing the total to Rs. 2 crores and at the same time arrange to secure Rs. 3 crores needed by the Bank.

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The portrait of Sri M. Ramadass Mudaliar, Vice, President of the Kamalambika Co-operative Urban Bank, Tiruvarur, was unveiled by Sri A. Palaniappa Mudaliar, Joint Registrar of Co-operative Societies on 19-6-49 at the Bank's premises, Sri N. R Samiappa Mudaliar presiding.

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The Sixth Annual General Body meeting of the Madras Co-operative Societies Employes Co-operative Society was held on 26-6-49 at the M.P.C Bank premises, Sri B. S. Vijayagopal, President of the Society presided. The Administration Report for 1947-48 was adopted and a dividend of 5 per cent was declared to share holders.

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A fare-well party was arranged by the Trainees' Association at the Central Co-operative Institute, Madras, on 29-6-49. The Hon'ble Sri P. S. Kumaraswamy Raja, Premier of Madras, addressing the Senior Inspector Trainees of the Institute, appealed to them to realise their responsibility and to maintain a high level of efficiency in their duties. He also exhorted them to endeavour to see that village and party politics did not get into the co-operative societies. Sri J.C. Ryan, Registrar of Co-operative Societies, said that the co-operative movement should a bright prospect and that the trainees should take the Premier's advice seriously and act up to it.

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At a meeting of the Chingleput District C. W. Stores held in Madras on 30-6-49 under the Presidentship of Saldhana, Vice President of the Stores. the portraits of Mr. W. R. S. Sathianathan, former Registrar of Co-operative Societies, Madras, and Sri M, Vedachala Mudaliar President of the Stores, were unveiled by Sri K. Venkatswami Naidu, M. L. C. and Sri T. M. Chinnaya Pillai respectively.

In his introductory speech Sri Vedachala Mudaliar referred to the valuable service rendered by Mr. Sathianathan to the Co-operative Movements.

At the request of the Chairman, Sri K. Venkataswami Naidu unveiled the portrait of Mr. Sathianathan. He referred to the valuable work done by him in promoting various societies for procurement and distribution of food, cloth and other requirements of the consumers. He also referred to his fine qualities of head and heart.

The Chairman then requested Sri Chinnayya Pillai to unveil the portrait of Sri M. Vedachala Mudaliar. Sri Chinnayya Pillai referred to his public work and said he has been an 'institution' in Chingleput for the last twenty years and more. The secret of his success in co-operative work was his character and integrity. He than unveiled the portrait.

Provincial

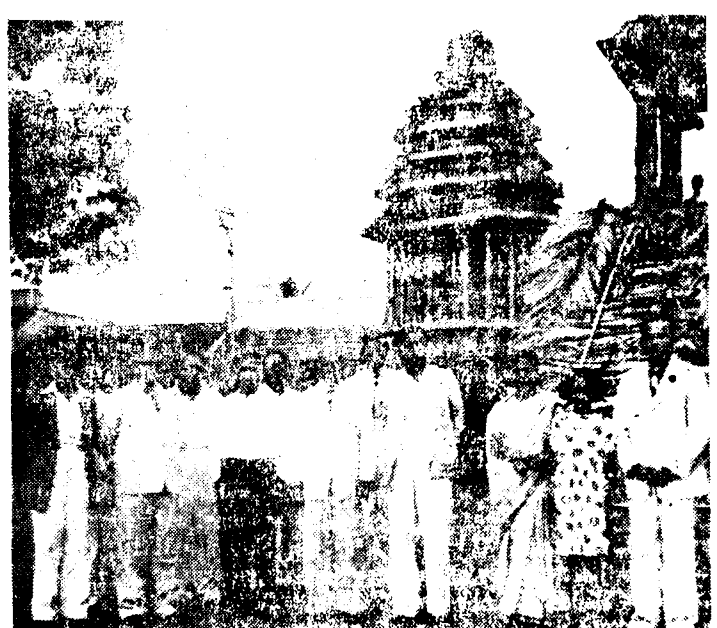
At a meeting of the Tiruvottiyur Co-operative Milk Supply Society Ltd., Madras, held on 7-7-1949, the portraits of Rao Bahadur J. C. Ryan and Dewan Bahadur C. Tadulinga Mudaliar were unveiled by the Hon'ble Mr. J. L.P. Rochevictoria, Minister for Food and fisheries and Dr. P. Natesan President of the Madras District Co-operative Central, Bank. Ltd. and General Secretary of the Madras Provincal Co-operative Union.

Sri R. M. Pillai, President of the Society, welcomed the gathering. In the course of his speech he mentioned how the Co-operative Movement helps the realisation of the golden in the economic life of the nation and how it judiciously combines self-lessness and self-help. He also narrated the progress of his society. One interesting feature of his welcome to the distinguished guests was his gift of a copy of the *Bhagavat Gita* to them.

Unveiling the portrait of Mr. Ryan, the Hon'ble Minister paid a tribute to his services. He said that Mr. Ryan was associated with the movement for a long time and that he could find a remedy for any problem of Co-operation. The Movement, he said, would play an important role in the country.

Unveiling the portrait of Sri Tadulinga Mudaliar, Dr. Natesan said Sri Mudaliar has been taking very keen interest in promoting the Movement. He said he is one of the best known non-official Co-operators. He paid a tribute to his generosity and genial temperament. He hoped that the portraits of the two great co-operators would serve as an inspiration to Co-operators. Sri R. Somasundaram proposed a vote of thanks.

The following is the photo taken on the occasion.



Co-operative Notes

Foreign

Discussing what makes our sales go up, an article in *the Co-operative Official* says that there is a very hard core of something like half the population, perhaps more than that, which refuses to buy the bulk of it needs from co-operative. The ideal conditions for increasing the business are the right assistants; the right goods; the right pack; the right price; the right time; the right people and the right place. The article further says that all these conditions indicate a build up of that state where everything is perfect but in practice it is not so. There is something else—a little bit of extra—that makes all the difference; and co-operatives cannot probably do very much about it. This consists in the personal attention and fuss which can be given by the private owner of a small business and which tends to be missing in the Co operative Movement. The absence of this is keenly felt by the consumer. The article suggests that a certain amount of personal service and opportunist salesmanship are essential even for co-operatives if they are to get more trade.

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The record turnover of the English Co-operative Whole Society, Ltd. (C.W S) of £ 252 million in 1948 is a new milestone in the Socieiy's progress. It is only two years since sales passed the £ 200 million mark and ten years since the figure of £ 100 million was achieved. The comparisons do not take price increases into account, but sales for 1948 represent real progress over 1947. The productive works have also developed well; the rate of increase in C.W.S. productions was greater than that for sales in general. Relaxation in controls has resulted in a partial return to normal competitive conditions.

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An interesting recent development in Australian Co-operation is the organisation of coastal fishermen on a co-operative basis. Sponsored by the Commonwealth and State Governments some 25 Fishermen's Societies have been formed. The local units sort and prepare fish for the market; cool—storage facilities are sometimes provided. A National Association of these units is in charge of an over-all marketing scheme for the whole State.

Indian

In the course of his address to the representatives of the Provincial Industrial Co-operative Association, Bombay, on 14-5-49 Sri V. L. Mehta, Bombay Mintster for finance and Co-operation said, "It is the desire of Government and of co-operators to help in moulding the primary units, the local federation and the apex body into a well-knit, well-disciplined organisation. What co-operative institutions lack in material resources, they make out by co-ordination of effort, pooling of reserves, and developing of cohesion. From this point of view the contacts between various types of organisations should become as intimate as possible. But intimate contacts may be achieved without imparting to them an element of rigidity. While we aim at securing unity of aim and effort we need not insist unduly on uniformity in all matters. At the same time, Co-operators can scarcely ignore the need for discipline and for mutual counsel and control through entertaining wrong notions of self-governance.

Books and Reports for Sale.

		Price. Rs.	A.	
1	CO-OPERATION AND INDUSTRIAL LABOUR WELFARE (With special reference to Industrial Employees' Co-operative Stores.) English Edition ...	1	8	a copy.
2.	Do Tamil Edition.	1	4	"
3.	MARKET INTELLIGENCE, 1945 ...	0	5	"
4.	PROSPECTUS AND SYLLABUS OF P. C. U. COURSE, with Question Papers (Postage As. 4)	1	0	"

(Item No. 3 will be sold at Re. 1/. for Co-operative Institutions)

R. B. I. Publications:

1.	CO-OPERATION IN CEYLON (1948) ...	2	8	"
2.	THIRTY YEARS OF CO-OPERATION IN INDIA 1914-15 to 1944-45 ...	2	8	"
3.	QUICK DISPENSATION OF PRODUCTION CREDIT ...	0	8	"
4.	THE ROLE OF THE RESERVE BANK OF INDIA IN THE SCHEME OF AGRICULTURAL CREDIT ...	0	8	"
5.	CO-OPERATION IN SASKATCHEWAN 1946-47...	0	8	"
6.	SOME TYPICAL CREDIT SOCIETIES IN INDIA	0	8	"

Other Publications:

1.	CO-OPERATION—By W. R. S. Satthianadhan and J. C. Ryan	0	6	"
2.	COTTAGE INDUSTRIES OF INDIA—Guide Book and Symposium : Chitra and Tekumalla (Silpi Publications) ...	18	0	"

Copies can be had of: **Postage extra**

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