

The Madras Journal of Co-operation

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THE Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

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

MARCH 1950

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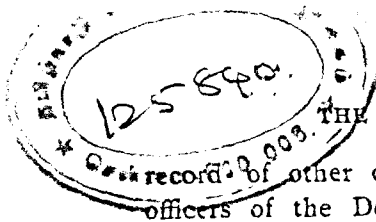
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The Co-operative Movement Under The Legislators' Lens:

The discussion on the Co-operative Movement during the recent Budget Session of the Madras Legislative Assembly is significant, in as much as it gives an inkling into what the public at large think about the Movement in general. Moving for a grant of about Rs. 75 lakhs under "Co-operation," the Hon'ble Minister for Co-operation acquainted the House with the progress of the Movement in various directions in Madras and outlined the proposals for future lines of expansion. He stated that an endeavour to spread the Movement on the lines recommended by the All India Co-operative Planning Committee was being made and that a scheme for covering the countryside with multipurpose co-operative societies was in progress. Special attention was being bestowed on Rayalaseema. On the credit side, the cheapest credit in the country was being provided; while on the non-credit side, consumers' stores, cottage industries, milk supply, etc., and on the socio-economic side land colonisation, food production and other ameliorative schemes were being developed.

During the discussion that ensued, opinions were freely expressed by the members on the measure of progress achieved through Government and non-official agency. It was pointed out that the record on the non-credit side was not even "one per cent of the



of other countries." Criticism was levelled against the officers of the Department and the office bearers of the Co-operatives; and instances were cited in support thereof. The officers of the Department, it was stated, were not "co-operation-minded"; while the office bearers of institutions sought to abuse their influence or monopolise their offices for selfish ends.

In a Movement which has rapidly expanded during less than a decade, it is possible to find some flaws and irregularities here and there. But it is unfair to discredit the Co-operative Movement itself on that score. In fact some of the aspects of the Movement were appreciatively referred to by some of the members. The success of the credit movement was admitted. One member, Sri Bhashyam, viewed "the multipurpose society scheme" as a move in the right direction. Though the progress of co-operative farming was not quite satisfactory, yet he saw in this novel experiment a source of relief to the country. He suggested its promotion on scientific lines by bringing together land owners and landless labourers in one society. Another member, Sri Vaidyanatha Iyer complimented the Movement on its proud record of work, though he criticised the attitude of some of the Departmental Officers.

While this kindly attitude of the House should be encouraging to the Government in their policy of Co-operative development, it should also warn them against a policy of unplanned expansion. This Movement is not merely economic but also social and ethical. Co-operation, unlike several other administrative fields requires a special bent of mind and aptitude for service. It calls for human approach and sympathetic understanding. The larger the volume and variety of lines of development, the greater is the need for character and understanding. As the Hon'ble Minister himself mentioned to the House, "Co-operation does not live by enlisting a number of members by registering a number of societies. Co-operation comes through character and heart." A team of Officers and Inspectors picked for their character and human understanding is therefore the first condition of a sound administrative machinery of the State. It is possible to find such workers for recruitment among the non-official co-operators of experience. To such men Co-operation would not be a mere administrative activity but a nation-building movement.

The Movement has now reached a stage when, not further expansion but consolidation is the need of the day. The institutions

built up during war-time must be stabilised and adapted to post-war conditions. Sri B. Venkataratnam Choudry drove home to the minds of the members these vital points. He emphasised the need for trained personal in the Department and pleaded for reducing the officialisation of the Movement. He warned the Government against further expansion of the Movement and stated that consolidation was what was essential in the present conditions of the Movement. Co-operative education and propaganda was the means to achieve this consolidation. While urging the Government for providing adequate funds in the Budget for the purpose, he referred to the Scheme of Education and Propaganda submitted in 1948-'49 by the Madras Provincial Co-operative Union to the Government for approval. The scheme provided for mass education in Co-operation in the entire province, the funds being found on a 50:50 basis by the Government and the Union. It was also approved by the Provincial Co-operative Advisory Council. This, he said, was not however sanctioned by the Government. He declared that for real progress to be achieved, this scheme was essential and that the Government should again take it up and make necessary provision in the Budget.

These are practical suggestions. There is no gain saying that the Movement could be consolidated without educating public opinion. Education and propaganda are the first step for popularising the Movement. It is earnestly hoped that the Government will give weight to those practical suggestions; for to ignore them is to fight shy of the real issue.

The R.B.I. Liberalises Its Policy

The decision of the Reserve Bank of India to extend the period of short term agricultural credit from nine to twelve months will give some relief to the Co-operative credit institutions, particularly to the Provincial Co-operative Banks. The framers of the Reserve Bank of India Act probably felt that a period of nine months would be quite sufficient for the purposes allowed by the Act, viz., seasonal agricultural operations and the marketing of crops. But there is obviously an impression in the Reserve Bank of India that Co-operative Banks are complaining against this nine-month term as too short. The fact however is that this nine-month period as such is not too short but it is short in relation to two important factors. The first is the variation of the agricultural season in the different parts of the State in consequence of which the loan applications are

received throughout the year for agricultural operations. The second is the stipulation of the Reserve Bank of India that all loans should be repaid to it on 30th September irrespective of their currency for nine months or less. These two factors make it hard for co-operative banks to keep up to the nine-month term offered by the Reserve Bank of India.

Every Provincial Co-operative Bank has to get the credit limit of each Co-operative Central Bank fixed for each year. Usually the data required for fixing the limit, namely the balance sheets, profit and loss statements, audit notes and annual reports, are not available until the audit is over about March and the fixing of the credit limit actually happens about January—March. A loan obtained by a Central Bank so late is of little real benefit to it, since, irrespective of its nine-month term, it becomes repayable on 30th September. In consequence the Provincial Banks have often been obliged to extend financial accommodation to the Central Banks and take upon themselves the burden of meeting the demands of the Reserve Bank of India in full. Thus it was that the Madras Provincial Co-operative Bank repaid last year to the Reserve Bank hundies outstanding to the value of about Rs. 70 lakhs before any recoveries could be effected from the Central Banks. This kind of repayment not only places an undue strain on the provincial bank's funds but also deprives it of the $1\frac{1}{2}$ per cent accommodation from the Reserve Bank of India till fresh credit limits are fixed, while the loans to the Central Banks continue at $2\frac{1}{2}$ per cent. The present gesture of the Reserve Bank has therefore come none too soon. When this longer term comes into effect, the provincial banks will be in a position to present conveniently their agricultural bills to the Reserve Bank for rediscounting early in October without prejudice to their accommodation to the central banks.

In this connection, however, we offer the following suggestions to the Reserve Bank of India for its sympathetic consideration. The first about the fixing of credit limits of central banks; Technically, the central banks are not eligible for loans until the credit limits are fixed year after year. Since there is not more than three or four months' interval between the time of fixing the credit limits and the 30th September when loans become automatically repayable, it is rather desirable that the credit limit fixed during a year should be allowed to be operative until a fresh limit is fixed the next year. It is also desirable that a loan given to a central bank should be

allowed currency for the full period. This will give to the provincial bank the facility of discounting the hundies in 27 days instead of retiring them on 30th September and to the central bank the facility of taking loans for the full period.

Another suggestion relates to the retention of the 30th September as the last date for repayment of loans. It is said that a suggestion has come from the Co-operative Registrar of Bombay and some other sources that the 30th September should be substituted by 30th June. This altering of dates will, in the case of Madras, surely interfere with the normal transactions of the agriculturists. The rural borrower in Madras finds money from harvest in January or September; and June is a month when he is usually short of money. In such a circumstance it is clearly out of tune with normal rural work to have the 30th June as the last date. Action of the Reserve Bank in these directions will go a long way to satisfy the short term credit needs of the countryside.

Some Practical Points

It is gratifying to note that after a good deal of agitation, the co-operative societies in Madras have been able to secure the right to distribute chemical manures and agricultural implements in the State from the Agricultural Department and that this would come into effect in June. There has always been a short supply of the essential manures and articles like cart-tyres. It therefore behoves the co-operative societies to devise ways and means of equitable distribution so that the maximum benefit could be derived by the cultivators.

An idea of the shortage of supply may be had from the figures placed by the Agricultural Demonstrator, Karur, before the Taluq Agricultural Advisory Committee. He said that there was a stock of 292 pairs of cart tyres. A private merchant of Karur had 584 pairs. As regards chemical manures, there was a stock of 5,000 bags of ammonium sulphate, 800 bags of super phosphate, 260 bags of ammonium phosphate and 6 bags of bonemeal.

Surely these articles are inadequate for a whole taluq. Conditions are much the same throughout Madras State. In respect of manure, therefore, co-operative societies would do well to undertake the production and supply of compost manure to meet part of the requirements of the agriculturists. In this connection, the scheme of the *Janapada Sabhas of the Madhya Pradesh* (Central Provinces) merits mention. Under the scheme, the *Sabha* undertakes to keep

the village clean if its inhabitants contribute Rs. 150. Labourers are employed to clean the *Basti*. The refuse collected is composted into manure and auctioned by the Sabha. Adoption of this measure by the rural society will help it to increase its supply of manures.

In respect of cart tyres also the situation is tight. For instance the Karur Taluq Agricultural Advisory Committee has instructed the Agricultural Demonstrator to distribute cart tyres at the rate of one pair to each village. In such a situation the rural co-operative society can come to the rescue of the cultivators to some extent. Instead of disposing of one pair or two of types to one or two individuals who would not agree to allow the others to share the benefit with them, the society itself could own one or two carts or more and hire them to the members and the non-members. This method will give the maximum possible benefit to every cultivator who is otherwise handicapped in the matter of transport. In fact some of the cultivators in the Andhra Desa have indicated their approval of such an arrangement in view of the situation. We wish some of the rural societies in Madras would give their best consideration to this in the best interests of their members.

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Agriculture in the Contemplated Andhra Province and the Rest of Madras on Bifurcation

PROF. C. W. B. ZACHARIAS,
University of Madras

The formation of the Andhra Province is now a matter of practical politics. The problems still awaiting resolution are few, and though some of them are formidable and some of them controversial, the intense desire of the Andhras to have a province of their own will sooner or later produce the agreement which the Government of India consider to be the prelude to its inception. But the constitution of the new province out of some districts of the Madras Presidency will create economic problems for the new province as well as for the rest of Madras. The nature of those problems and their magnitude require study. Bifurcation will so completely change the aspect of affairs that the two sectors of the economy after division can hardly be expected to operate as of old. What course the two sectors will take cannot be foreseen now, for there are many imponderables in the situation, and the characteristic genius of the Andhras on the one hand and the Tamils on the other will certainly give distinctive form and shape to the two parts. But genius apart, the course of development will be greatly influenced by the foundation structure which each part has to start with. All immediate problems will originate in that structure, and that structure may be said to severely delimit the course of development in the near future. A study of that structure is therefore a preliminary to an understanding of the problems which will arise and the assessment of the prospects of solving them.

This article is devoted to a study of agriculture in the two sectors as it would be after division. Agricultural activity forms only one aspect of the economic activities carried on, but to-day it dominates the economic scene of the Presidency as a whole and will do so in each section after division. The agricultural situation will in the main determine the complexion of the economic situation and so no apology is needed for giving special attention to it. Furthermore, fuller data are available for agriculture than for

industry or trade, and the resources at the disposal of the agriculturists, being for the most part local in origin, can be assessed with greater accuracy.

The first question to be settled is the one relating to territory. There is no definiteness as yet regarding this. But the main shape of the new province is fairly clear. The Ceded Districts will be a part of it; Madras City will be out of it; controversy exists regarding a few taluks in Bellary and perhaps a few taluks in Chittoor. Of these few taluks strong claims have been put forward only in respect of the Kannada taluks of Bellary, but the choice before them will be either to join the Andhra province or be affiliated to the Bombay province, the prospects for a separate Karnataka province being remote. In all likelihood the final settlement will see their inclusion in the Andhra province. So the assumption made in this article is that the new province will comprise all the northern coastal districts from Vizagapatam to Nellore and the five districts of the Deccan undivided.

Agricultural Resources

On the basis of the above assumption, the total land area comprised in the Andhra Province will be 42.15 million acres, while the Rest of Madras will have only 37.78 million acres. The net area sown of this acreage in the Andhra Province is 16 million acres as against 15.08 million acres for the Rest of Madras. Forest land, cultivable waste and current fallows are 7.58 million acres, 6.56 million acres and 4.27 million acres respectively for the Andhra Province and 5.89 million acres, 5.19 million acres and 5.26 million acres respectively for the Rest of Madras. In all these categories of land, except the last one, the Andhra Province has the advantage over the Rest of Madras, and if cultivable waste and current fallows are taken together as an index of the possible scope for the extension of cultivation, the small advantage that the Rest of Madras seemed to have, disappears. Area sown more than once is only 2.34 million acres for the Andhra Province, while it is 2.82 million acres for the Rest of Madras, but if the gross area sown is taken into account, the Andhra Province has 18.34 million acres against 17.90 million acres for the other province. The figures relating to net area and gross area sown are averages for the years 1940—47 and so eliminates the year to year fluctuations in the area sown to crops. The figures are given along with population figures in tabular form below.

AGRICULTURE IN THE ANDHRA AND MADRAS ON BIFURCATION

	Andhra Province	Rest of Madras
Total Area ...	42.15 million acres	37.78 million acres
Net area sown ...	16.00 " "	15.08 " "
Area sown more than once ...	2.34 " "	2.82 " "
Forests ...	7.58 " "	5.89 " "
Cultivable Waste ...	6.56 " "	5.19 " "
Current Fallows ...	4.27 " "	5.26 " "
Total Population ...	20.7 " "	32.3 " "
Rural Population ...	17.4 " "	27.1 " "

The relative advantage of the Andhra Province in land area is more strikingly seen when that area is related to the population to be supported. The total population of the new province may be estimated for 1950 at 20.7 million persons as against 32.3 million for the Rest of Madras. (The estimates allow for the same rate of increase between 1941 and 1950 as took place between 1931 to 1941). On the same basis of calculation the rural population of Andhra Province will have to be placed at 17.4 million and that of Madras at 27.1 million. Gross land area sown per head of the rural population will then work out to 1 acre in Andhra Province and in the Rest of Madras to 0.6 acres. Thus the pressure of population on land in the Rest of Madras is bound to be nearly double what it would be in the Andhra Province, and even if allowance is made for the dry nature of the tracts in the Ceded Districts the advantage would appear to still lie with that Province.

Area irrigated would be less in the Andhra Province than in the Rest of Madras, for according to the latest figures available it would have only 5.16 million acres as against an area of 6.57 million acres in the other province. But in view of the fact that a forward movement in irrigational development is under way, this disadvantage will sooner or later be obliterated. The three big long-term projects in the programme of the Government of Madras are all intended for the Andhra area, the Tungabhadra project, the Ramapadasagar project and the Krishna project, and quite a number of the mid-term projects also will develop that area. Out of the ten large projects included in the 25 mid-term projects, five pertain to the Andhra area. No detailed information is available regarding the minor projects, but it may be assumed that they will be distributed over both provinces evenly. The Tungabhadra project when completed will irrigate 400,000 acres and the Ramapadasagar project will supply water to 2.3 million acres of new land and increase the supply to another 2.1 million acres. Detailed estimates have not

been worked out for the Krishna project. The existing advantage that the Rest of Madras has is only by about 1.4 million acres which will certainly be counterbalanced by the new developments contemplated in Andhra Desa. This conclusion however assumes that the completion of these schemes will be within the financial capacity of the new province.

In the matter of labour supply, work animals and equipment, the Andhra Province will start with certain handicaps. The total labour supply available to that province, including all categories of manual workers on farms, owner cultivators, working tenants and landless labourers, will be only 5.6 million against a labour supply in the Rest of Madras of 7 million. Though numerically this may appear to be a disadvantage, in actual practice it would mean that there would be less pressure on agriculture for employment and each labourer will have more acreage for cultivation than in the other province. Acreage per head of the labouring population would be 0.9 acre in the Andhra Province and 0.5 acres in the Rest of Madras.

The number of working animals (cattle and buffaloes) on the basis of the Cattle Census of 1944 would be 3.2 million for the Andhra Province and 5 million for the Rest of Madras. But Andhra animals, it should be remembered, are heftier and of better working qualities than the non-descript breeds of Tamil nad, and both in the Northern Circars and in the Ceded Districts large numbers of the superior breeds exist. The average area cultivated by a pair of oxen in the Andhra tracts is so much larger than in Tamil nad, or on the West Coast, both in wet and dry cultivation, that fewer animals can cope with the work to be done. Work animals available in the Andhra Province per five acres will work out to 1 against 1.5 for the Rest of Madras.

As regards physical equipment, road mileage in the Andhra Province would be only 12,400, while the Rest of Madras would have about 20,000. In view of the larger land area comprised in the former, this would be a handicap. But to compensate for it however the mileage of inland waterways is much longer there than in the other province, being 1,384 miles as against only 232 miles in the other. Railway mileage in the Andhra Province would be 2,207 miles, while the Rest of Madras would be slightly superior with 2,418 miles. The low road and Railway mileage is partly explained by the presence in that province of the Agency Tracts

in an undeveloped state and partly also by the lower economic development of the Ceded Districts.

Carts, according to the Census of 1944, are only slightly less numerous in the Andhra Province than in the other province, while iron ploughs and tractors are only half of what the other province contains. As against 572,000 carts in Andhra Province, the Rest of Madras has 606,000, and against 17,900 iron plough and 2,961 tractors in the former there are 34,300 and 6,657 respectively in the latter. The smallness of the number of iron ploughs and tractors is a disadvantage, for it would be felt as a limitation on the work of reclamation and the extension of the area under cultivation. The heftier animals which abound in that province can more easily manipulate the iron ploughs than the poor, weak breeds of Tamil nad, and it is a little surprising that there should be so few of those ploughs. Neither the nature of the soil nor the type of cultivation followed can account for this deficiency. Perhaps the reason for it has to be sought in the unprogressive nature of the agriculturists.

Cows in milk are only about 708,000 in Andhra Province, while the rest of Madras has about 1,155,000, but this deficiency is more than made up by the larger number of she-buffaloes in existence and the higher lactation yields of the Andhra animals. She-buffaloes number 987,000 and 583,000 respectively in the two provinces. Taking both cows and she-buffaloes the Andhra Province will have 1.70 millions, while the Rest of Madras figure will be about 1.75 million.

Taking all agricultural resources into account then, one may confidently assert that conditions are more propitious for the development of prosperous agriculture in the Andhra Province than in the Rest of Madras.

Agricultural Production

Turning from a consideration of resources to actual production we find that as far as cultivation is concerned it is not commensurate with the resources available. The lower acreage under irrigation and perhaps the smaller man-power tell on cultivation and make the total agricultural wealth produced three and a quarter million tons less than in the other province. The total absence of irrigational facilities in the Ceded Districts and the consequent wide prevalence of dry cultivation under a precarious rainfall certainly accounts for

it, and unless this deficiency is rectified early enough, the Ceded Districts as whole will act as a drag on the rest of the new province.

The figures relating to acreage and yield of groups of crops are given below:

	Andhra Province (Average figures for the years 1940-47)	Rest of Madras
Acreage under paddy ..	4.26 million acres	6.35 million acres
Yield of paddy (husked) ..	1.9 million tons	2.8 million tons
Acreage under cereals ..	11.38 million acres	11.35 million acres
Yield of cereals (husked) ..	3.09 million tons	3.95 million tons
Acreage under other food crops ..	2.36 million acres	2.31 million acres
Yield of other food crops.	1.24 million tons	1.87 million tons
Acreage under non-food crops ..	4.60 million acres	4.24 million acres
Yield of oilseeds ..	0.74 million tons	0.58 million tons
Yield of tobacco ..	95,000 tons	25,000 tons
Yield of cotton ..	84,000 bales	310,000 bales
Yield of cocoanut ..	166 million nuts	2,487 million nuts
Milk production ..	28.7 million maunds	26.7 million maunds

The acreage under paddy in the Andhra area is only about 2/3 of the acreage in the other area, but this is more than made up by the acreage under the other cereals, so that taking the cereals as a whole, a larger area is devoted to their cultivation in the Andhra Province than in the Rest of Madras. The yield figures however do not reflect this position. The rice yields for the two provinces are 1.9 million tons and 2.8 million tons respectively, and for cereals they are 3.09 million tons and 3.95 million tons. In spite of the larger acreage the yield is less for the Andhra area. In relation to the population however, the new province will be better off, for the cereal yield works out there to 334 lbs (husked) per head of the population as against 273 lbs (husked) for the Rest of Madras. From the point of view of the supply of the staple food, the Andhra area will have a deficit of only about 400,000 tons on the basis of pre-war effective demand for grain, while the Rest of Madras will be saddled with the rest of the deficit of the Madras Presidency, nearly 1.8 million tons. The deficiency in cereals can be partly made up by a larger supply of other foods, but here the Andhra area is at a disadvantage when compared with the other area.

In the non-food crops the Andhra area has larger yields in oilseeds and tobacco, but lower ones in cotton and cocoanut, and on

the over-all position she produces nearly 2 million tons less of raw materials.

Milk production is higher in the Andhra area than in the Rest of Madras by about 2 million maunds, accounted for by the larger population of she-buffaloes and the higher lactation yields of her cows.

Agricultural Income

The gross value of agricultural produce, including milk and milk products, straw and cocoanut leaves at harvest prices of 1947-48 (latest available) may be estimated at Rs. 265 crores for the Andhra area and at Rs. 337 crores for the Rest of Madras. The yield figures taken for this calculation are the average figures for the seven years 1940-47 and given in the table above. The average figures indicate what the long run yield of the crops will be or what the agriculturists may normally expect to reap. Their value at present prices will give a fairly accurate idea of the normal gross income in agriculture. Since quantitatively the Andhra production is less, gross income also is less.

From this gross income, net income in agriculture may be deduced by subtracting those items which figure in the communal cost of production, such as taxes, interest on debt, wear and tear of equipment, feed of cattle, seed, manure, etc. The resultant figure for the Andhra area is Rs. 151 crores and for the Rest of Madras, Rs. 217 crores. This means that per head of the rural population there is an income in the Andhra area of Rs. 87 as against an income in the Rest of Madras of Rs. 81. Agriculturists as a whole in the new province therefore will be slightly better off than in the other province. There will be larger margin of saving available to them which will enable them to provide the larger capital needed for irrigational development and other measures of reconstruction in rural areas.

On the whole, therefore, as far as agriculture is concerned, the new province will start under good auspices.

Long-term Credit and Land Mortgage Banks

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Republican India needs a careful and systematic planning of her agricultural economy in the near future, as she has already determined to be self-sufficient in the matter of foodgrains by 1951 and not to depend on imports of foodgrains from foreign countries. As such, every patriotic countryman is expected to put up some concrete suggestions for the rehabilitation and reorganization of the agricultural economy of the country. It will be out of place to discuss in detail the various directions, in which our agricultural economy can be set on a firm footing. But everybody is likely to agree that the problem of finance is the greatest bugbear, with which our cultivator has to fight during his whole life.

Our cultivators need (a) short-term credit for meeting the current requirements of the agricultural operations and maintenance requirements till the sale of the harvest; (b) intermediate-term credit for buying implements, livestock and carrying out of improvements of average nature; (c) long-term credit for carrying on permanent improvements; purchasing of land and liquidation of old debts.

According to the estimates of the Central Banking Enquiry Committee the requirement for long-term credit comes to Rs. 500 crores. This estimate can fairly be doubled in reference to the present state of inflation in the country. This large amount of money is required in connection with the long-term credit needs of our peasantry. Land Mortgage Banks are the only agency which is at present supplying the finance for meeting the long-term credit requirements of the peasants. In this paper a study is made of the present state of affairs in this particular aspect of the co-operative movement, so vital for the welfare of our tenantry.

Jhang in the Punjab has the honour of having the first land mortgage bank of the country, established in 1920. In 1929 the Central Land Mortgage Bank was established in Madras. It was to co-ordinate the work of the primary banks in the province and to centralise the issue of debentures. Later on a central bank was established in Bombay in 1935. The land mortgage banks in other provinces did not make any remarkable progress. The same story is true at present. These co-operative land mortgage banks in the country, in the majority of

LONG-TERM CREDIT AND LAND MORTGAGE BANKS

the cases, advanced loans for the liquidation of old debts, till the present day.

The activities of the land mortgage banks were accelerated during the depression period, but during the period of the second world war their success was thwarted to a considerable extent on account of the reign of inflation, which culminated in a high increase of the prices of land and agricultural commodities. In most of the cases the debtors were enabled to clear their debts on account of their increased incomes or they disposed of some portion of their landed property. Overdues were cleared rapidly and in some provinces, like Bombay, C. P. and Berar and Madras, even advance repayments were noticed.

Moreover the debt adjustment boards established in various parts of the country, scaled down the debts to a considerable extent. This factor largely influenced the decision of the cultivators to knock at the doors of the land mortgage banks for loans in this respect. Further, loans and grants were given in connection with the grow more food campaign. The land mortgage banks were handicapped from forging a head even in this respect *i.e.*, finance for improvement of methods of cultivation and land. These factors culminated in a decrease of demand for fresh loans and advance repayment of loans was more commonly noticed. Surplus funds became a problem with these banks and they had to indulge in commercial undertakings in some cases, for finding a profitable source of investment.

The following table shows the operations of the central land mortgage banks in undivided India :—

Table I.

	1938-39	1945-46
1. Number of Banks	5	5
2. Membership	3,400	6,052
3. Owned Funds (Rs. lakhs)	17.91	41.71
4. Borrowings	25.3	2.06
5. Deposits	7.85	23.33
6. Debentures	197.89	597.45
7. Working Capital	248.95	464.55
8. Fresh Advances	72.62	54.29
9. Recoveries	11.91	36.2
10. Outstandings	230.16	312.49
11. Overdues	0.09	0.44

The following table shows the operations of primary land mortgage banks in undivided India :—

Table II.

	1938-39	1945-46
1. Number of Banks	221	284
2. Membership	76,196	1,35,857
3. Owned Funds (Rs. lakhs)	26.26	45.54
4. Borrowings	248.17	317.4
5. Deposits	5.12	2.17
6. Debentures	6.45	7.67
7. Working Capital	286	372.78
8. Fresh Advances	78.01	58.11
9. Recoveries	14.61	36.94
10. Outstandings	261.74	334.54
11. Overdues	11.51	4.07

Before analysing the progress of these banks, we think it necessary to give some idea of the progress in the provinces of Madras and Bombay, where these banks have been successful to a considerable extent.

Land Mortgage Banks in Madras

In 1925 the provincial government sanctioned the establishment of co-operative land mortgage banks. These were limited liability institutions, which operated in a compact group of villages. They could borrow from 8 to 10 times of their paid-up share capital and the loan to a member was not to exceed Rs. 1,000. These banks were further empowered to release debentures for a period of twenty years at the rate of 7 per cent per year. The loans were to be issued for a period not more than 17 years at a rate of 9 per cent per year. The provincial government also decided to purchase debentures, not exceeding the value of Rs. 50,000 per bank and for the province as a whole the value of these was not to exceed Rs. 2.5 lakhs. Ten such banks were registered by 1927. But the progress had not been according to the expectations.

This state of affairs was examined by the Townsend Committee on Co-operation in 1927-28 and its recommendation resulted in the registration of the Madras Co-operative Central Land Mortgage Bank in December 1929. Its members are both individuals and primary land mortgage banks. Its capital is to the tune of Rs. 20 lakhs. Funds are raised by floating debentures up to 25 times the paid-up

share capital and reserve fund. The circulated debentures are not to exceed in value the total amount due on the mortgages.

In 1934 the Madras Co-operative Land Mortgage Banks Act was passed, which enabled the provincial government to guarantee the principle of and the interest on the debentures floated by the Central Bank. At present, this guarantee extends to debentures, the value of which does not exceed Rs. 350 lakhs. The debentures are issued for a period of twenty years at a rate of interest of 3 per cent. A sinking fund is also maintained by the Bank. 40 per cent of the yearly profits is transferred to the reserve fund.

There are at present 119 primary land mortgage banks. The jurisdiction of each such bank generally extends to a revenue taluk. Only those who have land within the jurisdiction of the Bank can become members. If can borrow an amount, not exceeding 20 times its paid-up share capital *plus* reserve fund. Loans are given for improvement of cultivation and land, for liquidation of debts not secured by mortgages and for redemption of mortgages. The limit of borrowing per member has been extended to Rs. 15,000 in deltaic and irrigated areas. Loans are not to exceed 50 per cent of the market value of land, determined according to pre-war rates.

The Central Land Mortgage Bank issues debentures at a rate of 3 per cent and lends to primary banks at a rate of 5 per cent. The primary banks lend to their members at 6 per cent. These banks are part and parcel of the co-operative credit system in the province. The following table shows the operations in the province in 1945-46 :—

Table III

	Central Land Mortgage Banks,	Primary Land Mortgage Banks,
Number of Banks	1	119
Membership	622	84,125
	(Rs. lakhs.)	(Rs. lakhs.)
Owned Funds	28.49	27.08
Borrowings	2.06	242.26
Deposits	22.08	...
Debentures	324.8	0.08
Working Capital	377.43	269.42
Fresh Advances	42.8	41.18
Recoveries	26.68	26.9
Outstandings	242.39	245.24
Overdues	...	0.36

A study of the operations of the Central Land Mortgage Bank reveals that there has been a decline in the amounts under the head of fresh advances and a rise in the amounts under the head of repayments, during the most part of the war period. The outstandings increased from Rs. 189.18 lakhs in 1938-39 to Rs. 259 lakhs in 1941-42 but declined to Rs. 242 lakhs in 1945-46. On the whole the financial conditions of the Bank can be termed as satisfactory. Although the Banks should persist in granting long-term loans for liquidation of old debts, yet we hold that these should advance more money in connection with land improvements.

Land Mortgage Banks in Bombay

In 1929, these land mortgage banks were established at Broach, Dharwar and Pachora. In 1933 a committee was appointed to report on their working. Its recommendation resulted in the establishment of a Provincial Land Mortgage Bank in 1935. There were 16 primary land mortgage banks in 1945-46. The loans of these primary banks do not exceed Rs. 10,000 per member and the margin is $1\frac{1}{2}$ per cent between the lending and borrowing rates of these banks. The following table shows the progress of land mortgage banks in Bombay 1945-46:—

Table IV

	Central Land Mortgage Banks.	Primary Land Mortgage Banks
Number of Banks	... 1	16
Membership	... 683	17,353
	(Rs. lakhs)	(Rs. lakhs)
Owned Funds	... 5.45	5.14
Borrowings	... —	27.73
Deposits	... 1.14	0.58
Debentures	... 35	—
Working Capital	... 41.59	33.45
Fresh Advances	... 3.32	3.24
Recoveries	... 3.57	3.29
Outstandings	... 28.75	31.43
Overdues	... 0.27	1.16

The debentures are issued at a rate varying from $3\frac{1}{4}$ per cent to $3\frac{1}{2}$ per cent. A sinking fund is maintained by the Central Bank. These land mortgage banks are expected to have an increased business on account of amendments to the Bombay Agricultural Debtors' Relief Act of 1947, which empowers the

Land Mortgage Bank to pay the agriculturists' adjusted debts either in cash or by issue of bonds.

Conclusion

The position in other provinces has not been up to the mark. From the above analysis, it can be safely concluded that the country has unfortunately not got a satisfactory land mortgage banking system, even inspite of her large multitudes engaged in the profession of agriculture. The rates of the interest charged on the loans advanced by the banks in the provinces differ. The Gadgil Committee has recommended a rate of 4 per cent to be charged by these banks. Moreover the ways and means adopted by these banks in various parts of the country are not uniform.

These banks have so far advanced loans, in the majority of the cases, for redemption of old debts. It is high time that they diverted their energies in the direction of financing of land improvement Schemes—a neglected aspect so far. Land mortgage banks can help by undertaking to provide funds to facilitate exchanges of land and by giving preference in granting loans to those who have consolidated their holdings. In certain areas, there seems to be great need for undertaking such improvements as building, fencing, provision of irrigation facilities by the sinking and boring of wells run by animal or electric power, the bunding of streams and purchase of costly agricultural machinery, etc.*

*See 'Review of the Co-operative Movement in India' (1939-46), p. 35.

The George Town Co-operative Credit Society, Ltd., No. 8512 29, Krishnappa Naicken Agraharam Street, G. T. Madras. (REGISTERED IN 1923.)

All Banking facilities are afforded to Members and Constituents of the Society. Fixed Deposits are accepted for one year at $4\frac{1}{2}$ per cent interest.

There are 3,000 subscribers who contribute towards Monthly Savings Scheme, which runs for 84 months.

The Loan Transactions of the Society—Simple, Jewel, Mortgage and Surety loans—exceed Rs. 18 lakhs.

P. NATESAN, M.B., B.S.,
President.

Economic Research Section

RURAL SAVINGS—THE TRUTH ABOUT IT

VISWANATHAN TEKUMALLA,

The Madras Provincial Co-operative Union

India has been throughout several centuries essentially a land of agriculture and of cottage industries. Production was mainly for consumption and there were surpluses only in a few cases. Sale transactions were generally effected by the barter system. Money was required in some quantity for paying Government taxes and for meeting some expenses during pilgrimages, etc. The ryots and the artisans who required ready money found it from the local merchant-moneylender or some *nidhi*. The field of operation of these credit agencies was local.

As the system of village republics and the customary village services dwindled and as the barter system gave place to money economy, the difficulties and handicaps of the masses and their grinding poverty became increasingly clear. It was found that the primary need of the ryot and the artisan was credit facility. The Government therefore introduced the Co-operative Movement and with the growth of money economy, the credit co-operation also developed to a considerable extent. Taking Madras province for instance the progress has been fairly large. The following table shows the number of agricultural credit co-operative societies in the Province and their business turnover as on 30.6.1948.

		On 30th June 1948.
Number of Societies	...	12,056
Number of Members	...	843,680
		Rs. (in Lakhs).
Paid-up share capital	...	98.47
Deposits from members	...	18.43
Deposits from non-members.	...	26.98
Loans outstanding from financing banks and other societies.	...	441.88
Working capital	...	722.64
Loans issued during the year	...	440.01

Though the figures are fairly large, it cannot be said that the progress is very satisfactory. Compared with the total credit needs of the Province, the figures only show that the co-operatives have just touched the fringe of the problem and that the bulk of the rural borrowers are still in the clutches of the private bankers. The chief cause is the relative delay and difficulty in getting a loan from a Co-operative institution.

The Co-operative Movement having been sponsored by the Government, its course of history for over forty years has been characterised only by the giving of credit accommodation to the ryot or the artisan. The other aspects of the villager's life have not been tackled. Funds were collected through deposits from the well-to-do and lent at low interest to the needy. Since no attempt was made to educate the villager and train him in thrift and other habits, this availability of money at low interest only increased his borrowing without improving his repaying capacity.

Nothing could be done to improve the conditions during the Economic Depression and the years preceding the recent War. But during war time the prices of all agricultural and industrial products rose and so it is generally believed that there is accumulation of savings in the rural areas.

The winning of independence for the Country has made it necessary to follow up political freedom with economic freedom. Hence there has been an endeavour to effect an all round development in the country—in agriculture, industry and trade. The capital needs of the Country have grown large and the foreign capital sources are niggardly. It has therefore become necessary to tap indigenous capital as far as possible. Unfortunately, the capital market is very unsatisfactory. The loans floated by the Government of India or the Provincial Governments in the last three years have proved a failure. Companies which have gone to the capital market for shares have not been able to find favourable response either. The sources of such investments are at present mainly urban and now that this source has failed, it has become necessary to approach the rural capital sources.

Of necessity the emphasis has now to be shifted from "credit facility" to "savings propaganda". The circumstances also are some what favourable. The present difficulty in getting capital equipment like machinery, and heavy chemicals from abroad for increasing mechanised industrial production and the need for meeting the immediate needs of the country by short-term planning has increased the importance of cottage industries all over the country. These cottage industries require small capital, preferably that raised locally. The new socio-economic legislation like Prohibition has enabled the masses to save a small part of what they were formerly spending on drink. After all, rural India is much larger than urban India and it may be hoped that the savings of these ex-addicts, howsoever small individually, would together make a considerable amount.

But the general impression is that the bulk of the surplus money in the country is lodged in the country-side on account of the high prices received by the ryots for their agricultural produce. It is therefore the endeavour of the Government to attract this rural savings by some means.

But before the proper machinery is determined for the purpose of tapping rural savings, two points must be considered: The first is: how the rural savings are distributed among the various classes of people. The second is: what is the nature of the approach to the potential rural investor that is likely to induce him to invest.

First the distribution of rural savings: The general impression is that the ryot has benefited by the high prices of agricultural produce and has cleared profits over a period of at least half-a-decade and also that he is investing the savings in purchase of land, houses, and jewelry due to the lack of banking habit in him and also due to non-availability of banking facilities in the locality. This view requires careful examination. Recently the Propaganda Officer of the Madras Provincial Co-operative Union had been deputed by the Union to study the working of the Co-operative Movement in Alamuru region in the East Godavari District. Alamuru is well-known as an experimental station for the Co-operative Movement on the East Coast. It has a Co-operative Rural Bank and the region is typical of the deltaic tract in the Madras Province. During the course of his investigations, the Provincial Co-operative Union Officer had occasion to discuss the issue of rural savings with some of the big or small ryots of the locality and with the office-bearers of the Alamuru Rural Bank.

The discussion started with the question whether the ryots favoured a further rise in the price of paddy from Rs. 14 to Rs. 16 a bag in as much as it would bring more money to the ryot for his produce. It finally became a discussion as to where the rural savings were lodged. Almost all those who participated in the discussion did not favour this rise. They said that this rise would not help materially a very large majority of the ryots. The average holding of a ryot is less than 5 acres. Taking Alamuru region for instance, there were not more than ten families in the locality who had more than 20 acres each. At Alamuru village having 6,000 population only 6 families had over 10 acres each. Even those who had ten acres or a little more were not able to have any saleable surplus after meeting all their food requirements and those of their servants at home and on the field. Even if there were a few who really had a little surplus, a rise in prices did not materially benefit them since their costs of production rose commensurately with the rise in produce prices. They had to sell away the produce early for meeting taxes, etc.

On the other hand the big land lords who had a large surplus produce and considerable economies in production costs could afford to wait for a good price and then dispose of the produce at a good price. Another class of people who had accumulated money were the merchants who cleared huge profits during periods of scarcity and black-marketing. A few ryots and some tenants and some artisans like weavers, blacksmiths,

and carpenters saved a little money by denying themselves many necessities of life. Most of these small individuals spent the savings on the purchase of small plots of land or small houses or some silver or gold jewelry. Some of the lands and sites purchased were stray fragments or small areas that were sold away by the absolute land owners. Some people married after saving a little money and set up their families. Some of the big land lords and the merchants were investing a part of their savings in purchasing more land, houses, or jewelry and money lending. Installation of rice mills, building cinema houses, etc. were some other methods of investing surplus money. Many of them have, however, kept the savings as dead capital. But the amount actually invested was invested more on land purchase than in industry and trade. Thus it will be seen that the rural savings have not been uniformly distributed and that even then only a small part of the savings has been invested in acquisition of property or in business undertakings. The only savings that are visible are the very small amounts saved by the masses every day on account of the Prohibition. This amount is very small since a considerable portion of the amount saved due to Prohibition had to be spent towards better food, better clothing and other small comforts of life.

This disparity of incomes and these ways of investment of small and large surpluses hold good in other parts of the Province also. It is now essential that these rural savings should be tapped by providing proper banking facilities. But, for doing so, it must be borne in mind that the rural capitalist, big or a small, is shy and averse to deposit money in a bank. This brings us to the second question regarding the nature of the approach needed to tap that rural source. The only method that can attract the rural investor is personal contact and human appeal which alone can create confidence. The example of the Alamuru Rural Bank will not be out of place in this connection. The following classified statements show the deposits received by the Alamuru Rural Bank during 1948-49.

STATEMENT NO. 1.

Period.	No. of deposits.	Amount Rs.
1 year and below ...	25	1,15,655
Above 1 year and below 3 years ...	60	1,45,200
Above 3 years and below 5 years ...	49	1,62,830

STATEMENT NO. 2.

Type of Deposits.	No. of deposits.	Amount Rs.
Agriculturists ...	16	1,41,325
Non-agriculturists ...	85	2,15,235
Women and Minors ..	35	69,505

With the exception of four deposits which exceeded Rs. 20,000-0-0 each, the other deposits ranged from a few hundred rupees to a few thousand rupees. The depositors included not only women and minors but also non-agriculturists residing elsewhere at Bezwada, Madras, Kurnool, Bellary and Bombay. All these indicate the confidence of the depositors in the Rural Bank. The Rural Bank is encouraging the saving habit among the masses in every way. The Bank sells daily through its collection agents what are called Thrift labels at prices ranging from one anna to one rupee. These labels are purchased by the agricultural labourers who are members of the Rural Bank. The amount saved by them by this thrift system year after year is given below.

Progress of Sale of Thrift Labels.

			Rs.	A.	P.
1940-41	...	...	3,192	0	0
1941-42	...	...	5,224	0	0
1942-43	...	...	8,500	0	0
1943-44	...	...	6,969	14	0
1944-45	...	...	7,232	2	0
1945-46	...	...	5,936	2	0
1946-47	...	...	7,498	4	0
1947-48	...	...	32,411	10	0
(Up-to 31-12-48)	...	...	26,221	9	0

All this could be done only when there is the human appeal from the banker to the depositor. This human approach is possible only for the Co-operative institutions since they are fundamentally human institutions. It is therefore a *sine qua non* of rural banking development that the work should be entrusted to the co-operative banks. People in the rural areas are more acquainted with the Co-operative Movement and co-operative institutions than with the other types of commercial institutions. Another important point is that intensive propaganda is being done in all provinces for the introduction of multipurpose co-operative societies which alone are considered capable of dealing with the life of the villager as a whole. There may be net work of multi-purpose societies in the country. These institutions will receive the thrift deposits, etc. of the members and non-members within certain limits during the early stages. These institutions should not however be allowed to handle Government cash transactions until, like the Alamuru Rural Bank, they establish a soundness and reputation by their work. The transactions of the Imperial Bank Branches and of the Government Treasuries and Sub-treasuries should be entrusted to the Central Banks in the district. The Central Banks should have a net work of branches covering the rural areas. Important multi-purpose co-operative institutions of standing should be affiliated to the Central Bank as branches for the purpose. The Central Bank branches should as far as possible be located in the premises of the multi-purpose co-operative

society of the place. The work of distributing Takkavi and other loans and recovering those loans should also be entrusted to these branches. A certain percentage of the total turnover or the advantage of a certain minimum of interest-free Government balances should be given to the branch to meet its working costs. This should be determined in consultation with the Provincial Co-operative Bank of every province so that there may be a uniformity throughout the country. The provision of police guard for the monies at the Bank premises and during transit and other protection for the place and persons must be attended to by Government so that the protection may be effective and real.

The Provincial Co-operative Bank may have general supervision and inspection and may lay down the general policy for all the banking co-operatives in the province. Since there should be uniformity in the national policy also as far as possible, there should be a Joint Board of the Representatives of all the Provincial Banks and of the Government of India for laying down general policy for the Country and for co-ordinating the activities of all the Provinces.

Such an arrangement will create confidence of the public in the Co-operative banks as good substitutes for State treasuries. The object of Free India is to build up a Co-operative Commonwealth. The employment of co-operatives by the Government will ensure a live contact with the masses in an ever increasing measure and will surely pave the way for the establishment of the much-looked-for Co-operative Commonwealth.

THE CENTRAL PROVINCES AND BERAR
(MADHYA PRADESH)

Provincial Co-operative Bank, Limited,
Mahal, Nagpur-2.

	Rs.
Authorised Share Capital	20,00,000
Paid-up Share Capital	10,23,800
Reserve and Other Funds	11,25,600

SIR M. G. DESHPANDE, K. B. E.,
Chairman and Managing Director.

The Bank's Shares and the following (fully guaranteed by Government)
Debentures are available for Sale.

VIII Series Ten year 3 % debentures issued at par.
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For the last 4 years the Bank has been paying dividend at
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G. A. BHONSULE,
Manager.

Co-operative Education—Abroad and in India

SRI V. KAMARAJU, M.A., F.R. ECON. S. (LONDON),

Madras Provincial Co-operative Bank

I. The Need for Co-operative Education

The general objective of Co-operative Education is the improvement of the Co-operative spirit of the members and the development of co-operation among the people in general so as to prepare them for realising, and fitting them to maintain the *Co-operative Commonwealth*. All the Co-operative Education has to be judged according to the contribution it makes to this end; but in order to achieve this purpose, machinery and organisation are required and the efforts of the educationist have to be directed to the creation of this machinery and organisation and to the attainment of certain intermediate objectives, the attainment of which will facilitate the approach to the final objective.

Whilst all education has as its objects, the improvement of the quality of the individual, the object of co-operative education is to prepare co-operators for co-operative citizenship in a society in which co-operation has replaced individualism and competition. Co-operative educationist accordingly joins hand with those who are working in this sphere of activity in seeking and creating these changes in the social system. The range of co-operative education must therefore be wide and cover economic, political and social spheres. The causes of the evils of the present economic system must be explored; the inevitability of organising industry—where sufficiency and regularity of production with adequacy of consumption and equitable distribution of wealth are to be secured—from the consumers' end and under consumers' control must be made clear; and the manner of securing and exercising this control must be studied and the benefits understood. It is in this spirit that the Co-operative Union of Manchester in a pamphlet issued by the National Educational Council in 1936 has prepared a 10 year plan for co-operative education and tried to achieve the results before 1944 when the co-operators in England celebrated the centenary of Rochdale Pioneers' Society.

Members must be brought to realise that co-operation is not merely a system of trading but a mode of life; that it stands for fraternity in industry and social life as against the jealousy and rivalry of competitive industry. Co-operative education is necessary because it is by means of co-operative education that this gospel of brotherhood has to be disseminated. The end of Education is citizenship—citizenship in the widest possible sense. "The whole measure of progress in a generation", says Mr. H. G. Wells, "is the measure in which the children improve in the physical and mental quality, in social co-operation, in opportunity over and above their

parents". Out National Educational Policy must be based upon the definition which Mr. Herbert Spencer has given us, namely, that education is "a preparation for complete living". Co-operative education if it is to exist must tackle as its subjects those which do not fall within the curriculum of general education and which have some definite connection in the objects and principles of co-operation. It must comprise 1. education of co-operators themselves in the history, theory and technique of co-operation and in its industry, 2. doing propaganda among the public and inculcating among the public the co-operative spirit and 3. education undertaken and subsidised by independent bodies to make the movement living and progressive.

Mr. James Peter Warbasse says, "There is a growing belief that the business of to-day which makes for high prices, scarcity, and individual and international animosities may be replaced by a form of private business which benefits from abundance, low prices and easy accessibility of its products to the consumers. A method of business which leads to self-help rather than Governmental help and which promises international peace; and self-help is best help; and the means to promote self-help and mutual understanding is the essence of "*each for all and all for each*"—the motto of co-operation." Mr. C. R. Fay also holds the same idea that the co-operative organisation is an Association for the purposes of joint-trading originating among the weak and conducted always in an unselfish spirit in such terms that all who are prepared to assume the duties of membership may share in its rewards in proportion to the degree in which they make use of their association. The success of co-operation very largely depends upon literacy and the understanding the principles and the methods of co-operation by the common people who become the consumers as well as producers themselves. So education takes a high place among the means of achieving the success in co-operation. As Mr. G. D. H. Cole says, "Character is the out come of environment and out of this environment, education or the want of it formed an important part. The education which co-operators believed was education with a purpose and not the mere learning of facts or the acquisition of knowledge, but the mastering of ideas and attitudes necessary for healthy condition for a social living."

II. Co-operative Education abroad

Mr. G.D.H. Cole clearly narrates the part played by co-operative education in his book "A Century of Co-operation." Education took a high place among the objects of early co-operators in England. The Owenite Socialists were firm believers in education as an essential instrument for achieving the co-operative commonwealth, and no body of Owenite co-operators would have dreamt of omitting education from the list of their essential activities. According to Owenites' doctrine, character was the outcome of environment.

The Rochdale Pioneers whose leaders were mostly good Owenites were firm believers in education as an integral part of the co-operative system. Before they had any formal educational department of the society, the early pioneers, Mr. Abraham Greenwood tells us, were in the habit of assembling themselves together after the day's toil was done in the back room of the old store for the purpose of hearing the news of the week. They not only heard the news but also debated on it. This was the education of a wholly informal type but it soon branched out over a wider field. Newspapers were brought for the use of the members and this led to a News Room and a Library with more formal lectures and classes. Thus the pioneers continued the educational work which had begun before 1844 in the Owenite Social Institution. The principle of the Owenite Pioneers was that their society should serve as a means of educating its members as well as promoting mutual trade. Owenism was in its very essence an educational movement and that for every Owenite education in the principles of the new "Social system" was a virtually important matter and a requisite for practical success. The pioneers aimed not merely at enrolling members but at making good co-operators of them and also creating a new outlook on the problems of citizenship and the forces moral and material that were shaping the developing world of mechanical power and large scale production. This wide outlook made them encourage both technical and co-operative education and it made them eager to attend to the education of their children as well as themselves. The Christian Socialists who were ardent educationists also exerted their influence on the educational side of the co-operative movement. The Owenites and early co-operators who followed the Rochdale plan drew their support mainly from the more educated and better intelligent sections of the working classes. In Rochdale the very strong position on the town which the pioneers' society had gained for itself and the relative deficiency of rivals in the educational field caused the general type of educational work to be retained in co-operative hands well after; in many other places it had to be taken over mainly by other agents. Few co-operative societies have advanced nearly as far as Rochdale in the supply of higher education to the citizens of the towns.

Indeed in most places in England, growth of new agencies for higher and adult education led in the sixties to a wide spread feeling among co-operators that their educational work was no longer necessary especially when attendance at their lectures and classes began to fall off in the face of rival attractions. It was argued by many co-operators that the co-operative movement should stick to its trading activities and leave education to other bodies and agencies. There were indeed in the fifties and sixties of 19th century evident signs of the stirrings of new popular demand for adult education differing radically in its character from earlier movements. The older movements were either vocational or political. The new movement

of the sixties was inspired largely by a desire for the spread of culture. Mr. Abraham Greenwood stressed the importance of education and urged other co-operative societies to make provision for the growing cultural needs of the members. Co-operators in a number of areas gave active support to the University Extension Movement started in 1867 by Professor Steurt which was largely instrumental in bringing into existence a number of local colleges. The decisions of the co-operative congress of 1884 gave financial support to these colleges. Manshractge founded the workers' educational association in 1903 on the principle of joint control and aimed at direct collaboration of trade unions and co-operative societies with Universities.

One in five of the total population of all ages in England is a member of a co-operative store. The women's guild which has done magnificent work in the co-operative educational field has yet to enroll a good number of housewives. In 1942 The English Women's Guild had 50,627 members and the Scottish Women's Guild had 24,300. Co-operative classes organised under the Union in 1938-39 numbered only 345 in co-operative subjects with 6,789 students. Due to war, there was a general reduction in the number of students. The Co-operative Union is the central organisation of the co-operative societies in the British Isles including not only England, Wales and Scotland but also North Ireland and Eire. The entire education department of the co-operative union is now housed at Stransford hall near Loughborough where the co-operative college is situated. The department is managed by a Chief Educational Officer and he is assisted by the College Administrative Officer and Educational Secretary. Every section of the Co-operative Union has its sectional officer. The co-operative congress of 1948 has effected revolutionary changes in the organisation of the committee responsible for education. It has created a National Co-operative Association and the object of this Association is to co-ordinate the educational work of the movement. The new executive committee consists of eight representatives from Central Board, eight from sectional educational councils. The co-operative college was established in 1919 in Manchester. The present college at Stanchford hall accommodates 100 students. The educational department is the examining body to the college and it organises summer schools, supervisor classes and has advisory service on educational development. One of the noteworthy aspects of this association is the organisation of co-operative youth movements. There are about 31,000 members in the co-operative youth movement.

"Varguard" *i.e.* our home has been the staff training college of the Swedish consumers co-operative movement. It is a school for instruction in co-operative business rather than in co-operative philosophy. The staff of this school make tours in the country to discuss problems with co-operative committees and its managers. They tour as friends and not as inspectors. They are therefore welcomed by the people and better understood.

According to Mr. C. R. Fay this Staff Training Institution shows greatest faith in the higher education of any co-operative movement in Europe. In Denmark there have been folk schools where the sons and daughters of the farmers provided the membership. They lived together in the same democratic spirit at the schools and received liberal education for some months in history, literature and social economy. These schools have strengthened the golden whip of Danish life and supplied the enthusiasm for co-operation which English the movement derived from Robert Owen.

Finance

In order to run and manage co-operative education, finance is badly needed. This finance, presents a stumbling block to every progressive problem. Here we have to master our courage and act with conviction from the morals we have learnt from Rochdale Pioneers. They laid down a rule that a definite percentage of profits earned by the co-operative institutions should be allotted to education. At first Rochdale Pioneers had separate voluntary subscription of £. 0-0-2 a month to meet the costs of news room. But the papers were open to all members whether they paid or not. In 1852, John Bierley, a printer made the suggestion that educational department should be financed by the means of appropriation of $2\frac{1}{2}$ per cent from the trading surpluses of the Society. This suggestion was accepted and thus the standard $2\frac{1}{2}$ per cent for education found its way into the co operative movement in England. From Rochdale this rule spread to a number of societies and it had indeed taken a deep root and has given a filip to the co-operative educational effort. Now co operative societies utilise the educational funds provided by the municipal and local authorities. Need is felt for awarding scholarships for the children of members and giving assistance to the boys at technical colleges. The Co-operative movement does not show well in terms of the expenditure on educational services. In 1942, the distributive societies allocated in all nearly a quarter of a million pounds to the educational work. But where as the Rochdale Pioneers in the early days regarded $2\frac{1}{2}$ percent of the surpluses as a reasonable allowance for education, the present grants aer, on the average, not in excess of $\frac{1}{2}$ percent and the amount spent on education works out at no more than 6 $\frac{1}{2}$ d. per member for the year in England. But there are large regional differences in the amounts spent. In the Irish section, the amount spent is 9 d. and in the midland and the Scottish, section it is 7 $\frac{1}{2}$ d. and the Yorkshire and Western section, it is 4 $\frac{1}{2}$ d. There is at present a plan to build a Co-operative College at a cost of £. 250,000 and this sum is to be raised by means of special appeal. So we come to the conclusion that the finance needed for organising the co-operative education is still inadequate. One cannot entirely depend on Governmental help and the only way to give ainpetus to the

educational movement is by providing a fixed percentage of the profits earned by societies for doing propaganda, education and research. As a great co-operator Sir Horace Plunkett has rightly said "Over reliance upon Government is a sure sign of business inefficiency."

Syllabus

Having considered that co-operative education has a part to play in shaping the character and conduct of an individual citizen, we must now clearly understand how best and in what form this system of education has to be worked out in detail. Co-operative education should be viewed from three angles.

1. Education of the public in co-operative principles;
2. Education of the members in the co-operative conduct; and

3. Education of the officials in the co-operative technique

Without education of the public not only the extension of the movement and the increase of the membership is made difficult, but it is even liable to operate in a different or hostile atmosphere and, in a democratic country, to lose that support in matters of legislation and administration which may have an importance effect upon the development. Without the education of the members no genuine democratic organisation can survive, in a state of efficiency. Co-operative conduct does not come by nature or wholly be circumstance. It is a product of intillegent thinking. Education of the officials has been made necessary by the increased scale of and the spread of the movement. Co-operative education has to be imparted to administrative staff such as inspectors, managers *etc.*, non-officials of the movement such as Presidents, Honorary Secretaries, *etc.* to be members of the society and to do propaganda in order to educate the public to imbibe and breathe the co-operative air. Research has to be undertaken to find out the most suitable types of co-operative instiutions that worked successfully in foreign countries and must adopt them to serve and suit the indian conditions. How to achieve this and what are the ways and means by which the spirit of the co-operative education and the light of learning are to be carried to the general public?—The following are some of the methods suggested to bring about the cherished ideal: Starting training institutes and co-operative colleges, starting refresher courses for short periods, publishing pamphlets, journals and reports and books on topical co operative subjects. The Government must help the spread of the co-operative education by giving all facilities in enabling co-operative institutions to spread their gospel through radio talks, and by exhibition of films and by organising exhibitions, *etc.* The University and other education authorities must lend their helping hand by including in the curriculum in the elementary and high school syllabus topical subject on co-operation and must encourage such publication of books and other literature.

(to be Continued)

Our Problems and How to Solve them*

SRI R. DASARATHA RAMA REDDI, B.A., LL.B.

President, Nellore District Co-operative Central Bank, Ltd., and

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

BROTHERS AND SISTERS,

I thank you very much for having invited me to preside over this 16th Andhra Provincial Co-operative Conference. This opportunity has enabled me to make contacts with the well-known co-operators coming from all parts of the Andhra Desa and to discuss with them for my benefit various problems relating to the Co-operative Movement. It will not be out of place on an occasion like this to re-iterate the cardinal principles of Co-operation; for it will help us to move in the right direction. The main objective of the Co-operative Movement is to improve the standard of living of the rural folk and to improve and regenerate their social and ethical life. It is not the object of the Co-operative Movement to level down the richer classes, as some Socialists and Communists believe. Its cardinal principle is the elevation of the poor and the down-trodden. It is only the Co-operative Movement that offers the golden mean between capitalism and socialism. While socialism purport to obtain fair wages for the workers, co-operation endeavours to make goods available to the common man at fair prices. Co-operation, I dare say, is the panacea for all economic ills.

Before we discuss any special economic problems, it will be rather instructive to review the present situation. The Co-operative Movement has been in existence in our country for over forty-five years. In the early stages, societies were started only for giving credit facilities to the agriculturists. Apart from the lowering of the interest rates of the money lenders to some extent, the Movement did no real beneficial service. The money lender, through somewhat perturbed at first, pulled up shortly after and continued his usurious methods. Even those who had borrowed from credit societies were unable to repay their loans. The futility of granting loans without helping the borrowers to devise methods of saving money and repaying dues was perceived. Consequently non-credit co-operative activity was introduced and developed. Yet the results have not been quite encouraging. The causes are not far to seek :

1. The various aspects of rural life are inter-allied. It is quite essential that all these aspects should be developed simultaneously. Any attempt to dissociate one from the other—for instance the separation of credit from non-credit—will make the development obviously artificial. The co-operative tree has the remarkable feature of combining all

*A summary of the Presidential Address delivered at the XVI Andhra Desa Co-operative Conference, Anantapur, held on 19th and 20th November 1949.

the branches. The harmonious blending of all the various socio-economic activities of the village is possible under the multi-purpose co-operative scheme. Instead of having one multi-purpose society for each village, it is desirable to have one for a convenient group of villages. Under this central institution there may be some small industrial co-operatives, etc. as affiliated ones. These multipurpose societies will deal in credit supply, supply of seed and manures, co-operative farming, employment of improved implements, land reclamation, marketing, cattle breeding and improvement, and other essential requirements of the agriculturist. Thus there will be a linking of credit and non-credit activities as well as a combination of credit, production and marketing activities of the village. Middlemen and *Sowcars* also can be easily eliminated by this co-operative action. It is therefore my earnest appeal that multipurpose co-operative activity should be promoted on a province-wide scale.

2. One of the snags of co-operative development in my opinion is the large dependence on the honorary workers and office-bearers. It is not possible for the honorary office-bearers to attend to their duties properly and regularly. Many of the Directors do not possess the requisite knowledge and culture for discharging their duties properly. The directors generally get into their co-operative institutions by virtue of their local influence and not because they are fully qualified for the work expected of them. Love of power may make them autocratic. They may abuse their power. Corruption also may creep in. Of late some instances of corruption among office-bearers have come to light. Let me mention here that in his judgment on the Tadepalligudem Land Mortgage Bank Case, the Hon'ble Mr. Justice Mock of Madras observed that persons lacking in the requisite education and culture should be precluded by suitably amending the by-laws of co-operative institutions. I am of the opinion that for the proper working of the societies, Executive Officers should be appointed in them. The organisation of multipurpose co-operatives will facilitate the employment of Executive Officers. It is also essential to fix the number of institutions in which any individual could be a director. These two instructions are essential for the proper working and development of the co-operative institutions.

3. The third cause of the slow and imperfect progress is the absence of a definite and comprehensive policy on the part of the Government. Though co-operation is voluntary, yet I believe that the Government should introduce a certain amount of compulsion without prejudice to the fundamental principle of co-operation. This could be done for instance in consolidation of holdings, protection of crops, irrigation and so on. The adoption of some compulsion on the part of the Government in the interests of the Movement has been recommended by the All India Co-operative Conference held in Madras as well as by the Lucknow Conference of the

F.A.O. Some years ago it was suggested by a well-known economist that membership in a co-operative credit society should be made an essential qualification for eligibility for a loan. I entirely agree with him and suggest that credit must be given only through co-operative societies. Legislation to this effect is quite essential. Even moneylenders should be compelled to organise themselves into a society for moneylending on fair rates of interest. Moneylending by private individuals should be prohibited. The Negotiable Instruments Act should therefore be suitably amended. I request the conference to discuss these important issues.

4. The lack of education among the members is another cause of imperfect progress. Members are unable to exercise their discretion and judge the actions of their directors. Adult and mass education only can remove this evil. Education by visual aids and lectures should be arranged. The money spent in this direction is well-spent. Co-operation should be a subject for study from primary to university courses. A Co-operative College also should be started in the Province.

The importance of the Co-operative Movement has been recognised by the Government and by the economists of the country. The Government should take up early the implementation of the recommendations of the Co-operative Planning Committee. The Central Government have given representation to the non-official co-operative societies both on the Cottage Industries Board and the Industrial Financial Corporation. That the Madras Government have not given any representation to the non-official co-operators in the Madras Industrial Financial Corporation is rather regrettable.

The measures of the Madras Government for the promotion of the Movement deserves appreciation. Steps are being taken for the organisation of multipurpose co-operatives and the Government have given a grant for the purpose. It is hoped that this scheme will help promotion of the Movement.

The Government have given facilities to the famine stricken areas of the Rayalaseema for borrowing at $4\frac{1}{2}$ per cent which is less than the rate elsewhere by $1\frac{1}{2}$ per cent. The Government have promised to give the Central Banks direct a subsidy at 1 per cent so as to compensate the loss they might otherwise sustain. This is laudable. Several projects for irrigation and water-supply are also schemed. I hope the Central Government give financial aid and enable Madras to push through the schemes.

I shall now endeavour to discuss some of the pressing problems of the day :

The *per capita* income of the Indian is the lowest in the world. Dr. Clarke, the American Economist reckoned that for every rupee's worth of national wealth produced per man hour in America, the Indian produces

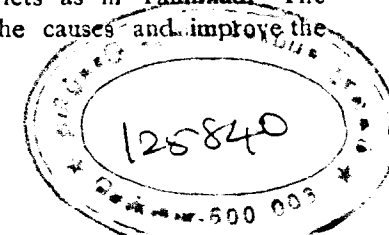
only $13\frac{1}{2}$ pies' (0.07 of a rupee) worth of national wealth. It is therefore quite essential that we should increase the national wealth by developing our agriculture, dairying, handloom industry and other major occupations.

The Food Situation :—Due to partition of India, there is a shortage of food in our country. The Government at the centre and in the Provinces are straining their nerves to cope with the situation. They are determined to make the country self-supporting and self-sufficient in food by 1951. It appears that as the outcome of the recent tour of our revered Prime Minister of India, Pandit Nehru, India will receive some wheat and some machinery for industrial and agricultural development. We may get shortly 10 million tons of wheat against which we shall have to export manganese and mica. Our food imports and the Government subsidies of food production are amounting to Rs. 140 to 150 crores annually. The devaluation has rendered the situation worse. Therefore, unless we give our best attention to the food problem, we will be heading towards a crisis.

The Government are giving lands to the landless, the demobilised soldiers and to political sufferers. But where is the money with such persons to pursue agriculture? Our suggestion should therefore be that all those who receive lands should join co-operative societies and that Government should help such societies. Co-operative Farming Societies of any of the four types mentioned by Sri Tarlok Singh—collective, tenant farming, better farming, and joint farming—may be organised in accordance with local conditions. This conference will do well to discuss these matters and make recommendations.

Cottage Industries :—The problem of unemployment is becoming keener and keener day by day. There is need for developing cottage industries and non-agricultural occupations on a co-operative basis. These cottage industries give full time employment to the landless and part time employment to the cultivating agriculturists. Even the well-to-do can find some profitable occupation or pastime in these arts and crafts. It is appreciable that the Central Government have invited several cottage industrial technicians and imported some useful machinery for training our artisans. The Government should also endeavour to create facilities for our trained artisans to possess the power-driven machinery for their work.

Vegetable and fruit gardening, poultry and dairying should also be encouraged as small scale industries through Co-operation. Inter provincial exports of fruit, etc., should be facilitated. The efforts of the Government for the promotion of fishery are remarkable. The establishment of model poultry farms also by Government is desirable. Dairying and milk-supply are not as progressive in the northern districts as in Tamilnad. The Government will do well to inquire into the causes and improve the situation.



Handloom Weaving:—Twenty-four lakhs of persons depend on this industry. During the recent global war, it was estimated that the handloom weavers produced 190 crores of yards of cloth valued at Rs. 47 crores. Due to devaluation, it has become necessary to earn dollars. The Government have constituted a Textile Advisory Board. The Board is devising ways and means of protecting the industry against competition. Transport of handloom cloth at concession freight rates has been arranged. The Central Government has determined to buy handloom cloth for its requirements. But these facilities do not carry the industry far. The main handicap is mill competition. A duty on imported mill cloth, delimitation of the fields of mills and handlooms, and such regulations only will promote the handloom industry. The sale of the accumulated stocks of handloom cloth should be facilitated. For the handlooms there is nothing so favourable as co-operation. It behoves the Government to introduce in other districts also, the Relief Scheme introduced in Salem District.

Women's Societies:—Co-operative societies for women should be organised. Arts and crafts, maternity and child welfare and other lines should be promoted. The advice and guidance of the Kasturba National Trust may be sought in this.

Official interference:—This is increasing. Money is being collected from societies in several forms like audit fees, salaries, etc. One is prone to suspect that more is being collected from societies than is spent by Government on Co-operation.

Co-operation can be developed in many more directions like house construction, consumers' co-operation, industrial co-operation and so on. My wish is that the movement should develop in all its aspects in the Andhra Desa and I pray that this might be realised early.

The Madras District Co-operative Central Bank, Ltd.

52-53, Thambu Chetty Street, Madras 1.

ESTD. 1930

TELEPHONE NO. 2384.

Authorised Capital ... Rs. 5 lakhs.

Working Capital ... " 35 "

All kinds of deposits accepted.

Rates of Interest:—

Current Deposit $\frac{1}{2}$ % Savings Deposits 2 %

Fixed Deposits:—For 1 year 3 % For 2 years and above $3\frac{1}{2}$ %

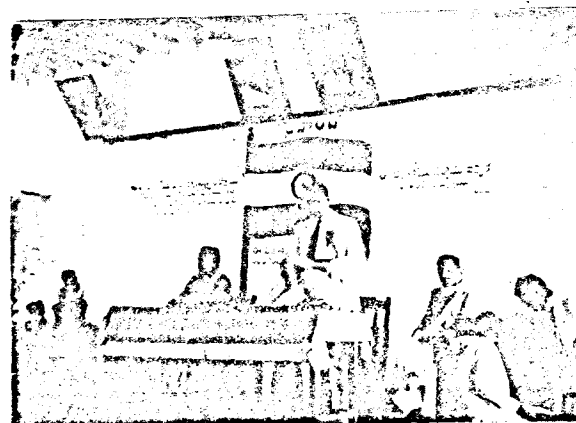
Further particulars can be had from the undersigned:

B. S. VIJAYAGOPAL, B.A., B. COM.

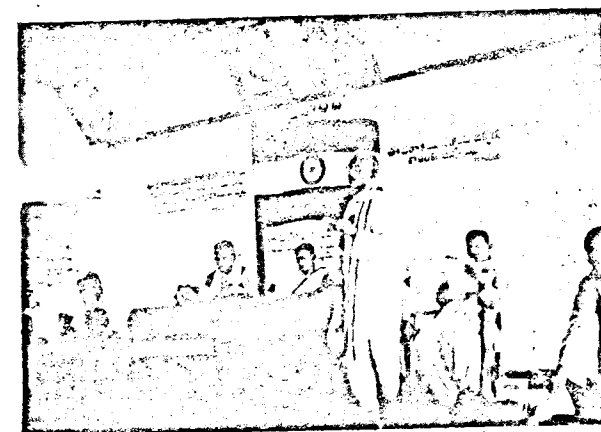
Secretary.

The XVI Andhra Desa Co-operative Conference, Anantapur

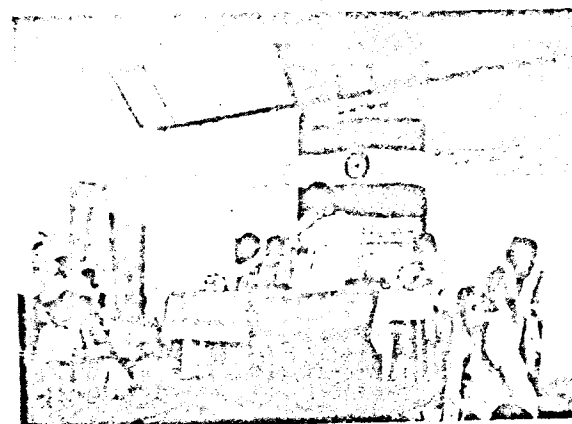
(19th and 20th November 1949)



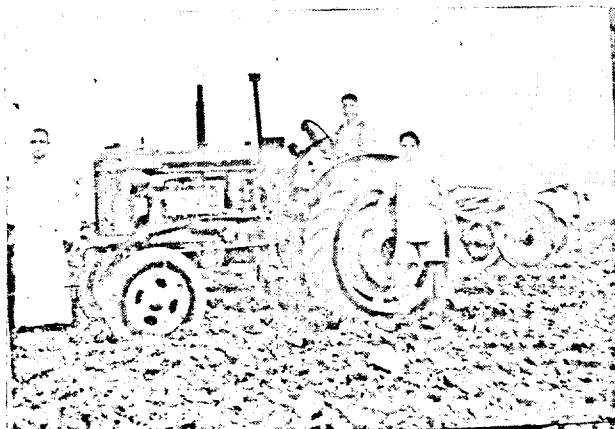
Sri
K. Subrahmanyam
Naidu, speaking
at the Co-op. Flag
hoisting



Sri
P. Ramacharlu,
welcoming the
Delegates



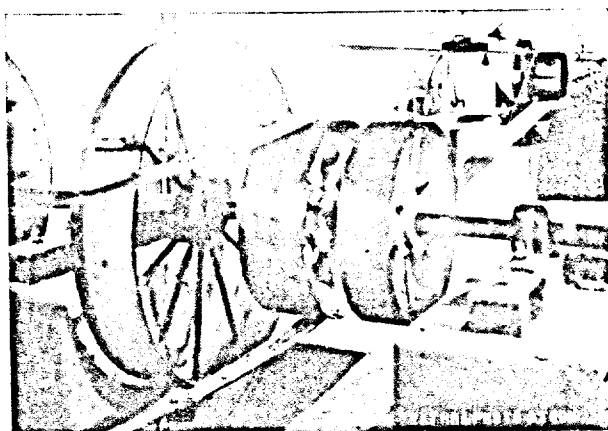
Sri R. Dasaratha
Rama Reddy,
delivering the
Presidential Address



Tractor at work



Produce arriving at Society's Godown



Machine room of the Rice and Flour Mill

Multipurpose Co-operative Activities in the Province

[Readers are well aware that the chief feature of Co-operative Development in Madras as in some other parts of the country is the re-organisation of rural credit societies as multipurpose co-operatives. Fairly brisk work is seen in this direction in all the districts. With a view to acquaint the public with the progress of the work in this direction, we propose to publish periodically in these pages notes on the working of some rural credit societies which have taken up multipurpose activities. The first note is on the progress in Chittoor district published in our September 1949 issue.—*Editors.*]

I. The Nangavaram Co-operative Credit Society.

At Nangavaram in Tiruchirapalli District, a Co-operative Credit Society was registered in the middle of March 1921. It started work early in April 1921, with 90 members and a share capital of Rs. 836. The society is situated in the fertile southern belt area of the River Cauveri where paddy, sugarcane, plantains, etc. are grown. It has recorded 29 years of useful service to the villagers. Now it has 514 members with a paid up share capital of Rs. 15,885. It is working entirely on deposits (fixed, savings and recurring) which exceed Rs. 1.25 lakhs. It is able to get fixed deposits at interest ranging from $2\frac{1}{2}$ per cent to $3\frac{1}{2}$ per cent per annum which is a testimony to its sound financial position and the public confidence it commands. During the year ending 30th June 1949 it issued to its members 253 loans amounting to Rs. 63,298. On 30th June 1949, Rs. 83,006 were outstanding against members under loans. During the 29 years of its steady working it has been able to build up a reserve fund of Rs. 30,395.

It owns a *pucca* terraced office building. In addition it has two rat proof terraced godowns which can accommodate about 2000 bags each. It issues loans to its members on the pledge of agricultural produce secured in its godowns and arranges for the sale of the produce as agent. In view of the procurement and control of foodgrains, however, members are stocking in the godowns of the society only their manures and foodgrains intended for their consumption. The society charges a small rent of 3 pies per bag per month. During the year ending 30th June 1949, about 120 persons availed themselves of these godown facilities. The society earned Rs. 196 by way of rent.

The society has also undertaken other activities than the issue of loans to members. In the year 1931 it installed in its premises a rice huller worked by an oil engine. Later, when electric supply was made available to the village, it replaced the oil engine by an electric motor and added a flour mill and a *dissentigrater*. All the three machines are driven by the single motor and can be worked at a time. During the year ending 30th June 1949, the rice mill hulled 7,400 bags of paddy, the flour mill converted 2,606

measures of rice into flour and the dissentigrater converted 1,465 bags of groundnut cake into powder for application to lands as manure. The society charges comparatively low rates and is therefore very popular with the public. It charges six annas for hulling a bag of paddy of 42 Madras measures or for converting into powder one bag of groundnut cake weighing 160 pounds. For converting grains into flour it charges one anna and six pies for a measure of the grain. During the year ending 30th June 1949 about 400 members and 200 non-members made use of the rice-mill, flour mill and dissentigrater. The society earned a net income of Rs. 990 in this activity alone.

In May 1948 it further expanded its activities by the purchase of a Fordson Major Tractor at a cost of Rs. 13,491 for the use of its members and other villagers. Most of the lands in the jurisdiction of the society have been brought under wet cultivation after the Kattalai high level channel irrigation system came into existence. There is still a vast extent of dry and wet lands which needs deep ploughing. The society charges Rs. 15 per acre. The tractor is very popular with the ryots and is in great demand. It has demonstrated to the ryots that tractor ploughing saves not only time but money as well and the credit of popularising the use of tractor in agricultural operations in this area goes to the society. During the year ended 30th June 1949 it ploughed 228 acres belonging to 36 ryots. The society sustained, however a net loss of Rs. 19 in this activity. This is largely due to the fact that it had its initial difficulties in securing the services of a qualified driver. It has been able to overcome these difficulties by getting one of its employees trained in tractor driving. The members were experiencing considerable difficulties in transporting their agricultural produce to the railway station and to market centres. In order to satisfy this want of the members, the society purchased a petrol driven motor lorry for Rs. 12,289 in March 1949. The lorry is hired to members and to non-members when there is no demand from members. During the three months it worked in the year ending 30th June 1949, it earned a net income of Rs. 930.

When control on mill cloth was reintroduced, the society undertook the sale of mill cloth. During the year ending 30th June 1949, it purchased mill cloth to the value of Rs. 10,113 and effected sales to the extent of Rs. 9,527 earning a profit of Rs. 277 in this business.

The society has not neglected ameliorative activities for its members. In the year 1938-39 it installed in its premises a radio with a loud speaker equipment for the benefit of members. This is the only public radio in the village and in the evenings the villagers gather in the premises of the society to listen to it.

Krishnarayapuram Co-operative Credit Society.

Origin and Early growth:

The Krishnarayapuram Co-operative Credit Society was registered on 20-12-1922 and started on its work on 1-1-1923. It has now completed 27 years of its working and is one of the oldest societies in the District. The Society's area of operations covers the villages of Krishnarayapuram and Kammananallur in the Kulithalai Taluk, situated on the main road from Tiruchirappalli to Coimbatore. The Society began its work on a humble scale with 62 members and a share capital of Rs. 628. For nearly 10 years, the society continued more or less on the same scale, though by 1932-33 the share capital had increased to over Rs. 3,000. The only source on which it depended for its finance, till then, was the Tiruchirappalli Central Bank. The economic depression of the early thirties had its effect on this society also, and for some years, it had a comparatively chequered career, the profits having had to be reserved for bad debts. The only function which the society was discharging at the time was the dispensing of credit to the few members on a modest scale.

Subsequent Development :

In 1933-34, when the society came under the care of the present President it began to attract local deposits, the village being an enlightened and flourishing one. There has been a steady development of its activities in several respects since then. The membership has then risen to 382 on 30-6-1949 with a share capital of Rs. 8,427. The society began to depend for its finances almost exclusively on deposits tapped locally both from members and non-members. It has been taking savings, receiving fixed deposits. While the deposits of members and non members in 1937-38 were Rs. 181 and 5,566 respectively the corresponding figures as on 30-6-1949 were Rs. 16,950 and Rs. 24,240 respectively. The only form in which the society has been taking loans from the Central Bank has been in the state of overdraft of different kinds such as for short term loans, produce loans, purchase of rations and controlled articles and for the refund of deposits. On 30-6-1949 the net sum due by the society to the Central Bank on all these accounts together was only Rs. 9,484 while the borrowings from the Central Bank on 30-6-1939 were Rs. 14,337, and on 30-6-1929 Rs. 25,089. This reflects the efficiency of the management of the society and the confidence it has infused in the investing public.

Correspondingly there has been a steady increase in the loans issued to members, the policy mostly being to encourage short-term loans in preference to loans for longer terms. Thus, while the loans due by members on 30-6-1929 amounted to Rs. 29,870 and on 30-6-1939 to Rs. 22,454 the corresponding figure on 30-6-49 was Rs. 57,685. The number of members benefitted thus then on 30-6-49 was nearly five times the number on

30-6-1929. Except in a few years, during the depression days when, as a measure of safety the profits were taken to the Bad Debts Reserve the society has been earning decent profits and its Reserve Fund on date amounts to Rs. 6,445, of which Rs. 5,673 has been invested in the Central Bank.

Present Condition :

Financially the society's position at present is creditable and satisfactory. As on 20-1-1950 it has a membership of 379 with a share capital of Rs. 8,247. It has taken deposits from members and non-members to the extent of Rs. 20,499 and 23,885 respectively. While it enjoys a total cash credit of Rs. 16,400 from the Central Bank for different purposes, the actual sum drawn on date is only Rs. 9,979. It has issued 364 loans to members to the extent of Rs. 61,014 of which five loans to the extent of Rs. 1,510 represent loans on the pledge of produce. As already stated it has a Reserve Fund of Rs. 6,445-6-0. The Panchayatdars are educated, enlightened, well to do and leading mirasdars, who take a live interest in developing the society and make it serve all sections of the villagers. Thus there are 51 Harijans and 24 ladies among the members on rolls at present. Loans are given to Harijans for their needs with the utmost sympathy. 47 out of the 51 Harijan members have been given loans.

Multipurpose and beneficial activities undertaken so far :

Even before the policy of undertaking activities other than credit was taken up on a large scale, the society has been making good use of its common good fund for carrying out objects of public utility. The village having electric facility the society has arranged for putting up street lights out of its common good fund. Similarly repairs to the public pathways have been carried out from time to time for the benefit of the public. The society is getting Co-operative and other journals for the use of the public.

In February 1949, the society has taken up the running of a ration shop as also sale of other articles like foodstuffs and mill cloth. Even in the first year of these activities, it has served a large number of persons under these heads. The progress during the six months of the current year shows it is developing more rapidly as may be seen from the following statement.

—	Rations.		Mill cloth.		Other Sales	commodities. No. of persons served.
	Sales	Persons served.	Sales	Persons served.		
	Rs.		Rs.		Rs.	
1948-49	11,754	15,000	2,945	3,380	—	—
1-7-49 to } 31-12-49 }	26,712	45,400	464	240	800	8,755

During December, 1949, when the Deputy Commissioner of Prohibition and Joint Registrar of Co-operative Societies visited the Society it has taken up the encouragement of savings through hundi boxes, as also the maintenance of a peoples' medicine chest as an ameliorative activity, for free distribution of medicines to the villagers. The Deputy Commissioner himself inaugurated hundi savings with 12 hundi boxes and within the short period of 7 days in December, 5 of those who took them had saved Rs. 13-8-0. And on the Thrift Day i.e., 1-1-1950, 8 more hundi boxes have been enthusiastically taken up by more persons. Thus 20 hundi boxes are now in circulation and the number and savings will grow appreciably in a few more months. Similarly, the society has started distributing the medicines and within the first month itself 20 persons have been so supplied, including 5 cases of cholera in which the people were saved from death.

Future Programme :

The society has decided to construct a godown at a cost of Rs. 12,000 with a 50% Government subsidy. The President and Panchayatdars are trying to secure a suitable site and it is expected to be secured in a couple of months. When this is secured steps will be taken to obtain the Government grant and loan as also local contributions and the construction work will be taken up. Ultimately it is proposed to instal a public radio in this building. All these are due to the enthusiasm of the President and other Panchayatdars who readily take up new suggestions given for increasing the society's usefulness, as may be seen from one single instance. When it was suggested to them in December last that the sale of handloom cloth also might be taken up as an additional multipurpose activity, they immediately took it up in right earnest, with the result that on the day of the Joint Registrar's visit, handloom cloth alone was sold to the value of Rs. 480 besides mill goods for Rs. 10 and general provisions for Rs. 28. The number of persons benefited through this single day's transactions was 190. The Joint Registrar was impressed with the efficient administration and useful work done by it. It has adopted the ameliorative by-laws and the amendment changing the name into a multipurpose co-operative society.

General :

Such steady progress could not be achieved but for the whole hearted workers who would influence and use it for the common good. The present President Sri N. Ayyaswami Ayyar a leading mirasdar came to that office in 1932-33 and it is only thereafter the deposit position and transactions began to develop steadily. He has been the President ever since. He has also been a member of the Government Body of the Kulitalai Union from 1932-33; its Vice-President from 1935-36 to 1945-46 and its President from 1945-46, up-to-date. He has also been a member of the Board of Management of the Central Bank for the last 7½ years. He is full of enthusiasm in developing the society and it has a bright future of continued service to the village, under his guidance.

The population in the society's area of operations is 6,000; and, with its present membership of 379, it served 1,895 persons which is more than 30% of the population in the area. The panchayatdars intend further increasing the membership to increase the society's range of utility.

G.O.'s and Circulars

Copy of G. O. Ms. No. 391, Development, Dated 31st January 1950

GOVERNMENT OF MADRAS,

Acts and Rules:—Co-operative Societies Act—Rules—Rule XII (a)—Contribution to audit fund from net profits—Harijan Societies—Exemption—Granted.

Read again:—G. O. Ms. No. 162, Development, dated 11-1-1950.

Read also:—1. Letter from the Registrar of Co-operative Societies Rc. No. 95582/49-L, dated 24-8-1949.

2. Letter from the Registrar of Co-operative societies, Rc. No. 95582/49-L, dated 26-11-1949.

ORDER:—

In exercise of the powers conferred by section 60 of the Madras Co-operative Societies Act, 1932, (Madras Act VI of 1932), His Excellency the Governor of Madras hereby exempts all registered co-operative societies of which all the members or a majority of the members, are Harijans in the province of Madras, from the provisions of Rule XII (a) of the rules made under the said act, so as not to require the said societies from making any contribution from their net profits to the audit fund.

The exemption hereby made shall remain in force for the Co-operative year commencing on the 1st July 1940 and ending with the 30th June 1950.

(True Copy)

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES, MADRAS

Dated 14-2-1950.

Endorsement Rc. 95582/49-L

Office of the Registrar of
Co-operative Societies, Madras.
Dated, 5-2-1950

No. R. C. 19945/50-B

CIRCULAR

Sub:—Rules—Rules XXVII and XXX framed under the Madras Co-operative Societies Act—Enforcement—Instructions.

Ref:—1. Registrar's Ref. 2746/42, F. dated 8-10-42.

2. Memorandum of the Registrar No. 5742/41-B, dated 9-4-42.

1. Rules XXVII and XXX of the Madras Co-operative Societies Act VI of 1932, impose disqualifications on members of the Committees of societies under certain circumstances, Rule XXX applies to officers of Co-operative Societies as defined in section 2 (e) of the Act, who may or may not be members of committees, Sub Rule 1 of Rule XXVII lays down the circumstances under which persons shall not be eligible to become members of committees, Sub rule 2 indicates the circumstances under which members of committees shall cease to hold office as such. The following instructions are issued for the guidance of officers on this matter.

2. Attention is drawn to the Registrar's circular R. C. 2746-42-F, dated 8-10-42 in which Deputy Registrar's were informed that they should not direct the removal of any director from the committees of societies without giving him an opportunity to state his objections, if any, to such on order being passed. These instructions should be strictly adhered to.

3. In the Registrar's Memo 5742/41-B, dated 9-4-42 Deputy Registrars were informed of the opinion of the Government Solicitor that the Secretary of a society who entered into a contract with it and became its tenant even at a fair rent, had a direct interest in a contract made with the society and would offend against Rule XXX, and that it would not be necessary for the contract to involve financial interest. The language used in clause

G.O.'S. AND CIRCULARS

(g) of the sub rules 1 and 2 of Rule XXVII is identical with that used in Rule XXX and what applies to the latter rule will apply to the former also. The term 'contract' used in the rule has such a wide scope that it will cover any kind of transaction other than relating to the investment of funds by a director in the society as deposits or taking loans from it or receiving remuneration from it under the proviso to section 35 of the Act. A director who sells his properties to the society, who lets his house for rent to the society or who resides in the premises of the society or who takes on lease, the property of the society will come within the purview of the Rule. The exemption provided in respect of borrowings from the society by a director will not, however, apply to consumers societies because their function is to supply the domestic requirements of members. Recently instances have been brought to the notice of the Registrar in which the directors of stores societies received advances from them on the ostensible plea of making purchases for them. The rule will disqualify directors having such dealings from continuing as such. Deputy Registrars are requested to direct the supervising staff and the auditors of co-operative societies to examine the transactions of directors of Co operative Societies with them and bring to their notice any infringement of the rules for immediate suitable action. The Registrar will exercise powers under these rules in respect of central societies, house construction societies, and insurance societies. The Deputy Registrars are authorised to discharge this function in respect of the other types of societies in their jurisdiction.

J. C. RYAN,
Registrar,

Circular of the Registrar of Co-operative Societies, Madras

Sri J. C. Ryan, M.A., Registrar

No. R. C. 168063/49 B.

Dated 18-2-50

Sub: Rural Credit Societies—Individual maximum credit limit for the purpose of purchase of pumping installation—Enhancement.

Ref: Registrar's Circular R. C. 11470/46 B, dated 27-5-1947.

In the Registrar's Circular cited certain suggestions were made regarding credit limits of members in rural credit societies in the deltaic and the non-deltaic areas. According to them credit limits of members of societies shall ordinarily be limited to Rs. 500. In special cases, the limit may be raised so as not to exceed Rs. 1,000 in non-deltaic areas and Rs. 2,000 in deltaic areas. Deputy Registrars were permitted to registrar amendments to by-law No. 42 of rural credit societies keeping these instructions in view.

2. It was also suggested that credit limits of members might, in individual cases, be relaxed not exceeding twice the normal credit limits with the previous permission of the Central Bank and the Deputy Registrar to suit the increased cost of cultivation, cost of agricultural labour and high prices of consumer goods. Even the maximum loan admissible to a member in consequence of this relaxation is not in some cases, adequate to enable the ryots to purchase and install pumping sets and oil engines for improving irrigation. It is represented that as much as Rs. 3,500 may be required for installing this machinery and that co-operative societies should be in a position to give such loans to the ryots. Having regard to the need for co operative societies taking an active part in the Grow More Food Campaign, the Registrar accepts the suggestion subject to the following conditions:—

(i) The loans should be repayable within 5 years.

- (ii) Unencumbered immovable property wholly belonging to the borrower, and the pumping installations purchased from the loans should be pledged to the society as security for the loan;
- (iii) Loans should not exceed 50 per cent of the value of the mortgaged property;
- (iv) Previous permission of the Central Bank and the Deputy Registrar should be obtained.

3. To provide for the grant of such loans the following transitory by-law is suggested for adoption by rural credit societies:—

"Notwithstanding anything contained in by-law No. 42, individual members of the society, may at the discretion of the Panchayat and with the previous sanction of the Central Bank and the Deputy Registrar, be granted loans upto twice the normal credit limit for cultivation expenses. Unencumbered immovable property wholly belonging to the borrower and of value of not less than twice the loan amount should be obtained as security for loans exceeding Rs. 500. In the case of loans for the installation of pumping sets and oil engines, required by members for irrigating their lands, the credit limit may be relaxed so as not to exceed Rs. 3,500 subject to the further condition that the machinery purchased by the member should be pledged to the society as collateral security for the loan".

Deputy Registrars are requested to communicate these suggestions and the transitory by-law to the Central Banks and Rural Credit Societies and see that the suggestions are given effect to wherever there is need for them being adopted.

J. C. RYAN,
Registrar.

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P. MANICKAM, B.A.,
C.A.I.L.B., D. COM., (I.M.C.),
Secretary.

K. A. NACHIAPPA GOUNDER,
M.L.A.,
President.

Monthly News

The Thiravottiyur Cattle Breeding and Marketing Co-op. Society was registered on 26-12-50. Dr. Zal Kothawalla, Dairy Development Adviser to the Government of India laid the foundation Stone of the Thiruvottiyur cattle breeding and marketing Society situated opposite the Railway Station on 20-1-50. Sri T. M. Chinnayya Pillai, President, Co-op. Fire & General Insurance Society, Ltd., presided. The society is located in a spacious Coconut grove easily accessible to road and rail. It will operate within the limits of the Districts of Chingleput, Chittoor, Guntur, Nellore, Cuddapah & Madras City.

Sri R. M. Pillai, President of the society welcomed Dr. Kothawalla and others.

Dr. Kothawalla, laying the foundation stone said that the effort now made was in the right direction and was one of the biggest strides taken towards proper breeding, development and preservation of Cattle. With the partition of the country, India had lost one of its best breeding places namely Sind. He hoped that the society would get all the necessary help from the Government. Capt. U. K. Menon, Dairy Development Officer Madras, proposed a vote of thanks.

Sri S. Dharmalingam, Provincial Compost Development Officer, Madras, during his camp at Karur inspected the compost manure, manufactured by the Karur Municipality. Dr. Chockkalingam, the Municipal Health Officer explained the methods adopted in the manufacture. The visitor was much impressed with the quality of the manure prepared by the Municipal authorities.

Later Sri Dharmalingam, Provincial Officer, visited the Co-operative Marketing Society. The scheme of distribution done by the society was explained by Sri B. Santhanam, Senior Inspector, Secretary of the Society. The visitor left with the impression that the method adopted in the distribution by the society should be copied by other such societies in the Province.

The Society is catering to the needs of nearly 1,100 ryots majority of whom are of poor holdings. More than 600 acres of dryland are manured with this compost. But the demand is greater than supply. The visitor appreciated the work turned out by the President, Secretary, and Directors of the Society.

The Co-operative Land Mortgage Bank of Chipurupalli has been inaugurated on 21-2-50 at Chipurupalli in North Visakhapatnam District, Sri P. L. N. Raju, M.L.A., presided. A number of official and non-official co-operators were present. Sri P. Madhava Varma, President of the Vizianagaram Central Stores hoisted the flag. Sri P. Satyanarayana Patnaik, President of the Vizianagaram Land Mortgage Bank delivered the

Inaugural Address. The Deputy Registrar for Land Mortgage Banks spoke about the benefits of the Co-operative banks to the ryots.

The Literary Association of the Rayalaseema co-operative Institute Anantapur celebrated its anniversary on 26.2-50 in the Municipal High School Hall with Sri C. Vivekananda Murthy, B.A., District Collector in the Chair. The Superintendent read the annual report of work done by the association during the year. Sports were held and the Collector distributed prizes to the winners. An entertaining programme consisting of fancy dress, music, comic acting was gone through. There was a large gathering. The District Collector while expressing appreciation of the splendid work done by the association, hoped that the trainees would keep up the high tradition which the Institute had built in scoring the first rank at the examination every year.

In order to relieve the distress among the handloom weavers in the Erode area, a relief scheme has been sanctioned by the Government in G. O. No. 359 Dev. dated 25-1-1950 so as to give continuous work and reasonable wages to the weavers. The Thingalur Weavers Co-operative Society, Ltd. is one of the societies selected to work the scheme and the scheme has been inaugurated in the society by the local Co-operative Sub-Registrar on 2-3-1950. Large numbers of weavers were assembled in the society and after explaining the details of the scheme, yarn was issued to the members. Wages was fixed tentatively at Rs. 0-5-0 per knot. New members were also enrolled.

Under by-law No. 18(c) of the Chipurupalli Land Mortgage Bank, Ltd, the Registrar nominated the first Board of Directors consisting of 9 members. Of them Sri V. Satyanarayana was nominated as President, Sri B. Satyanarayana as Secretary and Sri M. Rama Rao as Treasurer of the Bank. All the Directors are to hold after go two years from the date of the starting of the Bank.

At the general body meeting of the Kaveripatnam Co-op. Stores, Ltd, held with Sri A. V. Pachaiyappa Chettiar in the Chair, it was resolved to allocate Rs. 150 for scholarships from out of the common good fund of Rs. 232-8-0 for the year 1948-49. Addressing the meeting, Sri K. S. Subrahmanya Goundar pleaded for greater efficiency on the part of the staff. He condemned inefficiency and corruption in co-operative institutions and called on co-operatives to improve in their work.

ERRATTA

We regret for the omission in the conference Issue regarding the list of Exhibitors.

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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	... 18,61,325	Other Investments	... 38,48,498
Sundry Liabilities	... 5,17,986	Sundry Assets	... 6,07,808
Profit	... 2,23,075		
Total Rs.	... 4,78,55,095	Total Rs.	... 4,78,55,095

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

Secretary