

Madras Journal of
Co-operation

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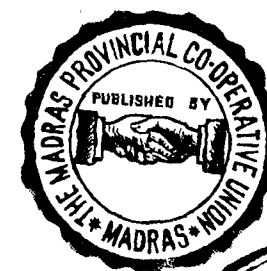
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The Madras Journal of Co-operation

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VOL. XLI]

DECEMBER, 1949

[No. 6.

ANNUAL SUBSCRIPTION :

INLAND RS. 6. :: FOREIGN RS. 7.

SAMPLE COPY AS. 10.

Phone No. 55267

Regd. No. 1284

CONTENTS

	PAGE
I EDITORIAL NOTES ...	253
II RURAL CREDIT AND MARKETING _CONSTRUC. TION OF GODOWNS—SRI A. PALANIAPPA MUDALIAR, M. A. ...	261
III T. U. C. S. GOPALAPURAM BRANCH DAY CELE- BRATION—SURVEY OF CONSUMERS' CO- OPERATION ABROAD—SPEECH DELIVERED BY K. SUBRAMANYAM, M. A. ...	270
IV THE XVI ANDHRA PROVINCIAL CO-OPERATIVE CONFERENCE, ANANTAPUR—RESOLUTIONS ...	284
V G.O.'S. AND CIRCULARS ...	288

Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

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

DECEMBER 1949

No. 6, Vol. XLI

PRICE Rs. 10 NET

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Rural Marketing and Storage Facilities :

That the agriculturist's economic status and staying power could be improved by providing him storage facilities and facility to borrow on the pledge of his produce stored in the godowns managed by a rural co-operative institution has long been recognised. These facilities have to be given through co-operative marketing societies and rural credit societies. With a view to enable these societies to construct godowns for the purpose, the Government of Madras offered some loan facilities for sale or credit societies which intended to put up godowns. In 1943 the Provincial Government ordered that rural marketing and credit societies were eligible for loans from the Government for the construction of godowns upto 75 per cent and 50 per cent of the costs of construction respectively. It was also open to them to apply to the Government for free grants for the purpose and each such application was considered on its merits. But in actual practice, the Government sanctioned subsidies to the societies upto 25 per cent and, in deserving cases, upto 50 per cent of the cost of construction, the remaining portion being found by the societies themselves from their own resources. These concessions being rather unattractive, the facilities offered were not availed of to a large extent and very few godowns were built. It has been stated that this financial aid could stimulate only 38 marketing societies to put up godowns at total cost of Rs. 5.36 lakhs.

It therefore became necessary to improve the state of affairs by offering better financial aid so that there might be a real incentive to put up more godowns and provide better storage facilities to the rural seller. The Government, therefore, in April 1949 passed orders offering to the rural marketing and credit societies 50 per cent of the cost of construction of a godown as a free grant, leaving the intending institutions to find the remaining 50 per cent from local collections or from Government as a loan. A sum of Rs. 5 lakhs was set apart for the purpose for 1949-50.

The response to this offer has been described by Sri A. Palaniappa Mudaliar, Joint Registrar of Co-operative Societies, in his article on rural marketing and construction of godowns published elsewhere in this issue. He has stated that 102 credit societies and 22 sale societies have been selected for the purpose of constructing godowns during the present financial year and that in 32 of them the proposals have been finalised. The Joint Registrar, however, feels that in spite of the offer of 50 per cent cost as subsidy by Government, societies have not come forward quickly except in a few cases to avail themselves of the concession. This paucity in the response is due in part to the difficulties in securing suitable sites and building materials and in supervising the construction work. But it is due to a considerable extent to the difficulty in raising adequate funds from the country side in view of the tightness of the money market.

It will be a thousand pities if on any ground the scheme is allowed to be wrecked. As the Joint Registrar himself says the purpose of a godown in a village is much more than mere service as a godown. It may be used as an office of the society owning it. As observed by the Madras Prohibition Enquiry Committee of 1948 it may also be built so as to provide for a village library, reading room, radio, playground, and park apart from drying yards in its compound. In short, these buildings will become community centres and promote not only economic but also social and cultural development of the people. The Joint Registrar has therefore appealed to the local leaders to give their best efforts for this common enterprise. He has stated that the "best approach for the rural development is to help the villager to help himself." He has appealed to the Central Banks, marketing and credit societies to hasten and not to lose time in procuring a godown for the village.

The Madras Provincial Co-operative Union has given careful attention to the situation and has requested the Registrar of Co-operative Societies as early as July 1949 to recommend to the Government the extension of facilities to the Central Banks in case the institutions agreed to construct godowns. In November 1949 again the Union renewed its request stating that "the Central Banks which finance the marketing societies for marketing their produce may be permitted to construct godowns, if their building funds permit, in important commercial centres where there is Co-operative marketing and where the Co-operative Marketing Societies are not able to construct godowns.

This request has not been accepted by the Registrar of Co-operative Societies who made it clear that "if Central Banks want to construct godowns, Government might withdraw grants and loans offered to sale societies and rural credit societies." It seems to be the fear of the Registrar of Co-operative Societies that the Central Banks deprive the rural sale and credit societies of the legitimate help offered by the Government. Far from that. It is the considered opinion of the Provincial Co-operative Union that the Central Banks should offer a helping hand to societies which have been unable to take advantage of the Government offer due to financial and other handicaps. In such circumstances the local Central Banks will go to their aid and with their resources and Government aid they would construct godowns at important commercial centres where the local marketing societies are not able to put up their own godowns and will help the primary sale societies to hold on until they build up their funds and are able to take up the work from the Central Banks. This we feel is in keeping with the suggestion of the Joint Registrar that the Central Banks should help in the matter and we see no reason why this help of the Central Banks should not be accepted. After all, the Central Banks are charged with the promotion of the stability of the local societies and it will be in keeping with this policy to build up godowns for the use of the primary societies which are unable to have their own godowns at present.

We hope that in view of this, the Registrar of Co-operative Societies will reconsider his decision and recommend to the Government the extension of facilities to the Central Banks also in the larger interests of rural marketing.

Lessons of the Consumers' Movement Abroad:

We have much pleasure in publishing in this issue a speech delivered at the Gopalapuram Branch of the T.U.C.S. by Sri K. Subrahmanyam Naidu, Joint Registrar of Co-operative Societies on the Consumers' Movement abroad. Sri Subrahmanyam Naidu is already known to our readers as a keen student of Co-operation who has travelled far and wide and has acquired vast knowledge and experience of Co-operative problems at home and abroad. This scholarly survey of the Consumers' Movement abroad will be found as interesting as it is enlightening. From a study of the survey we

find that the Consumers' Movement has developed more in the European Countries than in America. Sweden and Denmark have progressed well in Consumers' Co-operation. It is said that one in every three families in Sweden belongs to a co-operative society. But by far the best development is noticeable in England. It is the home of the Consumers' Movement. The survey of Sri Subrahmanyam Naidu bears out the following main features of the Consumers' Movement abroad. First, the Movement is flexible. That is to say: "though the democratic basis of the Consumers' Co-operatives remains as it was originally designed, its working principles change so as to promote its growth and development." Secondly there has been, particularly in England, an integration and absorption of weak and unsound retail societies in bigger societies. Thirdly, the stores societies have not merely distributive functions but productive functions as well. Numerous factories for production of provisions, oil, milk products, bread, electric bulbs, etc. are attached to important stores. Fourthly the self-service system has been introduced in many stores particularly in Sweden and this has made retailing cheaper than in the ordinary stores. Fifthly women play the major part in the Consumers' Movement. While house-wives are the chief patrons of the stores, the catering is done by women in the shops.

These five characteristic features bring progress to the Consumers' Movement in any part of the World. Judged from the standard of the Western stores system, the progress of the Movement in our Country appears to be too meagre. The Movement in our Country is rigid. The primaries which were prosperous during the War are now weak and unsound and no attempt is being made to strengthen them or to replace them with branches of the Central Stores. Few Stores have developed the production side of their business. Self-service is a thing unknown to us. And women who ought to form the pivot of the Movement have little to do with it. Sri Subrahmanyam Naidu has expressed that "if only our women in India took as much interest as the English and Scottish women did, probably Consumers' Co-operation in my country would have been some what different."

We in India have recognised the importance of the Stores Movement. The T.U.C.S. of Madras has made a name as the most successful primary store in the Country. But one swallow makes no summer. The Country should be dotted with numerous such stores. It is also essential that our Stores Movement should develop on the lines which have given success to its counter part in the West.

Sri Subrahmanyam Naidu has also suggested the organisation of a Provincial Co-operative Wholesale Society in Madras on the lines of such societies in the West. This question has been very long before us and it is high time we decided to have one as suggested by him. We hope that the suggestions made by one who is earnest to improve our Movement on sound lines will receive the immediate attention of the Government and the people.

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LUZ, MYLAPORE, MADRAS.

President:

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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.

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Summary of Balance Sheet as on 30-6-'49.

Liabilities.		Assets.	
	Rs.		Rs.
Paid up Share capital.	12,87,700	Cash on hand & balance with Banks.	48,685
Reserve and other Funds	24,20,009	Loans to Primary Banks	8,45,74,585
Debentures	4,20,92,000	Sinking Fund Investments	87,75,519
Deposits, Loans and Overdrafts	18,61,325	Other Investments	38,48,498
Sundry Liabilities	5,17,986	Sundry Assets	6,07,808
Profit	2,26,075		
Total Rs.	4,78,55,095	Total Rs.	4,78,55,095

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

Secretary

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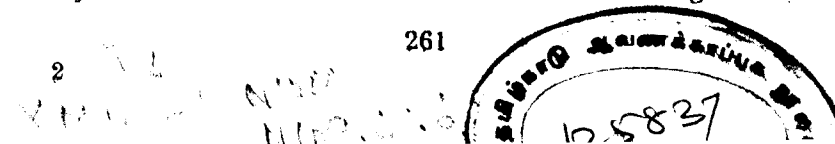
Rural Credit and Marketing—Construction of Godowns

SRI A. PALANIAPPA MUDALIAR,

By. Commissioner of Prohibition (Amelioration) & Joint Registrar of Co-operative Societies, Madras

[Under the scheme sanctioned by Government providing free grants to rural credit societies and marketing societies for construction of godowns up to 50 per cent of the estimated cost of the building, the Maharajapuram Co-operative Credit Society in Ramnad District and Pudupatti Co-operative Credit Society in Mathurai District have proposed to construct godowns at an estimated cost of Rs. 11,000 and Rs. 15,000 respectively. The Tirupattur Co-operative Marketing Society in Ramnad District proposes to construct a godown at Singampuneri at an estimated cost of Rs. 15,000. The foundation stone of these godowns was laid by Sri A. Palaniappa Mudaliar, Deputy Commissioner of Prohibition (Amelioration) and Joint Registrar of Co-operative Societies, Madras, in the third week of November 1949. The following are the extracts of the speeches made by the Deputy Commissioner of Prohibition (Amelioration) and Joint Registrar of Co-operative Societies on the occasion of laying the foundation stone of these godowns]—*Editor.*

I should like to take this opportunity to say a few words on the part that rural credit co-operatives are expected to play in Free India. Our country has attained political independence; but this independence will not be real unless freedom from want is attained and the standard of living of the masses is raised. Mahatma Gandhi stressed that the future of India lay in the regeneration of her villages. Any programme of rural reconstruction must have two main objectives. First, we must educate the rural people for a fuller life. Education should increase knowledge, develop efficiency, refine feeling and mould character. In the second place, the standard of living of the masses must be raised. This is attempted in two ways. First, the adult population has to be taught better sanitation and rules of health, Co-operation, better ways of social behaviour, better personal habits, closer understanding of the political, social and economic environment, healthier and cheaper forms of entertainment and recreation. Secondly, their economic lot must be improved. Agriculture is the main stay of the people and the methods and means of their vocation must be improved so as to increase the out-put considerably. Subsidiary arts and cottage industries should also be improved to yield more substantial and striking results. There is no organisation better fitted or more suited to undertake the twin functions of village improvement and agricultural development than a Co-operative. For as observed by the Hon'ble Dr. Rajendra Prasad, "Co-operation is primarily a poor man's organisation. It fits in with an economy in which the small cultivator is the central figure. As an



individual, a cultivator is weak and cannot hope to stand up against the gigantic forces that lead to his exploitation. Through Co-operation he acquires strength. At the same time, the co-operative method affords sufficient freedom to the individual. The freedom of the individual however has to be used for the benefit of the community of which he is a part and it is this healthy compromise between discipline and freedom that is embodied in the Co-operative motto "*All for each: Each for all*". "One cannot think of a more wholesome philosophy for a country of self-reliant cultivators living in communities small enough for one person to know another and willing to pool their resources and create social and economic unity and strength. As the Hon'ble Sri P. S. Kumaraswami Raja, the Premier, has recently observed, "Co-operation implies unity of interest, pooling of resources and talents and doing work for the good of the many. A Co-operative Society organised by a group of individuals stands for the benefit of the entire group affording opportunities to one and all of them for the development of virtues like honesty, self-help and unity. It is an organisation for doing business in a strictly business-like manner, guided by the ideal of encouraging in its members habits of industry, thrift, and prudence and mutual help. A socialist democratic State being our Nation's ideal, co-operative societies functioning as they do on principles of socialism and democracy make no ordinary contribution for the achievement of that ideal. In the present state of our society with its many-sided growth and development, requiring 'individualism' to give place to 'collectivism' as a device to ensure the well-being of all, co-operative institutions play a useful part.

The Madras Government have been alive to the potentialities of harnessing the Co-operative Movement for working schemes of national improvement and have shaped their policies and programmes in such a way as to foster the growth of the Movement in different directions in spite of opposition from vested interests. Thanks largely to their generous policy and the efforts of a large band of Co-operators in the Province, Co-operation has extended its share of activities in various directions to bring about the economic regeneration of the people. India is a land of villages and economic independence has to be rooted in the villages. The re-organisation of rural credit societies which form the backbone of the Co-operative Movement in India has attracted the attention of many conferences and committees. The 7th All India Co-operative Conference and the 15th All India Registrars' Conference held at Madras in May 1947 devoted a great deal of thought and attention on this important subject. The view was taken that rural credit societies should not only dispense credit to agriculturists but also undertake the marketing of agricultural and dairy products, the supply of agricultural and domestic requirements, the supply of raw materials to artisans and the marketing of their finished products. In short, they should take over the entire economic activity in the village. This is indeed not a new idea. Rural co-operative societies organised in

our Province were originally conceived as multipurpose societies and provision was made in their bylaws for the carrying out of these objects. But owing to a number of causes, very few rural credit societies made a serious attempt to put into effect these by-laws. However, during the period of war and in subsequent years, rural credit societies demonstrated that they could successfully take up activities other than credit provided the need for these special activities was really felt by the members and the *Panchayatdars* were enthusiastic enough to shoulder additional responsibilities. Several rural credit societies undertook the distribution of controlled commodities and took up activities other than credit. In order to give a fillip to the promotion of multipurpose activities in rural credit societies, Government sanctioned in November 1948 a scheme for the employment of additional staff of supervisors by central banks and have also sanctioned a subsidy of Rs. 1.36 lakhs per annum for the purpose. As you know, this is a two-year plan for bringing within the fold of rural credit societies 50 per cent of the villages in the Province and a third of the population as also to make all the credit societies undertake multipurpose activities within that period. There is reason to think that this scheme has better chances of success now than before, thanks largely to the encouragement given by Government by entrusting the societies with distribution of grains, cloth, agricultural implements, etc., and because of a greater realisation on the part of the people that they can serve their needs best through organisations of this type. As you know, Government have also permitted the special staff appointed for the Amelioration side of Prohibition to attend to this work. The scheme for reorganisation of rural credit societies was launched in the Province in February 1949 and by the beginning of May 1949 all the 30 Central Banks had begun to work the scheme. It has now been in force in most of the districts for nearly 9 months. On 30-9-49, there were 628 Supervisors employed by the Central Banks. As a result of the special efforts taken by the Central Banks and the special staff, it is pleasing to note that in the area of 16 Central Banks, 50 per cent of villages have been covered by societies. But the progress in bringing one third of the population within the fold of the Co-operatives has not been equally encouraging, and in the area of Ramachandrapuram Central Bank this limit has been reached. The percentages of villages covered by societies and the population served by them on date are 49.7 and 14.04 respectively while they were 43 and 10.7 respectively at the time of introduction of the scheme. In the matter of credit societies undertaking multipurpose activities also there has been a fair amount of progress. On date, 3,192 societies have undertaken activities other than credit and out of 12,418 credit societies 9,665 have been good and active. They transacted business other than credit to the extent of Rs. 133.5 lakhs besides undertaking other social activities. There is yet, however, a vast amount of work to be done. I am not unaware of the difficulties besetting

the scheme and the time and energy required to work it apart from the availability of the necessary funds. A good deal would depend on the men on the spot, the *panchayatdars* and other persons who are at the helm of affairs in the societies. Every endeavour should, however, be made to achieve the targets which we have in view. Doubtless there are a number of societies which are not functioning well even for a single purpose and it would be more difficult to induce them to take up other activities. The process will take time but a good deal of energy, honesty and sustained work is necessary. Societies should be persuaded to take up one activity after another and develop gradually. It is not necessary that they should do all items of work simultaneously. Provision of credit, marketing and supply of requirements of the villagers—agricultural, domestic and industrial—are the 3 main groups of activities which rural credit societies can do. Next to provision of credit, marketing is essential. Unless the ryot is enabled to reap the full benefit of the produce raised by him, his labour will be in vain. Credit should, therefore, be linked with marketing. The ryot should be enabled to keep his produce for favourable market instead of disposing of it soon after harvest. Loans can be granted by credit societies on the pledge of produce to be taken over to the sale societies and arrangements made for the marketing of the produce. This is an important line of activity in which the credit societies can render service to the ryots. The third item in the group of multipurpose activities is the supply of the requirements of the members agricultural, domestic and industrial. Credit societies have undertaken the distribution of foodgrains and other controlled commodities and if the people in a particular village want that the societies should undertake this work, it should be possible for the societies to get it. The societies can also undertake distribution of agricultural implements, etc., wherever possible. In places where there are artisans, credit societies can advance loans to them and where there is a fairly large number of artisans, they can go further and take over the finished products and arrange for the sale through the primary co-operative stores or central co-operative stores. These are the main items on the economic side which rural credit societies can undertake. Other activities which can be taken by them are promotion of thrift through systematic savings through hundi boxes or recurring deposit system, promotion of social and recreational activities such as running of reading rooms, libraries, conduct of games, etc. Special bylaws have been framed for this purpose and 682 societies have adopted them and 95 societies particularly in districts of South Kanara and Chittoor are undertaking these activities. May I take this opportunity to make an appeal to the Central Banks and the non-official Co-operators to give their earnest attention to the working of the scheme and see that all good working societies become really multi-purpose in character. I am sure that with the co-operation and help of the central banks the targets

fixed will be reached. But what is more important is that the progress, should be permanent.

Reverting to the question of rural credit societies, helping the ryots to hold up their produce and market it, I may refer to the scheme sanctioned by Government for the grant of subsidy to rural credit societies for this purpose. The construction of a godown by a society is indeed a very necessary and desirable step. The village co-operatives should help the agriculturists to stock their produce until they secure a fair price for it. It is a matter of common knowledge that under the existing conditions, the agriculturists are forced to sell their produce immediately after harvest owing to lack of or inadequacy of storage facilities. The merchants purchase their produce at very low prices, store it for a while and sell it later at advantageous prices. And thus they take a good proportion of the margin which otherwise would go to the growers. No provision is more calculated to improve the staying and economic power of the agriculturists than the provision of adequate godown facilities and the sale of their produce. Co-operative societies should, therefore, be enabled to own godowns so that the members may be helped to hold over the produce for a better market. Such of those who are in urgent need of money can raise loans on the security of produce and repay them after the sale of the produce. A neighbouring Marketing Society can arrange the sale of the produce by frequent public auction. Storage in a common godown which should be rat-proof and damp-proof, would go a long way to prevent the present wastage of food grains or commercial crops by rats vermin, etc. Further, insurance, watch and ward can be economically arranged for. These facilities will not be forthcoming generally if the agriculturists store their produce individually.

Government have been assisting rural credit societies and sale societies for constructing godowns. Upto the period ended 30.6.49, about 50 credit societies and 32 sale societies have put up godowns. But the concessions of long-term loans and subsidy were not fully made use of by many societies partly due to the increasing cost of construction and partly due to the rather unattractive nature of the concession given to them. Loans were granted repayable in 30 years to meet not more than 25 per cent of the cost of construction. Subsidy upto 25 per cent of the cost of construction was restricted to a few deserving cases. These financial aids could stimulate only 38 Sale Societies to put up godowns at a total cost of Rs. 5.36 lakhs. Government, however, have recently sanctioned a sum of Rs. 5 lakhs for grant of subsidy to rural credit societies and sale societies to the extent of 50 per cent of the cost of godowns, if the societies are able to raise funds by way of donations, share capital or otherwise to meet the other half of the cost. I am sure that this generous help offered by the Government will be taken advantage of by the societies and steps taken

to put up godowns. 102 credit societies and 22 sale societies have been selected for the purpose of construction of godowns during the present financial year and in 32 of them proposals have been finalised. I regret however to note that inspite of the fact that 50 per cent of the estimated cost has been offered as subsidy, societies have not come forward quickly except in a few cases like you to avail themselves of the concession. The putting up of godowns involves no doubt some effort; but I am sure local leaders and public spirited men will not be wanting to come forward and undertake the construction and complete it by the end of March 1950. Several details require close attention such as procuring sites, gathering materials, supervising the progress of construction, etc. But I am sure that the panchayatdars and local people will give their best efforts for this common enterprise. The best approach for rural development is 'to help the villager to help himself', and here is a case where Government have offered to help the villager if he is going to help himself to an equal degree. I would like to have this opportunity to appeal to all the central banks, credit societies and sale societies in the Province to hasten and not to lose time in procuring a godown for the village which, in course of time, will serve not only the purpose of a godown but much more than that. A godown apart from its economic benefits by way of stocking facilities offered to the ryots can be used as an office for the society which owns it. The possession of a building confers a certain status and dignity to rural societies apart from affording facilities to undertake several activities, particularly if the godown is so constructed as to serve as a common building for other purposes, the society can make a notable progress in promoting rural welfare. Rural credit societies, as I said, can undertake social and recreational activities as well. This aspect of their working has been receiving increased attention after the Amelioration side of Prohibition work has been transferred to the Co-operative Department and for undertaking these activities a building for the society would be a great asset. For as observed by the Madras Prohibition Enquiry Committee, (1948), 'the co-operative societies may so construct the godowns as to make provision for a village library and reading room, radio, a play ground and a park apart from drying pards in its compound. Thus these buildings will become community centres and promote not only economic but also social and cultural development of the people. Although the village *panchayats* ordinarily establish libraries, reading room, parks and play grounds, co-operative societies, wherever possible, can supplement their efforts in this direction, and create a community of life in the villages and make the rural co-operative societies a vital link in the daily life of the villagers, instead of being as at present in several cases, an institution which he contacts only when he wants to borrow. The construction of a net work of godowns-cum-community halls will have the way for socio-economic progress in the villages. Government have under consideration the question of extending

the concession of giving the subsidy in respect of the village halls also that may be constructed by the rural credit societies. I sincerely hope that local leaders will come forward and see that their villages are soon provided with buildings which will serve not only as godowns but centres of social life in the villages.

Sale societies are also encouraged to put up godowns and 50 per cent of the estimated cost of construction is given as subsidy. So far, 22 sale societies have been selected for the purpose of which your Marketing Society is one. Sale societies have a much greater part to play in the marketing of agricultural produce than even rural credit societies. They are associations of the producers and a net work of sale societies can help to eliminate unnecessary middlemen and secure for the ryots a fair rate for the produce raised by them. It is a matter of common knowledge that the present methods of marketing agricultural produce are not satisfactory either from the point of view of the producer or the consumer, that there is certain superfluity of middlemen in the chain of marketing and sale and that a combination of producers on a co-operative basis offers possibilities of successful marketing and sales and will ensure return to the producer.

The Technical Meeting on Co-operation held recently at Lucknow under the auspices of the Food and Agricultural Organisation of the United Nations was of opinion that co-operative marketing would confer on the agricultural producer even greater benefits than credit. Credit might save some money in interest charges to the agricultural borrower, but a greater drain on his income than the exorbitant interest that the village money lender charges on the loans was exploitation by the trader who gave the producer an inadequate share of the price of his produce. Moreover the existence of a chain of middlemen in the marketing of agricultural goods considerably reduced the return to the producer. If such middlemen could be eliminated and a fair share of the price secured to the former, the additional income he would receive thereby would be of far greater benefit to him. Such additional income would also help him to pay debts to the society more readily, and thus it would improve the marketing of credit institutions themselves. This could be achieved through the organisation of co-operative marketing societies; but while a complete co-operative structure has been built up for credit, similar organisations do not exist for marketing. It should also be borne in mind that the working of marketing societies is not so simple as the working of credit societies. The former institutions require men with special knowledge and special training to manage them successfully.

The Meeting therefore recommends " (a) that both Governments and non-official co-operators in every member country could endeavour to build up a structure for marketing similar to that for credit beginning with the primary village collecting centres and lending on central marketing and Apex Marketing Federations and that Governments should help these

institutions in the initial stages at least, with subventions, technical service and patronage;

(b) that with a view to implementing the above recommendation Governments should set up a special marketing division in the Co-operative Department in addition to other marketing staffs maintained separately". Co-operative marketing has, to the extent possible under the present condition, been a success in Madras and there are outstanding examples of successful marketing on a co-operative basis. On 30-6-49, there were 238 Sale Societies, 5 Marketing Federations and one Trading Union in the Province. They have issued loans to the extent of Rs. 144.11 lakhs, procured food grains to the extent of Rs. 25.93 lakhs, undertaken processing activities to the extent of Rs. 8.30 lakhs and distributed agricultural implements to the extent of Rs. 2.31 lakhs. The Province is very nearly covered by Sale Societies and with another 25 Societies the whole Province will be covered at the rate of one for each taluk. Under the present system of food procurements at fixed ceiling prices, the normal working of sale societies has to some extent received a set back because they cannot hold over produce awaiting a better price. However with the removal of controls, these societies can play their useful role and assist their producers in getting advantageous prices for their produce. It need hardly be stated that unless there are suitable godowns, sale societies cannot undertake effectively functions like assembling, grading, storage, marketing, etc. Government have made available to sale societies free grants to the extent of 50 per cent of the estimated cost of the building and I am sure that sale societies will avail themselves of the concessions and lose no time to put up suitable buildings which will serve not only as a storage house but also as a centre for distribution of agricultural requirements of the villagers.

Co-operation has two sides—the business administration and the idealistic re-organisation of the people. A rural credit society, first and last, is a business concern. If it is to function as an effective organisation of economic lift, it should embrace within its fold most of the people in the village. The society cannot confer benefits on the people unless the society itself is financially strong. For this, it should be able to transact sufficient business. It should be available for the villagers at all times. It should help the villagers in a variety of ways. It should be a place where the villagers can go for advice and assistance. To perform these functions it is necessary that the Societies should be manned by proper staff. The *Panchayatdars* or the local leaders may lay down the policy, guide the general administration and offer their views or opinions on men and matters, but the day-to-day administration must be run by a person who has got the necessary time and leisure. Too much dependence on honorary work will not carry us far. Paid staff has to be employed and for this purpose the societies should command sufficient business so that there may be adequate margin to meet the cost of the staff and establishment. In short,

the Society should be an economic unit capable of catering to the needs of the villagers effectively. It should be the endeavour therefore of the rural credit societies to employ the necessary staff wherever possible and to develop the business. Where it is not possible to employ paid staff, local *Panchayatdars* may be selected and remuneration given for services rendered by them. While, therefore, credit societies should aim at doing business conferring economic advantages to the members, they should not forget at the same time the largely social aspects of Co-operation and the philosophy of the Movement. A Co-operative Society is not only an instrument for economic betterment but also for the enlightenment of the higher social ideals and good citizenship. The men in charge of the affairs of the Co-operatives should be sincere and honest workers imbued with true Co-operative spirit and animated by a zeal to work for the benefit of the others. The future success of the Movement calls for an increasing number of enthusiastic public spirited workers filled with spirit of Co-operation. To the extent the country has produced such workers—and there is, no doubt, that such workers will be forthcoming in large numbers—we shall expect the Movement to play its part in the building up of India.

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SPEECH DELIVERED BY K. SUBRAHMANYAM,
Joint Registrar of Co-operative Societies, Madras.

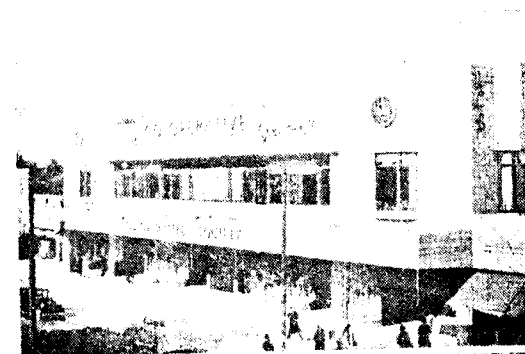
Survey of Consumers Co-operation Abroad

All the countries that we visited viz., the United States of America, the United Kingdom and the Scandinavian countries have made progress in consumers co-operation in varying degrees. It will be impossible for one to cover even in a sketchy manner the entire ground. I will have to content myself with making a passing reference to the progress which these countries have made.

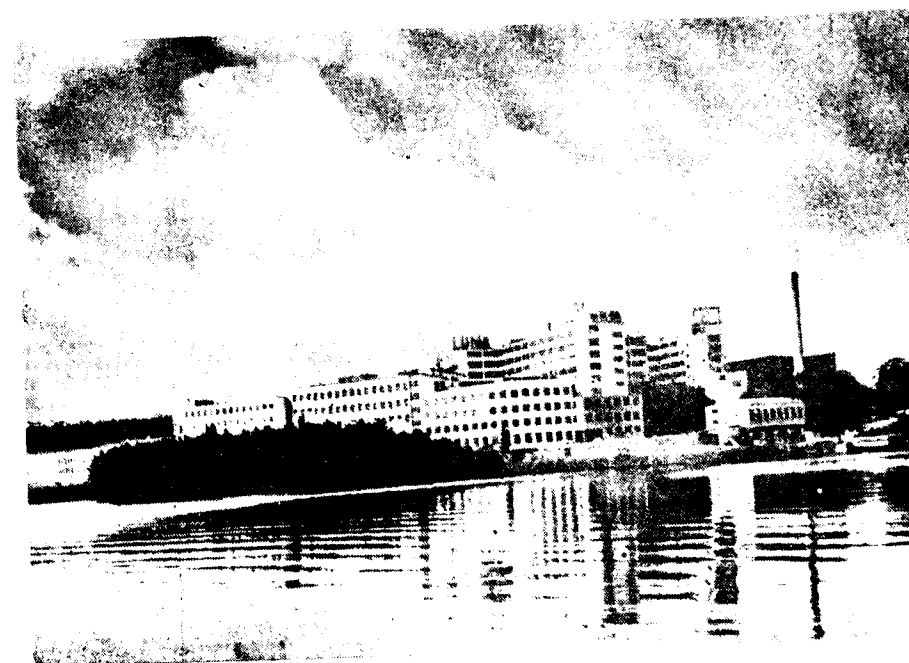
United States of America.—The U. S. A. has made substantial and spectacular contribution to the co-operative marketing of agricultural produce such as fruit, cotton, wheat, etc.; she has made equally big contribution to the co-operative supply of seed, feed, fertilizers and agricultural machinery and implements. Co-operative rural electrification is yet another branch of co-operative endeavour which the Roosevelt Administration generally promoted and which has since made considerable advance. Co-operative dairying also has made great progress. In recent years artificial insemination of dairy cattle through co-operative associations has become popular. Agricultural credit, both short-term and long-term, has been organised through a rather complicated machinery of Farm Credit Administration. The achievements of the U.S.A. in the co-operative field have been, it seems to me, overshadowed by the great scientific, technological and industrial progress which that country has made, and that is probably a reason why her co-operative achievements are not so well known.

In the face of these achievements, it is rather surprising that U.S.A. has not made any notable advance in consumers co-operation as we know it in England. We were at pains to know the reason. The pattern of American retail distributive system is given as almost the sole reason for the relatively insignificant place which consumers co-operation occupies in the economic life of that country. Drug Stores, departmental stores and food chains—these are the most common retail distributive agencies which established themselves earlier as an integral part of the economic life of the people. These agencies supply the necessities of life at highly competitive prices. When food-stuffs, groceries, cloth, furniture and all other things which the American needs for his household are supplied at competitive prices and the services rendered are satisfactory and efficient, there is no reason, it is argued, why these agencies should be replaced by another system which probably may not give larger gains or better and more efficient services. Attempts are, however, being made to organise

A Modern Co-operative Store,
(England)



The Original Toad Lane Shop
of the Rochdale Pioneers
(1811)



Luma : Electric Lamp Factory, (Sweden)

co-operative stores in factories and industrial workshops and we learn that trade unions have been interesting themselves in this campaign.

Sweden.—The Scandinavian countries have to their credit a remarkable record of progress in co-operative distribution. From what we have seen, Sweden occupies a high place. The movement comprises all classes of consumers, manual workers, skilled and industrial workers, professional classes, farmers and agricultural workers. The total membership is over 877,000 and it is claimed that one family in every three belongs to a co-operative society. It is estimated that the share of co-operative societies in the total retail trade in Sweden is about 15 per cent. The growth of retail societies has been fostered and encouraged by the Co-operative Wholesale Society familiarly known as KF. In 1947 there were 677 retail societies with a chain of about 7200 shops scattered all over the country. The co-operatives are well in front in the retail grocery field. The co-operative food stores in Stockholm, for instance, handle about 25 per cent of the city's total grocery trade. The Stockholm City co-operative stores has over 133,000 members and its annual sales are about 270 million kroners; this society alone accounts for about one-fifth of total retail trade in Sweden. In point of sales volume it is second only to London society. It has twelve restaurants where the public get meals at moderate prices. The societies have built up modern shops and have also opened Sweden's first self-service grocery stores. Members and non-members get the same patronage refund but non-members receive rebate in the form of shares in the society, thus automatically becoming members. Our impression is that the co-operative shops present more attractive appearance and the display and arrangement of articles are more pleasing to the eye. Art is harmoniously blended with business.

The national organisation owned by the local societies is known as Co-operative Forbundet, popularly styled KF. KF runs 30 factories, producing a variety of goods such as fertilisers, food-stuffs, agricultural machinery, china, electric bulbs, rubber tyres etc. In 1947 the total value of KF's output was 329 million crowns, and the total sales of KF and its subsidiary enterprises amounted to 431 million crowns. The total sales of all retail societies in the country were round about 1,800 million crowns. KF entered production in order to combat monopolies and cartels. The first production venture was a margarine factory, now the biggest in Sweden. Luma, the Co-operative Bulb Electric Factory, forced the International Electric Light Combine to lower its prices substantially in Sweden. The price charged by the cartel for a standard 25 watt lamp was 1.35 kroners. The Co-operative Factory, Luma, aimed at 85 ore. The cartel immediately reduced its price by 10 ore and after the Factory's lamps had been on sale for a few months, the cartel reduced its price to 85 ore.

Consumer co-operatives have gone into insurance business in order to supply their own insurance coverage and to make the insurance costs cheaper. The most recent field to be explored by the co-operatives is the oil trade. As a side line KF publishes books and half a dozen periodicals.

While KF holds an important place in the industrial production of the country and is able to influence the prices of industrial workshops and factories owned by private capitalists, there has nevertheless been a flexible collaboration on the part of KF with capitalist enterprise. The Swedish Co-operators believe, we are told, that in their country atleast the ideal of a society where the manufacture and distribution of all consumer goods is co-operatively owned and administered is an impossibility. Nor do they consider it practical to employ co-operative methods through every stage of production. KF supplies about 35 per cent of the total requirements of its retail societies and many of these 35 per cent of commodities are made by capitalist firms and issued by KF under its own brand name. While Sweden has adopted the basic Rochdale principles, her ideology and philosophy of consumer co-operation, particularly in its relations with the capitalist enterprise, somewhat differs from the ideology of the British Co-operators. The Swedish co-operatives engage themselves in a wide range of educational activities but the most interesting development in recent years is the physical education of their members. Each year 3000 to 4000 housewives regularly take part in gymnastics or physical activities. These "housewife gymnastics" which originally came into being on the initiative of the Stockholm Co-operative society have gained vast popularity throughout the Swedish co-operative movement and have also attracted attention abroad.

Denmark.—We associate Denmark more often with agricultural co-operation, particularly her co-operative butter societies and bacon societies. It is true that the Danish butter and the Danish bacon saved the Danish people at a time when the country was threatened with a national economic disaster after the loss of some more territory in the war with Prussia in 1864 and the tragic collapse in corn prices a little later. But consumers co-operation has made equally satisfactory progress in that country and its characteristic feature is its rural bias; we are told that it is two-thirds rural and one-third urban. It is surprising that a small country with a population of 4 million has about 2,000 retail societies federated into a Co-operative wholesale known as "F. D. B.". It is estimated that 10 to 12 per cent of the total retail trade of the country is handled by co-operative societies. It is however pointed out that we cannot measure their economic significance from this percentage alone; they exercise considerable influence in keeping down prices of important commodities and they thus benefit not only their own members but also other consumers. It is the belief of the Danish that the societies—both retail and wholesale—act as a check

on the forming of rings and monopolies. The Wholesale Society engages itself in production and owns a tobacco factory, a margarine factory and flour mills. When we visited the Wholesale Society in Copenhagen the Officer who acted as our instructor, told us with evident pride that the chocolate manufactured by it was 100 per cent co-operative, that cocoa was supplied by a grower's Co-operative Society in South Africa, that it was transported in the ships of the English Co-operative Wholesale Stores and that chocolate was manufactured in the factory owned by it. It works in close collaboration with Wholesale Societies of other Northern countries. A joint Scandinavian Co-operative Society known as N. A. F. was started in 1918. It is the purchasing agency of the Wholesale Societies of the four Northern countries viz. Sweden, Denmark, Norway and Finland. The work of the agency is mostly done by overseas depots. It has a branch office in London through which its total trade is transacted. The principal commodities in which it deals are coffee, dried fruits, cereals, oils, and raw materials for co-operative factories.

Co-operative canteens represent a recent growth of consumers co-operation in Denmark. The object is to replace private canteens operating in big industrial concerns by Co-operative Societies. There are about 40 co-operative bakeries which supply 20 to 25 per cent of the rye bread produced in the country and exercise considerable influence on the prices of bread. Though they operate in the midst of working class population, they operate a regular mobile retail service. It is said that about 1,000 bakers are employed in the Co-operative bakeries and their total sales in 1947 amounted to 37 million kroner (nearly £ 2 million). The bakeries have a federation which acts as a Wholesale Society and runs a flour mill and a central laboratory. The laboratory has been of great service in improving the quality and nutritional value of bread; and it makes use of the latest scientific discoveries and research in respect of dietetics and its investigations, we learn, have been of value to the bread baking trade as a whole.

England.—But it is England that was the birth-place of consumers co-operation; she has built up the system on a strikingly large scale which has no parallel in any other country in the world. The Toad Lane in Rochdale saw the foundation by twenty-eight social reformers of a tiny co-operative stores in 1844. It had in its first year 74 members and its sales were £710. Its present membership is about 32,000 and its share capital £ 539,000 and its annual sales exceed £ 1,240,000. Over 254,000 workers are employed in retail distributive and productive work in the country. The hundred years which have since elapsed have witnessed a phenomenal growth in consumers co-operation. The spark which the reformers lighted in Rochdale has become a shining beacon to working men all the world over. There are now about 1080 retail societies with a membership of

about 10 million and a share capital of approximately £ 250 million. Their sales in 1947 exceeded £ 402 million.

Most of the retail societies are still being carried on, generally on the same basic principles on which the Rochdale Society was founded—Open membership, limited interest on shares, dividend on purchases, one man one vote, sales to members, cash sales etc. There have, however, been deviations from some of the principles which, we are told, have been forced by the changing social and economic conditions in the country. For instance, credit sales have become more or less common though the credit allowed is for very short periods and the credit, we are assured, does not get frozen as recoveries are made before members make subsequent purchases. These short credits are sometimes styled as deferred payments and as working class men and women usually get their wages once a week, payments are generally regular. Hire purchase is a common device which co-operative stores have adopted particularly in respect of sales of costly articles such as furniture. The sale of goods on credit by the competitors of co-operative retail societies is yet another justification.

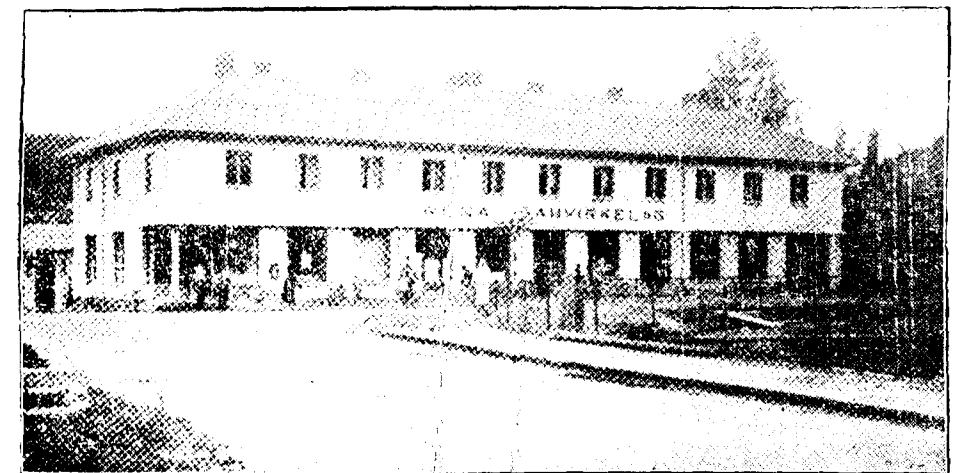
Sales have not been confined to members. Non-members can as well make their purchases though in most cases such sales do not exceed 2 or 3 or 4 per cent of the total sales. Dividend on such purchases is, as a rule, not paid. Retail societies generally observe the principle of one man one vote though in some cases inactive or non-purchasing members are deprived of their right of voting. The Co-operative Wholesale Society has, however, deviated from this principle. Every member-society has one vote in respect of its membership, one vote for the first £ 12,500 of its purchases from the Co-operative Wholesale Society and a further vote for every £ 25,000 of additional purchases.

Political neutrality, whatever it might have meant to the pioneers, is no longer observed in practice. The Co-operative Party with its 23 members in the House of Commons is an active political group of no mean influence and its voice is heard in the counsels of the Socialist Government which in its turn looks to it for political support in all its schemes of social and economic welfare.

It is not necessary for me to give reasons for such deviations. As I have said, the co-operators consider that if the consumers movement is to make progress, it must be flexible and that though the democratic basis of consumers co-operation remains as it was originally designed, its working principles will have to change so as to promote its growth and development. We have noticed this flexibility in most types of co-operative organisations that we visited and this is in contrast to what often seems to a critic to be the rigidity of our system.



A modern Rural Co-operative Store, (Sweden)



The shop of a Rural Co-operative Store, (Norway)

Recent Trends in British Consumers Co-operation

Process of integration of retail societies.—You may perhaps be interested in knowing certain new features and recent trends in consumers co-operation in the United Kingdom. The first is a reduction in the number of retail societies and the emergence of large retail societies through a process of integration and absorption by bigger societies. While there were 1,455 retail societies with an average membership of 1,866 in 1903, there were in 1945, 1050 societies with an average membership of about 9,000. In 1945 there were 101 societies with more than 20,000 members each, representing about 63 per cent of the total membership of all societies, while the remaining societies (about 950) represented the balance of 37 per cent of total membership. At the end of 1947 there were eight societies with a membership of over 100,000, the London society with about a million members on its rolls leading the others. We had a mild shock when we visited the London Co-operative Society and were told that its membership was about a million. The Royal Arsenal Society which we visited later, has a membership of a little less than 400,000. This process of amalgamation and of concentration of retail trading has been largely influenced by economic pressure. Such of the societies as are not in a strong financial or trading condition have no other course left open than to seek absorption with a bigger society. It is realised that in the midst of the present-day industrial set-up with its monopolies, cartels, trade associations and other forms of concentrated financial power, large specialised production with more direct links between the manufacturer and retail distribution and the emergence, in consequence, of an increasing number of speciality shops, offering their cheap and attractive goods to the consumer, there are possible dangers of too many comparatively small retail co-operative societies operating as loosely federated individual units.

There is another reason, too, for this process. There has been substantial increase in the production and distribution of food-stuffs such as groceries, meat and milk and the consumer movement's trade now amounted to a substantial percentage of the nation's trade. But in other sections the same measure of comparative progress has not been achieved. In clothing, household furnishing and hardware, for example, a far smaller proportion of the people's needs are supplied from co-operative sources. It is believed that in these trades and other high-priced unit commodities small trading units will operate at a great disadvantage and that there is therefore need for much more closely knit organisations.

When we visited a small society in the countryside in the Lake district its general manager who is an old gentleman of 70 years regretted this process. His view is that this process has been dictated for reasons of power politics, and that the personal and co-operative character of small



Co-operative shop of a Provincial Society, (Denmark)



A Co-operative Self-service Store, (Norway)

retail societies will be lost. He seems to represent the old school of thought. The new school of thought, if I may say so, considers that the speed of amalgamation of societies ought to have been much greater than it was in the last 20 or 30 years. In view of the rapidity of economic and social changes in general and changes in retail distribution in particular, it appears to us from what we could gather and see, that the views of the new school will ultimately prevail.

I may in passing refer to the share of co-operative retail trade to the total national trade in the United Kingdom. Recent studies estimate the proportion at about 15 per cent. In foodstuffs it is put at 17 per cent. The co-operative proportion of national trade is about 30 per cent in the case of milk distribution. In the case of meat it is about 14 per cent. The movement's share of the national trade in bread and confectionery is about 15 per cent while in the case of bread alone it is 20 per cent. Coal distribution represents 15 per cent of the national total. The proportion of foot-wear is a little higher than 10 per cent. In respect of drapery, tailoring and outfitting, furnishing and hardware, the percentage is about 7. It is thus clear that the greatest degree of co-operative penetration in retail trade is in foodstuffs.

Retail Activities of Wholesale Societies.—While on this point, I must refer to the policy followed by the English and Scottish Wholesale Societies in the matter of retail distribution. The English Co-operative Wholesale Society has formed a special society known as the C. W. S. Retail Society, Ltd. and this society has taken over in the last 20 years a number of existing retail societies probably at the latter's request. There are now 22 such societies and branches managed by the C.W.S. Retail Society. Their members exceed 100,000 and their sales in 1947 were over £ 4 million.

The Scottish C.W.S. has, on the other hand, not followed a policy of taking over existing retail societies but has actually opened branch shops in undeveloped areas. In 1947 it had 127 branches with a membership of about 100,000 and their sales in that year exceeded £ 3,700,000.

Self-service shops.—Another feature of recent origin has been the introduction of self-service system into many retail societies. This system is most wide spread in the American food stores. The essence of the system is this. In a self-service shop all kinds of food stuffs and standardised articles are displayed on shelves or stands. There is an entrance and an exit. On entering the customer finds a stand with baskets, takes one and then enters the store proper. She then helps herself to the goods in the self-service fittings, making her selection leisurely or quickly as she wishes. All the goods are packaged and priced. Meat, vegetables, and such other articles may, however, be bought at a special counter with a traditional service. Payment is made at the cashier's or check-out desk

where the value of the purchases is made out. The customer returns the basket and leaves the store. Under the self-service arrangement no one has to wait for anyone else; a person wishing to shop extensively can take her own time. By reducing the number of attendants there is a prospect that these stores, once they are well established, may lower the retail costs. Though self-service shops are still on an experimental basis, there is little doubt that self-service has come to stay.

In a country like India where many of the house-hold goods are not standardised, self-service presents great difficulties. The matter, however, calls for investigation. For instance, baby foods, medicines, sugar, tea, confectionery, chocolate, canned goods, washing and toilet soaps, face powders and certain other toilet goods etc, may perhaps admit of self-service.

Mobile Shops.—Another interesting feature is the mobile or travelling co-operative shop. All important consumer goods are arranged in a motor van which goes on fixed days to the outlying parts of the town which do not command facilities of co-operative or private retail distribution. This is becoming more popular especially in new towns or housing centres which are springing up during the post-war period.

National Membership.—A new arrangement designed to popularise co-operative retail distribution is the institution of what has come to be known as "National Membership". What is meant by it is that certain rights of membership in other retail co-operative societies will be available to any number of a retail co-operative society on a national plan, regardless of domicile without vitiating the responsibility of membership of the retail societies in which the member is registered. Under this arrangement members obtain the economic benefits of co-operative purchases from other societies in addition to their own. Dividend upon purchases made is automatically credited in any society so as to encourage co-operative trading wherever the member may be. In addition, his share capital can also be transferred when a member moves from one district to another so as to facilitate continuity of membership, trade and investment. This is becoming popular and the member is assured of the dividend on purchases which he makes in any co-operative society in the country irrespective of the fact that he is the member of a particular society.

Educational and Social Activities.—Educational, cultural and social activities form an important element in the working of retail societies. Usually a certain proportion of net profits is carried to an education fund and an Education Committee is entrusted with the duty of devising schemes of educational, cultural and social activities amongst the members. Technical education of employees in salesmanship is equally taken care of, and scholarships are awarded to the best of the employees for further training in the Co-operative College or in the country's technical

institutions. Quarterly meetings (which under the constitution of the societies are and must be held) for a review of the progress made, periodical conferences and annual congresses, study groups and discussions on common problems, sports and games, dances, picnics, children's parties and publication of periodicals of interest to members and consumers are the usual methods devised to keep up the enthusiasm and promote the interest of members in their retail societies.

Role of women.—The Women's Co-operative Guild, the Scottish Women's Guild, the Co-operative Men's Guild, the Scottish Co-operative Men's Guild and the National Guild of Co-operators for both men and women are adult auxiliary or promotional agencies which endeavour to spread co-operation and propagate the social and ethical ideals of consumers co-operation.

Women take an active part in the affairs of retail societies. When we visited the London Co-operative Society, we asked one of the directors how many women directors there were on the board. He could not immediately give an answer, and after the number was actually counted, it transpired that the number of women directors was more than that of men directors. We had the privilege of meeting some of the women directors of the London Society and of noticing their enthusiasm and keenness and their knowledge of the society's affairs.

One of the women directors accompanied a group of English Co-operators who visited the St. Cuthbert Co-operative Society in Edinburgh. I was the only Indian who joined the party. They showed us some of the farms, piggery and dairy owned and run by the society. That evening we were entertained at a dinner. Courtesy required that I had to speak after the visitors finished their speeches. I paid a compliment to the lady who accompanied the party and who displayed considerable interest, activity and knowledge. The lady came to me after the meeting apparently desiring to ascertain whether what I spoke represented my genuine feelings. I said that it was so and added that if only our women in India took as much interest as the English and Scotch women did, probably consumers co-operation in my country would have been somewhat different. The participation of women in the management of co-operatives in England appears very natural. Most of the employees in co-operative shops are only women.

Co-operative Youth Movement.—A line of recent development of great potential value to the movement is the establishment of a National Co-operative Youth Movement to interest young people in co-operative democracy and to teach them the social significance of co-operation as a way of living, to organise the youth for social, cultural and recreational activities and to develop personality and character through healthy interests and self-discipline. Co-operative Youth Clubs for three age groups, 7 to 11 years,

11 to 15 years and from school-leaving age to 20 years have been formed. About 40,000 young people are members. Three permanent youth holiday centres have been established primarily to serve this movement. A National Youth Organiser serves on the headquarters staff of the Co-operative Union to co-ordinate and advise on youth work.

The Co-operative Wholesale Society.—The strength of the British Co-operative movement seems to us to lie among other things in the co-operative wholesale society which is owned and controlled by the retail societies. The C.W.S. as it is popularly known, was started in 1863 when the retail societies found themselves at the mercy of manufacturers and merchants who could and often did withhold supplies. For ten years the C.W.S. was struggling. In 1873 it opened its first factory for the manufacture of biscuits. Since then it has steadily developed the manufacturing side of its activities, increasing and extending its factories and workshops until it now owns some 200 productive enterprises in all parts of England and Wales. About 800 retail societies are members of the C.W.S. apart from some agricultural and other societies. It acts as a wholesale merchant of retail societies and everything they need, from food-stuffs to furniture, from coal to clothing, can be obtained from the C.W.S. The C.W.S. itself manufactures many of the articles and it ranks among the most important industrial and manufacturing concerns of the country. It is the largest co-operative trading society in the world. The total output of its 200 manufacturing concerns exceeded £ 64 million in 1947. The C.W.S. is a Banker. The C.W.S. Bank is one of the biggest banks in the country. Insurance facilities are offered by it through the Co-operative Insurance Society which is jointly owned by it with the Scottish C.W.S. In shipping, the C.W.S. operate a regular service between Manchester and the Continent. As a farmer, the C.W.S. has 18 farms and estates covering about 24,000 acres.

Its production comprises a vast field—biscuits, glass-ware, soaps, flour, cigars and cigarettes, oil and cake, printing, butter, canned fruits, woollen piece goods, cotton piece goods, knitted goods, shirts, men's and women's clothing, boots and shoes, furniture and bedding, brushes, washing machines, electric and light metal goods, paints, bicycles, cutlery, leather goods etc.

The C.W.S. has got trading depots in Ireland, Canada, Spain, France, U.S.A., West Africa, Australia, New Zealand and South Africa in order to gain direct trade facilities in imported products.

The English and Scottish Wholesale Societies undertake joint enterprise in tea, coffee, cocoa and chocolate and for this purpose, they formed the English and Scottish Joint C.W.S. It has three tea factories, a coffee factory and chocolate works. The society also has many depots and buying stations overseas and extensive plantations in India and Ceylon.

The C.W.S. has recently entered the travel industry. A feature of the British domestic economy which reflects the changed distribution of real income, has been the increasing sums spent on travel and holidays by those in the lower-income groups. The C.W.S. has therefore entered this field and has set up travel departments for the operation of holiday camps and hotels.

Progress of consumers' co-operation in India.—I have said enough to give you a general outline of the progress and achievements of co-operative stores in some of the countries that we visited. As I have said, the greatest and the most amazing progress has been made in the United Kingdom. But then the circumstances, industrial, economic and social, favoured the growth of the movement while, for instance, the same spectacular progress has not been made in the U.S.A. Co-operation is the product of agricultural, economic and social conditions and its direction and complexion are in the main influenced by these conditions. It will be foolish if I were to suggest that whatever has been done or has been possible in other countries in the domain of consumers co-operation can or should be done in our own country or Province. Our agricultural, economic and social conditions as well as our food habits are different. And if consumers co-operation has not gained the same foot-hold in this country as it has done in some of the Western countries, the reasons are not far to seek. I do not, however, suggest that subject to these limitations we should not endeavour to make a success of co-operative stores at any rate in our cities, towns and semi-urban centres. During the last one decade there has been considerable development in consumer co-operatives in our Province. They have to their credit a fine record of social service and it will be ungrateful on our part if in that context, we fail to give a due share of our praise to the T.U.C.S. It has well served the public in the city. The Government have from time to time placed upon it additional responsibilities in the matter of distribution of essential and scarce commodities and these it has discharged to the best of its ability.

Provincial Co-operative Wholesale Society for Madras.—It is not the place, nor have I the time, to refer to the development of our District Co-operative Wholesale Societies and the justification or the need for a large number of such wholesales. I cannot, however, resist making a passing reference to it. I once made a suggestion as a matter of long-term planning for a regional grouping or rationalisation, if I may say so, of our wholesales, based on trading needs rather than, as is now the case, on revenue administration. The need again for a Provincial Co-operative Wholesale Society has long been appreciated by our co-operators but they preferred to defer its formation; for how long, I cannot say. It is not for me to comment on this decision. Personally I regret it. What we have observed confirms the view that consumers co-operatives cannot firmly

establish themselves in any region until local associations have combined to build strong national or central organisations which the consumers control and which pool their buying power, perform many common services and may later go in some degree into production to meet their needs. A strong provincial wholesale society will be in a position to coordinate and pool the purchases of local and regional co-operatives, buy on their behalf essential commodities in important centres of production or supply within or outside the country, to bargain effectively in view of its pooling power, cut out the margins of private importers and wholesalers to some extent and ensure supplies at cheap prices. It can unify trading methods and policies and impart cohesion and strength to the movement.

We have secured promises of help from the wholesale co-operative organisations in the U.S.A., England, Scotland and Sweden as well as the International Co-operative Trading Agency in London to act as the agents of our Provincial Society when formed and to supply consumer goods produced in their own factories and workshops or countries on very reasonable terms. Let me hope that sooner or later we will be able to take advantage of these offers of help and co-operation.

Future Tasks of T. U. C. S.

I have heard it said that there is among some of the directors and members of the T. U. C. S. a feeling of complacency. I mention this not in any spirit of criticism. There can be no greater enemy to progress than a feeling of complacency. We are living in the midst of rapidly changing social and economic conditions. Our social values are changing. The success of the T. U. C. S. will in the coming years be measured by a different yard-stick, by its role in the scheme of changing social values. It has started a number of branches and depots in many important localities in the city. It has still to penetrate into areas inhabited by economically and socially backward section of the community. It has to widen the range of consumer services. There is no reason why, for instance, it should not have a laundry trade. Every one of us present here knows the difficulties which we are experiencing in this matter. The T. U. C. S. can plan an up-to-date laundry, import modern washing machines and provide laundry service to its members. There is again no reason why it should not make a beginning in the manufacture of bread and confectionery on the most scientific and modern lines. Every visitor to the T. U. C. S. has been religiously taken round its only oil chekku in Royapetta as if it represents the height or the end of co-operative production. There is no reason why it should not in a modest measure enter into new fields of production and manufacture. Again, it may start a canteen with up-to-date cooking equipment and point the way to the supply of cheap and clean food prepared under most hygienic conditions. There is in our country very little research into the problem of the consumer

or his needs. A number of alternative and substitute foods is suggested to get over the scarcity of our staple food grains. As a premier consumers organisation it is competent for the T. U. C. S. to conduct experiments in this field and popularise alternative foods among the people. Its monthly publication can be made a more useful medium of instruction to the house-wives than as a dry commentary on the policies of the authorities.

A number of other lines may be suggested. But I know difficulties will be raised against this proposal and that, difficulties of finance, of management, of machinery and equipment and so on. My short answer is that no institution has ever attained success by thinking of difficulties; it is by solving them, by overcoming them, that it can be of greater service to society. It is true that we must play for safety but it is equally true that we must work for greater progress. Business caution needs also to be combined with a spirit of enterprise. What I suggest is that the T. U. C. S. may set up a small Research and Planning Committee to study consumer needs and consumer demand, to make a survey, to take a gallop poll if it likes, from its members on specific matters, to suggest new lines of trade and business, ceaselessly plan and work for its varied development.

The T. U. C. S. may as well enter a wider field. Why should it not, it may be asked, take interest in matters of food production? When we travelled in England and other countries on the Continent either in the country or in the town, we noticed that all available land, compounds of houses and frontages, vacant public places, have all been brought under some kind of agricultural production or vegetable gardening. If there is a vacant space of even one or two or three cents, vegetables such as beans, peas, cabbage, cauliflower, potatoes or fruit plants are grown. It is a pleasing sight to see men and women, young or old, young boys and girls all working in these plots or patches of land, feeling a sense of joy in their creative endeavour. I and my colleague used to reflect on our position here. Our vacant spaces, big and small, are often wasted and the leisure time of our people at home is not, I venture to think, properly utilised. We in towns specially look to and depend upon the country side far too much. I do not know if we are not capable of greater self-help in some respects.

In a highly industrialised country like England, one is surprised to find great efforts being made for increased agricultural production. The townsmen are making their own contribution by growing vegetables or other crops. In spite of difficulties of manpower, machinery, fertilisers, England has been able to increase her production of bread grains and other grains, potatoes, sugar beat and milk compared with her pre-war production. Is it not possible for us then, people in the cities and towns, to bring all vacant lands, compounds and frontages under some kind of

cultivation. We can raise vegetables of different kinds all throughout the year. Every house-holder will have to take a religious vow, as it were, to raise some kind of vegetable or simple varieties of food crops and to make some small contribution to food production. Is it not possible for the T. U. C. S. to make seed and implements available to everyone of its members of its 60 branches and depots and persuade them to plan production on some such lines?

It is true that all households cannot command water supply. We have wells and let us supplement the available water by tapping underground supplies by putting up Mayer pumps, if necessary. I appeal to the T. U. C. S. to consider whether it will not be doing a national duty if it devises some such plan and sees it through. I know again a number of difficulties will be raised. Rules and constitutions may be amended in a national emergency. Funds are needed. True; let all profits be diverted for this purpose in the next two or three years. Please constitute a Domestic Producers Advisory Committee for each branch, plan something, and do something. We are in the grips of a food crisis, and as co-operators let us make some contribution.

I appeal to you to show some imagination, a spirit of enterprise, a spirit of adventure, if I may say so. Let the T. U. C. S. rise to the occasion.

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With Rules and Case Law

AND

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(As modified upto 30-9-1949)

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The XVI Andhra Provincial Co-operative Conference Anantapur*

19th and 20th Nov. 1949

RESOLUTIONS PASSED

1. This Conference places on record its deep sense of sorrow at the demise of the astute Co-operator, Dr. P. Gurumurti, who rendered yeoman service to the Co-operative Movement and who led a patriotic and devotional life throughout.

2. This Conference grieves at the untimely death of Sri V. Viyyanna Pantulu, Hon. General Secretary of the Madras Provincial Co-operative Union and President of the South India Co-operative Insurance Society Ltd. He earned name and fame by serving the Movement in various capacities and his editing the Co-operative Act with case-law, etc., had won laurels for his illustrious service during the tenure of his office as General Secretary of the Madras Provincial Co-operative Union.

3. This Conference deeply mourns the death of Sri Desabhakta Konda Venkatappayya Pantulu, the flower of Andhra Leadership, a patriot and a staunch follower of Mahatma Gandhi.

Multipurpose Societies:—

4. (a) This Conference requests the Government to help the Movement by appointing well-trained Executive Officers for manning the multipurpose societies to be organised for groups of villages for granting loans to the agriculturists to step up production and to organise marketing of the same. The Government will be pleased to bear the cost of the expenditure on the Executive Officers until the societies become self-supporting.

(b) This Conference requests the Government to prohibit in the areas (specified) money-lending and other monetary transactions through private agencies.

Land colonisation:—

5. This conference requests the Government to encourage by leasing out the fallow lands and *lankas* in river beds to the landless labourers on long term lease to improve their economic condition through the field labour co-operative societies by a nominal rental value where there are no land colonisation societies.

6. This Conference requests the Government to encourage for the organisation in large number of.

- (1) Collecting Farming,
- (2) Tenant-farming,

* A summary of the Proceeding will be published in the March issue of our Journal—
Editors.

(3) Better-farming, and

(4) Joint-farming societies.

For consolidating the fragmented holdings to augment the Grow More Food Campaign.

Cyclone:—

7. This Conference requests the Government and the Registrar of Co-operative Societies to take speedy steps to make such legislative provisions and orders as are necessary to enable Co-operators and Co-operative institutions to contribute liberally from out of their C.G.F. and other Funds to the Governor's Cyclone Relief Fund so as to rush relief to the hard hit destitutes of the recent cyclone-affected areas.

Apex Banks:—

8. In view of the decision of the Congress Working Committee to form a separate Andhra Province at an early date this Conference requests the Government that speedy steps be taken to organise separate Apex bank, Central land Mortgage Bank and Provincial Handloom Weavers' Society and for this purpose a Committee be appointed to bifurcate the Assets and Liabilities, Share-capital and Reserve Fund, building and other properties.

9. It appears that Government intend organising branches of the joint Stock Banks in the rural areas for their economic prosperity and to this end the Central Government propose to constitute a Committee. But joint Stock business in any way cannot cater to the needs of the Agriculturist. Co-operative Movement spreading its network of societies all over the country during the past half-a-century has achieved tremendous results in so far as the inculcation of thrift and economy is concerned. Now, the contemplated scheme of Government will be a heavy blow to the Co-operative Movement, disastrous as it is. This Conference, therefore, requests the Central Government to organise Co-operative Societies in an extensive scale so as to inculcate thrift, economy and banking habits among the rural folk and to cater short, medium term loans to agriculturists for the intensive agricultural operations and to distribute necessities of life and agricultural implements besides arranging marketing of agricultural produce, etc. To implement this programme the Central Banks are requested to open Central Banks' branches at each Taluk Head Quarters.

Land colonisation:—

10. It is felt that the Land Colonisation Scheme sponsored by the Government could not thrive for the following reasons:

- (i) Insufficient economic-holding to maintain a family.
- (ii) Economic backwardness of Agricultural-labourers and Harijans for reclamation of holding and irrigational sources.
- (iii) Lack of Funds to undertake agricultural operations.

Hence the need to rehabilitate these societies by giving financial and technical assistance to the agriculturists to undertake well-sinking, irrigational facilities and acquisition of agricultural implements and the like through the Co-operative Department.

Local Bodies:—

11. This Conference request the Government to remove all existing obstacles confronting the local boards and municipalities to deposit their

monies in Co-operative Central Banks and to permit them to deposit their monies upto a limit fixed by the Registrar of Co-operative Societies in such Co-operative Central Banks as the Registrar may notify from time to time.

Liquidation :—

12. This Conference requests the Government to pass orders permitting deposits of the monies relating to the liquidated societies in the name of liquidators of societies wither in suspense account or in current accounts with the Co-operative Central Banks instead of depositing them in the sub-treasuries.

Weavers' Societies :—

13. On account of accumulation of cloth stocks in the weavers' societies they are not in a position to provide work to the workers immediately. This Conference requests the Government to put their "Relief Scheme" into execution and grant the necessary staff, at free of cost, to man this scheme.

(14) Resolved to request the Government to waive the Sales Tax on the Handloom Cloth so as to keep it within the easy reach of the common man in the street.

(15) Unless permanent protection is given to the handloom industry the one crore of workers who depend on the one million looms in their industry cannot find a living. To do this the Central Government is requested to ban the production of 36" to 54" width varieties by Mills.

(16) If the handloom industry were to expand and the handloom cloth easily made available to the people at large the Government will do well to eliminate the control of the middle men and requests to take the following into consideration :

- (i) Reduce the yarn prices.
- (ii) Government to fix fair wages and for this a committee called Handloom Wages Board should be constituted.
- (iii) All Co-operative Societies and Stores should see to undertake, compulsorily, the sale of handloom cloth.
- (iv) Provincial Government to indent for handwoven cloth only to meet the requirements of the Police, Medical, Health and other Departmental Staff.
- (v) Central Government should purchase only hand-loom cloth to meet all civil and military needs.
- (vi) As most of the handloom Weavers' Co-operative societies are working at a loss for the last two years, this Conference requests the Government to permit audit of accounts of such societies free of charge.
- (vii) To create unemployment Insurance for the Handloom Weavers.

(17) Among the relief measure taken by the Government for the cyclone affected destitutes in the Andhra Districts handloom cloth also should be included. In doing this, several lakhs of yards of cloth will be released, this Conference requests the Government to consider this as an emergent measure.

Controls. —

(18) Resolved to request the Government to at once stop the imports of foreign cloth into the Country.

(19) Whereas in the public opinion controls and procurement are not working satisfactorily this Conference requests the Central and Provincial Governments to take all such steps as are necessary to abandon them by at least June 1950

Land Mortgage Banks. —

(20) In view of the increased expenditure on the registration of documents by the Primary Land Mortgage Banks as a result of the enhancement of the Registration fees by the Government, this Conference requests the Government through Registrar of Co-operative Societies to exempt the Primary Land Mortgage Banks from registering the documents in favour of the Central Land Mortgage Bank.

(21) This Conference requests that Primary Land Mortgage Banks be started for dry Taluks in large numbers.

(22) There have been delays in the sanctioning of loans by the Primary Land Mortgage Banks on account of the manifold inconveniences caused by the Village Karanams in furnishing information required for the disposal of the loan applications. This Conference, therefore, requests the Government to pass orders directing the Village Officers to furnish all the information required by the supervisors for the disposal of the loan applications.

(23) This Conference requests the Government to sanction a sum of Rs. 10 lakhs to the Central Co-operative Land Mortgage Bank for the purpose of creating a Revolving Fund so as to afford relief to members of Primary Land Mortgage Banks on account of flood Famine etc. Further resolved to request the Co-operative Central Land Mortgage Bank also to approach the Government in the matter.

Stores :—

(24) The Government have, recently, directed that the Stores societies to pay supervision fees at Rs. 5 per 100 on their working capital. But Stores societies, have, already, been paying Supervision fees to the Central Banks and audit fees and other licence fees to the Government. Therefore, it is not justifiable to ask the Stores societies to pay this additional fees also. Hence this Conference requests the Government to cancel these orders immediately.

Department :

(25) On account of frequent transferes of the Deputy Registrars from place to place it will not be possible for them to understand the working of the societies. Therefore, this Conference resolves to request that only Deputy Registrars knowing regional languages should be posted and that they should not be disturbed from that district at least within one year.

(Sd.) R. DASARATHARAMA REDDI,

20th Nov. 1949,

President,

XVI Andhra Provincial Co-operative Conference,
Anantapur.

G.O.'s and Circulars

R.C. No. 160029/49 L.

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES, MADRAS
Dated 28-11-1949.

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

CIRCULAR

Sub: Co-operative societies—Securities from paid employees under Rule XXVII-B—Certificate of verification—prescribed.

Under rule XXVII-B of the Rules framed under the Madras Co-operative Societies Act VI of 1932, the form and standard of securities to be obtained from the paid employees of the different types of co-operative societies have to be prescribed by the Registrar. In what form and to what extent the securities should be obtained for different categories of the service in different types of societies is engaging the attention of the Registrar and separate orders will issue regarding each class of society. While cash security will be the main security, personal security bonds guaranteed by one or more sureties and mortgage bonds pledging unencumbered immovable properties twice the value of the amount of the bond may be accepted as collateral security from employees. Wherever these kinds of securities are accepted, it is necessary that they should be tested periodically by the Directors to ensure that the security is intact. A direction is embodied in the Registrar's proceedings prescribing the amount and form of security for the paid employees of co-operative societies that, where surety or mortgage security bonds are executed by the employees, the Board of directors should, at the end of every co-operative year, examine the solvency of the sureties and the value of the mortgaged properties and furnish a certificate to the effect that in their opinion the sureties are good for their undertaking and the mortgage properties constitute adequate security for the amount specified in the bond. It is also further stipulated in the proceedings that when the Board of Directors considers that the sureties are not good for their undertaking or the mortgage properties have depreciated in value, fresh or additional securities to the satisfaction of the Board should be obtained from the employees within a specified period, usually 8 months.

2. Deputy Registrars are requested to direct all auditors to verify at the time of final audit whether the annual certificate prescribed in the proceedings has been furnished by the Board of Directors and to attach a copy of it to the audit report. The certificate may be in the form of a Resolution of the Board of Management or a separate certificate signed at

G.O.'S. AND CIRCULARS

least by the minimum number of Directors necessary to constitute the quorum including the President, or Vice-President and the Honorary Secretary. Where the Board considers the security offered inadequate, the auditor should state the steps taken by the Board to get fresh or additional securities from the employees concerned.

3. The following questionnaire should be added to the audit reports of all types of societies, for whose employees securities have been prescribed under Rule XXVII-B.

Add under "Establishment" or at the end of the Audit Report :

"Q. No. (a) Have the form and standard of security to be obtained from paid employees under Rule XXVII-B been prescribed for the society?

(b) Have securities been furnished by the paid employees in the form and in accordance with the standard prescribed in the Registrar's proceedings? Please append a statement in the following form:

S. No.	Name of employee.	Post held.	Security fixed.	No. & date of resolution.	Nature and value of security offered.	Remarks.
(1)	(2)	(3)	(4)	(5)	(6)	(7)

(c) Have the Directors tested, the personal and mortgage securities offered by the employees at the end of the year and satisfied themselves about the adequacy of the security? Have they given a certificate to this effect? If so, append a copy of it to the audit report.

(d) What are the steps taken by the Board of Directors to obtain fresh or additional securities from employees where they have considered that the existing security is not adequate?

(e) Are there cases of violation of Rule XXVII-B? If so, specify the instances with full particulars."

4. These questions will be embodied in the audit reports when they are printed next. Till the Deputy Registrars are requested to get manuscript or stencilled copies of the questionnaire prepared and attached to the audit reports now in stock. The form and standard of securities under Rule XXVII-B to be obtained by the different types of societies should be communicated to the auditors concerned as and when they are prescribed by the Registrar.

J. C. RYAN,
Registrar of Co-operative Societies

SRI J. C. RYAN, M.A. REGISTRAR.

Re. No. 98145/49-X5.

Dated, 1-12-1949.

Sub: Agricultural Credit Societies—Scheme of Reorganisation—Naming of Rural Credit Societies as “Multipurpose Rural Credit Societies”—Orders—Issued.

Ref: G.O. MS. No. 5120, Development dated 18-10-49.

In view of the fact that, under the scheme of reorganisation of rural credit societies, the societies are to function as multi-purpose societies within the frame-work of their bylaws within a period of 2 years, Government have accepted the Registrar's suggestion that the rural credit societies may be styled in future as “Multipurpose Rural Credit Societies,” and that they may be allowed to adopt such of the bylaws as will be necessary to enable them to undertake multipurpose activities. The Deputy Registrars and Special Development Officers are therefore requested to take immediate steps to give effect to this suggestion and to see that *all* the rural credit societies amend bylaws No. 1 of their bylaws changing their name into “*Multipurpose Rural Credit Societies*.” The Registrar desires that the names of all the rural credit societies should be changed as suggested by Government within a period of two months at the most. This amendment can be carried out in a trice, and need not wait until the amendments suggested in this office Circular No. 162358 Dated 1-12-49 are printed. A report of progress made in this matter should be made to this office by the 20th of every month in the enclosed form.

2. Government have also observed that in respect of *societies to be newly registered* it is preferable that they should adopt the whole set of bylaws prescribed for full fledged multipurpose societies. The Deputy Registrars and Special Development Officers are therefore informed that when new rural credit societies are organised, they may be permitted to adopt the bylaws of the full fledged multipurpose societies, after obtaining Registrar's orders in each case. When recommending such cases, they should as required by Rule III (c) of the rules framed under the Co-operative Societies Act, satisfy themselves that the proposed society has reasonable changes of success with reference to local conditions and convince me on this point.

J. C. RYAN,
Registrar.

Report showing the progress made in changing the names of rural credit societies into Multipurpose Rural Credit Societies in the district of

for the month of
(Registrar's Circular R. C. 98145/49-X 5 Dated 1-12-49)

No. of rural credit societies under the scheme of Re-organisation of Rural Credit Societies at the end of the month.	Of the societies Column 1. No. of societies that have amended bylaw No. 1 changing their name in to 'Multipurpose Rural Credit Society.'		No. of Societies that have yet to carry out the amendment bylaws No. 1 at the end of the month.	
	Upto the beginning of the month.	During the month	Total of Col. 2 and 3	
(1)	(2)	(3)	(4)	(5)

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Edited and Published by P. Natesan, M.B., B.S., at M. P. C. Bank Buildings,
Esplanade, Madras. Printed by Sri S. Sundaresan, L.P.T., at the Central
Co-operative Printing Works, Ltd., 1/17, Mount Road, Madras.
MS. 220—1,600—1-50.

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