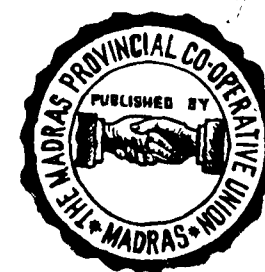


The 27th Madras Provincial Co-operative Conference Number

The Madras Journal of Co-operation



HON. EDITOR :

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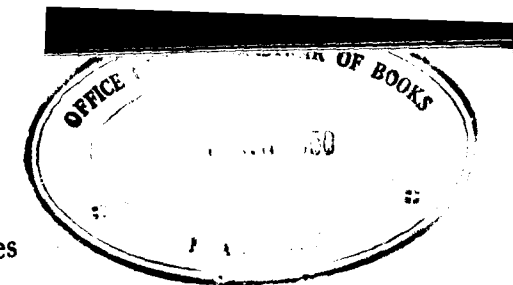
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CONTENTS

	PAGE
I EDITORIAL NOTES ...	295
II THE XXVII MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE —	
(1) HOISTING THE CO-OPERATIVE FLAG— The Hon'ble Sri J. L. P. Roche Victoria ...	301
(2) WELCOME ADDRESS— Sri B. Venkataratnam Choudary, M.L.A. ...	302
(3) OPENING ADDRESS— The Hon'ble Sri P. S. Kumaraswami Raja ...	310
(4) PRESIDENTIAL ADDRESS— Shri R. G. Saraiya, O.B.E. ...	316
(5) OPENING OF EXHIBITION— Sri T. A. Ramalingam Chettiar, B.A., B.L. ...	332
(6) CONCLUDING SPEECH— Shri R. G. Saraiya, O.B.E. ...	339
(7) RESOLUTIONS PASSED ...	343
(8) PROCEEDINGS OF THE CONFERENCE ...	349
(9) THE HON'BLE DR. RAJENDRA PRASAD AT THE CONFERENCE ...	351
(10) VALEDICTORY ADDRESS ...	352
(11) VOTE OF THANKS TO CHIEF GUESTS ...	357
(12) LIST OF MESSAGES, DISTINGUISHED VISITORS, AND EXHIBITORS ...	360
III G.O's. AND CIRCULARS ...	365



Messages

Government House, New Delhi

26th December 1949

Dear Sir,

I am desired by His Excellency Shri C. Rajagopalachari, Governor-General of India, to thank you and Members of the Executive Committee of the Madras Provincial Co-operative Union for your kind invitation to the Opening Ceremony of 27th Madras Provincial Co-operative Conference to be held on Saturday the 31st December 1949 at Madras and to say that His Excellency regrets his inability to attend.

His Excellency, however, much appreciates your kind thought in sending him the invitation and sends his best wishes for the success of the Conference.

Yours faithfully,

(Sd.) B. CHATTERJEE,

*Colonel, Military Secretary to the
Governor-General.*

To

The President,
The Madras Prov. Co-op. Union,
Madras.

Minister for Home Affairs,
India

1 Aurangzeb Road,
New Delhi,
27th December 1949.

The Hon'ble Sardar Vallabhai Patel thanks the President and Members of the Executive Committee of the Madras Provincial Co-operative Union for their kind invitation to the XXVII Madras Provincial Co-operative Conference on Saturday the 31st December, 1949 and 1st January 1950, but regrets that owing to his pre-occupations he is unable to attend the Conference.

INDIAN CO-OPERATIVE UNION

PROF. H. L. KAJI,
M.A., B.SC., J.P., I.E.S.,
President.

26-A, Sir Phorozechah
Mehta Road,
Fort, Bombay
27th December 1949

Dear Sri Chowdary,

I regret I shall not be able to be present at the Sessions of the Provincial Co-operative Conference on the 31st December, 1949.

Madras has a well developed and fast developing Co-operative Movement and I have no doubt under such distinguished auspices, with the Honourable Dr. Rajendra Prasad's valediction, the Honourable Premier's Inauguration and other Ministers actively contributing to the programmes, the Conference will achieve notable success.

You are aware that the Rural Banking Committee is considering the question of extension of banking facilities in Rural India, and the claims in that connection of a State-sponsored bank, commercial banks and co-operative banks. Co-operation welcomes healthy competition from other agencies: but it would resent any other agency entering into competition with it, with State aid. Co-operation, though officialised and controlled, is after all democratic. Commercial banking would be capitalistic and State banking would be bureaucratic. To encourage by subsidies and grants, or by assistance and patronage direct or indirect other agencies is to confess to the failure of the Co-operative Movement, which we Co-operators are not prepared to do.

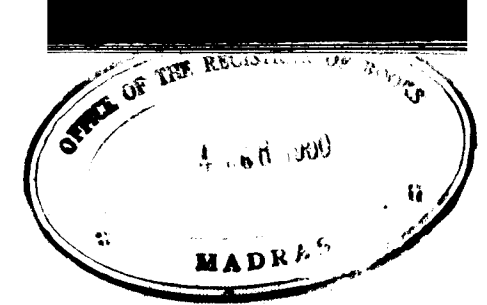
I have no doubt the Conference will endorse this view and press on the Rural Banking Committee and Government its considered opinion that all the banking needs of Rural India can best be met adequately by the Co-operative Movement.

Wishing the Conference all success.

Yours sincerely,
(Sd.) H. L. KAJI

Sri B. Venkataratnam Chowdary, M.L.A.
President,
Madras Prov. Co-op. Union,
Madras.

—
20-12-49



THE HON'BLE DR. RAJENDRA PRASAD,
*President, The Indian Constituent Assembly,
First President of the Indian Republic*



Shri R. G. Saraiya, O.B.E.,
Chairman, Bombay Provincial Co-operative Bank, Ltd.
President, 27th Madras Provincial Co-operative Conference

THE Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

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

JANUARY 1950

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Hail the New Indian Republic :

Our India is a Sovereign Republic since the 26th day of this month. To Co-operators (no less than to the others in our country) this is an event giving great happiness and immense hope. Only the other day, the Co-operators who assembled at the recent Madras Provincial Co-operative Conference unanimously accorded their Welcome to the new Constitution of India as an independent democratic Republic and offered their loyalty and Co-operation to Government.

India is now politically free; yet this is not enough. Its political freedom will mean nothing unless it is economically strengthened. This truth was driven home to the Co-operators by Babu Rajendra Prasad in his address at the Madras Provincial Co-operative Conference. He said: "Our responsibilities have increased. We have not only to run the administration of the country in such a way as to give satisfaction to our people by making them happier, making their life more comfortable, giving them better food, better clothing, better shelter and other amenities of life, but also see that they are better in every way, not only materially but also morally and spiritually. The value of freedom is not only in getting material things but also in making the man feel more elevated, free to do not as his lower self dictates, but as his higher self dictates..... The way is now open and it is now for us to show how, when hindrances

to progress have been removed, we can rise to the highest levels to which our ancestors rose".

This way lies the Co-operative Commonwealth which is the cherished ideal of our National Government. Let us hope that in the free air of the Indian Republic the Co-operative Movement will progress more and more in all aspects so that the ideal of a Co-operative Commonwealth may be realised within measurable time.

The XXVII Madras Provincial Conference :

The XXVII Madras Provincial Co-operative Conference was held recently in Madras. A summary of the proceedings of the Conference and the several addresses delivered and the Resolutions passed are published in this issue. This Conference is probably unique among the Co-operative Conferences held in our Province so far. For, it was presided over by one of the foremost Co-operators of our Country — Sri R. G. Saraiya of Bombay and attended by prominent persons like Prof. Ashby, Director of the Agricultural Economics Institute, University of Oxford and Sir Manilal B. Nanavati, a former Deputy Governor of the Reserve Bank of India besides some Cabinet Ministers of Madras and other leading public men. Above all, it had the unique honour of having no less a person than the Hon'ble Dr. Rajendra Prasad to deliver the Valedictory Address. Babu Rajendra Prasad, President of the Sovereign democratic Indian Republic is one of the greatest personalities of India. As the President of the Indian Constituent Assembly, he was responsible for piloting the new Constitution of India through the Constituent Assembly. It is indeed a great honour and a great advantage to the Co-operators in the Madras Province that they should have on the eve of the Inauguration of the Indian Republic, the advice of one who will have a hand in shaping the future of this sub-continent. Co-operators will for years look upon this as a memorable event and act up to his advice.

The F. A. O. Asian Co-operative Conference :

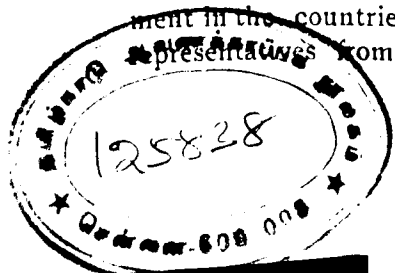
The F. A. O. convened a Technical Conference on Co-operatives in Asia and the Far East, at Lucknow (U. P.) in October - November 1949, with a view to provide an opportunity for discussion of rural co-operative problems by experts and to explore the best manner in which the F. A. O. and other international organisations can render greater service in the development of the Co-operative Movement in the countries of Asia. This Conference was attended by representatives from various countries—India, Pakistan, Ceylon,

Burma, China, Japan, Indonesia, Malaya, United Kingdom, Australia and France. The Indian Delegation, headed by Prof. H. L. Kaji was the largest. The Hon'ble Shri V. L. Mehta, Minister, Bombay Government, Presided over the Conference. During the deliberations in a nine-day session, the various representatives explained the position of the Co-operative Movement in their respective countries. The Conference made some recommendations for the development of the Movement.

Some of them — for instance those bearing on thrift, credit, stores, multi-purpose activities and insurance — are rather general in character. There are however a few recommendations involving fundamental policies which require some consideration. For instance, while recognising the essentially voluntary character of the Co-operative Movement, the Conference has recommended that where there is need for the provision of a common essentially economic service or where the larger interests of the Community require it, a resolution passed by a substantial majority in a society should be made binding by law on non-members. This policy may be good in principle; but in actual practice it is apt to lead some vested interests to adopt even coercive methods. For instance in consolidation of holdings the sentiments of the small patrimony holder is likely to be ignored by the Government or the other landholders. This will affect the morale of the Nation if it is hastened. As Babu Rajendra Prasad said, "any effort in this direction is likely to take time". There is also as mentioned by Shri Saraiya at the recent Madras Co-operative Conference, the danger of carrying the present enthusiasm too far and deciding to form compulsory co-operatives by State Order for any and every type of economic activity.

We therefore feel that this recommendation of the Lucknow Conference may not be helpful to build up the Movement on a moral basis. Education and propaganda will give more enduring results without affecting the morale of the common man. We may mention in this connection resolution of the Madras Co-operative Conference that "societies should be organised whenever there is demand and after education and propaganda only".

There are however certain recommendations such as those relating to industrial co-operatives, Co-operative training and research and fiscal privileges and liabilities. Steps in these directions will help develop the movement. We hope the popular Governments of all the Provinces will give their best attention to these recommendations in the interests of this democratic Movement.



Cottage Industries in Madras :

While opening the Cottage Industries Exhibition at the Madras Co-operative Conference, Sri T. A. Ramalingam Chettiar gave his impressions on the conditions of cottage industries: Agriculture is the main occupation of the people, cottage industries form a second line of occupation. This subsidiary occupation is necessary because the agriculturists are unemployed during a large part of the year and also they have plenty of spare time even during the season.

But in this matter, there are two problems: For one thing there are at least fifty per cent of the agriculturists who are unemployed and unable to find any occupation. Secondly, there are those who have some occupation which is not at all remunerative.

These problems are huge; but all the same have to be solved. In a way the Government of India sought to promote cottage industries. But the results are disappointing. Sri Ramalingam Chettiar said with reference to the Government of India that the Government had sanctioned Rs. 10 lakhs last year for the promotion of cottage industries; but "they have not spent even a lakh from what they have set apart for the purpose so far!"

The Co-operative Movement has come to the rescue of such helpless millions by putting them in some occupation. A number of societies have been formed for cottage industries.

Industrial Co-operatives, Sri Ramalingam Chettiar feels, could better be organised by carrying on preliminary propaganda and assessing the needs of a locality. Such societies will certainly command the loyalty of the members and so thrive. Industrial Co-operation, which, till just over a half decade ago, was in its infancy has now become an important economic activity. It is however, handicapped for want of a proper survey of cottage industries which can form the basis for further work. It is also handicapped for want of specialists who could guide these co-operatives on proper lines. The F. A. O. Conference has made recommendations for the improvement of the industrial co-operatives. It is hoped that the Central and Provincial Governments will remove the snags and help promote a vital economic activity.

Rural Banking Enquiry and Tapping of Rural Capital :

The Government of India have recently appointed a Rural Banking Enquiry Committee for the purpose of devising ways and means of tapping rural capital, so that there may be enough capital

available for financing our industries and trade. This is the result of a general opinion in the country that the bulk of the surplus money in the country is lodged in the hands of the ryots on account of the high prices which they received for their produce. This view has unfortunately gained currency on account of the statements of certain urban dwellers who, in their anxiety to find enough capital have chosen to exploit the countryside.

But the question is: How far is it true that there are *real* savings in the countryside? True that the prices of agricultural produce have risen high due to war conditions. For instance the price of paddy is round about Rs. 16-8-0 per bag. But the costs of production and the cost of living have risen higher than the price of the produce. As Sri B. Venkataratnam Choudary, M. L. A. who hails from the countryside, has stated in his Welcome Address at the recent Co-operative Conference published in this issue, the price of plough bullocks is now about Rs. 1,250 a pair, which means an increase of over 500 per cent on the pre-war prices. The cost of one ton of Sulphate of ammonia in India is Rs. 325 as against Rs. 150 only in America. Even groundnut cake which sold at Rs. 2-8-0 a bag in 1939 is now selling at Rs. 14 which means a rise of about 600 per cent. Agricultural labour has risen to over 350 per cent. For instance it has been stated that in the East Godavari District the wages rose from Rs. 0-7-4 to Rs. 1-8-0 in the case of a male and from Rs 5-2-0 to Rs. 1-2-0 in the case of a female. The cost of living index number is now over 400. It is 408 at Alamuru in the East Godavari District.

Over 70 percent of the agriculturists own less than 20 acres of land each. For instance, it has been reported that at Alamuru (East Godavari Dt.) which has a population of about 6,000, only six families own 10 acres each. It is obviously therefore impossible for these small farmers to have any saleable surplus produce. In fact, most of them sell away a part of their produce at low prices during the early months of the year for payment of kist. It is only the very big land-holders having 100 acres or more that have a surplus income and they generally invest their capital in some business undertakings like rice-milling. It is therefore doubtful if capital could be attracted in appreciable quantities from the countryside. If at all any small surplus is forthcoming, it could better be attracted by employing the Co-operative agency than through the agency of commercial banks. Rural capitalists are rather averse to invest in

speculative business; and confidence is the key to their response. This confidence could be better infused by the Co-operative banks which are popular institutions than by commercial banks. The Committee will therefore do well to confine its attention to co-operative banking. This, we are sure, will be in keeping with the building of a Co-operative Commonwealth, which is the objective of our National Government.

Why an Agricultural Credit Corporation?

The Government of India have circulated a draft bill to set up an Agricultural Finance Corporation of India. The Corporation is to have a share capital of Rs. 5 crores which may be subscribed by Government, Reserve Bank, Scheduled Banks, Co-operative institutions, etc. It will give long, medium, or short-term credit against securities. Co-operatives will have some preferential treatment in the matter of interest and credit limits.

This is superfluous in our credit machinery, so far as this Province is concerned. The Reserve Bank of India has undertaken to aid the Co-operative Banks. Of course as Shri Saraiya stated in his Presidential Address, some of the conditions of the Reserve Bank are rigid; but the Reserve Bank of India Act could be suitably amended to widen the scope of help of the Bank. Already some change in the attitude of the Bank is noticeable in its liberal loans to the Co-operative Banks and in its purchase of land mortgage bank debentures.

The Provincial Co-operative Banks also are willing to widen the scope of their work if Government so desire. Sri T. A. Ramalingam Chettiar, President of the Madras Provincial Co-operative Bank said the other day, "If anything more is to be done, certainly we will be prepared to undertake it with the help that the Government propose to give to the new Agricultural Credit Corporation..... If in the course of this, alterations are necessary in our constitution, we are prepared to effect them, as Bombay Provincial bodies seem to have done."

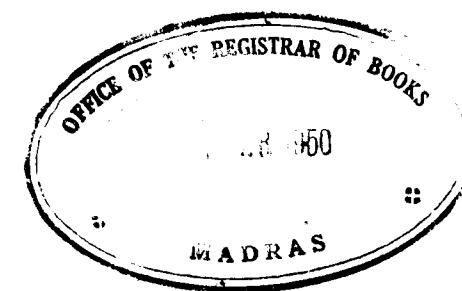
If the Reserve Bank of India and the Provincial Co-operative Banks widen the scope of their activities for helping the agriculturist, where is the need for an Agricultural Credit Corporation?

ERRATA

Page 335, line 2,

For Crores

Read Lakhs,



Sri B. Venkataratnam Choudary, M. L. A.,
President, Madras Provincial Co-operative Union
and
Chairman, Reception Committee of the Conference



The Hon'ble Sri P. S. Kumaraswamy Raja
Chief Minister, Government of Madras
(*Opened the Conference.*)



The Hon'ble Sri J. L. P. Roche-Victoria,
Minister for Food and Fisheries,
Government of Madras
(*Hoisted the Co-operative Flag.*)

The 27th Madras Provincial Co-operative Conference. *Saturday 31st December 1949*

ADDRESS

ON THE OCCASION OF

Hoisting the Co-operative Flag

THE HON'BLE SRI J. L. P. ROCHE-VICTORIA,
Minister for Food and Fisheries, Government of Madras

MR. PRESIDENT, HON'BLE MINISTERS AND FRIENDS,

I thank the organisers of the Conference for giving me the great privilege of hoisting the Co-operative Flag at the commencement of the Twenty seventh Madras Provincial Co-operative Conference. Flag-hoisting has become one of the regular and important features of all conferences. At this Conference which is convened to consider our Co-operative problems, this Symbol of Co-operation has a special significance. Freedom has been achieved, but as our Prime Minister, Pandit Jawaharlal Nehru, has said: "There will be no full freedom in this country or in the world as long as a single human being is unfree. There will be no complete freedom as long as there is starvation, hunger, lack of clothing, lack of necessities of life and lack of opportunities of growth for any single human being, man, woman or child in the country."

We are meeting here to take stock of our achievements in the co-operative field and to plan for the future. At the present moment, when the country is passing through an economic crisis, our responsibility as co operators has increased to a tremendous extent. It appears that the only salvation for the people is to act in the co-operative way. The history of co operation has recorded that where other methods failed, co-operative methods have succeeded. We have, therefore, to put forth our best efforts with a view to serve the country at its hour of need. In saluting the Symbol of Co-operation, we shall help to establish the freedom from want.

Self sufficiency in food is the order of the day. The end of 1951 is the limit fixed for us to reach our target. There are several ways of increasing the food production of which co-operative farming is one. In South India, owing to the splitting up of land into small holdings it has become increasingly difficult to develop the land economically. Co-operative farming will be able to solve many of our agricultural problems. The Co-operative Department is already giving its attention to this matter. It is the duty of all co-operators to do their bit to make the scheme a success. The Conference can very usefully devote some of its attention to this very important matter.

I wish the Conference all success.

WELCOME ADDRESS

SRI B. VENKATARATNAM CHOUDARY, M.L.A.,

President, the Madras Provincial Co-operative Union

Chairman of the Reception Committee

FELLOW CO-OPERATORS,

On behalf of the Reception Committee of the 27th Madras Provincial Co-operative Conference, I offer you a warm and hearty welcome. I earnestly request you to feel quite at home here and enjoy our simple, yet sincere, hospitality. It was in January 1947 that the last Conference was held in these very premises and I and my Reception Committee had the privilege of welcoming fellow—Co-operators who had come from several parts of this Province and its neighbourhood. I much wish we held this Conference earlier. It is unfortunate that this could not be done.

Let me here express my deepest sorrow and sympathy at the sad demise of some Veteran Co-operators of our Province within the last two years: I mean the demise of Sri V. Viyyanna Pantulu, Sri V. Ramamurty Pantulu, Sri Vellingiri Gounder and Dr. P. Gurumurthy. Sri V. Viyyanna was one of my esteemed friends and co-workers. An ardent disciple of the late Hon'ble Sri V. Ramdas Pantulu, he devoted his life to service. He was almost a wholetime worker in the Co-operative Movement. He was for several years the General Secretary of the Madras Provincial Co-operative Union and as such devoted his energies to the building up of the non-official Co-operative Movement in the Province. His activities, during his last years, extended beyond the provincial limits and he became the Acting General Secretary of the All India Co-operative Institutes' Association. He was deeply interested in Co-operative Education and Propaganda. He was responsible, as you know, for the organisation of many Co-operative Conferences. I may mention here that he had the honour to preside over two Conferences—one in Andhra and the other in Malabar. I may also add here that he was on the Drafting Committee of the Constitution of the Indian Co-operative Union. Sri V. Viyyanna was also connected with other activities like the Village Panchayat Movement. He was for many years the General Secretary of the Madras Provincial Union of Panchayat Boards. All this work he did at a great sacrifice to his legal profession. His main object was to build up a strong Co-operative Movement and a strong Village Panchayat Movement which could urge the administration to be more democratic-minded than at present. How we wish he were here in flesh and blood so that we might have the benefit of his counsel in our deliberations! But alas! he is no more!

WELCOME ADDRESS : SRI B. VENKATARATNAM CHOUDARY

The other Co-operators I have mentioned above were also eminent. Sri Ramamurty Pantulu of Razole was one of Vice-Presidents of this Union and of the Madras Central Co-operative Land Mortgage Bank and occupied the offices with distinction. Sri Vellingiri Gounder of Coimbatore, an old colleague of mine in the Madras Legislative Council was also an old and devoted Co-operator of Tamil Nad and the respect he commanded in Co-operative Circles is seen in the way he conducted the proceedings of the Fifth Tamil Nad Co-operative Conference of Salem over which he presided. I suppose there is no one who does not know Dr. Gurumurthy of Rajahmundry. He also was an old Co-operator and the Doctor and I were co-workers in the Movement all the time. He did yeoman service to the Movement. It is very unfortunate that we do not have these fellow—Co-operators amidst us on this occasion, so that we may have the benefit of their wise counsel. I am sure they will all be remembered in our Province for the valuable services rendered by them to the Movement.

May their souls rest in Peace!

You remember, gentlemen, that the last Co-operative Conference was held shortly after a cyclone in the South Rayalaseema and Nellore and a loss of dry crops in the Circars for want of timely rains. Both conditions caused considerable damage to some of our crops. Now we meet under worse circumstances: I doubt if there is any one here in this vast gathering who has not heard of the Cyclone in the Coastal Andhra Desa and some parts of Rayalaseema. This cyclone which visited the Andhra Desa twice in the same month swept the countryside carrying destruction with it. Vast expenses of cultivated crops like rice, sugarcane, and plantain were either submerged in water or otherwise damaged by wind and rain. The deltaic region in the in the Andhra Desa has always been looked upon as the granary of the Province. But to-day the land is tract of ruined crops and a region of suffering men and animals. I honestly feel that the estimate of the loss at Rs. 30 crores is too modest. The severity of the suffering can be read on the very faces of those who have had to respond to the call of the Union. Relief work in some form has been taken up by the Government and many public bodies. But it is not enough. A sacred duty devolves on us—Co-operators—towards these suffering brethren. I now, therefore urge on you, fellow Co-operators, that we should go to their aid and render them all the help we can, including the provision of long term money, so that thousands of suffering agriculturists may rehabilitate their agricultural industry.

While the cyclone in the Andhra has ruined the country side, the failure of the monsoon has affected many parts of Tamil Nad and Rayalaseema. The unsettled food conditions are continuing even though the War ended four years ago. We are therefore obliged to depend on the rations

given by the Government. I hope that the conditions will be better when we meet next.

It is a matter of great pleasure to us that the Co-operative Flag has been hoisted by the Hon'ble Sri J. L. P. Roche Victoria, Minister for Food. He is an old Co-operator and I thank him sincerely for having graced this occasion by his presence. This Conference will now be opened by the Hon'ble P. S. Kumaraswami Raja, Premier to the Government of Madras. Sri P. S. Kumaraswami Raja has been for years closely connected with the Co-operative Movement and our Union and has done yeoman service to the cause of Co-operation. It is a great honour to the Movement that a Co-operator has been elevated to the Premiership of this Province. I hope that under his regime the Co-operative Movement will receive the best attention of the Government. I am glad that Sri T. A. Ramalingam Chettiar, M.C.A., President of the Madras Provincial Co-operative Bank, Ltd. has kindly consented to open the Cottage Industries Exhibition which has been arranged for this occasion. Sri Ramalingam Chettiar who is also a Vice-President of the Indian Co-operative Union is too well known to you to need introduction. His interest in the progress of the masses through Co-operation and Panchayat Movement is unbounded. It is but proper that he should open this Exhibition which shows the products of the artisans of the countryside. May this Co-operation of the Government and non-official workers augur good for the Co-operative Movement in our Province.

It is really our great fortune that we are able to have the Hon'ble Dr. Rajendra Prasad, President of the Indian Constituent Assembly, to deliver the Valedictory Address at this Conference. Dr. Rajendra Prasad has a heavy programme to go through during his brief stay in Madras and his kind acceptance of our request shows the deep interest he has in the Co-operative Movement. This Movement has now earned the appreciation of many of our National Leaders and in fact Co-operation has now become the accepted principle underlying the economic policy of the Government. The Government of India have declared that their objective is the attainment of a Co-operative Commonwealth. We are now happily on the eve of the establishment of a Republic under a new Constitution and this bias of the Government towards Co-operation gives us the hope that the realisation of the Co-operative Commonwealth may not be too remote.

We met last shortly after the end of the global War. Conditions have not settled down to the normal these three years: The country is still faced with the problems of inflation, rise in price levels, high cost of living and low standards of life, partial controls and rationing, hoarding and black-marketing of goods. At the same time there are, strangely enough, problems like the scarcity of capital, tightness of the money

market and a slump in certain lines of industry and trade like handloom weaving.

This last mentioned problem has become so serious that it requires mention in some detail. The plight of the weavers and their societies is becoming worse day by day. Cloth prices have fallen very low and yet there are no good sales. The weaver is obliged to reduce to a great extent his margin of profit and wage though the cost of the living has not declined at all. The societies are also losing very much on account of accumulation of stocks and no sales. Above all these societies are subjected to a number of levies, *viz.* sales tax, audit fees, supervision tax by Government and other supervision fees by financing Central Banks. In these conditions how can these societies work? Of course, there should be supervision and audit. But I see no reason why Government should tax them when it is the duty of the Government to have only a general supervision. After all, the finance is being given by the Central Banks and they are entitled to have a careful supervision and collect a small percentage towards supervision fund from out of their profits because a financing agency has to look after the safety of its funds lent. I hope, Government will examine this aspect of the question and see that their new scheme of collecting supervision fund charges from the weavers societies which has been recently brought into force is withdrawn immediately.

It has become necessary to reconcile the various trends in finance, industry and trade. The Government of India, I may say, are trying to tackle some of these new problems. For instance, they have recently appointed a Rural Banking Enquiry Committee for the purpose of devising ways and means of tapping rural capital so that there may be enough indigenous capital available for financing our industries and trade. Of course it is a matter of some satisfaction that the Registrar of Co-operative Societies is on the Committee: but I feel that the Government should have invited an experienced non-official Co-operator of Madras also to be on the Committee so that the benefit of his practical experience with rural conditions and the actual working of the Co-operative Institutions may be had at every stage of the Committee's inquiry.

My honest impression is that in such inquiries it is not the official or the arm-chair economist but the rural dweller that can give a true picture of the conditions. The Committee is required to investigate as to where and to what extent surplus money is lodged in the hands of the rural population. This is quite in keeping with a general impression in the Country that the present high prices of agricultural produce have placed considerable savings in the hands of the rural people. This opinion has gained currency due to the mistaken notions of certain urban dwellers, particularly merchants and industrial speculators. These persons who might have observed the tightness of the money market for business undertakings have not secured to accuse their poor rural brethren of hoarding

And what is worse, they have not hesitated to support the idea of the Government to raise compulsory loans from the poor agriculturists.

The tone in which these views have been expressed by them is deplorable. It is also a pity that such sweeping observations should be made by men who have never seen the countryside. But since such notions are dangerous to economic peace in the countryside, I hasten to disillusion the minds of my friends who are assembled here by showing the fallacy of such ideas :

In 1945 at the request of the Government of Madras, Dr. B. V. Narayanaswami Naidu (now Member of the Tariff Board) conducted an inquiry into rural indebtedness in our Province. He found that the total amount of rural debt in our Province which stood at Rs. 272 crores in 1939 was reduced to Rs. 218 crores which meant a reduction of only Rs. 54 crores in six years. It was found that during the same period the average prices of food crops rose to 247 per cent and those of non-food crops to 278 per cent. Then why should the debt reduction be so low? It was obviously due to other circumstances like high costs of cultivation and cost of living. From the Report we find that the wages rose from 200 to 300 per cent. For instance in the East Godavari it rose from Rs. 0-7-4 to Rs. 1-3-0 in the case of a male and from Rs. 0-5-2 to Rs. 0-13-4 in the case of a female. The costs of other agricultural requirements also rose. For instance the price of a pair of bullocks rose from Rs. 150 or Rs. 200 to Rs. 900 or Rs. 1,000. Similarly there was a rise of 3 to 7 times in the prices of other requirements like fertilisers and implements. The total cultivation expenses rose to about 210 per cent. The living expenses also rose to about the same percentage, namely 210. Consequently while the big landholders owning 25 to 50 acres received a some surplus income, those having below 25 acres each did not fare well. Those having 5 acres and less had a large deficit. This last class consists of 62 per cent of the total landholders. The capacity to save and liquidate debt obviously hinges on this surplus element. Hence a benefit of the rise in prices accrued only to the higher classes and not to the marginal and sub-marginal cultivators even in 1945.

The conditions are obviously worse to-day than four years ago. A look at the index numbers of costs of agricultural equipment and living expenses will amply prove it. Taking for instance the East Godavari District, the price of plough bullocks is to-day round about Rs. 1,250 a pair which means an increase of over 500 per cent on the pre-war prices. The cost of one ton of sulphate of ammonia in India is Rs. 325 as against Rs. 150 only in America. Even ground nut cake which sold at Rs. 2-8-0 a bag in 1939 is now selling at Rs. 14 which means a rise of about 600 per cent. Taking the cost of living we find that at Alamuru in the East

Godavari District, the rural index number is 408 now. The present price of paddy in the district is about Rs. 16-8-0. How then would you expect a surplus in the cases of the small farmers who constitute the bulk of the population in the countryside? In fact the peasants do not reap even the small benefit of a rise in price because they are every year obliged to sell away a large part of their produce at unfair prices soon after the harvest for payment of kist. This leaves them absolutely no margin and their life during the rest of the year is one of poverty and suffering. It is to remove this poverty and these handicaps that the Co-operative Movement has been endeavouring from years past. I regret to note that the results achieved so far are not encouraging. We are told that while the total agricultural debt in the Province in 1945 was about Rs. 218 crores, the debt owed to Co-operative institutions was only Rs. 2.86 crores, working out to only 1.31 per cent. Since then the Movement has registered some measure of progress and the amounts owed by agriculturists to Co-operative institutions increased to Rs. 7.13 crores in 1946-47 and Rs. 8.57 crores in 1947-48. Taking the rural debt to be 218 crores, this works out to 3.22 per cent and 4 per cent respectively. Thus the Co-operative Movement has just touched the fringe of the problem of rural debt. It may be that as the Co-operative Movement progresses, the agriculturist will have some surplus due to several economies in production and sale. But at present poverty is his lot. I do not know how in view of such circumstances my good friends in the towns and cities indulge in unfair criticisms. In these circumstances I also feel strongly that there is no justification for the Government to intend to collect advance land revenue and any other compulsory loan from the agriculturists. Now coming back to my point, I request the Rural Banking Committee to take the fullest advantage of the experience of the workers of the countryside, so that things may be seen in their proper perspective and the Government may be advised properly on matters touching the countryside.

I have now placed before you some of the general problems facing us. Besides these problems there are certain others which are of special concern to us in Madras. We introduced total Prohibition in our Province and have worked it for over one year. Apart from the immense loss of revenue to the State, this piece of socio-economic legislation has created a huge human problem: Lakhs of ex-tappers have been thrown out of employment suddenly and millions of ex-addicts have been faced with the problem of finding an alternative pastime and avocation: Secondly, the need for tackling the life of the villager as a whole having been found, a Province-wide campaign has been launched to promote the development of multi-purpose co-operative societies in the countryside. A two-year plan has been formulated for bringing 50 per cent of the villages and 30 per cent of the population into the Co-operative fold. The Government of Madras have granted annual subsidy of Rs. 1.27 lakhs to enable the

Central Banks to meet the extra cost in carrying out the work. Thirdly the Consumers' Movement has been showing signs of weakness. A good many primary stores which had been active and vigorous during the war and the early post-war years have now become dormant, if not defunct. Their strength lay in the distribution of controlled commodities and when decontrol came they received a set-back. It is feared that they may yield place to private trade. In the interests of the Consumers' Movement it is therefore necessary to strengthen the primary stores where possible and to have the central stores open branches at centres where the primaries are too weak. There are several other problems also. But the biggest problem, however, is the problem of the poor man. There is at present a general feeling that under the Co-operative Movement the poor-man has not so far received the attention he requires. After all the Co-operative Movement is meant for the benefit of the man of limited means but not the man of easy means; it is therefore necessary that the poor-man should be drawn in to the Co-operative fold and everything possible should be done to develop his character and credit-worthiness.

All these general and special problems must be tackled and solved properly if the Co-operative Movement is to be of real benefit to the people. Co-operative virtues like thrift, self help, loyalty, honesty, mutual-help and united action should be developed. Co-operation has progressed mainly as a line of business during the war period due to certain circumstances known to all. Anti-social forces are now up against it and unless the gains of the war period are consolidated and the Movement is developed as a socio-economic force touching all the aspects of the individual's life and is converted into a strong democratic Movement, I am afraid it will decline within measurable time. It therefore behoves all good Co-operators to guard against such undesirable tendencies: The putting up of a strong front is possible only when the rank and file of the Co-operative army close up their ranks. It is a sad but undisputable fact that the Government and non-official sections have not collaborated for years. The Movement has progressed as a Departmental activity with little reference to popular interest and initiative. This lop-sided development seems to have imparted some weakness to the Movement. The situation calls for joint action of both sections of the Movement. I am glad to inform you that this need for joint effort seems to have been realised of late by both the sections. This is borne out by the recent formation of the Indian Co-operative Union which will represent the non-official co-operators opinion in the country and also by the decision of the Co-operative Conference held at Bangalore to have only one co-operative conference where both official and non-official co-operators could sit together and deliberate.

One important point must, however, be made plain: For both sections to act effectively together, it is essential that the non-official agencies should

have some statutory status and powers since otherwise they may tend to become mere handmaids to Officialdom. I understand that the Co-operative Societies Act in our Province will be amended shortly and I hope this point will receive adequate attention of the legislators in national interests.

The Co-operative Movement as re-constituted will have to pursue vigorously a well-laid programme which will bring commercial progress and cultural development. Technical advice and assistance are necessary for the former and mass general education for the latter. You know that recently an International Co-operative Conference was held at Lucknow for devising ways and means of giving technical assistance through Co-operatives and UNESCO Seminar was held at Mysore to discuss ways of promoting adult education. These Conferences have made many valuable suggestions. In this connection I may also mention that the Hon'ble Sri J. L. P. Roche-Victoria expressed recently his opinion that the Co-operatives should also undertake general mass education. A strong Co-operative Movement where all the sections work together will certainly be able to achieve good results early. It is feared in some quarters that anti social forces like Communism are gaining a hold on the masses. A Co-operative Movement which can show the people how to live better will banish all such fears and will make the country safe for a Co-operative Commonwealth. I sincerely hope that the day will not be far when we will realise this ambition of our national life.

Gentlemen, I have ventured to mention to you some of my hopes and fears. All the aspects of the Co-operative Movement will be dealt with in detail and valuable suggestions will be made by the President of this Conference. Good wine needs no bush.—You will pardon me if in these days of Prohibition, I have mentioned about wine.—Sri R. G. Saraiya, Chairman of the Bombay Provincial Co-operative Bank, is one of the foremost Co-operators in our Country. He is known in Co-operative circles and elsewhere as the Chairman of the All-India Co-operative Planning Committee of 1945 appointed to draw up a plan of Co-operative development for the country; I need not tell you that the excellent Report of the Committee has received widespread appreciation in the country. Sri Saraiya has rendered invaluable service to the Movement in numerous ways. I am sure that under his guidance this Conference will make suggestions that will have a far-reaching importance to the Movement.

Before I conclude, let me refer to one matter which has a bearing on the future of the Co-operative Movement in our Province.—I mean the formation of the Andhra Province which seems to take place in the near future. If it comes to pass, there may be bifurcation in the Co-operative—sphere as in the other spheres of Provincial activity. I do not know how the Co-operators of this Province will decide the issue;

but if bifurcation be favoured, this Conference would be the last one held by the Madras Provincial Co-operative Union. Co-operation know—no language bar and it is therefore my humble request that linguistic differences should not mar the harmony of our joint efforts several years and that we should continue to collaborate in future also, so that the traditions which we have built up together may be kept alive.

Brother Co-operators, I do not take any more of your time. Let me only mention that in spite of our very best efforts, there may be some defects in the arrangements made for your board and lodging. The handicaps we labour under in our daily life now are too well known. I therefore hope that you will kindly forgive our short-comings in a true spirit of Co-operation. Afterall, all of us are both hosts and guests.

I now request the Hon'ble Sri P. S. Kumaraswami Raja, our Premier to open the Conference and Sri R. G. Saraiya, to Preside over it and conduct the proceedings.

OPENING ADDRESS

THE HON'BLE SRI P. S. KUMARASWAMI RAJA,
Premier to the Government of Madras

BROTHER CO-OPERATORS,

I am grateful to the Madras Provincial Co-operative Union for the honour done to me in asking me to open the 27th Madras Provincial Co-operative Conference and for the opportunity afforded to me to renew my ties with the Co-operators of the Province. Being a humble Co-operator myself for about 30 years, it gives me indeed great pleasure to be present here to-day and to address you.

As you know, I am a firm believer in Co-operation and today more than ever before, the Co-operative Movement stands vindicated as the only panacea for many of our economic ills. Introduced into this country as a remedy for rural indebtedness, it is now applied for the solution of many other economic problems and the Madras Province has taken the lead in the application of the Co-operative method in diverse ways with commendable success. I have just perused the Administration Report of the Registrar of Co-operative Societies for the year 1948-49 and it provides interesting reading. During the year 1948-49, the Central Land Mortgage Bank issued Rs. 77.73 lakhs of loans to the primary land mortgage banks and the debentures issued by it are guaranteed by Government upto a limit of Rs. 5.5 crores. The total amount of loans due to it from the primary land mortgage banks on 30-6-1949

OPENING ADDRESS : THE HON'BLE SRI P. S. KUMARASWAMI RAJA

was Rs. 3.32 crores. The Madras Provincial Co-operative Bank, which is the apex Co-operative Bank of the Province for providing short term and medium term credits, disbursed Rs. 7.84 crores as loans and cash credit to the co-operative central banks in the districts. while the total amount of loans and cash credits issued by the latter to their affiliated societies was Rs. 47.44 crores. On 30-6-1949, there were 1,764 primary co-operative stores and 23 district co-operative central stores in the Province. The district central stores sold goods worth Rs. 25.13 crores during the year. Under local procurement operations, they procured Rs. 3.15 crores worth of food grains. They also purchased imported food grains for a total value of Rs. 10.36 crores. The primary stores societies distributed more than Rs. 23 crores worth of goods to the consumers. Some of them did procurement work also and the total value of food grains procured by them was Rs. 2.24 crores and the value of imported food grains purchased by them was Rs. 3.03 crores. The Madras Handloom Weavers' Provincial Co-operative Society is a magnificent example of what producers' Co-operation can accomplish, and it is today the apex of a well-knit co-operative structure which commands about 1.32 lakhs of looms and produces every month about Rs. 23 lakhs worth of handloom cloth. During the co-operative year 1948-49, it disbursed Rs. 7.36 crores worth of yarn to both members and non-members and purchased Rs. 81.90 lakhs worth of finished goods from the primary weavers' societies. A successful beginning was made to tackle the problem of housing and during the year Rs. 73.48 lakhs of loans were issued to the co-operative housing societies. The progress made by the Ex-Servicemen Co-operative Societies is significant. During the year the Co-operative Workshops for Ex-Servicemen produced goods worth Rs. 4.44 lakhs and paid as wages to its members Rs. 1.09 lakhs. The Motor Transport Societies for ex-servicemen owned 293 vehicles and earned total hire charges of Rs. 28 lakhs. Co-operatives also played a notable role in the rehabilitation of toddy tappers thrown out of employment consequent on the introduction of Prohibition. And on 30-6-1949, there were 1,488 jaggery manufacturing co-operative societies for ex-toddy tappers and they produced 25 lakhs of maunds of jaggery valued at Rs. 1.27 crores. 180 milk supply organisations formed for their benefit and for ex-addicts sold Rs. 11.23 lakhs worth of milk. These are no small achievements and the Co-operators of the Province may well be proud of this record of progress.

It is hardly necessary for me to dwell on the superiority of the Co-operative system over other types of economy. Co-operation represents the happy mean between Capitalism and State-Socialism

and the idea of a Co-operative Common wealth is gaining ground in all the countries of the world. Being a system based on self-help and mutual help, it eminently fits in with an economy in which the small cultivator is involved, as in India. With the achievement of political freedom, the foremost task facing the Provincial Governments in India today is the economic development of the countryside and to achieve this end, there is no better instrument than Co-operation. In fact, there is a growing link between the State and Co-operation all over the world and the Co-operative Movement is the agent of some form of state planning or control in many countries. Even the Food and the Agricultural Organisation of the United Nations has recognised that Co-operation is a valuable instrument in carrying out schemes which it may commend to its member Governments. The Madras Government are fully alive to the immense utility and importance of the Co-operative Movement as an agency for the promotion of agricultural and industrial prosperity and it is also their policy to make the best use of the movement to provide facilities for the common man for the betterment of his economic condition. They have utilised the co-operative organisations for implementing their schemes of food procurement and distribution, purchase and distribution of yarn, housing, re-settlement of ex-servicemen and ex-toddy tappers and have provided them with loans and subsidies and staff. I may assure you that Government for their part will be prepared to extend their measure of support for every form of Co-operative enterprise which is calculated to promote the well-being of the community.

I shall now refer to one or two matters relating to the future of the Co-operative Movement in the Province, which are perhaps engaging the attention of the Co-operators already and also to certain recent trends in co-operative development, which are worth taking note of. First, I shall refer to the rural credit system. A fillip has indeed been given for the expansion of rural credit societies and their undertaking multipurpose activities as a result of the scheme sanctioned by Government recently for the re-organisation of rural credit societies, and today there are 11,689 rural societies covering 51.2 per cent of the villages and 14.08 per cent of the rural population in the Province. Of these, 3,659 societies have undertaken multipurpose work. I am aware of the difficulties which confront the societies to do extra-credit activities. Men with the necessary ability, leisure and inclination for work may not be available. People trained in account-keeping and methods of business are difficult to be secured. There are also difficulties in the way of the societies getting the required

articles like foodgrains, agricultural implements, etc. More funds will have also to be provided to them. Notwithstanding these difficulties, I am confident that every endeavour will be made by the co operators to make the village societies live centres of rural progress, and that the conference will devise ways and means of achieving this end. In doing so, however, the co-operators will have to take note of the fact that any attempt to force the pace of expansion may defeat the purpose of the scheme even as the anxiety to multiply rural credit societies in 1921 under the 5-year plan ended in the failure of most of these societies in succeeding years. Unless local leaders imbued with a spirit of service to manage these societies and well-equipped staff to run their day-to-day administration are secured, it will be hazardous to entrust these institutions with duties which they cannot ordinarily undertake. The rural credit societies should so develop themselves that they should not only enlist the sympathy and services of the outstanding men in the village but also function as strong economic units with sufficient margin of income to maintain a paid establishment so essential for their working. It will hardly be possible for Government to render financial assistance to them to meet the expenses of their day-to-day administration. The societies should be able to develop their business in such a manner that they can pay their own way. Where these conditions are satisfied, you can expect credit societies to function really as multipurpose credit societies. Otherwise, we have to proceed with care and caution.

Secondly, with the assumption of new functions and responsibilities by co-operative organisations, the need for their commanding more funds has arisen. For long, the co-operative institutions have been able to find the money required by them within the movement itself except on very rare occasions and that too to a small extent. There was very little direct lending by Government to the Co-operative financing institutions. This is not the case, however, at present. Government have provided funds to the Madras Provincial Co-operative Bank through the Imperial Bank of India to the extent of Rs. 3 crores besides a direct loan of Rs. 1.90 crores, for financing procurement operations. It might, perhaps, be stated that these borrowings have become necessary on account of the entrustment of procurement operations to the co-operatives by Government and there is a section of co-operative opinion which feels that Government should provide funds when they ask the institutions to take up procurement work. But, I may tell you that procurement is as much the people's job

as that of Government and when the people want procurement to be undertaken by co-operatives in any area, the work is entrusted to them also. It should be the task of the Provincial Bank and the Central Banks to raise all the funds required by them by tapping deposits from the public both in urban and rural areas and also to make money available to the movement at cheaper rates of interest than the prevailing rates. The Government of India have recently constituted a Rural Banking Enquiry Committee with a view to examine the possibilities of extending banking facilities and tapping local savings in rural areas. May I appeal to you to concert effective measures for attracting more money into the movement so that the co-operatives may be able to find the funds required for their business and come up to Government for assistance only as a last resort.

Thirdly, there is an increasing desire on the part of the co-operative organisations to take in departmental officers for running their day-to-day administration. I find from the latest Administration Report that the number of officers placed at the disposal of co-operative societies for this purpose was 349 during the year 1948-49. This tendency should be discouraged. Co-operative institutions should be able to stand on their own legs and run them with their own men. In some cases, departmental officers are indented upon so that the men in charge of the affairs of the societies may have less responsibility to shoulder and in some others because they have not taken adequate steps to train their staff or to pay sufficient emoluments to them. It is high time that a suitable plan was evolved by the co-operators by which the institutions will be able to secure all the staff that they require and have an efficient personnel.

Again, it is sad to note that often times co-operative institutions have come to grief on account of factions and group rivalry among the members. There is no place for party spirit or faction in co-operative societies which are essentially business organisations. Unless the movement keeps clear of local rivalries, faction and party politics, they cannot be expected to command the confidence of the public or of real service to its clients. In some cases, the party spirit is carried to the extreme length of creating deadlocks in institutions by adopting certain election tactics by resorting to civil courts, etc., which affect adversely the normal working of the institutions. May I therefore appeal to the co-operators to instil a sense of discipline and a sense of service to fellow-men in the persons who are in charge of the affairs of the institutions and to make them subordinate their party and local

leanings to the higher interests of the community. Pardon me if I say that more vigilance is needed on the part of the co-operators than they have hitherto been able to exercise with regard to the management of institutions. With the new kinds of activities undertaken by them and a large business turn over, there are more temptations to commit frauds, misappropriations, etc., and I find from the Report of the Registrar that 63 prosecutions were launched during the year. I need hardly say that suitable steps are called for to tighten up the control over the office bearers and employees of the societies to see that their working is not affected.

I have no doubt that the movement has got immense opportunities to serve the common man and co-operators have a vast field for social service. I would like to refer in particular to the great part that co-operatives can play in the scheme of food production. The drive for food production is now on and the Government of India have ordered that food imports should be stopped after 1951. I am aware that Co-operatives have played a very notable part in the distribution of food stuffs but a great task awaits them in the field of production. There are a few colonisation societies, agricultural improvement societies, tenants societies which are engaged in food production; but I would like to make an appeal to the co-operators assembled here to concert measures to make the co-operatives play an increasing part in the matter of food production.

Co-operation is not a Government machinery but a people's movement. Notwithstanding the most liberal State help and State support, the movement cannot succeed unless its constituents are honest, the management of the societies is sound and the workers are animated by a spirit of public service. Co-operative methods cannot become effective until the people concerned both clearly understand the basic principles and accept co-operation not only as a means of self help but of service to the community. In the words of Gandhiji ".....the Co-operative Movement will be a blessing to India only to the extent it is a moral movement strictly directed by men fired with religious fervour.....We will not measure the success of the movement by the number of co-operative societies formed, but by the moral condition of the co-operators." I have no doubt that our country can produce public-spirited workers imbued with a spirit of co-operation and to the extent that we have such men we can expect the movement to play its part in the building up of future India. Co-operation besides being a form of business is a great moral force and the use of that force should be of great value in

the economic emancipation of the country. Nowhere in the history of the human race has moral energy been shot into political affairs more powerfully than in India, and if the kind of moral energy that we have put in for getting our political freedom can be put into the Co-operative Movement, we might expect it to bring about a broad economic emancipation of the masses.

I have done, Gentlemen. I am sure that this Conference will be a landmark in the history of the movement and its decisions will take us a great step forward. You have been singularly fortunate in having secured Mr. R. G. Saraiya to preside over the Conference. He is the Chairman of the Bombay Provincial Co-operative Bank and is connected with big business organisations in the Bombay Province. As you are all aware, he was also the Chairman of the All India Co-operative Planning Committee which produced a very valuable report on the Co-operative Movement in India. I am sure that under his able guidance, the Conference will arrive at correct decision on the several issues that may come up for consideration. This probably is the last of the Provincial Conferences of the kind in view of the impending formation of a separate Province for the Andhras; whether Andhras or non-Andhras, Co-operators are one and the same imbued with the same spirit of service to fellowmen and Co-operation knows no territorial limits or bounds. I thank you once again for giving me this opportunity and it is with great pleasure that I now declare the Conference open. I wish the Conference every success.

PRESIDENTIAL ADDRESS

SHRI R. G. SARAIYA, O. B. E.,

Chairman, Bombay Provincial Co-operative Bank, Ltd.

Brother Co-operators,

I consider it a very great honour to have been requested by the Madras Provincial Co-operative Union to preside over the 27th Provincial Co-operative Conference. It is indeed a rare distinction to be called upon to preside over the deliberations of the Co-operative Conference of the Province of Madras which is taking the lead in so many directions in the progress of the co-operative movement. With so many alert and experienced co-operators in your Province, it was hardly necessary for the Madras Provincial Co-operative Union to seek outside for a Chairman. Indeed I feel that I may not be able to do proper justice to your very important

agenda as I am not fully in touch with the various activities co-operatively carried out in your great Province. But I believe that in inviting me, the Provincial Co-operative Union has expressed its broad-mindedness and its recognition in a way of the spirit of unity which pervades the co-operative movement throughout the country and I am sure that I can rely upon so many of my co-operator friends for assistance in my difficult work.

Tribute to the late Mr. Viyyanna

In the first place, I would like to pay my tribute to the late Mr. Viyyanna whom I had the privilege of meeting first at the All-India Co-operative Conference held in Madras in 1947. I also had the privilege of working with him on the Co-operative Sub-committee appointed by the Government of India on the recommendation at the last Registrars' Conference. I was looking forward to meet him again and to have the pleasure of working with him in many spheres of the co-operative movement. But alas! Fate willed otherwise and he has been taken away from our midst. In him not only has the co-operative movement of Madras but the co-operative movement as a whole of India lost an enthusiastic worker full of industry, good-nature, kindness and above all the spirit of co-operation.

Place of Co-operation in ancient times under British Rule and after Independence

To an experienced body of co-operators like yourselves, I need hardly dilate on the value or importance of the co-operative spirit and the co-operative form of organisation in the economic and social life of the country. The principle of co-operation is not one which is new to India. Indeed it has been recognised and realised in the *Rigveda* as the quotation will show:—

समानी वः आकृतिः

समाना हृदयानि वः

समानमस्तु वो मनः

यथा वः सुसहासति.

(श्री ऋग्वेदसंहिता-मं. १०. सू-१९१-४)

“May you all have a common purpose;
may your hearts be in unison;
may you all be of the same mind,
so that you can do your work efficiently and well.”

Rigveda Samhita

This principle of co-operation has been ably defined by the *Rishis* of old. In some forms of agriculture it survived, as in the

phad system of cultivation in my Province. It took legal and formal shape in India by the passing of the Co-operative Credit Societies Act in 1904. But the progress of the co-operative movement in India was naturally slow as the country was under an alien rule. Co-operation did not take deep root in the minds of the people as a whole as many of them thought it was merely a kind of method by which people could borrow money by joining societies. In the absence of a truly democratic soil, the tree of co-operation did not take deep root and its growth was stunted. However, with the achievement of independence and the assumption of power by the Indian National Congress, co-operation has begun to come into its own. As you are aware, it forms part of the plans drawn up by the Economic Planning Committee of the All India Congress Committee. Among the programmes which the Congress is pledged to carry out are the establishment of a network of co-operative societies in rural areas and towns, organisation of village industry on a co-operative basis and the encouragement of co-operative farming. Not only have the value and importance of the co-operative movement or the co-operative approach to the solution of the economic problems of the country been recognised by the Congress party, but its importance is stressed in no uncertain terms by the leaders of other political parties like the Socialist party. In fact, to quote an instance, the development plans prepared by the industrialists refer in no uncertain terms to the value of co-operative farming in regeneration of the country. It is therefore in the fitness of things that the

Recognition of
importance of
co-operation by
Madras Govern-
ment.

Madras Government should recognise the importance of the co-operative movement. It is indeed gratifying to note from the report of the Registrar on the working of Co-operative Societies of the Province of Madras for 1947-48 that the Madras Government attach very great importance to co-operation as an instrument of rural regeneration and prosperity. The Report says in its very opening paragraph :—

“Government have shaped the policy in such a way as to foster the growth of the movement in various directions in spite of opposition from vested interests. They have utilised the services of co-operative organisations both in increasing the production of food-stuffs, handloom goods and cottage industrial products as well as in the equitable distribution of controlled commodities at reasonable prices. They entrusted co-operative institutions with the task of providing

employment to men of the fighting services demobilised after the war and to ex-toddy tappers thrown out of employment by the introduction of Prohibition. They gave them the function of relieving the scarcity for houses experienced in most municipalities and major panchayats and they assisted every deserving case with loans or subsidies or both.”

The record of progress of the Madras Province is indeed impressive. During the year ended 30th June 1949, there were 20,796 societies functioning with a membership of 28.81 lakhs with a share capital of Rs. 926.34 lakhs. Against this, on 30th June 1939, there were 13,759 societies with paid-up capital of Rs. 246.84 lakhs. Out of these, on 30th June 1949, there were 12,728 rural credit societies covering 17,020 villages. The percentage of villages served by rural credit societies and population served by them have reached 45.17 and 14.8 respectively. It shows that the target set before the country by the All India Co-operative Planning Committee which reported in 1946 of bringing 50 per cent of the villages and 30 per cent of the rural population within the ambit of the re-organised primary societies within the period of 10 years is within sight of attainment in the Province of Madras. But the progress of the co-operative movement in Madras should not only be judged by the number of societies or their membership. The diversity of activities undertaken co-operatively in Madras is indeed impressive. While taking the lead in the matter of consumers' co-operatives, it is indeed gratifying to note that the work you have undertaken in your Province through co-operative agencies covers such diverse activities as supplying short and long term finance to agriculture, housing, marketing, dairy and milk production, egg production, salvage of dry animals, distribution of yarn and cloth, handloom weaving, miscellaneous cottage industries, workshops and motor transport for ex-servicemen and ameliorative work for those thrown out of employment through the enforcement of Prohibition. The very diversity of activities undertaken co-operatively in your Province suggests to me the desirability of the Madras Co-operative Union preparing a compilation of the various types of economic and other activities undertaken through co-operative agencies with specimen by-laws of each type of society showing their aims and objects and their main features of organisation and finance. Such a compilation would not only be useful to the whole of India but to other parts of the world also.

Government and the Co-operative Movement

In view of the increasing interest taken by the Government in the co-operative movement and the increasing association of the co-operative movement with the Government, I propose to devote some time to the question of the role of Government *vis a vis* the co-operative movement or the relations between the State and the co-operative movement. In this connection, I will

Government
role to be one of
active helpful-
ness without
thwarting local
initiative

quote first the resolution unanimously pressed by the technical meeting on co-operatives in Asia and the Far Eastern countries which was held at Lucknow recently under the auspices of the Food and Agricultural Organisation of the United Nations, in which the role of the State was defined as under :

"The role of Government in relation to Co-operative societies should be one of active helpfulness intended to stimulate co-operative enterprise to guide and to keep it on sound lines without either attempting to compel or replace local initiative or self-help. Government should in addition promote conditions under which co-operatives will thrive and develop. The attention of officers of all Government departments should be drawn to this aspect of Government policy."

"While recognising the essentially voluntary character of the co-operative movement, where there is need for the provision of a common essentially economic service or where the larger interests of the community require it, a resolution passed by a co-operative society should be made binding by law on non-members provided that a substantial majority of the persons and economic interests affected by such resolution accept it."

I need hardly dilate on the necessity of active helpfulness, guidance and assistance from the State as this has been fully recognised by the Government in Madras and other provinces in India. However, it may be desirable to stress that the officers of all Government departments are not equally conscious of the role of importance which co-operation has to play in the economic life of the country. It is necessary that not only should a particular department of Government realise its importance but that a directive should be issued from the cabinet level to all officers of Government that it is a part of Government's policy to stimulate the co-operative movement in every direction.

The resolution mentioned above stresses the voluntary character of the co-operative movement and also the necessity of ensuring that local initiative or self-help is not replaced by any form of compulsion. It has to be recognised not only by the Government but also by the workers of the co-operative movement that co-operation is not converted into some form or other of regimentation. In fact regimentation of any kind is against the spirit of the co-operative movement and phrases like "compulsory co-operatives" are a contradiction in terms. This has to be recognised because in the very enthusiasm for the co-operative movement, there is a danger of the essential voluntary character of the co-operative movement being forgotten and some form or other of compulsion being introduced in the name of co-operation. The only compulsion which has been recognised is the necessity of bringing into line recalcitrant non-members who may be holding up the development of economic services or thwarting the larger interests of the community. In such cases, however, it is essential that the course of action proposed is backed by a substantial majority of the persons and economic interests affected by the resolution. Schemes of better irrigation, consolidation of holdings or planning of crops or marketing of agricultural products should not be sabotaged by a recalcitrant minority if the majority of the people involved with the majority of economic interests concerned are convinced that the adoption of such a scheme on co-operative lines is in the general interest. But I would like to utter a note of warning at this stage that in the very enthusiasm that the co-operative movement has now evoked, it should not be decided to form compulsory co-operatives by State order for any and every type of economic activity.

One of the questions which was considered by the F. A. O. Conference of Co-operatives at Lucknow was to what extent the State could make use of the co-operatives for carrying out their economic and social policies. The co-operative movement has been utilised by the State for such purposes among others as procurement of foodgrains, distribution of rationed articles, carrying out relief work under famine or unemployment conditions. This is all to the good but here again it should be recognised that co-operative societies were established on business lines for the benefit of their members on the principle of

If Government
entrusts work for
general public to
co-operatives, it
should reimburse
them for services
and indemnify them
against losses.

self-help through mutual help. When the State wishes to make use of co-operative societies on behalf of the general public and calls upon them to undertake such functions as the procurement and distribution of food-stuffs and textiles, it is necessary that the funds required are provided by Government, that the losses arising thereby, if any, are borne by Government and the societies are not on that account made liable to the levy of income tax on the surplus if any accruing from the business. As a result of public demand, Government have entrusted the distribution of yarn and cloth in this Province, I understand, on a very large scale to the co-operative movement. It should be the duty of the Government to see that the co-operative societies are not put to a loss as a result of their undertaking this work in the interest of the general public. The loss may arise from a fall in the market prices of yarn and cloth, accumulation of stocks over a long period, entailing heavy charges for storage, interest, insurance, etc. and deterioration in quality, etc. These losses arise as a result of the co-operative movement undertaking work in the public interest. It is only fair that the public exchequer should bear these losses. In fact the Government of Bombay have to some extent recognised this principle and have guaranteed the losses, if any, which may be incurred by district wholesalers of cloth as a result of their undertaking cloth distribution work. In this connection, I would like also to urge upon departments other than the department of co-operatives, the necessity of ensuring that the co-operative labourer is also worthy of his hire. In the zeal for reducing prices to the consumers, the work of distribution of food-grains, cloth, etc. is being entrusted to co-operative institutions on terms which are not remunerative. Even the co-operative societies are entitled to a fair return on their capital to lay by something as reserves both for a rainy day and for purposes of co-operative education, propaganda, etc. The margin of commission or the scale of charges which may be allowed to co-operative institutions, when they undertake such work, should therefore be so worked out that an honest co-operative institution working fairly efficiently would not only be able to make the two ends meet but also earn a fair dividend on its capital; a dividend of say 4 per cent or 5 per cent could by no stretch of imagination be called profiteering. It should be recognised in this context that co-operative societies do not possess means and cannot adopt methods which may be open to other channels of trade to re-imburse themselves against losses. They have to observe certain rules and regulations, keep certain books,

subject themselves to audit and inspection, pay for their supervision and staff and sometimes work in remote places where the turnover is extremely small. The remuneration which may be sufficient for a larger unit working in a city may not be sufficient for a small unit serving the genuine needs of the rural population in the interior, perhaps in a small village remote from a railway station at a long distance by road from the nearest market and with a small population. The Civil Supplies Ministry or the Finance Ministry which may be laying down the remuneration for societies for their work should take all these factors into account in a spirit of broad-mindedness and not cut their calculation to the last pie so as to deprive a large number of co-operative societies of even a fair remuneration. In this connection, I will reproduce hereunder the resolution passed at the last meeting of the F. A. O.

“(A) That the State should, as far as possible make use of co-operatives in preference to private agencies in respect of trading activities, when the organisation of co-operative societies is capable of undertaking such work.”

“(B) When the State makes use of co-operatives on behalf of the general public and calls upon them to undertake such functions as procurement and distribution of foodstuffs and textiles, it should assist them in securing the funds required for the purpose. The losses arising thereby, if any, should be borne by Government.”

Another misconception which appears to prevail amongst large sections of the public and even amongst some of the Government departments is that co-operative societies are ^{Co-operatives not charitable institutions} philanthropic institutions. Apart from the dictum that “charity begins at home”, it should not be overlooked that co-operative societies can only provide charitable assistance or perform philanthropic activities through their own reserves which are available for the purpose. A co-operative society or a co-operative bank cannot use its working capital, its share capital or deposits of its members for charitable purposes, howsoever laudable the purpose of the charity may be. A co-operative society like some old fashioned business-houses, but unlike modern companies, does set apart a certain sum of money for the common good fund. This fund alone can be used by the society for beneficent activities and these activities should in the first instance be for the benefit of their less fortunate members and their families. The co-operative societies, however, can make available for public purposes, the labour of their

members to the extent that it may be available in their free time. In this connection, therefore, I cannot do better than repeat the resolution at the last meeting of the F. A. O.

“(C) That when Governments entrust relief work to Co-operative Societies under famine or unemployment conditions, the relief given by these Societies should be restricted to subventions given by Government.”

The importance of the co-operative movement has now been acknowledged on all sides. It is necessary that a proper place is given to it in the organisation of Government itself by entrusting it to a special Minister who should be exclusively in charge of co-operation; if he should be entrusted with additional portfolios, the same should relate to such cognate subjects as agriculture or food. The co-operative department should also be recognised as a major department of Government. In view of the essentially democratic character of the co-operative movement, the Minister in charge should be advised by a co-operative advisory council consisting of leading non-official representatives of the movement, officers of important departments like Co-operation, Finance, Agriculture, Civil Supplies, etc. and members of the legislature. I am glad to note that the importance of co-operation is recognised and most of the above requirements are met in the set up of the Madras Government. I am particularly glad to note that the Madras Government have already set up a Co-operative Advisory Council whose advice, I understand, is generally accepted by them.

Co-operation and the Central Government

However, the organisation of the co-operative movement at the centre leaves much to be desired. It may be recalled that the need of an effective organisation of the movement at the centre was felt at the last meeting of the All India Co-operative Conference and of the Registrars' Conference in Madras. On the recommendations of the Registrars' Conference, a sub-committee was appointed by the Government of India, which has already submitted its report. This report was again considered by the Committees of the All India Co-operative Institutes' Association and the All India Banks' Association which met in Bangalore in May 1949. This meeting adopted most of the recommendations of the sub-committee and formed the Indian Co-operative Union. Although the Indian Co-operative Union has come into existence, it cannot function and cannot play its proper role in the economy of the

country unless it receives State co-operation and assistance which are contemplated for it. The functions of the co-operative union amongst others would be:—

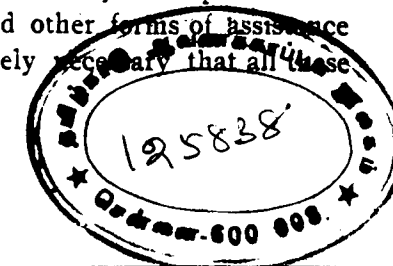
- (1) to canalize opinions on co-operative questions,
- (2) to convene the All India Co-operative Conference periodically and give publicity to its decisions,
- (3) to publish journals, bulletins, pamphlets, etc. on co-operative matters and generally to carry on co-operative propaganda, and
- (4) to promote co-operative education and training.

It was recommended that the Union should be given a liberal grant by the Central Government to enable it to convene the Conference and to carry on its activities. The Indian Co-operative Union has already been formed. Its meetings have been held and it met the Hon'ble Minister of Agriculture recently in New Delhi. No decision, however, so far appears to have been taken regarding the grant to this Union to enable it to carry on its functions.

It was further recommended that a Central Co-operative Council should be established to keep the Government in close and continuous contact with co-operative opinion. The Council was to consist of the Hon'ble Minister in charge of Co-operation, 10 nominees of the Central Government, 10 representatives of the Indian Co-operative Union and a representative of the Reserve Bank of India. The functions of the Council would be to advise the Ministry as to the steps to be taken to implement the recommendations of the All India Co-operative Conference (which would replace the existing Registrars' Conference and the non-official conference), bring to the notice of the Ministry co-operative problems, call for information on co-operative developments of special interest or value to India, appraise the Government on the nature and extent of the assistance required by the movement from time to time, especially in regard to schemes from the Provinces, and advise them on new experiments or research which may be necessary for development through co-operative organisation. It was also recommended to set up a Co-operation Directorate at the centre under a Co-operative Adviser, so as to co-ordinate and work with the Provinces and States in all fields of co-operative activity and provide for technical information and other forms of assistance needed by the movement. It is absolutely necessary that all these

Central Co-operative Council.
Co-operation Director under a Co-operative Adviser

needed by the movement. It is absolutely necessary that all these



recommendations to the Central Government are put into effect in as much as co-operation has been developing at a fairly rapid pace in the provinces and in view of the increasing number of activities undertaken by the co-operative movement, the rapid progress of the co-operative movement throughout the country, the different stages of development of the movement in different parts of the country, the need is keenly felt for a co-ordinating agency at the centre. Such a co-ordinating agency at the centre will prevent one province from repeating the mistakes of another, reduce overlapping of experiments and make available to every province the benefit of the combined pool of information on the working of all provinces that a central collecting authority can alone supply. I would therefore like to urge upon the Central Government the necessity of recognising the importance of the co-operative movement by supplying the necessary finance to the Indian Co-operative Union, establishing a co-operative advisory council at the centre and appointing a Co-operation Director under a

Co-operation Adviser. There have been no meetings of the All India Co-operative Conference or of the Conference of Registrars of Co-operative Societies since May 1947. There has been rapid progress in the co-operative movement since then. It is necessary, therefore, that steps are taken to hold early a meeting of the All India Co-operative Conference as recommended under the aegis of the Indian Co-operative Union. Such a conference will take a review of any development of co-operation during the last 2 years and will give the necessary impetus and guidance to the co-operative movement for further development in independent India.

Before concluding my observations on the relations of the co-operative movement and the State, I would like to refer to one danger arising from the very popularity of the movement at present. This danger is of the co-operative movement being used as an instrument of party politics. The co-operative movement is all-pervading. It is recognised as a plank in the platform of all political parties. Its spheres embrace a substantial proportion of the economic activities of the people. It therefore, transcends all political parties; parties may come and parties may go but the co-operative movement must go on for ever. It is in this spirit that all political parties should approach the

All India Co-operative Conference

Co-operative movement should not be used as instrument of party politics.

co-operative movement with the one object of serving first its own members and then the public in general and not with the object of using it as an instrument for the furtherance of their own political ends. Co-operative elections should also be conducted in the same spirit. They should be above party politics, should be above communal consideration and should be beyond linguistic divisions. The person who can best serve the institution to which the elections are being held should get the vote irrespective of his caste, creed, district, province, language or political ideology.

Co-operation and Rural Banking Enquiry Committee

I now propose to deal with the committee recently appointed by the Government of India for the extension of banking facilities in rural areas. While it is satisfactory to note that the Government of India in appointing this committee have not overlooked the role of co-operative banks, I cannot help expressing the opinion that the co-operative movement has not been adequately represented on it. I must congratulate Madras on the appointment on the committee of Rao Bahadur J. C. Ryan, its able and industrious Registrar. On his shoulders falls the burden of conveying the co-operative point of view clearly and emphatically to the other members of the rural banking enquiry committee. It would have been better if he had the assistance of a veteran co-operator with experience of co-operative banking selected from the non-official world. It is indeed strange that the Government of India should at this stage think of assisting commercial banks with a view to opening their branches in rural areas and to provide facilities for rural banking. Commercial banks by their very nature and their constitution have not been able to penetrate rural areas all these years. They have neither attracted rural deposits nor have they provided banking facilities to the countryside. On the other hand, with all their limitations, co-operative banks have been performing some of the functions of rural banking for decades. Every co-operative credit society in a village in fact is a nucleus for a rural bank. Such a society is linked to the taluq union and or to the district central bank, which in its turn is linked to the provincial co-operative bank. If rural banking is to be encouraged and rural savings are to be tapped that agency alone should be supported which by its very nature, constitution and organisation is equipped for the purpose. That agency is only the co-operative movement. I suppose rural banking means not only attracting rural deposits but also the provision of facilities for

making advances to the rural community for their daily needs. Co-operative banks have been financing the needs of agriculture to a certain extent for all these years. Through their net work of co-operative societies, they have been meeting the needs of agriculturists for raising of crops, for the provision of seed feed and fertilisers, for agricultural implements, purchase of bullocks etc. Co-operative banks have been even advancing funds for what is known as maintenance finance to members of credit societies in periods of famine and distress. In provinces like Madras and Bombay, land mortgage banks have been organised for providing long term loans to the agriculturist to enable him to redeem his past debts or to make improvement on his land. If the co-operative movement is called upon to perform all these functions so as to meet the needs of the agriculturist, it is only fair that any assistance which the Government of India may be contemplating for development of rural banking should be confined to co-operative banks and the network of institutions under their wings, i.e. the provincial co-operative banks, the district central banks, the banking unions in the Talukas and the primary credit societies. In this connection, I may be pardoned if I refer to the case of Bombay, where as a result of the recommendations of the Agriculture Finance Sub-Committee appointed by the Government of India under the chairmanship of Prof. Gadgil, the Bombay Provincial Co-operative Bank and Central Banks in the Province have undertaken the responsibility of financing the credit needs of all credit-worthy agricultural borrowers in the province, except in those parts of it which are liable to recurring famines or which are backward in the sense of their being inhabited by tribes or people requiring special care and assistance from Government. In the revised constitution of the Bombay Provincial Co-operative Bank, not only do the co-operative primary societies and central banks find enlarged representation but 3 seats are given to the Government of Bombay who have undertaken to contribute to its share capital as a basis for expanding its working capital. An institution like this can cater for the requirements of rural finance only if such finance is made available to it. After all a bank can only lend from its own deposits or from borrowings from Government. If, therefore, the Government of India contemplate expansion of banking facilities in the rural area, they cannot do better than put at the disposal of the co-operative movement in the province any State assistance which may be necessary. For example, the State can subsidise the operations of uneconomic branches i.e.,

branches where the turnover is so small that the bank is not able to pay its way from the interest and commission earned. The State can also put funds free of interest as deposits with the Provincial Co-operative banks and provide free remittance facilities for co-operative funds. It would only be in the fitness of things if the co-operative commonwealth which is India gives all the State assistance which is necessary for the promotion of co-operative banking in rural India. It would indeed be a serious anomaly if the Government of the co-operative commonwealth of India lends its assistance to institutions other than co-operative banks for promoting rural banking.

The Co-operative Movement and Reserve Bank

While considering the problems of banking I should like to refer to the role of the Reserve Bank in the co-operative movement. I have no hesitation in expressing appreciation of the increasingly useful role which the Reserve Bank is playing in financing the agricultural activities of the co-operative banks. Originally in its publication on "the functions and working of the Reserve Bank of India" the statement was made that "it was not intended to supply normal finance for which the provincial co-operative banks should have to rely on their own resources." In actual practice, the Bank's views have been modified and its circular of November 1944 stated "we have accepted that the co-operative movement would utilise the concession on a fairly large scale" and again in the circular dated 15th July 1946 it was mentioned "In order that the co-operative banks may make a greater use of the facilities offered under the scheme than they have done so far, we have decided to increase the rate of rebate from 1 per cent to 1½ per cent." Finance is thus available to the co-operative banks at the Reserve Bank of India rate of 3 per cent less 1½ per cent rebate i.e. at 1½ per cent from the Reserve Bank. The accommodation which the Reserve Bank can give, however, is limited by the Reserve Bank of India Act. At present the Act permits the lending of funds for two specific purposes, viz, financing of seasonal agricultural operations and the marketing of crops. Unfortunately the interpretation of the word "agricultural crops" excludes from the operation of the Act many commodities which should be included, e.g. milk, cream, butter, ghee and wool. It also excludes processed crops such as sugar, cotton which is ginned and pressed, groundnuts which have been decorticated and vegetable oil and oil-cakes. It is necessary

that the scope of the Act should be so widened that all these commodities come within the purview of the Reserve Bank of India Act. The Reserve Bank of India Act also excludes from its purview the operations of industrial co-operative societies although finance for the marketing of the goods produced by these societies would be available under Sec. 174 (d). The other operational finance needed by such societies cannot be advanced by the Reserve Bank. It has been suggested that this should be remedied and the Reserve Bank's finance should be made available for all co-operative activities permitted under the Co-operative Societies Act. Recommendations regarding the amendment of the Reserve Bank of India Act have been made by the Co-operative Sub-Committee appointed by the Government of India on the recommendations of the last conference of the Registrars of Co-operative Societies, over which I had the honour to preside and I trust that these recommendations will soon be implemented by the Government of India.

Co-operative Farming

In the context of the economic problem of the country, the most important of which is the necessity of increasing the production of food and the crops like cotton, jute and oilseeds, I must refer to the part which co-operation can play. The more one hears of it the more one feels the necessity of some solution of the problems of Indian farming. It must be readily admitted that the Indian farmer knows his job and does the best of the circumstances and environment in which he is placed. He is most efficient with his resources—his small plot of land, his impoverished and starved soil, his slender financial resources. If, therefore, his production per acre is to be increased, his environment and his circumstances must be changed. India can never be self-sufficient in respect of food and other crops if Indian agriculture is to be carried on in small fragmented uneconomic units of one to five acres per farmer. The total produce of the land will not be sufficient to meet the total requirements of the people. Increased production of food crops, oil-seeds, cotton and jute per acre should be introduced by better methods of production, by use of better technique of agriculture, by use of improved implements of agriculture and by the provision of improved water facilities. This will not be possible and the farmer will not be able to afford the improved irrigation facilities, the better instruments of agriculture or adopt the modern technique of cultivation unless he works in larger units where from the increased product of the soil

it is possible in the long run to pay for the improvements. These larger units can only be achieved either by a revolution, by State farming which would convert all agriculturists into wage earners and labourers or by farming under capitalistic methods where again the state of the worker on the soil would be about the same, or by co-operative farming. In co-operative farming, it is possible to reconcile the farmer's love of his land, the farmer's pride in ownership of land with the adoption of improved techniques which would be feasible by pooling of land for the purposes of cultivation.

Co-operative farming has been accepted not only by the Planning Committee of the industrialists but by leaders and thinkers of various political ideologies and in different countries. Recently a survey was undertaken on joint farming co-operatives by the International Labour Office in Geneva. The survey showed how co-operative farming was functioning in 23 countries in different parts of the world under different stages of development. The term co-operative farming covers a whole range of co-operative institutions expanding from a simple association in which only labour is pooled to complex and highly developed associations such as the communal settlement of Israel where private property has disappeared entirely and life itself has become a communal affair. One need not, however, look to Israel or to Soviet Russia for our model. Various forms of associations for co-operative association or co-operative farming have been re-organised.

"In order to perform heavy jobs such as irrigation, drainage, heavy planting, etc., farmers may decide to co-operate by pooling for a time their labour resources. They do the heavy work together while each member continues on his own account and on his own land to do such secondary task as weeding, soil dressing and maintenance work."

The farmers working in co-operation can undertake a common plan of cultivation and of crops, and work on a principle of division of labour and share the use of improved facilities for irrigation or improved agricultural implements. With a further advance in co-operation, land itself can be pooled and the ownership of land of members re-organised by a share in the capital of the society which would be entitled to a dividend based on the value of the land. Cultivation can then be undertaken on scientific principles with the use of equipment which can be available to the co-operative society

working in a larger unit but which is impossible to be secured by an individual farmer on a small uneconomic unit.

I cannot do better at this stage than quote the International Labour Office memorandum summing up the economic advantage of co-operative farming :—

“Economically, it offers these advantages : it promotes increased production while reducing working expenses ; it helps any unit, whether operated individually or as part of a group, to enjoy the benefit of centralized management with decentralized control ; it facilitates the engagement of agricultural experts able to initiate and develop the best technique and to extend to the utmost that division and specialization of labour which alone make possible the appropriate use of labour, land and equipment ; it facilitates also the rational organisation of the commercial operations of the society, which, in view of this size, can command financial resources and facilities both for the purchase of essential materials and the marketing of produce. Appropriate equipment can be introduced to speed up the work cycle and reduce the cost of producing crops in any given area. In this way modern machinery, which may be too costly for small undertakings individually, can be used to advantage.”

Apart from the economic advantages, it has been shown by the ILO study that co-operative farming “like other forms of co-operation tends to develop in the individual members a social sense and a group spirit that may find expression in unexpected sound achievements.” Such enterprises have been known to protect their members against risk due to accident, sickness, death or to the failure of crops. It becomes possible to re-group the houses of members and thus provide them with such centralised communal services like water, electricity and recreation facilities. Conditions of work can be improved by rationalisation of work and the savings effected by the division of labour.

I need hardly therefore stress the benefit of co-operative farming. It should not be too difficult to awaken the active interest of our cultivators in it, and to ensure that their direct personal interest in the land is also retained and not lost in the co-operative farm. Bombay has registered 37 co-operative farming societies and actually there is a demand from certain sections of the farming community for such societies. I am glad to note that in Madras, besides 9 or 10 Co-operative Land Colonization Societies for ex-servicemen, there are 26 Co-operative Land Colonization Societies for civilians who are

THE 27th MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE
31st DECEMBER 1949 & 1st JANUARY 1950

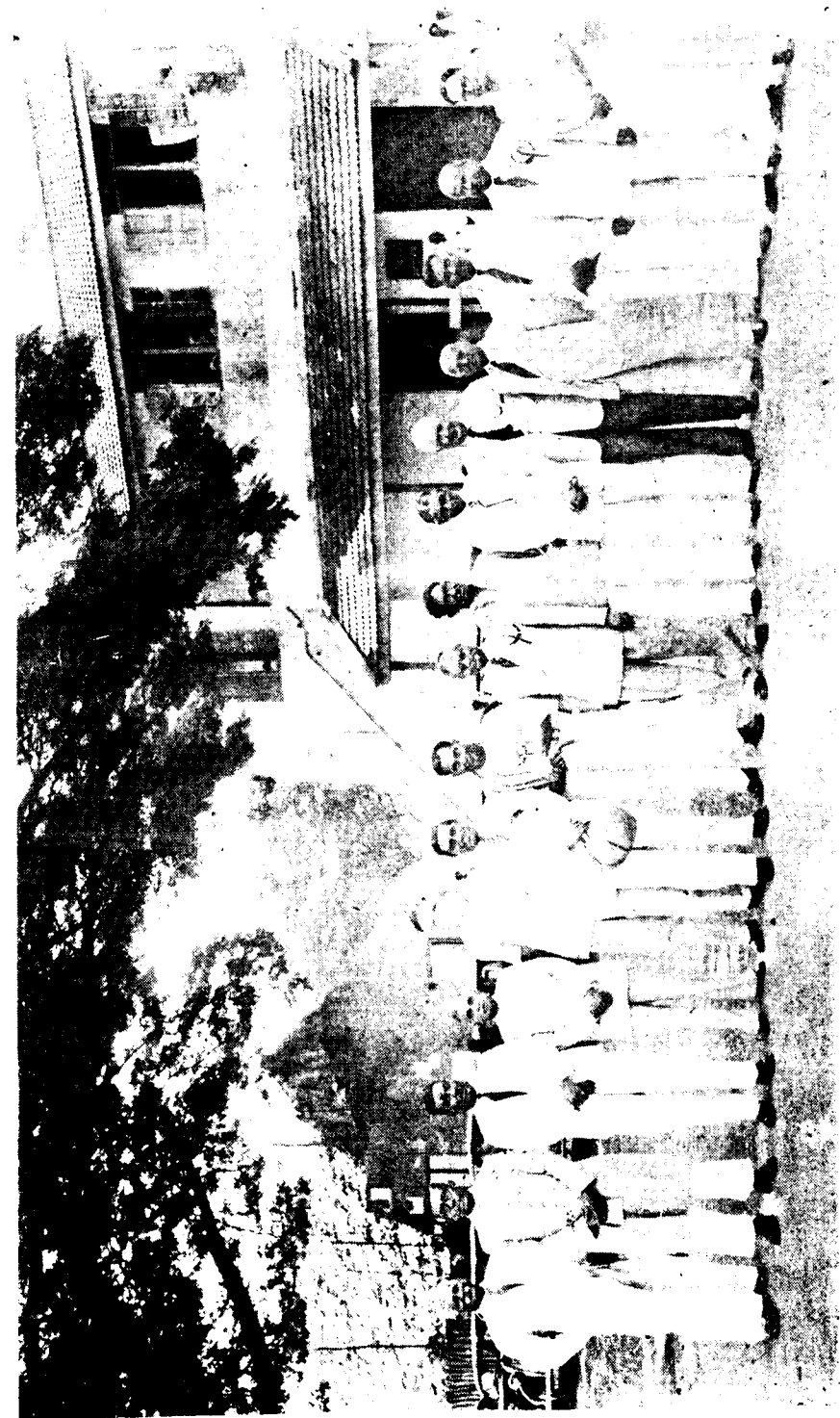


Photo showing some of the Prominent Co-operators who participated in the Conference



Sri T. A. Ramalingam Chettiar,
President, Madras Provincial Co-operative Bank, Ltd.
(Opened the Cottage Industries Exhibition.)

OPENING OF EXHIBITION : SRI T. A. RAMALINGAM CHETTIAR

generally landless and poor, designed to increase food production in the Province by reclaiming waste lands and bringing them under the plough. I have also noted with great interest that your Province has started a Co-operative Society at Marudur in which both the landlords and their tenants have been enrolled as members. May I take this opportunity to appeal to the co-operative workers in the Province and to the Government of Madras and the officers of the departments of Agriculture and Co-operation to intensify their efforts for the promotion of co-operative farming by persuasion, propaganda and the provision of facilities? To my mind this offers the most constructive contribution that the co-operative movement can offer to the solution of our rural economic problems.

Conclusion

In conclusion I should like to thank you once again for the unique honour you have done to me and the rare opportunity you have given me by inviting me to address you at this Conference.

ADDRESS ON THE OCCASION OF THE OPENING OF THE COTTAGE INDUSTRIES EXHIBITION

By SRI T. A. RAMALINGAM CHETTIAR, B.A., B.L.,
President, The Madras Provincial Co-operative Bank, Ltd., Madras

Mr. Chairman and Friends,

In the unavoidable absence of the Hon'ble Sri M. Bhaktavatsalam, who is busy elsewhere doing more important work I have been asked to open the Exhibition.

Well, this is an opportunity for me to say a few words generally about the Movement in the present position and I propose to utilise it. I am sure you will extend your forbearance for the liberty I am taking. In the first place it has been said that we were doing only credit work and we do not extend our Movement in other directions. Even if it were so, I do not think there is reason to be ashamed of it. India depends on agriculture as its main occupation and 80 per cent of the people depend on it. If we have undertaken to finance cultivation and the agricultural occupation and if, to any extent, we have succeeded in that job I think we can justly be proud. It has not come in by the way of evolution. We are not going to do anything revolutionary. We first consider the occupation of agriculture. Then we start to consider how the people are kept in that occupation, whether their position is satisfactory. We find that they have not sufficient work. Many of them depend on agriculture and are really unemployed or partially unemployed. We also find a great waste

that exists in labour due to our system of joint family. Any one in the joint family finds work for a short period; and we consider the whole family is all right and employed. In other countries unemployment is calculated very accurately and they want to find work for every person and for the time they are able to work. That sort of calculation is not made here in our country. That is why we are so poor. Our time is wasted; there is no occupation and there is no production. That is the problem which we have been trying to face in this province for the last 10 to 15 years. For this purpose we want to bring into existence what are called *Cottage Industries*. These cottage industries are expected to give work mainly to the agriculturists during their off-time, during the time they are not employed, and also for those members of the joint family who depend on agriculture and who are not fit for cultivation work. We started cottage industries in the Co-operative Movement in this Province. A large part of the population in the villages was more or less used to handloom weaving and so we wanted to encourage handloom weaving first. We took it up, of course, as a matter of urgency and also in view of the political agitation we started. Spinning was also added to it. Unfortunately even though during the war time we were able to find employment for our weavers, as soon as the war demand was over we found that the weavers could not be profitably employed. There was such accumulation of cloth. The prices of mill cloth went down and these weavers were not able to compete with mill production. It is so even now. Similarly, you will find that in almost every field of cottage industry the difficulty is to find remunerative prices for the production. They have to compete with the mass production of the factory. They have not been able to do that.

In spite of the pious wishes that have been expressed at the Conferences and the pious resolutions passed by the Governments in the Provinces and also by Industrial Advisory Committee to which the President referred in his speech, the position has not changed. How are we going to solve this question? It is a huge problem. Out of 35 crores of people who are living here, about 80 per cent are living in villages and depending on village occupations. If we take about 50 per cent of these people as actually employed in agriculture, there is yet another 50 per cent for whom employment is to be found. This is a great problem which we have to solve; and every where I have been trying to talk about this matter with the Government, with other agencies and our co-operators and we all find it is a huge problem that cannot be easily solved.

As the President told you, the industrialists who met last year solemnly resolved that the cottage industry should be encouraged except in fields where it is not possible to introduce cottage industries. They said the co-operative movement is the best method for the encouragement of

cottage industries. The Government of India implemented it by giving 10 crores of rupees last year. They have not spent even a lakh from what they have set apart for the purpose so far. They find that they are at a loss. They do not find the way how to solve these questions of prices and also give employment to men who are in cottage industries. We are undertaking this work to the best of our ability. What are the cottage industries which we can organise on a co-operative basis and as remunerative calling is one of the things which we have to settle. Co operation is not a charitable business, and if we want to treat it as a charitable business, nobody is going to come and give money for that. How can we organise these industries on remunerative basis? So far as the handloom industry is concerned I tell you it is in a very bad condition. Weavers are finding it difficult to sell their goods at prices at which the mill mass production is supplied. So it has been suggested in several quarters that there should be a de-limitation of the provinces of the cottage industries and the mills. But there are certain difficulties in the way: This question was raised as early as in 1933 and it has not yet found any satisfactory solution. In a way the Governments both at the Centre and in the Provinces are trying to help the cottage industries by purchasing a portion of the production for their own requirements. The Government of India for instance has stated that $\frac{1}{4}$ of their requirements will be purchased from the cottage production. That is a sort of protection that is given to cottage industries. So we are going to have a second line of occupation in India, viz. the cottage industries. Of course, the first line is Agriculture. We are trying to help that occupation. So long as we are venturing to help the second occupation we have to see how best we can do good. I mean it is these things which give us a lot of trouble. All that we can do is to consider it and do what we can. Unfortunately, the Government, especially these members of the Government, do not have any knowledge of co-operation but simply pass orders. And you might have seen the recent order of the Madras Government saying that a certain percentage of the people should be admitted as members, a certain number of societies should be formed, several societies should become multipurpose societies and every cottage industrial society and every credit society should give 500 rupees cash credit and so on. This kind of passing orders only shows that they know nothing about it and there will be a sharp break in the co-operative movement if this goes on. I was glad that the Hon'ble Premier to-day spoke as a Co-operator and not as the Minister of the Government which has issued the orders. I hope he will look into the order and see that the co-operative movement does not come to grief by autocratic ways, in which it is being now managed.

Co-operative Society is an organisation which has to be very carefully formed. People have to be educated, and trained first. It is a voluntary

movement. It is only when the people are trained and when they really want a society that you can organise one among them. You cannot form the societies on an arithmetical basis. Further, you want properly trained men and you cannot have them arbitrarily. Instead of doing that, the Government is going to pass orders that so much money is to be given, this society or that society has to be advanced, and so on. If this is so it is absolutely impossible to get any more deposits from the public. So I appeal to the Government to see that such orders are not passed and if orders are passed, it should be on the basis of experience gained by persons like our Hon'ble Premier and not by those who read certain things somewhere and issue all sorts of orders. So far as the Madras Government is concerned, I do hope that in forming a cottage industry society the Government will look into the suitability of the industries which are to be started in particular places. This sort of help is necessary, as also the financial and technical assistance that has to be given. In these things they should be liberal and helpful in all ways.

The more important thing is the supply of technical assistance, raw material and the small implements and the machinery which are required. I have seen, for instance, even in spinning there is a Japanese machine—a small thing—which has about 64 spindles which can be worked by hand. If things like that are worked, probably a worker may be able to compete with the machinery in the factories and even if he is not able to do it as a supplementary industry, it will pay. That is the way in which we can consider it. We are starting cottage industries, as industries supplementary to agriculture. If we only proceed in that way there are a number of industries which can be started. If these industries are to be started with reference to agricultural population, we should go into the economics of any particular industry much more deeply. We have to consider them as a special business proposition and see whether it can actually survive the competition both of the imported or machine-made articles in the country. These are the things which we consider as very important and I do hope that sufficient attention will be paid to these.

Then going to other matters, there are two important matters which are referred to by the President in his speech. One is the question of rural credit—rather, the Government put it not as question of rural credit but a sort of drawing money from the rural population and want that scheduled banks should have branches all over the country so that they should be in a position to draw money from them for the benefit of the Government to launch on development schemes and for other purposes. Here lies a fallacy: The Government is under the impression that on account of high prices, agriculturists made large amounts of money and they have a surplus of money and there is nobody to take money from them. You come from the rural areas and you know perfectly well what

the position is. It is the idea broached about one and a half years back by Sir Homi Modi in the Central Legislature, when he said: "If you want money for investment you should go to the villages and collect it." I told Sir Homi Modi then in reply to his speech that he was working on a fallacy. What has actually occurred is this. Prices have gone up for all articles. Even a small agriculturist has to pay a high price for his things. What is left in the high prices he gets after paying high prices for what he buys is not very much. As a matter of fact he has now come to a stage where he is losing. For some time, they were not borrowing, but now borrowing has started. Those who are connected with the Co-operative Central Banks know that at every meeting they get applications for Rs. 3 or 4 lakhs in each district.

Secondly even in the best of times the poor man had no margin at all. Probably in a few cases he is able to live better than before. He may now have more vegetables than before; instead of living on *cholan* he may now live on rice. That is all. There is no money left. And I also calculated the income and the expenditure and showed that the person who holds less than 10 acres of wet land will not be in a position to save anything after meeting expenditure on a family of 5 members. How many people are there who have got more than 10 acres wet land. Only very few. So if you want money from the people who can spare it? Government want to have a branch of a Scheduled Bank in order to draw money and accumulate a large sum for the development schemes both for the centre and provinces. This will not be achieved. On the other hand what will happen? We are getting some small investments in small towns and villages for the purpose of our own local finances, especially in the urban areas. Now if we have branches of the Scheduled Banks and these banks give the same rate of interest as we, people would prefer these Scheduled Bank's branches and so what we get from these small urban areas will be lost. That will be the result of accepting the Government's proposal.

Government also propose another thing. They want to help the Scheduled Banks for a number of years, especially their branches. My suggestion was that if Government render the same help for the Co-operative Movement, we will get more money from the rural parts than Scheduled Banks and the money will be used for the local purposes and needs and it will also serve local ends. So, for these reasons, I would suggest that we pass resolutions here that no branch of the Scheduled Banks should be allowed to be started in rural areas, much less with the help of the Government of India, or local Government and that whatever could be done or is wanted to be done, may be done through the Co-operative Societies.

The second point that has been referred to is the establishment of Agricultural Credit Corporation. There has been a proposal by the Gadgil Committee that the Agricultural Credit Corporation may be established for the purpose of financing agriculture. Even then we suggested there is no need for a credit corporation like that. I believe the Provincial Governments are now considering the question and the Central Government is also thinking whether they should have a Central Agricultural Credit Corporation. What I would submit is this: We are also working in the field; we are, besides, helping a large portion of agriculturists. If anything more is to be done, certainly we will be prepared to undertake it with the help that the Government propose to give to the new Agricultural Credit Corporation. Help may be made available to the Provincial Co-operative Banks. If in the course of this, alterations are necessary in our Constitution, we are prepared to effect them, as Bombay Provincial bodies seem to have done. These are the two vital problems which we will have to face in the immediate future.

Lastly, there is the question of Andhra and other parts of Madras Province. No doubt it is a wrench to us that after having been so long together, we will have to separate. Of course, the Chairman of the Reception Committee expressed the view: why should we divide if the Province is to be divided. Well; there are obvious reasons: We are going to have different Registrars, different governments and our ideals *may* be different, and our proposals *may* be different. I think it may be really unworkable. If it is workable, I certainly welcome it. Unfortunately, it may not come to pass. So this will be the last Conference that we have before the Andhra Province is formed. It is a matter for regret indeed that we are dividing. But at the same time there is absolutely no doubt that we will be able to help each other. I do not know what they want to do with the Provincial bodies like the Provincial Co-operative Bank and the Central Land Mortgage Bank. So far as we are concerned, we would not hasten anything. It is for them to ask and we are always prepared to accede to what they want. But if they want these banks to continue for some time here, I will not stand in the way myself.

Well, friends, these are the matters that I wanted to refer to you. Now you have the Exhibition in which you will find the products of the Co-operative Societies. I will only inform you of one thing. In the centre, they want some organisation which will bring together all the co-operative industrial organisations and a move has been made by one of the associations, the Indian Co-operative Union—and not the All India one to which the President has referred—but another Indian Co-operative Union—which is working in Delhi itself. They have got 50 or 60 cottage industries societies affiliated to them. They want to bring together the co-operative industrial societies all over India, and they are convening a

conference—a representative Conference. And also they are going to have an Exhibition in February. Their idea is that we can pool together our several ideas and see whether we can combine together and do things. As you know, our chief difficulty in the matter of cottage industries is marketing. If in a Conference like that, some all-India organisations can be brought into existence which can undertake marketing both in India and outside, probably something can be done. I may tell you that the Central Government in the Industries Department is prepared to consider any views which you may put forward towards this end.

I hope when you go to see the Exhibition, you will be impressed by the number as well as the quality and variety of the articles which are produced by the cottage industries, and also purchase and utilise them for your needs. You will also suggest any improvements that can be made in them and help them in that way also. With these words I declare the Exhibition Open.

PRESIDENTS CONCLUDING SPEECH

SHRI R. G. SARAIYA

In his concluding remarks Sri Saraiya, spoke as follows:—

Brother delegates and co-operators,

I think we have brought to a close both the Subject Committee's discussions and the Open Session regarding the items of the agenda today. In the first place, I must thank you heartily for co-operating with me in bringing to a close in good time the discussions of the Open Session. I know that some of you have not had your full say, that some of the subjects are so interesting and there are such vast possibilities in them that a long time for discussion is necessary. I would suggest among those subjects such a question as that of the relations of the employees of Co-operative Societies. That subject was raised and discussed this morning. It has vast implications and it is a subject which cannot be dealt with within a very short time or with short notice. But so far as our deliberations today are concerned we have come to our conclusion to the best of our ability within the time limit that was prescribed and for this my best thanks are due to each one of you for co-operating with me and for readily acceding to whatever suggestions were made by the Chair. I should also thank more particularly Mr. Narayana Pillai who has taken a lion's share in moving the resolutions, in drafting them, re-writing them and trying to expedite work in the most efficient manner.

But I would like to suggest that in future conferences, the office bearers of the Union should not be rushed in this manner, but they should be given all the draft resolutions at least a fortnight before the conference. Once that time limit was passed, no new resolutions should be brought. Then the Subjects Committee of the Union should scrutinise them and sift them and put forward a few agreed resolutions so that proper attention

may be given to them. It is the procedure which was adopted in the Federation of Industries which is one of the biggest organisations in this country. That is also adopted in international conferences of this kind. It is not usual to go on sending resolutions right through to the end. I know that some of the subjects are interesting, some of them very urgent, but there must be some method to ensure they receive proper discussion. If you say the subject is very important and if you bring it in on the last day, then it will not get proper attention in a conference of this nature. A conference of all the co-operators of this great province in India expressing its opinions without proper discussion, without proper forethoughts, would only result in such conclusions as would be misleading. Therefore, I would urge that in future conferences you adopt this procedure and stick to it irrespective of the person or the importance of the person who may bring in this resolution at the last minute.

We have now come to the end of the discussions of the various points of the agenda of conference. But the most important thing is that we should again go back to the villages and try and build up each society and help individual members of the society from day to day by hard work. No amount of Government's sponsoring and no amount of talking to them from a distance, is going to help. I know of Sir Manilal Nanavati who was with us yesterday and who was connected with Co-operative movement in the Baroda State and had experience in the co-operative field there. He said he used to go on horse back along with co-operative officials to the villages in order to build up the societies by talking to members and explaining co-operation to them till late at night. Some of the Societies he built like that in Kodinar have now become the most thriving model societies of their kind in the country. It requires constant day to day hard work for long periods before Societies could be built up in the proper way. So it is necessary to work from the bottom upwards and to organise the whole fabric of the organisation.

Many of the resolutions passed are asking for Government's help. In my opening speech I have referred to the relations between the Government and the co-operative movement. I would like to repeat one thing that ultimately co-operation depends on self-help and you cannot get such-help from Government without Government control. The trend of all our discussions revealed that we did not want the Registrar to unduly interfere with our societies. If we now ask the Registrar for every kind of help, the force of some of our demands for non-interference is taken away. We must be able to do with our own resources and fight to stand on our own legs. We are asking not only for money. In the Premier's speech reference was made to the fact that 349 officers of the Madras Government were lent to Co-operative Institutions. Now I can understand this, because of the vast progress of the co-operative movement in the province, because after securing our independence we want to rapidly improve the rural

standard of living and to march fast towards progress. But from the purely co-operative movement point of view, from the point of view of an independent democratic co-operative movement, it is hardly correct that we should have to depend to this extent on officers lent to the co-operative movement for their day to day work. I therefore entirely agree with the Premier that we should build all such institutions ourselves, and we should educate our staff and run them with our own staff. I hope that the resolution regarding the training of managers, etc., will be adopted and implemented. I hope that our societies could be run by men who are trained by us and who would be amenable to co-operative discipline and to the co-operative technique and not look forward for Government's services as the be-all and end-all of existence. I am saying it because in view of the rapid development of the movement, there is a danger that the co-operative movement may be absorbed by Government, may be a part and parcel of Government by functioning as a limb of the Government itself. The Co-operative movement existed under the British rule, the co-operative idea and spirit existed long ago and it will exist, whatever be the form of Government in future. The co-operative movement, the co-operative spirit, the co-operative system, if established to solve economic and social problems of the people, should be built upon the foundation stone of the will of the people and, therefore, we should look forward not so much to Government's help, but to our own resources; the process will be slow, will be painful and most frequently we may have to refuse to do certain business. In fact in Bombay, we felt that we should not handle all the cloth business which was offered. I am, therefore glad that one of the resolutions asking the Government to entrust the distribution of all controlled commodities to the co-operative movement has been dropped because we must have men and money to enable us to discharge such functions. There is a great danger, and already that danger has started, and that is that of the co-operative movement getting a bad name. I do not want the registrars or the economists or the philosophers of the future to say that in the year 1949-1950 the co-operators in their short-sightedness wanted to do too much to expand their societies, depended too much on Government's assistance and thereby lost the real co-operative spirit. Therefore, I once again urge upon you that we must build up co-operative movement on its own strength and the less we depend on Government's help, the better. We should be quite prepared to stand in healthy competition. Apart from the help which may be needed to societies in the initial stages, the only exceptions to this principle should be that where in the public interest the Government entrust such work as procurement of food-stuffs, or sale of cloth, or yarn to the co-operative societies, the Government must find the funds and make good the losses if any. When we do public work it is the public exchequer which must pay for it. They must find funds for us and we should have no hesitation to ask for

funds for co-operative societies to finance operations involving public work. We are not wrong in asking for funds when we are interested in providing relief or sanitation or in providing hospitals etc. But when we are doing our own work, we must stand on our own legs even if the process be a bit slow.

Today the Congress Government is in power and the co-operative movement has come into its own. But in that attachment between the Government and the co-operative movement there is certainly a danger of the movement losing its identity and independence. Therefore I would add that our own independence must be preserved whatever the form of the Government may be.

I hope that you will pardon me for making these observations which have been made to show on what basis and in what directions co-operative societies can truly flourish and to see that the Co-operative movement justifies all the help it receives. It should be a movement of active people engaged in the reconstruction of the country.

There are certain tendencies against which we should guard and these relate to questions of minute election disputes. I do not know whether you have these here as in other parts of the country. What is more important is to work the institution properly whether it is a central bank or provincial bank or primary society or weaver society. Our country is poor. We have about the lowest standard of living in the world. We have got an extremely low production per acre. Is this the time to waste our valuable energy on these disputes? Should we not instead, apply ourselves from the bottom and work hard to produce more wealth? If we want more wealth, we must have more cotton, more rice, more wheat. The more the election disputes, we will have nothing.

I would therefore urge that we should apply ourselves to constructive work particularly on the production of food. By the formation of Co-operative farming societies the interests of the individual farmer in his plot of land and the need for joint cultivation can be reconciled. You can have irrigation societies; you can have societies for the installation of pumps; societies for the consolidation of holdings of peasants on a voluntary basis by persuasion, propaganda and hard work. Our country will be great only when it produces more and more of agricultural wealth. It is only by improving agricultural wealth that we will be able to support industry. I say this because I have had some experience of industry. You know the plight of raw cotton. There is danger of cotton mills shutting down owing to want of cotton. We are importing raw cotton to the tune of Rs. 90 crores. Before the world war we were exporters of cotton. But we are now importers of cotton. We depend on foreign cotton to run cotton mills. Agriculture is our basic industry and we must concentrate on the

production of agricultural wealth by improving the technique of agriculture and helping our people. Thus we can have more agricultural wealth by way of wheat, rice, cotton and jute, I refer to jute also because you know we are short of jute and our foreign exchange position is affected adversely by shortage of jute for which we have to depend so much on Pakistan.

I once again take this opportunity of thanking you for listening to me so patiently. I do not know whether I have offended you by my remarks, (No, No) or in my conducting the proceedings of the conference. I wish to express my hearty thanks to the office-bearers of the Madras Provincial Co-operative Union,—to the President, the Vice President, General Secretary, Joint Secretary and members of the Reception Committee who have all made our stay here in every way comfortable. I believe you share with me this desire to convey to them our sincere thanks.

Final Resolutions Passed at the XXVII Madras Provincial Co-operative Conference at its Open Session Held in Pachaiyappa's College, Cretput, Madras, on Sunday, January 1st, 1950.

General

1. This Conference welcomes the Constitution of India as an Independent Democratic Republic and offers its loyalty and co-operation to the Government.

2. This Conference expresses its profound sorrow at the sad demise of Messrs. V. Viyyanna Pantulu, who was the General Secretary of the Madras Provincial Co-operative Union for over 5 years, V. Ramamurthy Pantulu and Dr. P. Gurusurthy, former Vice-Presidents, of the Madras Provincial Co-operative Union, and V. C. Vellingiri Gounder, a prominent Co-operator, and places on record its great appreciation of their services to the movement in this Province.

3. i. This Conference offers its respectful felicitations to the Hon'ble Sri P. S. Kumaraswami Raja, Vice-President of the Madras Provincial Co-operative Union, on his elevation as the Premier of this Province.

ii. This Conference congratulates the Hon'ble Sri J. L. P. Roche-Victoria, a Veteran Co-operator, on his appointment as Minister of the Government of Madras.

4. This Conference places on record its great appreciation of the valuable services rendered by Sri R. Suryanarayana Rao, B.A., M.L.C. as Hon. Editor of the Madras Journal of Co-operation for a period of over 6 years.

5. This Conference feels the necessity for Regional Co-operative Conference of all Asian Countries especially South East Asia.

6. This Conference requests the Government of India and the Provincial and State Governments to declare the All India Co-operators' Day as a Public Holiday under the Negotiable Instruments Act.

7. This Conference is of the opinion that the Co-operative Wholesale Stores and Big Societies may be encouraged to own and lease lands for production and processing of articles of food, etc., needed for the members where they have got financial and other resources.

8. This Conference urges on all Co-operative Credit Societies to make a vigorous drive to attract more deposits for co-operative work.

9. This Conference is constrained to express the view that departments of Government, other than the Co-operative Department, are not keen on helping and developing Co-operative Institutions and requests the Government to see that all the other departments also earnestly give the required prompt help, assistance and patronage to the co-operatives.

10. This Conference requests the Co-operative Training Institutes to open separate courses to train paid Secretaries, Managers, Accountants and Agents and a short term course to train shop assistants and salesmen.

11. The existing Co-operative organisations are rendering valuable help to agriculturists in many ways. Therefore this Conference strongly urges the Central and Provincial Governments to confine any assistance they may contemplate for the extension of banking facilities in rural areas to Co-operative Institutions.

12. This Conference is of the opinion that separate Agricultural Credit Corporations are unnecessary, as the Provincial Co-operative Bank and other existing Co-operative Agencies will effectively do the work if the help that is intended to be given to the Agricultural Credit Corporations is extended to them.

13. This Conference resolves to request the Government and the Reserve Bank of India to help co-operatives by financing them for agricultural operations including procurement and widen the scope of the word "Crops" by including milk cream, butter, livestock, wool, sugar, cotton, groundnuts, vegetable oils and other products. If necessary the Reserve Bank of India Act may be amended for the purpose.

14. The State should as far as possible make use of co-operatives in preference to private agencies in respect of trading activities when and where the co-operative institutions are capable of undertaking such work.

15. This Conference resolves that when the State makes use of Co-operatives on behalf of the general public and calls upon them to undertake such functions as procurement and distribution of foodstuffs, textiles, and other controlled articles, it should assist them in securing the

funds required for the purpose. The loss arising thereby if any should be borne by the Government.

16. This Conference request the Government to appoint a separate Deputy Registrar and the necessary staff for Pudukkottai area and to absorb the employees of the Co-operative Department there as regular Government servants.

17. (a) This Conference requests the Government that the time limit of 2 years for the conversion of Co-operative Societies into Multi-purpose Societies should be abolished, but the conversion of Co-operative Credit Societies into Multi-purpose Co-operative Societies should be brought about in conformity with the economic requirements and capacity of each Society giving due consideration to the wishes of the members.

(b) Societies should be organised whenever there is demand and after Education and Propaganda only.

18. This Conference requests the Government to make it mandatory on the Municipal Councils to hand over vacant house sites belonging to them to the building Co-operative Societies, after receiving compensation.

19. This Conference requests the Government and Registrar to permit Central Banks, Land Mortgage Banks, Sale and Marketing Societies, Stores and other Limited Liability Societies to appoint Registered Accountants as Auditors from the Panel of Auditors approved by the Registrar instead of Co-operative Department Auditors.

20. Since, the audit fees charged are heavy, this Conference requests the Government to examine the matter in consultation with the Provincial Co-operative Union and reduce the audit fees suitably.

21. This Conference requests the Government that the Audit and Administrative Sections of the Department should be separated immediately to ensure efficiency in Audit.

Staff

22. This Conference requests the Registrar to exempt employees of Co-operative Institutions like Central Banks, Urban Banks, Central Stores, etc. who have put in more than 10 years continued service in Co-operative Institutions from general educational qualifications to make them eligible for promotions in deserving cases.

23. The Registrar is requested to extend the time limit for obtaining security from the employees of Land Mortgage Banks by one month and, in deserving cases, accept the fidelity bonds of the Co-operative Fire and General Insurance Society or unencumbered immovable property in addition to, or in substitution of the cash security as the case may be.

24. This Conference requests the Government to exempt all Co-operative Societies from the operation of the Shop Assistants Act.

25. This Conference requests the Government to exempt Co-operative Societies from the obligation to produce their accounts books, etc. before the Commercial Tax and Income Tax Departments and to accept their verified statements giving power to the Officers to verify the books of the Society, if necessary in the premises of the Societies themselves.

Weavers' Societies

26. The Government are requested that the question of fixing up a living wage to the handloom weaver may be referred to the Committee appointed by the Government of India for going into the question of minimum wages for agricultural labourers.

27. This Conference requests the Government to appoint a Handloom Commissioner to look after the interests of the handloom weavers.

28. This Conference requests the Government to exempt Weavers' Co-operative Societies from payment of sales tax and the licence fees for yarn and cloth.

29. This Conference requests the Central, Provincial and States Governments and local bodies to purchase all their requirements from the Handloom Weavers' Co-operative Societies and *Khadi* Co-operative Societies.

30. This Conference requests the Government not to allow the export of yarn outside the Province before satisfying the requirements of all the handloom weavers in the Province.

31. This Conference requests the Government to exempt from payment of audit fees weavers' societies which have not worked at a profit during the audit year.

32. This Conference requests the Government of India to implement immediately all the recommendations of the Handloom Sub-Committee appointed by them.

33. This Conference resolves that Handloom Weavers' Provincial Co-operative Society and the Primary Weavers Co-operative Societies to whom the distribution of yarn to weavers outside the Co-operative fold was entrusted, be subsidised to meet the loss, if any, sustained by them on account of the fluctuation in yarn prices. The Conference further requests that the interest due on the loan of the Government sanctioned to the Madras Handloom Weavers' Provincial Co-operative Society be waived.

34. This Conference requests the Madras Provincial Co-operative Bank and the Central Banks to be more liberal in their policy and to finance the Weavers' Societies to the extent necessary to enable them to continue production.

Credit Societies

35. This Conference resolves that Central Banks should advance loans to primary societies for periods of 1, 3 and 5 years according to requirements and Provincial Co-operative Bank may give necessary facilities for such advances by amending the rules under the Co-operative Societies Act if necessary.

36. This Conference requests the Government to amend the Co-operative Societies Act to make the loan advanced by Co-operative Societies a first charge upon the debtor's properties next to that of Government.

37. This Conference resolves to request the Government to extend the facility of half-grant by Government for construction of godowns to all Co-operative Institutions and also raise the maximum amount to Rs. 10,000 and also requests the Government to extend the concession to Central Banks to put up godowns in non-municipal areas with a *proviso* that such godowns ought to be transferred to primary societies when they are able to pay for and take them up.

38. This Conference reiterates the old resolutions of 1944 and 1947 and requests the Government to make it obligatory on the salary disbursing authorities to deduct the dues of the members of the Co-operative Societies from their salaries. Government is requested to expedite the legislation introducing Section 28 as proposed in the Bill, separately.

39. This Conference requests the Government to permit employees societies to issue loans on life insurance policies, repayable in 4 years.

40. This Conference requests the Registrar to dispense with the procedure of assignment of mortgage bonds by the primary Land Mortgage Banks to the Madras Co-operative Central Land Mortgage Bank.

41. This Conference requests the Government to extend the concession of the low rate of interest on mortgage loans in Rayalaseema area to other back-ward areas in the Province and to give loans on black cotton soil as well as on rain-fed dry lands upto 50 per cent of their market price.

42. This Conference requests the Registrar to expedite the starting of a Land Mortgage Bank for Pudukkottai, the newly merged State.

43. This Conference requests the Government to appoint the primary Land Mortgage Banks as the agents on Commission for distribution of Government Loans to Ryots.

Marketing Societies

44. (a) This Conference reiterates its previous resolution and requests the Government to implement the same immediately by making Co-operative Societies the only licensed channels to deal in iron and steel implements used by Agriculturists—cart tyres, chemical manures and groundnut cake

by transferring the stocks from the Agricultural Department to the local Co-operative Societies.

44. (b) This Conference also requests the Government that adequate quantities of cement be allotted to Co-operative Societies for equitable distribution for agricultural and other purposes.

45. Free licence may be granted to and if possible licences may be dispensed with in respect of Co-operative Institutions dealing in iron agricultural implements and manure.

46. This Conference resolves that Marketing Societies should not be asked to obtain agency licences when they deal in goods consigned.

47. This Conference resolves that the Madras Provincial Co-operative Marketing Society may be made the Sole Agency for export of groundnut cake and that the Provincial Co-operative Marketing Society may act as Agent of the local Marketing Societies.

48. This Conference resolves to request the Government to introduce the Groundnut Marketing Act to North Arcot and Salem as there is much of speculation in those districts.

49. This Conference regrets that Government is collecting 5 per cent of the net profits as supervision charges from Co-operative Stores in spite of resolutions passed at several Conferences and institutions. This Conference reiterates that supervision of Stores and other Co-operative Institutions is the legitimate duty of the Government and hence this Conference requests Government to cancel the G. O. levying such supervision fees on Stores, Weavers' Societies and other Co-operative Institutions as such levy retards the growth of the Movement.

50. This Conference requests the Government to enhance the wholesalers allowance for procurement work so as to give the wholesale societies a reasonable margin of profit and also to include the actual cartage paid by the procuring agents in fixing wholesale prices.

51. This Conference is of opinion that, as far as possible, local procurement should be used for local distribution and locally procured articles should not be exported to other places, unless there is a surplus.

52. This Conference requests the Government to give more liberal loans to the Provincial Bank, Central Banks and Central Stores so as to enable the Primaries to get adequate finance for procurement operations and for their normal credit and other activities.

Milk Societies

53. This Conference requests the Government to issue necessary instructions to Government Departments and quasi-Government Departments to take milk and other produce from Co-operative Societies without calling for tenders.

54. This Conference requests the Government to exempt all Milk Supply Societies and Unions from payment of Sales Tax.

55. This Conference resolves to request the Government to pay sufficient subsidy to newly started Milk Supply Unions and Societies.

56. This Conference requests the Government and the Municipal Councils and local bodies to exempt Milk Societies and Unions from licence fees and other taxes.

57. This Conference requests the Government to enforce strictly all over the Province the Weights and Measures Act and make necessary arrangements for manufacturing and supplying adequate quantities of standard weights and measures and distribute them through Co-operative Agency or Government Agencies.

58. This Conference is of opinion that it must be made obligatory on all Co-operative Institutions to set apart 5 per cent of the net profit for propaganda and education in addition to the sum allowed for Common Good fund.

PROCEEDINGS OF THE CONFERENCE

The XXVII Madras Provincial Co-operative Conference was held under the auspices of The Madras Provincial Co-operative Union, at the premises of the Pachaiyappa's College, Chetput, Madras, on Saturday the 31st December 1949 and Sunday the 1st January 1950. Sri R. G. Saraiya, O.B.E., Chairman of the Bombay Provincial Co-operative Bank, Ltd., presided. Co-operators from all over the Province and also from various other parts of the country, some Cabinet Ministers of the Government of Madras, several distinguished Officers of the Co-operative and other Departments and several important public men in the City attended the Conference.

(A list of the distinguished visitors is separately published in this issue.)

The Conference began on the morning of 31st December 1949. After prayer, The Hon'ble Sri J.L.P. Roche-Victoria, Minister for Food, Government of Madras, hoisted the Co-operative Flag.

(His speech is published separately in this issue.)

Sri B. Venkataratnam Choudary, M.L.A., President of the Union and Chairman of the Reception Committee, welcomed the delegates and visitors.

(His Welcome Address is published separately in this issue.)

The Hon'ble Sri P. S. Kumaraswami Raja, Premier of Madras, opened the Conference.

(His Opening Address is published separately in this issue.)

Sri R. G. Saraiya, O B E., President of the Conference, then delivered his Presidential Address.

(His Address is published separately in this issue.)

Dr. P. Natesan, General Secretary of the Union, then read the messages received from our Leaders, distinguished Co-operators and Co-operative Institutions wishing the Conference success.

(The list of messages is published separately in this issue.)

The Secretary gratefully thanked them for their best wishes.

At the request of Sri R. G. Saraiya, Sri T. A. Ramalingam Chettiar, President, The Madras Provincial Co-operative Bank, declared the Cottage Industrial Exhibition open :

(His speech is published separately in this issue.)

Before the Opening Session concluded, the President of the Conference, Sri R. G. Saraiya, moved the following resolution :—

"That the whole conference go in to sub-committees under the following headings :—

Milk Societies ; Weavers' Societies, Stores Societies."

In order to complete the work in time this proposition was suggested and it was accepted by all the delegates.

All the delegates and visitors then went round the Exhibition, which consisted of interesting articles produced by co-operative societies in the Province. *(The names of the various participants are published separately in this issue.)* Interesting and instructive posters specially got up for the occasion by the Union were also displayed at the Exhibition.

At 8 p.m. the Subjects Committee consisting of all the delegates met for discussing the draft resolutions for the Conference. After considering several draft resolutions and amendments thereon, the Subjects Committee adjourned to meet the next morning.

The Union arranged for the exhibition of three short films—*Gates of Power ; Power on the Land ; Robinson Charley*—by the British Information Services at 9-30 p.m. on December 31st. These films were much appreciated by all the delegates.

The Subjects Committee resumed its discussions on the morning of 1-1-50 and finalised the draft resolutions for the Open Session of the Conference. The Open Session followed and the resolutions were taken up one by one and passed after a brief discussion in some cases. The members rose at mid day and assembled again at 3 p.m. and completed the passing of resolutions by 4 p.m. The President then concluded the Conference with his final resume of the work done by the Conference.

The Hon'ble Dr. Rajendra Prasad, President of the Indian Constituent Assembly, who had kindly consented to deliver the Valedictory Address of

the Conference, arrived at 4-15 p.m. He was welcomed by the Reception Committee and introduced by the President of the Conference. Amidst loud cheers the Hon'ble Dr. Rajendra Prasad rose and delivered his Valedictory Address. *(His Address is published separately in this issue.)* His advice and suggestions were received with great earnestness by the co-operators who assembled.

Sri T. A. Ramalingam Chettiar proposed a hearty vote of thanks to the two distinguished guests. Dr. P. Natesan, General Secretary of the Provincial Co-operative Union thanked severally all those who had contributed to the success of the Conference.

The proceedings concluded with the singing of the National Anthem—*Jana Gana Mana*.

THE HON'BLE DR. RAJENDRA PRASAD AT THE CONFERENCE

At 4-15 p.m. on 1st January 1950, Babu Rajendra Prasad was received at the entrance of the Pachaiyappa's College premises, by Sri Bikkani Venkataratnam Choudary, the President of the Union, Dr. P. Natesan, General Secretary of the Union, and the Executive Committee Members of the Union. As he approached the dais of the Conference Hall, the President of the Conference rose to receive him. Dr. Rajendra Prasad was greeted with prolonged ovation and after being garlanded, was requested by Shri Saraiya to give his valedictory message. In requesting Babu Rajendra Prasad, Shri Saraiya said :—

"It is a great privilege to me to welcome on behalf of the Madras Provincial Co-operative Conference, one of the greatest personalities of India—Babu Rajendra Prasad. It gives me all the greater pleasure to welcome today Dr. Rajendra Prasad because I had the honour of meeting him in Madras itself in May 1947 when he presided over the Registrars' Conference at which the Report of the All-India Co-operative Planning Committee, of which I was the Chairman, was discussed at great length. It is in the fitness of things, therefore, that he should be here again to consider and to give his advice in connection with the co-operative movement in which, I know, he is greatly interested. At that time, he was the Member for Agriculture and Food, and gave us very valuable advice and guidance. I should say, coming from Bombay, that Madras is exceptionally lucky that in the 1949 Co-operative Conference again they have in their midst Dr. Rajendra Prasad.

"I need not introduce Babu Rajendra Prasad to you. We know him from the days of Champaran when he worked with Mahatma Gandhi. We know him as the Chairman of the Mahatma Gandhi Fund and we know

him as the Chairman of the Constituent Assembly. (Applause.) Sir, I may read out to you the first resolution that we have passed this morning :—

“This Conference welcomes the Constitution of India as an Independent Democratic Republic and offers its Loyalty and Co-operation to the Government.”

Now this Constitution of India was framed under the Chairmanship of Babu Rajendra Prasad and what is more, it was his auspicious hands which signed the first Constitution of the Independent Sovereign Republic of India. (Hear, Hear). I do not think that I should introduce him any further. I welcome him once more on behalf of all of you and myself and I request him to give his blessings and his valedictory message to this Conference so that the co-operative movement in Madras may progress from strength to strength. (Applause)."

VALEDICTORY ADDRESS

THE HON'BLE DR. RAJENDRA PRASAD,
President, Indian Constituent Assembly

Mr. President and Friends,

I am really pleased that it has been possible for me to come here in time to meet you in your closing session. The idea was that I should be here much earlier, but other engagements and pre-occupations have kept me away so long, and I am able now to meet you just when you are, I suppose, closing your deliberations.

The President has been good enough to remind you that it was in this City, that I attended an all-India Co-operative Conference in 1947 when representatives from all Provinces were present and we discussed at great length the report which was of great value, and I hope it has been now acted up to some extent at least, although I am now not in a position to say what has since happened, because I have not been in touch with these things for the last 18 months or more.

He has also told you that we have just passed the Constitution of the Republic of India and that Constitution is going to be enforced from the 26th of this month. We got the power to administer the country more than two years ago. And what we have so long been doing as part of the British Commonwealth, we shall now do as a Sovereign Republic. That in itself is a great thing when we remember that this country, in its long history of several thousands of years, has, for the first time now, been able to prepare a Constitution which would cover it from Kashmir to Kanyakumari, from Kathiawar to Cuttack, to Calcutta and Kakinada. It is for the first time that we have now got one Constitution under which this vast country will be governed. You can realise the importance of this thing when you consider the extent of this country which is as big as the whole

of Europe except Russia, in population, and, perhaps, in size. In Europe, you have many countries—I cannot remember at the moment the number—but here we have been able to have one vast sub-continent under one Constitution and under one Government. When the British left, we had something like 562 States. Now all these States have been merged in India and have become parts of India just in the same way our Provinces are parts of India. So, that is a great event in the history of this country. Our responsibilities have, therefore, correspondingly increased. We have not only to run the administration of the country in such a way as to give satisfaction to our people by making them happier, making their life more comfortable, giving them better food, giving them better clothing, giving them better shelter and giving them other amenities of life, but also see that they are better in every way, not only materially but also morally and spiritually. The value of freedom is not only in getting material things but also in making the man feel more elevated, free to do not as his lower self dictates but as his higher self dictates; and the value of freedom, therefore, should not be judged only by the physical comforts and the material satisfaction that it gives but it should be judged also with reference to its moral and spiritual values. The way is now open and it is now for us to show how, when hindrances to progress have been removed we can rise to the highest levels to which our ancestors rose.

It is in this context that I think of the co-operative movement. We have had this co-operative movement in this country now for a great many years but it is not as widespread as it should be both in its extent and in its content. We have the co-operative societies only in a limited number of villages. Considering the vast country and the vast population, the number of societies and the area that these societies cover, is very small. But it is not only in the extent that I deplore this but I also deplore the fact that it has not covered as many fields as it can and ought to cover. Now we have got the way clear and we shall proceed as fast as we can and as we like. All governments are keen and, I believe, all workers are also keen, and there is no doubt that there is great room for extension. What is needed is a large number of sincere and devoted workers who will do this work whole heartedly. There is need for such men in any line of work.

We hear so much about shortage of food in these days. I do not know the extent of that shortage. I cannot discuss that here but I am going to discuss that in the other Conference—to what extent we ourselves are responsible for this shortage and how should we meet it. But as Co-operators, you should realise the part that you can play in solving this food problem. We know that in this country we have a vast agricultural population. If we look at the number of men and women who depend upon agriculture, you will find that nearly 70 per cent of the population is practically dependent upon agriculture, we have got millions and millions

of acres under cultivation. No one can say that our peasants and agriculturists do not know the art of agriculture. I think you know it very well that if they are not able to produce more, the reason is not that they do not know the art, but there are other limitations which they cannot get over. In the first place, their holdings are small and, therefore their resources are also small and they cannot make improvements which they would gladly do if they had the resources. I think the co-operative societies can give them the resources which will enable them to improve their agriculture. I am not thinking of amalgamation of holdings or consolidation of holdings or bringing together lands of all people under one cultivation. That is the thing which may be done. But I also know that our people are attached to land and nobody wishes to give up his land easily. So, any effort in that direction is likely to take time, but there is one thing which the co-operative societies can do and in which they are not likely to meet with any opposition—rather, I hope, they will get the support of the people. That is done if we can form co-operative societies in villages for purposes of supplying such needs and such goods as an individual agriculturist cannot afford to buy himself. For example, take the case of an agriculturist who wants to irrigate his land. Probably, water is available but it is at a distance or depth from which it is not easy to get it. If a pump set is supplied there, the land can be irrigated, but it is not possible for one agriculturist to purchase a pumpset or to work it. If there is a co-operative society which supplies the pumpset to everyone who needs it, well, the problem of irrigation may be solved. One agriculturist will not be able with his small holding or other resources to purchase a pump; his pump set will be idle for most part of the year because his own land will not require it except for a few days in a year. But if a pump is purchased by a Society of half-a-dozen members and utilised, it can be kept engaged for the whole year and everyone can get the water at the cheapest possible cost. Similarly, the cost of digging a well will not be within the resources of all agriculturists, but it can be within the resources of a Society. If all those who are interested in having a well in a particular locality can form a Society and have the well at the cost of the Society for the use of all the members of the Society, that can easily be done. I am mentioning all this only by way of illustration as to how co-operation in the matter of supplying the requirements of the agriculturists can help a great deal in improving our agriculturist and meeting the deficit that we are to face in food supply.

If you go to a small cottage industry, you will find the same kind of assistance which can be given by the co-operative societies. I have known in my Province — and I believe there are in other parts also — societies of weavers, which have stock of yarn and supply to their members. They also market the cloth which the weavers produce. I think that societies are doing great good to the weavers who are served by them, because in

the first place they can get their yarn cheap and they do not have to go to borrow to purchase yarn and they can get it also cheap because the Society gets the yarn in large quantities and at wholesale rates, and the weavers have not got to waste their time to find markets for their products. So their time is not wasted but saved, their money is saved and they are able to carry on the work with greater profits. These are all instances. You can take any line either by way of production or of supply and distribution; and there co-operative societies can do a lot. I have heard that in this Province some years ago an attempt was made to have a large number of consumers' societies and I do not know in what condition they are now. The report I got in those days was that they were doing very well and they were supplying goods to the people at comparatively cheap cost. While you have that kind of experience, probably you can have societies for other necessities also, not only for food grains but for supply of cloth and of other consumers' goods which you require. Agriculturists today have been greatly handicapped because they do not get the things they need — neither the consumers' goods nor the things which they require for the agriculture. They do not get their steel in time nor cement, for making their instruments and implements. Now if co-operative societies are there and supply these things to them, I think they can do it very cheaply. In my Province, I know they have started a system of societies for the distribution of manure — oil-cakes, also I think chemical manures. From what I have heard I may say that these societies have been doing a great deal of good to the agriculturists, giving them the manure they require at a comparatively cheap cost. It also saves the Government the trouble of having to arrange the distribution of these things at its own instance and from its own agency. In my parts I have also seen a large number of societies of sugarcane-growers, I do not know if you have sugar factories in these parts who purchase their needs from cultivators. In my Province practically every factory is like that, though some of the factories have got their own lands and cultivate their own requirements. But the bulk of the sugarcane grown is by cultivators and peasants and these peasants supply sugarcane to the factories. For example, in some places they have got co-operative societies of sugarcane-growers and that saves a lot of time of the cultivator and a lot of difficulty in getting his accounts settled, because the Society does all that for him. They have great difficulty in getting their cane weighed by the factory and if you go to a factory which is sufficiently big, in the days of sugarcane crushing season, you will find a big row of bullock-carts, some times 200 or 300 bullock-carts standing for nearly one mile length — some times even more. They will have to pass one by one to get themselves weighed and that lends itself to corruption and it certainly is a cause of a great deal of trouble to the cultivator who takes sugarcane in the bullock cart and this is because he has to wait for hours and ours — sometimes it can be

even four hours. What these societies do, is to take slips from the factories and distribute those slips to their members. So, only those cultivators take their things in their carts to the factory on a particular day, with their slips. Thereby if the man goes with the slip, his cart is weighed, his sugarcane is emptied and he can go away soon, because there is somebody of the Society on his behalf already waiting there, and also help him in getting the correct weighment and payment of the amount due to him at the right time. Thus these societies help the sugarcane-growers. These are the various kinds of services which the Societies can render. I think you can yourself find out in whatever other ways you can help. All kinds of small industries can be organised with the help of co-operative societies by supplying the small capital which their work needs and which he cannot find himself. It is indeed the easier way if only workers are there to render this assistance and to run them on right lines.

There is one difficulty ; and I am glad, Mr. President, you have drawn attention to it. In all the public work in these days, there is just a chance of the work taking party lines and when the thing takes on party lines, it loses much of its value and I think much of its vitality. For anything done on party lines is bound to be looked at with suspicion by people not belonging to that particular party. *But this co operative work is entirely social service which should be above all party lines* and in which no party considerations should be allowed to interfere whether it be on the part of the Government or whether it be on the part of the workers or whether it be on the part of those who are running these bodies. Whatever our party may be, some sort of arrangement for this kind of social work should be treated as beyond party and it is true not only of co-operative societies but also of all kinds of real and genuine constructive work. All genuine constructive work should have no other object than service to the people. Service should be its own reward. But, unfortunately, when a thing gets mixed up with party-politics, it is not possible to keep it free from all kinds of temptations and free from all kinds of attacks also. Therefore, I am glad that the President has drawn attention to this fact. I was reading his Address which was correctly reported and I hope you who are interested in the work, who are giving time to this work, will on your part try to keep your activities apart from all party politics. If we proceed on the right line, I have no doubt in my mind that there is a great future for co-operation in this country. *In fact, Co-operation is the only thing that opens the door for progress.* We may think of nationalisation, we may think of large-scale industry and large-scale agriculture, but all this means time and no one can say when we should be able to achieve any very large success in these lines. No one can be sure that the results will always be the very best that we want. We do not know how things will shape themselves. But there can be no difference of opinion that we should all co-operate with one another, that we should all work in co-operation with

one another and that we must be prepared to help each other wherever we are, in our small holdings, in our small workshops, in our village homes, in our town dwellings. Where ever we are, we must work and we must help co-operative organisations to help us—and they will help us not only materially, making our lives happier by giving us a little more money, a little more goods—they will help us also in improving our morals which we need more than anything else. I am, therefore, very happy that it has been possible for me to come and meet you all and say a few words. (Applause).

VOTE OF THANKS TO CHIEF GUESTS

BY SRI T. A. RAMALINGAM CHETTIAR, B.A., B.L.,

President, The Madras Provincial Co-operative Bank, Ltd., Madras.

Friends,

It only remains for me to tender our heartfelt thanks to the two gentlemen who have come from outside and have been so helpful to us in our proceedings here and also to the others who have been helping us to make this Conference a success.

Friends, The Hon'ble Dr. Rajendra Prasad is a house-hold name in the whole of India. He is one of those who have been responsible for getting our freedom and he is much more than that. He is one of those on whom the future of the country depends. It is he and the two leaders—Pandit Jawaharlal Nehru and Sardar Patel—who are now shaping the future of the country ; and on them depend whether our country is going to make good or not. We have difficulties—difficulties of no mean order. Many of them have been got over. But there are very many more which have to be got over. It is only by the wise guidance and the leadership of these gentlemen we can get over those difficulties and make India the name we all want. The wise words he has spoken to us will help us to realise our responsibilities. He did not speak to us in technical terms. He did not talk of management or anything but he only showed us that this method which we had been adopting—the Co-operative method—can be utilised for all purposes of production and distribution. That is the message that he has given to us to-day. I will only appeal to him that in whatever place he may be, he will see that the method we have adopted—after all, Co-operation—is the only method. It is not substantial in itself. This method ought to be adopted and encouraged in every way, in every field of activity by the Government or by the people ; and wherever the people undertake it, the Government should help it with all the might of the State. That is the one appeal I will make to him and for him to follow in the years to come. Well, he is a gentleman who has had very busy time. He was in charge of the Constitution. With his health and with his other

pre-occupations he is the virtual leader of the Gandhi movement in India at the present moment. The other leaders are busy elsewhere. They are in office; they are dealing with external affairs and so on. The regular work which Gandhiji started and pursued has fallen on the shoulders of Sri Rajendra Prasad and with all that burden he has been responsible for piloting the Constitution of India and the way in which he piloted and the satisfaction he has given to the Members of the Constituent Assembly has been well illustrated by the speeches that were made at the end of the Session. Among other activities he has undertaken to go to Santhiniketan; he has undertaken to go to Wardha. In spite of all that when I approached and asked him to come here and give us a few words he very readily assented. He wanted that the Conference should be started on the 1st January. I told him that it was rather late to start the Conference on the first because we had made all arrangements. Then he, without any ado, agreed to come here and give us the benefit of his Valedictory Address before the close of the Session. We are indeed very much indebted to him for all the help he has rendered by giving his advice and also the right way in which he agreed to help us and for the trouble he has had to undergo to come here and help us.

As regards the President, he is one of us. Even though he is in Bombay he has won all India fame. He has been working in the Co-operative field for the past several years. He is the President of the Bombay Provincial Co-operative Bank, Ltd. Of course, we are ploughing in a slightly different way in our Province. All the same we appreciate the interest he has taken and the work he has put in the development of the co-operative movement in Bombay. The wise advice he has given and the way in which he has dealt with the several problems that face us will show the practical nature of his work and the experience he has had. He is also a very busy man. He is a merchant and though cotton interests are so much in discussion in Bombay and elsewhere, he has left for the time being that business and he has come to us. You will understand the sacrifice he has made for coming here and presiding over this Conference. So our thanks are manifold due to him for that. Then we have other persons who have helped us to make this Conference a success. Of course the chief credit goes to our General Secretary, Dr. Natesan (applause.) For more than a month I think he left off his professional work and has devoted himself entirely to making arrangements; and there is our President Sri B. Venkataratnam Choudary. He has also been doing his best. He has been devoting much of his time to this Conference. Of course it is their duty, since the one is the President and the other is the Secretary. But such willing sacrifice they have made calls for our appreciation. There are many others who have helped in the holding of this Conference. They are known to Dr. Natesan and not to me. So he will mention to whom else our thanks are due. With these words I ask you to join me in tendering

our thanks mainly to our two Chief Guests and then to the others who have helped us.

Proposing further a hearty vote of thanks to all those who contributed to make the Conference a success Dr. Natesan, General Secretary of the Union said:—

Mr. President, Hon'ble Dr. Rajendra Prasad, Hon'ble Premier of Madras and gentlemen,

The most cordial manner and the most pleasant function is to propose a vote of thanks. I solemnly feel that it is one of the most happiest occasions of my life to express my indebtedness on behalf of the Provincial Co-operative Union to a most distinguished audience at the 27th Provincial Co-operative Conference. By profession I am a medical man and amongst medical men I am a specialist in venereal diseases. I thought my specialisation will apply only to that subject. But after having been unanimously co-opted by the kindness of the members of the Provincial Co-operative Union as General Secretary I had to specialise in another branch, namely, asking for favours. I do not want to blow my trumpet for obvious reasons. The number of persons I approached for conducting the conference is numerous. The first person I requested is Sri T. A. Ramalingam Chettiar when he left metropolis of this Presidency to take part in the finalisation of the Constitution of the great Indian Republic. I requested him to go and approach the Hon'ble Dr. Rajendra Prasad to come and participate in the proceedings of this Conference. Very willingly he agreed and the number of letters he wrote to me, I still cannot forget. In spite of the fact that he is a busy person and that his handwriting could be deciphered only by experience, he wrote a number of letters in his own handwriting about the occasion when he met the Hon'ble Dr. Rajendra Prasad. It is a very great pleasure to the citizens of the city and also to the co-operators of this Presidency to offer our warm thanks to the Hon'ble Dr. Rajendra Prasad for having accepted our invitation and been in our midst. The Hon'ble premier, I need not mention is in a hurry to go to the All-India Agricultural Economic Conference. He has taken the initiative to come and open the Conference and to bring it to an effective fruition. Our grateful thanks are due to him. I am grateful to all the delegates and to the institutions which have sent those delegates here with their spontaneous interest. I must express on behalf of the Union my heartfelt gratitude to the Pachaiyappa's College which is the only institution, according to Sri B. Venkataratnam Choudary, wherein to hold such a conference. This institution offers all comforts to delegates who come from the far and distant districts for attending this conference. The accommodation of delegates in the various rooms, the dining hall and the sanitary comforts are good here. And it was with the greatest pleasure that Dr. T. Satakopan has agreed to lend the hall and other rooms for our Conference. My thanks are due to the Scouts of the Hindustan Scout Association who have done immense service during the Conference. In conclusion, gentlemen, I offer my extreme heartfelt gratitude to Sri Saraiya for having accepted to preside over this conference.

With the singing of Jana Gana Mana the Proceedings came to a close.

Messages, Etc.

Messages received from :

- 1 H. E. Sri C. Rajagopalachari, Governor General of India.
- 2 The Hon'ble Sardar Vallabhai Patel, Deputy Prime Minister Government of India, New Delhi.
- 3 Sri H. L. Kaji, President, Indian Co-operative Union, Bombay.
- 4 Sri B. J. Patel, Hon. General Secretary, Indian Co-operative Union, Baroda.
- 5 Sir C. P. Ramaswami Iyer, Madras.
- 6 The Coorg Provincial Co-operative Bank, Ltd. Mercara.
- 7 The Mysore Provincial Co-operative Apex Bank, Ltd. Bangalore.
- 8 The Ajmer-Merwara Provincial Co-operative Bank, Ltd., Ajmer.
- 9 The C. P. and Berar Provincial Co-operative Bank, Ltd., Nagpur.
- 10 The Bihar Provincial Co-operative Bank, Ltd., Patna.
- 11 The Orissa Provincial Co-operative Land Mortgage Bank, Ltd., Berhampur. (Ganjam.)
- 12 The Mysore Central Co-operative Land Mortgage Bank, Ltd., Bangalore.
- 13 The Bombay Provincial Co-operative Marketing Society, Ltd., Bombay.
- 14 Rao Bahadur R. M. Khare, Deputy President, Berar Co-operative Institute, Ltd., Amraoti.
- 15 Mysore Provincial Co-operative Institute, Bangalore City.
- 16 The Indore Premier Co-operative Bank, Ltd., Indore.
- 17 Hon. Secretary, Gujarat Co-operative Institute, Baroda.
- 18 The Bihar Co-operative Federation, Ltd. Patna.
- 19 The Hyderabad Central Co-operative Union, Hyderabad.
- 20 Baroda Co-operative Land Mortgage Bank.
- 21 Sri Bhagvant A. Daftardar, B. A., Chairman, Sangli S. Central Co-operative Bank, Ltd., Sangli.
- 22 Permanent Secretary, Ministry of Food and Co-op. Ceylon.
- 23 Commissioner of Co-operative Development, Colombo. (Ceylon.)
- 24 The Registrars of Co-operative Societies, Assam, Bombay, West Bengal, Hyderabad, Central Provinces, Burma, East Punjab States Union, Ceylon, Rajasthan, Ajmer-Merwara, Coorg.

Distinguished Visitors :

- 1 The Hon'ble Dr. Rajendra Prasad, President, Indian Constituent Assembly, New Delhi.
- 2 The Hon'ble Sri P. S. Kumaraswami Raja, Premier of Madras.
- 3 The Hon'ble Sri J. L. P. Roche-Victoria, Minister for food, Government of Madras, Madras.
- 4 Sri R. G. Saraiya, O. B. E., Chairman, Bombay Provincial Co-operative Bank, Ltd., Bombay.
- 5 Sri V. P. Varde, Managing Director, Bombay Provincial Co-operative Bank, Ltd., Bombay.

- 6 Prof. Ashby, Director, Agricultural Economics Institute, University of Oxford.
- 7 Sir Manilal B. Nanavati, President, Indian Agricultural Economic Association, Bombay.
- 8 Sri T. A. Ramalingam Chettiar, President, Madras Provincial Co-operative Bank, Ltd.
- 9 Sri C. M. Kothari, Kothari Textiles, Madras.
- 10 Sri Rao Gurudas, Vice-President, Hyderabad Dominion Co-operative Bank, Ltd., Hyderabad.
- 11 Sri K. S. C. Chari, General Manager, Hyderabad Dominion Co-operative Bank, Ltd., Hyderabad.
- 12 The Registrar of Co-operative Societies, Nagpur.
- 13 Sri K. Narayana Menon, Registrar of Co-operative Societies, United States of Travancore and Cochin, Trivandrum.
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- 15 Sri Madhava Rao Anvari, Hon. Secretary, Hyderabad Co-operative Insurance Society, Ltd., Hyderabad.
- 16 Sri J. C. Ryan, Registrar of Co-operative Societies, Madras.
- 17 British Information Services, Madras.

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- 5 The Madura Mahalipatti Rope and Tape Makers Co-operative Production and Sale Society, Ltd., Madura.
- 6 The Alangombu Handloom Weavers' Co-operative Society, Ltd., Alangombu.
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- 8 The Cuddalore Toy Makers Co-operative Society, Ltd., Cuddalore N. T.
- 9 The Mandaram Mat Weavers Co-operative Society, Ltd., Rajampet.
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DEVELOPMENT DEPARTMENT

G.O. No. 5829, 10th December 1949

Acts and rules—Co-operative Societies Act—Rules XVIII-A (1) (b) and XXVII (1) (b)—Disqualification for membership of societies and of committees—Amendment—Confirmed.

READ—the following papers:—

G O Ms. No. 1163, Development, dated 10th August 1949.

Letter from the Registrar of Co-operative Societies, dated 25th November 1949, Rc. No. 110754/49-A.

ORDER—No. 5829, Development, dated 10th December 1949.

In the notification published at page 247 of the Rules Supplement to Part I of the *Fort St. George Gazette*, dated the 16th August 1949, the Government of Madras published under sub-sections (1) and (2) of section 65 of the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932) a draft amendment to rules XVIII-A (1) (b) and XXVII (1) (b) of the rules issued under the Act. The Government have considered the suggestions received and are of the view that the amendment published should be confirmed without any modification. The appended notification will be published in the *Fort St. George Gazette*.

(By order of His Excellency the Governor)

R. KOTESWARA RAO,
Deputy Secretary to Government.

APPENDIX.

NOTIFICATION.

In exercise of the powers conferred by sub-sections (1) and (2) of section 65 of the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932), His Excellency the Governor of Madras hereby makes the following amendment to the rules published with Development Department Notification No. 264, dated the 1st August 1933, at pages 1178-1185 of Part I of the *Fort St. George Gazette*, dated the 1st August 1933, as subsequently amended, the same having been previously published as required by sub-section (3) of the said section.

AMENDMENT.

In clause (b) of rules XVIII-A (1) and XXVII (1) of the said rules, after the words, "the offence pardoned," the following shall be inserted, namely :—

"provided that this disqualification shall not apply where more than five years have elapsed from the date of the expiration of such sentence."

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES, MADRAS.
Dated 12-1-1950.

R.C. No 4081/50-A.

Copy Communicated.

(Forwarded/By order)

P. ACHYUTHA MENON,
For Registrar.

The Madras Provincial Co-operative Union Examination, March 1950

An examination for the students of the Tanjore, Coimbatore, Anantapur and Rajahmundry Institutes will be held at the respective Institutes' headquarters from 1st April 1950 to 10th April 1950 as per programme given below.

Saturday	...	1-4-1950	10 a.m. to 1 p.m.	Co-operation—Historical, General and Principles.
Tuesday	...	4-4-1950	10 a.m. to 1 p.m.	Co-operative Law.
Wednesday	...	5-4-1950	10 a.m. to 1 p.m.	Audit.
Thursday	...	6-4-1950	10 a.m. to 1 p.m.	Book-keeping.
Saturday	...	8-4-1950	10 a.m. to 1 p.m.	Banking.
Monday	...	10-4-1950	10 a.m. to 1 p.m.	Rural Economics, etc.

Candidates who failed in the previous Provincial Co-operative Union Examinations held during 1942 to 1949, are hereby informed that they can also sit for the above examination.

Candidates who underwent training in the Institutes prior to 1941 have to appear and pass Part III of the examination under the new regulations for eligibility for a certificate.

In view of the subject 'Banking' having been included under Part III from the year 1945, candidates who have passed Part II in previous years need not appear for 'Banking' under Part III this year. It will suffice if they sit for Rural Economics, Sanitation, Village Panchayats, etc., only.

The examination in Theory comprises of three parts :—

- | | | |
|---|---|-----------|
| 1 Co-operation—Historical, General and Principles | } | Part I. |
| 2 Co-operative Law | | |
| 3 Audit | } | Part II. |
| 4 Book-keeping | | |
| 5 Banking | } | Part III. |
| 6 Rural Economics, Sanitation, Village Panchayats | | |

Candidates who have failed in any one of the subjects of any part have to sit for the subjects comprising that Part or Parts.

The examination fee is Rs. 11 for the whole Examination for students undergoing training in the Institutes for whom the marks obtained by them in the examination will be supplied direct through the Institutes. However, this rule does not apply to supplementary candidates for whom the fee of Rs. 2 for furnishing marks will stand. The Examination fee is Rs. 4 for each Part.

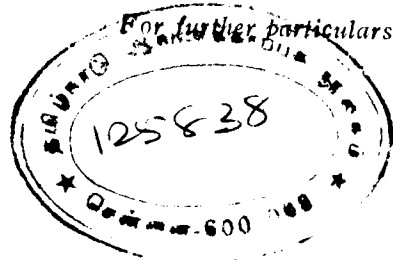
Non-credit Trainees' Supplemental Examination.

A Supplemental Examination for the Candidates who underwent Non-credit Employees Special Training during April to October 1948 and failed in November 1948 examination conducted by this Union either in full or in parts will be held along with the Supervisors' training examination as per the same time-table, published above. The question papers will be different for the non-credit training candidates. The examination fee is Rs. 5 for the whole examination and Rs. 2 for each part. The candidates may apply to this Union for application forms and for other particulars with postal stamps worth As. 2.

The last date for receiving the examination fees together with the application in the prescribed form is 28-2-1950. Fees must be remitted only by money order. Applications and money orders received after the said date are liable for rejection, and no complaint in this behalf will be attended to.

For further particulars please apply to:

The General Secretary,
The Madras Provincial Co-operative Union,
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Summary of Balance Sheet as on 30-6-'49.

Liabilities.		Assets.	
	Rs.		Rs.
Paid up Share capital.	12,37,700	Cash on hand & balance with Banks.	48,685
Reserve and other Funds	... 24,20,009	Loans to Primary Banks	... 3,45,74,585
Debentures	... 4,20,92,000	Sinking Fund Investments	... 87,75,519
Deposits, Loans and Overdrafts	... 13,61,325	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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Co-operative Printing Works, Ltd., 1/17, Mount Road, Madras.
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