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The Madras Journal of Co-operation

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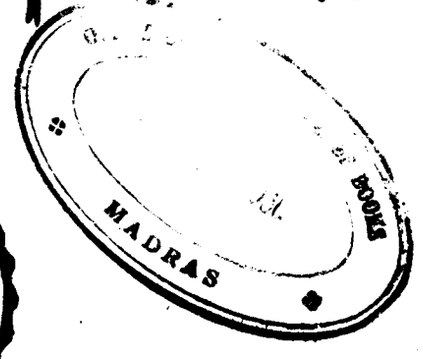

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THE

Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

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

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The Editorial Committee do not hold themselves responsible for views expressed by contributors. Contributors are requested to write legibly and on one side of the paper. Manuscripts will not be returned unless stamps are sent to cover postage. Matter intended for the issue of any particular month should reach the Committee before the 15th of the previous month.

Co-operatives and Their Employee Members

With the progress and expansion of the Co-operative Movement it has become increasingly necessary to press into service the energies and talents of many paid employees. In some types of institutions like stores, printing presses and insurance societies, some of the employees are also members. This is not an uncommon feature of the Co-operative Movement in the West. Yet there does not seem to be any clash or rupture between the honorary office-bearers and the paid employees. In fact the latter are generally considered to be an asset to the Co-operative Movement.

In our State the admission of paid employees as members is not a common feature. But there are a few institutions where the membership is extended to paid employees also. For instance the South India Co-operative Insurance Society, Ltd., has policy-holders among its members of the staff. Another instance is the Ex-servicemen's Transport Societies where the workers are also the members. Yet another instance is the Malabar Wholesale Co-operative Stores, Ltd., which has some forty of its paid men as share-holders.

It must be a healthy state of things where the employee-members identify their interests with those of their institutions and line themselves up with the office-bearers in their endeavour to develop the institution. Mutual good faith between the honorary workers

and the paid ones is yet to become a common feature of the Movement in our State.

Apart from the matters like office routine and promotions and increments, there are other points on which also a lack of mutual or common understanding is perceivable. Some such matters are the declaration of bonus and dividends and creation of reserves, *etc.* on which the strength and stability of the institution depends. A difficult situation almost invariably arises at General Body meetings when discussion centres round subjects like these. At such meetings the employee-members usually have an advantage of numbers; for while the representatives of other member-institutions and other individual share-holders might not attend the meetings in large numbers, these employee-members who are men on the spot help to make up the quorum and become a formidable factor to reckon with on any issue. Societies like the ex-servicemen societies where the workers themselves are members may be an exception; but generally speaking, often one witnesses a good deal of confusion and lack of harmony at some general body meetings on this account.

It is high time that the factors contributory to this lack of good and common understanding should be eliminated. Several suggestions have come from different quarters in this behalf. One suggestion is that employees should be precluded from having shares in co-operative institutions and that their share capital should be refunded. After all the co-operative Movement is meant for the benefit of every person; and to preclude employees who are otherwise eligible for membership may not speak well of this democratic movement. Another suggestion is that while the employee-members may be entitled to attend meetings and participate in discussions, they should not be allowed to vote. But there does not seem to be any legitimate right based on the provisions of the Co-operative Societies Act to preclude employee-members who have fully paid up shares generally from voting. Thirdly it has been suggested that while individuals may have one vote, the institutions may have more, so that the voice of the employee-members may not be effective. The cardinal principle of our Movement is "one man one vote"; and the adoption of this change is obviously a repudiation of this vital principle of the Movement.

In a democratic movement like the Co-operative Movement, the imposition of these technical disabilities will not go a long way to set right things. The solution must be found in the majority taking more and more real interest in the movement. In any institution

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the employee-members are only a minority. For instance in the Malabar Co-operative Wholesale Stores, Ltd., there are 89 P. C. C. Societies, 68 primary stores, 130 other co-operative institutions and 668 individuals as members. On them only 40 are the employees of the Stores. If all the members take keen interest in the institution and attend the annual meeting of the institution, the employee-members will not be able to play an affective role at the meeting. At the same time an earnest endeavour should be made to impress upon them the need to identify themselves with the institution with whose prosperity their future is linked.

This process might take time; until then some workable arrangement has to be adopted to prevent difficult situations. The classification of members into A class and B class and the preclusion of one class from voting by reducing their share capital is a common device in several Co-operative institutions. This, however, is not considered to be very helpful since it seeks to keep some members aloof by an arbitrary method.

The measure adopted by Triplicane Urban Co-operative Society, Ltd. on the other hand deserves to be considered. The Society has among its bylaws the following conditions for disqualification.

It shall be a disqualification "When a member is or becomes a partner or otherwise pecuniarily interested in a firm or concern with which the Society has entered into a contract or *holds a place of profit* in the Society." Employment is the holding of a place of profit and therefore it automatically disqualifies the employee. While it does not deny him the general benefits of the Society or electing representatives at meetings it precludes him from participating in meetings held for the discussion on policies and administrative measures. The adoption of this method for some time to come may help to eliminate awkward situations at meetings.

It is desirable that institutions having employee-members should try this remedy before contemplating on any other action. Ere long it may be possible to achieve a healthy co-operative movement where employee-members are not looked upon as a disturbing element.

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

Multipurpose Co-operative Activity in Madras.

[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.*]

The Marturu Sri Seetharamaswamy Co-operative Credit Society, (Guntur District.)

This was registered on 25-6-40 and started on its work on 7-7-40. There were 188 members on rolls with a paid up share capital of Rs. 3,241 on 18-2-50.

The society amended its bylaws suitably to do non-credit work. It got licences and was dealing in handloom and mill cloth, rice, bengal gram, Sugar, Kerosene and other controlled food grains. It is also dealing in iron implements and manures.

The Guntur District Co-operative Central Bank Ltd., Tenali to which it is affiliated has not sanctioned any cash credit to this society for non-credit work. The Secretary is making advances, now and then, for non credit work. The society has been instructed to apply for cash credit in the Central Bank for doing non-credit work.

This society was doing non-credit work from a long time. The total sales of several commodities from 1-7-49 to 31-1-50 amounted to Rs. 3,380-6-2 as per details given below.

		Rs.	A.	P.
Cloth	...	2,056	15	0
Coconut oil	...	55	14	0
Groundnut cake	...	173	7	0
Kerosene	...	67	8	3
Crowbars	...	5	8	0
Rice	...	922	14	10
Sugar	...	98	3	1
Total	...	3,380	6	2

In the panchayat meeting held on 18-2-50, the Panchayatdars have resolved to call for the General Body meeting on 5-3-1950 to adopt the bylaws of a multipurpose society of full-fledged type.

The office bearers are very enthusiatic in running the society. They have admitted 51 members into the society after 1-7-49. They are anxious to admit more members so that each family may admit one member into the society.

In addition to the non-credit work which the society is doing, it has also improved its loaning business. On 1-7-49 the society owed Rs. 1,833 to the Central Bank It has borrowed Rs. 15,270 from the Central Bank upto 18-2-50 and repaid Rs. 1,748 leaving a balance of Rs. 14,955; and nothing is overdue. A sum of Rs. 3,549-2-0 was due from members on 1-7-49. Rs. 16,180 was disbursed to members from 1-7-49 to 18-2-50 and Rs. 2,975-12-0 was repaid by the members leaving a balance of Rs 16,753-6-0 of which Rs. 541-6 0 was over due.

The Kornepadu Co-operative Credit Society (Guntur District.)

This Society was registered on 24-12-1918 and was started on its work on 4-1-1919. There were 83 members on rolls with a paid up share capital of Rs. 1,348 on 31-3-50.

This Society has amended its bylaws 22 and 54-a and obtained licences to deal in food grains, mill cloth and other controlled articles. But it is doing only cloth business besides loaning business.

The Tenali Central Bank has sanctioned a cash credit of Rs. 1,000 to this society for non-credit work. It has also sanctioned a cash credit of Rs. 7,000 for issue of loans under the controlled credit scheme. Nothing is due to the Central Bank under ordinary loans but a sum of Rs. 5,281-5-0 is due to the Bank under both controlled credit and non-credit cash credits drawn by the society.

The Society is doing loans business. A sum of Rs. 8,359-2-0 is outstanding and overdue from members on 31-3-50. This is a non-deltaic village and was badly affected, by the cyclone and the heavy rains during this year and there was failure of crops. Country tobacco is now marketed. The President is hopeful that all the overdues will be collected by the end of the current crop year.

This society was selling cloth from a long time. The sales from July 1949 till the end of March 1950 are given below.

		Rs,	A.	P.
July 1949	...	513	4	2
August	...	417	14	10
September	...	345	10	8
October	...	278	7	6
November	...	249	3	6
December	...	188	9	6
January 1950	..	155	11	7
February	..	314	10	8
March 1950	..	329	0	3
Total	..	2,787	8	3

This is one of the oldeset societies in the District. The Panchayatdars are very enthusiastic in running the society. In the General body meeting of the Society held on 10-2-50, en-bloc amendments to the bylaws of the society were dopted and are under scrutiny of the Deputy Registrar.

The Kandeneri Kalanipakkam Co-operative Society, (North Arcot Dt.)

This society was registered on 7-3-1939 and started on its work on 7-4-1939. There are 182 members on the rolls of the society with a paid up share capital of Rs. 1,828 nearly 45 per cent of the population of the villages are served by the society.

The society has made steady progress during the last 11 years both in the matter of admission of members, collection of share capital and the issue of loans to members. On 31-12-'49 its borrowings from the Central Bank amounted to Rs. 11,016 and there were loans outstanding against members to the extent of Rs. 11,486. Throughout the society has been keeping its obligation to the financing agency. It has also raised deposits locally to the extent of Rs. 500. It has built up a reserve fund of Rs 502.

Side by side with the development of its credit business the society has undertaken non-credit activities also since 1943. It undertook the distribution of food grains and other controlled commodities like kerosene, sugar and mill cloth and during the last 7 years, it sold such goods to the value of Rs. 1,10,688. The value of goods sold in each year and the gross profit earned are given below:

		Value sold. Rs.	Gross profit. Rs.
1943-44	...	2,498	80
1944-45	...	1,746	84
1945-46	...	12,350	246
1946-47	...	30,116	1,593
1947-48	...	17,498	503
1948-49	...	32,847	879
1949-50 Upto 31-12-49	...	13,633	...
		1,10,688	...

It was entrusted with procurement work and it procured food grains to the value of Rs 3,524 during 1948-49 and Rs. 2,736 during the half year ending 31-12-49.

At its panchayat meeting held on 2-1-50 the society resolved to deal in agricultural implements also for the benefit of the villagers. It also resolved to purchase 20 bags of groundnut oil cake for distribution to members. The society has been put into touch with one of the approved fabricators of agricultural implements so that it may purchase the necessary implements and make them available to the villagers.

The Vilappakkam Co-operative Society, (North Arcot District).

This was registered in 10-10-'38 and started on its work on 31-12-'38

There are 86 members on the rolls of the society with a paid up share capital of Rs. 1,204. Nearly 43 per cent of the population of the village is served by this society.

The loans due by the society to the Central Bank amounted to Rs. 8,696 on 30-6-49 and there were no overdues. The society has also raised local deposits to the extent of Rs. 200.

The loans due from the members of the society as on 30-6-49 amounted to Rs. 2,910 under short term and Rs. 4,828 under medium term. There were overdues to the extent of Rs. 2,119.

The society has undertaken non-credit activities. During the years 1947–48 and 1948–49, it made purchases of food grains and mill cloth to the value of Rs. 26,869 and effected sales to the extent of Rs. 26,486. The transactions resulted in a gross profit of Rs. 1,092 during the year 1948–49. The society has been classified as a A class society in audit.

The members of the society take a lively interest in the activities of the society and wish to develop other activities such as distribution of manure, agricultural implements etc.

The Nathappattai Co-operative Credit Society, (Mathurai District).

This was registered on 1–2–1926 and started on its work on 18–8–'26. The area of operations is confined to Nathapatti village. There are 95 members on the rolls of the society with a paid up share capital of Rs. 8,249.

The society besides catering to the credit needs of its members has undertaken the following multipurpose activities.

1. Sale of handloom cloth.
2. Distribution of kerosene.
3. Distribution of rationed articles, grocery, sugar and agricultural implements.
4. Sale of tobacco, groundnut, oil cakes, and cotton seeds.
5. Distribution of *hundi* boxes.

The individual maximum borrowing power of the society is Rs. 1,000 and the maximum borrowing limit of the society as per by-law 18 is Rs. 30,000. The society has been granted a cash credit loan Rs. 8,000 by the Central Bank with a view to carry on the multipurpose activities.

1. **Cloth Trade.** The society purchased handloom goods for Rs. 818 and sold them to the members. It has applied for a licence to trade in mill cloth.

2. **Kerosene Distribution.** The society purchased 40 gallons of kerosene at a cost of Rs. 52 and distributed the entire quantity to 214 members of the society equitably.

3. **Sale of rationed articles, grocery, sugar and iron implements.** Food grains to the value of Rs. 4,847 were purchased and sold, 290 cardholders got their requirements from the society. Besides, the society purchased grocery articles for Rs. 2,080 and sold a portion of it for Rs. 1,000.

4. **Sale of agricultural implements.** The society purchased agricultural implements for Rs. 220 and distributed to 38 members. The society is also dealing in tobacco. In addition, the society purchased 130 lbs. of cotton seeds and sold them to the members.

5. 68 **hundi** boxes have been distributed to the members. The society is thus inculcating thrift habit among its members.

All the domestic and agricultural requirements of the members are met by the local credit society. The society has employed a clerk for the proper maintenance of accounts.

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The Co-operative Movement*

J A. BORRON ESQ.
Economic Information Officer, British Information Services, Madras

The development of this movement is a vast thesis and in a talk like this can only be briefly discussed. Co-operation in a vague sense means 'working together' but it can be better defined as "an association for the purpose 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 share in its rewards, *in proportion to the degree in which they make use of their association.*

The practice of 'working together' or mutual help in the business of getting a living goes back to the early ages. Then agricultural communities banded together at harvest time to gather in the crops and you would also find that often several families chose a herdsman to look after all their sheep or cattle. Irrigation too in many countries meant co-operation to maintain and repair dykes and drains and look after the sluice gates, and long ago even in business people co-operated together to the mutual benefit of all, as history shows in the French and Swiss Alps and probably many other places. In these Alps the villagers every summer drive their cattle to good pastures far from the buyers of milk and since the Middle Ages it has been the custom in the areas to make cheese; now to make good cheese it should be made in bulk from *fresh milk*, that is milk almost as soon as it has been taken from the cows; the cheese therefore from these Alpine village herds of cattle was made from *all the milk* from the cows of each village. Later on in the Autumn when the cheese was ripe enough to market it was sold and the value of the sales was divided up proportionately according to the number of cows each villager owned.

The Co-operative movement as we know it in Britain to-day really sprang into being about the middle of the 19th century when the Industrial Revolution in U. K. also started. This was an era of rapidly increasing population and great poverty. The high birth rate made Labour plentiful and labourers from the country side poured into the towns to serve the machines of industry for long

*Lecture delivered at the Central Co-operative Institute, Madras in March 1950. (Reproduced with the kind permission of the British Information Service, Madras.)

hours of work at very low wages. During the latter half of the 18th century efforts were made to improve the deplorable conditions of the workers; these included Poor Law Legislations; an attempt to form Trade Unions and efforts to regulate hours of work and limit employment of children. In 1763 a number of co-operatives were formed in an effort to lower the cost of living, including a Co-operative Flour Mill which was established to compete against the high prices charged by the corn millers. All these efforts were, however spasmodic and isolated and it was not until the early years of the 19th century that the man who is looked upon as the parent of the modern Co-operative movement, Robert Owen, appeared on the scene, to try as he put it to establish communities of producers and consumers of different commodities who could own in common the means of production; in other words they were to combine together to satisfy their collective needs. Owen was the son of a small Welsh shopkeeper and was born in 1770. At the age of *nine* he was apprenticed to a Lincolnshire Draper; at fourteen he was an assistant in a mercer's shop in London; at nineteen he was managing a Manchester Cotton Mill and as 21 he was a partner in a group of mills in Scotland. This rapid and spectacular advancement would to-day have been front page news in the papers as a success story. Owen did not behave like the conventional self-made man as he wrote "I note with what care lifeless machines are treated and with what neglect and even contempt human machine are used; would not the latter so much more wonderfully constructed respond even better to good treatment than the most carefully tended machinery." Owen put his writings into action, to it may be added, the horror of his fellow manufacturers; he reduced the hours of labour from 17 to 10 per day; refused to employ children under ten years of age; provided decent houses for his workers; made education available and food at reasonable prices and astonished his business colleagues by still continuing to make money.

The year, however, that is always best remembered in the Co-operative movement is 1844 when a group of workers, belonging to various trades determined to form a society in Rochdale Lancashire "for the pecuniary benefit and improvement of the social and domestic conditions of the members". These 28 Rochdale Pioneers, as they were called, opened their first shop in December 1844. The following are the main principles and rules laid down by these pioneers, many of which are in force to-day.

1. Democratic Control, each member having only one vote regardless of his holding or the value of his purchases.

2. Open Membership: no special privileges for founder members.

3. A fixed or limited interest on the capital subscribed.

4. Distribution to members, in proportion to their purchases, of the surplus in the form of a dividend (commonly known as the dividend) after payment of interest on capital or funds placed to reserve,

5. Strictly a cash basis.

6. Goods sold to be pure and unadulterated.

7. Educational work amongst members.

8. Religious and political neutrality.

In Great Britain every Co-operative Society must be registered under the Industrial and Provident Societies Act passed in 1852 and amended from time to time since. The Act restricts the use of the word 'Co-operation' or 'Co-operative' to Societies registered under this Act which in a general way indicates how a Co-operative Society should be run and leaves the rest to the rules of the individual society of which several excellent models have been drawn upon on the lines of those of the early pioneers and these have been approved of by the Registrar. Let us now briefly discuss some of these rules which make a distinction between a Co-operative Society and a Joint Stock Company.

Membership of Retail Societies which are always based in U. K. on a geographical areas such as a city, town or village, is open to all and there are no qualifications as to caste or creed or sex: only those of known bad character or habits can be refused admission. It is worth mentioning in regard to the female sex that women in U. K. probably make up the majority of the Members in the Co-operative movement, and often serve as office bearers.

All that is needed to-day to join as a member is a few annas as a first instalment on a share of Rs. 13-4-0. The balance can be paid later or may come from the dividend which the members receive yearly on purchases made by him or her. Under British Law the maximum share holding of each member is limited to £ 250 (Rs. 3,350), in order that no one member can dominate the Society by being the largest shareholder. This factor is the greatest single difference between a co-operative society and a joint-stock company.

As I have said before, each member has an equal voice, namely one vote, in the affairs of the Society whatever his share holding may be.

The distribution of the profit or trading surplus annually is done as follows :

First call is on the surplus for the payment of interest on capital or loans. The rate of interest is fixed and cannot be altered whether the Society is prospering or going through a slump. Next, provision is made for placing a certain amount to reserve to provide for new plant, and buildings, and also as a security for losses in a bad year; a small part is sometimes used to pay a bonus to the manager and staff and the balance is distributed amongst the members in proportion to the value of purchases they have made from the Society. That is, for every Rs. 13-4-0, of goods purchased they might get back say a dividend of 12 annas. It must be noted that the Societies do not pay income-tax or sur-tax on the part of their profit which is returned to their members as a dividend or bonus but they do pay tax on their undistributed profits that is, the money they put to reserve, and that the dividend is one of the most popular attractions in obtaining new members to the Co-operative movement.

Cash transactions only, was an important feature of the early Co-operative movement thereby protecting societies against the risk of long credit and defaulting debtors and though today this rule has been modified societies do try to keep credit within reasonable limits.

In some countries the business of the Co-operative movement is restricted to members only but in the U. K. this is not strictly adhered to, and non-members can buy goods but societies will try their best to get them to become members.

Contributions from the society also go towards the education of the staff and members, and in U. K. the movement as a whole maintains a training College and conducts numerous schools and classes.

Political and Religious neutrality: This was, as I have previously stated, one of the rules of the Rochdale Pioneers and was introduced because at that time disputes on these subjects might have easily broken up the new society but in 1917 it was decided to abandon political neutrality because the movement considered it was unfairly treated by the Government of the day; so a Co-operative Party was formed and a limited number of M. Ps. of whom Mr. Alexander, at present Defence Minister in the Labour Government,

is probably the best known, were returned to Parliament and worked with the Labour Party.

Having briefly discussed the rules of a Co-operative society, let us now see how one is formed. It is very simple: not less than seven prospective members must get together and decide on the objects and rules of the Society; they apply for registration to the Registrar of Industrial and Provident Societies. The rules will contain provisions covering all points such as capital contributions, voting rights, distribution of profits in trading surplus and those rules which I have already mentioned. Registration establishes the body as a corporate body capable of entering into contracts and gives it a kind of immortality regardless of the changing individuals who compose it. The rules define the society's objects and its powers: whether it may own land, borrow or lend money, or engage in trade. They also state what should happen to a member's interest on the society if he should die or if the members wish to dissolve the society; also arrangements regarding disputes between members and the Committee.

The original signatories constitute the first Executive Committee but within a year they must call a general meeting of all members and elect a Committee. This Committee will then appoint a Business Manager, a Secretary and subordinate staff, though sometimes the Manager, when appointed, may choose his own subordinate staff. The Committee meet at regular intervals throughout the year; there is an annual General Meeting at which a balance-sheet and statement of accounts are presented and the Committee re-elected. The accounts must be audited by a Chartered Accountant chosen at the annual General Meeting. A yearly return is made to the Registrar of Industrial and Provident Societies showing membership, trade and capital. This return can be inspected by any one paying roughly the equivalent of Rs. 2.

Now what is the position of the Co-operative movement in U. K. to-day? It is an ever-growing and ever-expanding organisation and at the end of 1948 it had over 10 million members, in retail Societies numbering 1,030. These Societies, both large and small, are governed in the same way and the London Society is the largest retail Society in the world, having a membership of 900,000. In 1948 the total retail trade of these Societies was over £500 million, which roughly is one-seventh of the U. K. Trade in consumer goods and they employed over 260,000 workers and over 20 of their M. Ps. were returned to Parliament in 1945.

In conclusion to this brief talk which has barely done justice to this important topic, it has often been said that this Co-operative movement is typically British based as it is on freedom and democratic control, but as you are well aware, this movement is not only confined to Great Britain but is present in many other countries, and represents one of the finest examples of economic democracy in the world to-day.

Problems of Marketing*

DEWAN BAHADUR PROFESSOR HIRALAL L. KAJI,
President, Indian Co-operative Union

Fellow Co-operators,

I welcome you all to this meeting of the representatives of the apex Co-operative marketing organisations in the various States of India.

I am afraid the true place of Co-operative Marketing in the scheme of the economic regeneration of the agriculturist has not yet been fully realised. It is true, co-operative officials acknowledge freely that credit alone will not serve the purpose and that developments along non-credit lines are very necessary. This continued use of this dichotomus division into credit and non-credit is highly suggestive of the obsession for credit, the other needs of the agriculturist being treated as miscellaneous lumped together as non-credit. Indeed according to the general notions now prevailing, credit is still the greatest need and none of the others is important or significant enough to be recognised separately. Even the Reserve Bank continues the mistake of the statistical department of the Government of India for, in its annual (though considerably belated) statements, it supplies statistical data for Provincial Banks, Central Banks, Land Mortgage Banks and Agricultural Societies and non-agricultural societies. These last two give us no clear idea, except of the number, of the working of the various types of non-credit societies. Do not marketing and industrial Co-operation deserve separate tables? Urban banks are strangely neglected; Supervising and Guaranteeing Unions still occupy half a page and the insurance societies statements strangely confound, life, fire, cattle into one table. Housing nowhere occurs.

Health societies, Arbitration societies, Consolidation societies do not find a place. The statement thus gives a very distorted view of the statistical data of the Co-operative Movement, leaving a clear impression of the over-whelming importance of credit and credit only, till the quinquennial or decennial review is made. It is true that credit is essential; but it is not recognised that it is but ancillary to the main stages of the agricultural cycle.

* Welcome Address at the Meeting of the Representatives of Provincial Co-op. Marketing Societies and Federations held at Bombay on 27-4-1950.

These stages are Purchase, Production and Sale. All these require the ancillary buttress of finance. And yet co-operative banks grant loans—Co-operative loans, covering the finance necessary at each stage as distinguished from land improvement loans granted by Land Mortgage Banks. Purchase of agricultural requisites such as seed, manures and bullocks and sale of agricultural produce are now the functions of purchase and sale unions or marketing societies and yet the finance required-marketing finance-is supplied by the Co-operative Banks without in any way making it obligatory for the borrower either to buy his requirements or sell his produce through the marketing societies. Credit should be linked with marketing; it is a slogan that we hear a great deal of, in these days; but so far as I know, nowhere there seems to have been forged any effective linking. The banks get finance from the Reserve Bank at about 1½ % and grant accommodation to marketing societies at 4½% to enable them to responsibly carry out their role of supply and sale. Why should not, I wonder, the Reserve Bank with the necessary amendment in the Act, make cheap finance available not only to Provincial Co-operative Banks but also to Provincial Co-operative Marketing Societies, so that Marketing finance may be separately handled by the institution best fitted to deal with it from crop finance which of course would remain the domain of Provincial Co-operative Banks. Advances against the hypothecation or pledge of agricultural produce may have been legitimately allowed to the Co-operative Banks in the absence of suitable marketing organisations though that does offend against the wise maxim of not mixing up banking with trading. It may be contended that marketing finance is but finance after all and must be attended to by Co-operative Banks. I would only say that in that case let marketing societies close up the bulk of their business and let them refer supply and sale societies to the District or the Provincial Co-operative Banks, rather than make advances at a much higher rate of interest despite the fact that the Reserve Bank is willing to make cheap finance available. The whole question of marketing finance and of an effective link between Co-operative Credit and Marketing is beset with so many difficulties that I consider it to be high time for the Government of India to appoint a small committee of about half a dozen experts to sit together and suggest the best solution.

Another queer development has been the granting of large advances to individual traders on the pledge of agricultural produce by co-operative banks. The question of financing of purchase and

sale unions or multipurpose societies by Co-operative Banks or Co-operative Marketing Societies is of quite a different plan. After all a co-operative institution is to be financed and the only point at issue is which of the Provincial Organisations should be allowed to perform this function. In the case of individual traders I have not been able to understand how it ever came to be permitted. It is these individual traders against whom co-operation has to fight through its marketing societies; it is these traders who are the exploiters of the agriculturists; and to finance them is in my opinion treason against Co-operation. It is just like co-operative Banks financing the village money-lender, the Sowcar, the Mahajan, the village Shylock, Marketing societies do not wish to finance these individuals themselves and they do not wish anybody else to finance them also. Let them go to commercial banks or let them go to the wall. Co-operative finance can only be for co-operative Institutions and for co-operators for co-operative work—not for exploiting those whom we wish to serve but for facilitating the Co-operative organisation of sale and supply.

As I remarked above, we have no data available about the number, membership and working of co-operative marketing societies in the different States of the Indian Union. We know that each state has encouraged, actively or haltingly, the formation and working of marketing societies, Unions and Federations and that there are eight Provincial Marketing Societies in India today. But we have very little idea of what exactly these provincial, district or local bodies do, how they do it, whether the village unit, the district Union and the Provincial Federation form a well-knit organisation, or whether these function more or less, each in its own way, as occasion, opportunity or inclination suggests; what commodities they deal in, what is their position in these days of Government control on food stuffs and other agricultural produce. How for State Governments utilise their services for procurement and for distribution. Information on all such points is vital for a proper perception of the marketing problem and to the orderly growth of marketing which is almost the basic essential for agricultural prosperity, so handicapped by illiteracy and ignorance. Industrial co-operation which is being actively assisted by some States has little to do with agriculturists; consumers' co-operation, which became very important during the war period and which continues to rear its head because of the policy of active Government control, has more to do with urban problems. Apart from the credit, it is marketing—the supply of agricultural

and domestic requisites and sale of agricultural produce—that calls for the most urgent action and full-handed assistance from co-operators and State Governments.

With such incomplete information as may be available to you, you will no doubt grapple with the problems that confront you and formulate the action and policies demanded by the perilous times we live in. But I am convinced that it would be best for all concerned, if the Government of India appointed a small Select Committee consisting of representatives of Co-operative Marketing and of Co-operative officials specially concerned with marketing.

In these days of control, it is very essential that the State should look upon a Provincial Marketing Society as its own agency for at least distribution work. In the absence of control, the movements of food stuffs and other agricultural produce would have been increasingly done by and through these societies and when controls deprive them of their legitimate business, it should be their right to do as agents of Government what they otherwise would have been doing as principals. It is therefore often very disconcerting to find that while these societies receive every consideration and sympathy from the Honourable Ministers, they receive but scant courtesy from the Secretaries and Directors and their Deputies, who feel as if they were obliging the societies and confering a favour upon them. State trading or Departmental trading as it comes down to, has never been proved efficient; it has rather been reported to be often corrupt; and yet the Co-operative Organisation is dubbed inefficient, the honorary workers who lead and guide these societies are suspected of having some ulterior motives and the situation often becomes sickening. A Provincial Co-operative Organisation must be treated as equal in status and efficiency as State Department and its motives or efficiency should not be lightly questioned. I earnestly request the Honourable Ministers to issue a firman, if need be, to their departments, at any rate, to change their whole view point with regard to the Provincial Organisations. Besides the controlled regime cannot last forever and it would be much better to prepare the Co-operative Organisation to take over fully as principals the task of distribution and movement of foodgrains and other agricultural produce when Government no longer deems it necessary to do so. The Provincial Marketing Societies are democratic institutions and yet by the presence on the Board of Directors, of Registrars and other Government nominees, they can be in touch and are guided by the official view point. They are therefore best suited to serve Government and the public during the days of control as also when control is lifted and there is free movement of food stuffs and other agricultural produce.

The question of go-downs and other licensed ware-houses is an important question for the development of Co-operative Marketing. It is not possible, for financial reasons, for Marketing Societies to construct go-downs, where the produce can be stored till it is sold

the Provincial Co-operative Banks while granting accomodation for financing the co-operative organisations not to charge interest at more than one per cent over the interest charged by the Reserve Bank.

6. This Conference is of the opinion that it is not desirable for the Provincial, Central and Urban Banks to engage themselves in any trading activities not because there have come into existence a number of well organised Co-operative Marketing Organisations which are competent enough to undertake trade activities in a responsible manner, but because on principle banking and trading should not be combined in one and the same institution.

7. The question of godowns and other licenced ware-houses is an important factor for the development of Co-operative Marketing. It is not possible for financial reasons, for Marketing Organisations to construct godowns where the produce can be stored till it is sold at a fair price. This Conference, therefore, recommends to Government to make available built up godowns, which are now in possession of Rationing, Supply and Defence Departments as and when they are vacated and also provide necessary financial assistance, suitable sites, building materials, etc. for building up new godowns.

8. It is observed that all interests are represented on Railway Advisory Committees except the agriculturists dealing in marketing and since the Co-operative Marketing Organisations specially dealing in agricultural produce have been experiencing very great difficulty in getting transport and other facilities, it is necessary that the interests of Co-operative Marketing Organisations, dealing in agricultural products should be represented on such Advisory Committees. It is therefore, resolved that the Government of India be requested to give proper representation to Co-operative Marketing Organisations on the Railway Advisory Boards and such other Boards that may be set up by Government for the purpose.

The George Town Co-operative Credit Society, Ltd., No. 8512
29, Krishnappa Naicken Agraharam Street, G. T. Madras.
(REGISTERED IN 1928.)

All Banking facilities are afforded to Members and Constituents of the Society. Fixed Deposits are accepted for one year at 4½ 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.

A Note on Co-operative Wholesale Stores and Mill Cloth Trade

SRI A. V. SUBRAMANIA AIYAR,
Vice-President, The Tinnevelly District Co-operative Central Stores, Ltd.

The recent orders of the Madras Government regarding the Co-operative Wholesale Stores and mill cloth trade have done a great injustice to the Stores institutions and will seriously affect them unless reversed in time.

It may be remembered that during latter half of 1948 when Cloth Control was re-imposed and the Governmental machinery for the purchase and sale of mill cloth had not materialised and quotas allotted to this province had to be urgently taken, the Government wanted the Co-operative Whole sale Stores in the province to take the entire provincial quota for three months and they did so. These quotas consisted of a cross-section of the production of the Mills of Bombay, Ahmedabad, Baroda, Sholapur, *etc.* and contained all varieties of varying quality and suitability which did not satisfy the needs of the province. Later on the per centage of allotments was reduced gradually and ultimately in the beginning of this year the whole allotment has been stopped.

In the beginning of December 1949 there were lying with many Co-operative Wholesale Stores about 7,000 bales costing about Rs. 75 lakhs consisting mostly of unsaleable and short width varieties. These were sold by the Wholesale Stores at cost price or less and most Stores have had to incur losses for no fault of theirs. Even now about half of the quantity remains with the Stores Institutions, unsold.

At this stage the Government decided that the Stores institutions should take to the marketing exclusively of the handloom cloth produced by the Co-operative Weavers' Societies "in view of the changed conditions in textile trade" and their Mill cloth quota need not be allotted to them.

All the Wholesale Co-operative Stores have strongly protested against this order on the following grounds: (1) it is arbitrary and there is no valid ground for not allotting Mill cloth quota to Stores while allotting them to trade; (2) the continued trade in Mill cloth is necessary to dispose of the slow-moving and unsaleable stocks still lying with the Co-operative Stores institutions; (3) even for promoting handloom cloth sales, mill cloth also will have to be stocked and sold side by side to attract customers; (4) the order deprives the members of the Co-operative Stores institutions in the State numbering lakhs of the right to purchase their requirements of Mill cloth from the Stores themselves; (5) since the controls in food grains, cloth, *etc.* are likely to be lifted in future, the

at a fair price. It is up to Government to provide the necessary financial assistance in this respect and yet it is not clear what is being done by Government in the different States of the Union. Another great difficulty in the way of Marketing Organisations is the shortage of trained Managers. Costly Managers they cannot afford and unqualified men are a source of grave danger. The solution appears to me to lie in the creation in each State of a personnel under the Co-operative Department, specially trained for the work of purchase and sale and who could be deputed to various institutions. As it is the Managers are low paid and are inefficient and the Departmental Officers are equally untrained and often misdirect out of their ignorance rather than otherwise. I am afraid it cannot be possible for all Registrars to be experts in Marketing. To administer the Co-operative Act, to supervise in general the working of the Co-operative Movement can be done efficiently by a trained member of the Indian Civil or Administrative Service. But when Co-operation enters the realm of banking, the Registrar must be one specially efficient in banking and when Co-operative Training is in question, the Registrar must be fairly cognisant of commercial practices and commercial methods. I personally feel that the time has come when such work cannot be carried through by a number of Joint or Deputy Registrars; but there must be an independent Registrar in charge of Finance and another in charge of Marketing while a third will have to be in charge of Industrial Co-operatives. There is no objection to have a Registrar General or a Director of Rural Development over all these three. But the real work will have to be done by very senior men specialising in banking, trade and small scale industries.

I would not like to detain you, friends, with a long speech. I would only content myself with saying that the importance of Marketing is very great. If Co-operation is to succeed, it can only be done through a proper organisation of Marketing butressed by credit for short and long terms. The problems of Marketing are many and varied. But the statistical data about the organisations are not available. State policies have not yet hardened into practice and yet are in a state of flux. You will have therefore to do the best that you can and find out how and in what manner and to what extent Co-operative Marketing can be developed and assisted, for the internal trade in food stuffs and raw materials as also in the export trade in these commodities. I may repeat my conviction that nothing is more necessary for clarification of the whole position than the appointment of a Select Committee to go into the whole question and recommend the proper course of action to Government, Central and Provincial and to Co-operators.

Meeting of the Provincial Co-operative Marketing Societies Federations

Bombay, 27th and 28th April 1950.

RESOLUTIONS PASSED.

1. This Conference is of the opinion that it is necessary to take timely and suitable steps to foster and promote inter-provincial trading between the various Provincial Marketing Societies and Federations. With this object in view, it is necessary to establish a permanent machinery to co-ordinate and develop inter-provincial trading. It is, therefore, resolved that a Committee of the representatives of the Provincial Co-operative Marketing organisations of the different States in the Indian Union be appointed with the President of the Indian Co-operative Union as its Chairman; and the Hon. Secretary of the Indian Co-operative Union and the Secretary of the Bombay Provincial Co-operative Marketing Society as its Ex-officio Secretaries.

2. This Conference is of the opinion that it should be the policy of the Union and State Governments to utilize and encourage Co-operative Organisations even at some cost in the matter of distribution of controlled commodities and products of State-owned industries; as also in the matter of purchase on behalf of Government as Railways, Jails and other departments, Hospitals and Military, in which the social side needs greater emphasis.

3. Co-operative Marketing shall have to play an increasingly important role in strengthening the economic conditions of the nation. If Co-operative Marketing is to succeed, it is necessary to find out how and in what manner, and to what extent, Co-operative Marketing can be developed and assisted for the internal trade in food stuffs and raw materials and also in the export trade in these commodities. Further, the question of marketing finance and of an effective link between co-operative credit and marketing is beset with many difficulties. The statistical data about the marketing organisations are also not available. This Conference therefore, recommends to the Government of India to appoint a small Committee consisting of Co-operative Marketing Organisations and Co-operative officials specially concerned with marketing, to go into the whole question and recommend the proper course of action to Government, Provincial and Central and to Co-operators.

4. This Conference recommends to the Indian Co-operative Union to take early steps to appoint an auxiliary sub-committee of its executive for Co-operative Marketing Organisations.

5. This Conference is of the opinion that it is necessary to provide cheap finance to Co-operative Marketing Organisations. This Conference, therefore, recommends that the Reserve Bank of India should lay down on

stabilisation and normalisation of the trading activities of the Stores institutions which have to be promoted in the highest public interest require continued trade in popular selling articles, *viz.*, certain varieties of mill cloth like chintz, voiles, *etc.*

When the attention of the Government was drawn to the unreasonableness and even the illegality of their original order prohibiting the Stores institutions from trade in Mill cloth they passed a subsequent order permitting such sales subject to the following conditions: (1) that they should purchase Mill cloth in the open market according to their strict needs (2) that the sale of such cloth should be exclusively to their members. This will be adding insult to injury. Even while the Government made definite allotments to the Stores, a few mills were not willingly supplying the Wholesale Stores and an important mill has still arrear quota to supply. When the bulk of the production of the mills has been brought under control and distribution and definite allotments are made to trade, it is only fair and proper that a portion, whether large, moderate or small should be allotted to the Stores institutions, which have not only come to stay but also played a significant part in the economy of the State during the war and post-war years.

It is hoped that the Government will see the reasonableness of this request and will not persist in a policy that will hinder the working of the Stores institutions.

Telegrams :—'JILLABANK' CALICUT. Telephone No. 203.

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Branch :—PALGHAT Pay Office :—CANNANORE

Financing Bank for All Co-operative Institutions in the District.

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All kinds of Deposits Accepted

The Problem of Housing in our State*

SRI G. S. SARMA,

President, Sree Rama Co-op. Building Society, Ltd., Vijayavada

This society was registered on 24-9-1924 started on its work on 21-11-1924 by Sri Vemuri Laxminarasimha Rao Pantulu, the then Assistant Registrar of Co-operative Societies, Krishna Dist., with a share capital of Rs. 25,000 made up of 500 shares of Rs. 50 each.

The maximum number of shares a member could take was only 20 and the maximum amount of loan a member could take was four times the share capital. The interest charged to the members was at 7 per cent with a penal interest of 2 pies in the rupee for all the overdue amounts. Subsequently the maximum limit of the loan was raised from four to five times the paid up share capital and the interest was reduced to 5 per cent with penal interest at 10 per cent.

As the society progressed, a necessity arose to raise the share capital from Rs. 25,000 to 1,00,000, made up of 2,000 shares of Rs. 50 each. In the year 1948-49, *i.e.*, on 8-6-1949 the amount of share capital had to be again raised from Rs. 1,00,000 to Rs. 2,00,000 made up of 4,000 shares of Rs. 50 each to meet the growing demand of the society. The maximum number of shares a member could take was then raised from 25 to 60 and the loan amount that a member could take was also raised proportionately to the number of shares raised, *i.e*, from Rs. 5,000 to Rs. 15,000. The rate of interest on Government loans was also reduced to 3½ per cent with penal interest at 7½ per cent on all overdue amounts. These loans are issued by the Government to the society, subject to repayment in equal annual instalments. The society issues them to its members subject to repayment in equal monthly instalments and with a margin of ½ per cent on Government lending rate to meet the cost of establishment and other incident expenses. The margin for the society was subsequently raised to 1 per cent to meet the growing needs of the society. The present Government lending rate is reduced to 3½ per cent where as it was 6½ per cent when the society was first started. Now we have 120 members to our credit on the rolls with a paid up share capital of Rs 1,18,250 and buildings constructed upto date to the value of Rs. 15,23,000 (excluding those that are under construction). We have so far 65 houses whose construction was completed and 40 houses estimated at a cost of Rs 9,00,000 are under construction. We have built up a reserve fund of Rs. 4,551-5-0 and invested the same in the Vijayavada Co-operative Central Bank, Ltd. Vijayavada. We owe the Government a sum of

* Address delivered by the President of the Society on the occasion of the laying of the Foundation Stone of the Gunadala Extension Housing Scheme by Sri J. C. Ryan, Registrar of Co-op. Societies on 13-5-50.

Rs. 4,15,101-8-4 being the amount outstanding under state loans for the construction of houses. Of the 65 houses so far constructed, we have the pleasure to announce that 38 houses were completely redeemed as the concerned borrowers have discharged their liability to the society. We have been paying dividend to the members for the last 17 years, ranging from 7 to 5 per cent at the maximum rate permissible under the rules.

The site in which we are celebrating the present function is gifted by my friend Dr. C. S Murthi, who has been my companion all along and Secretary of the Society. It is worth Rs. 8 000 and document was duly executed and registered in favour of the society. This is an asset secured and we hope to raise a small reading room in it shortly. I thank him very much on behalf of the members of our society.

This in brief, is the history of the society for all the 26 years of its working. All along we have been pushing through slowly and steadily with missionary zeal and enthusiasm. Here I express to you my feelings of joy and satisfaction for weathering all the inclemencies and hardships that every institution has perhaps to undergo in its early years and for having successfully survived and grown to its full stature for celebrating its Silver Jubilee very soon, with the blessings of you all particularly of Mrs. and Sri J. C. Ryan, our popular Registrar.

Having now attained freedom we must think as free men how to find ways and means to solve the vast problems that face humanity. Every citizen expects the State to provide him with the elementary needs of food, raiment and protection from sun and wind and rain. Now, here we are concerned with the last one only. Though the State is also trying hard, to meet this demand it has not yet been able to reach the general populace. Why is it so? The answer is that the country is vast and the people range from rich to poor making the whole problem complex and difficult to solve. The subject may be sub-divided into

1. Housing of the Upper Middle,
2. Middle and Lower Middle, and
3. The employees of the Government, factories and big firms and masses in the urban areas as well as in rural areas.

The measures that the Government are now taking are not adequate to reach one and all, but only confined to the upper middle class; even that is not sufficient to solve the entire problem. Of late, the urban as well as rural areas are growing with an enormous speed. The increased population has resulted in congestion and increased demand for housing.

It is only to solve these problems that the Provincial Housing Committee has framed some questionnaire and issued to the public as well as to the Officials for opinion and on the basis of the information received they have chalked out some of the schemes that are now in force.

The problems are so vast and the time is too short for any detailed discussion of these things here. I would therefore like to discuss one or two problems particularly concerning the urban area, its needs and how to meet them.

The urban population consists mostly of tradesmen, lawyers, doctors, officials and employees in factories and other labourers, *etc.* For the rich and well-to-do, we need not bother very much; we may confine our activities for the middle class and others.

The present building schemes are useful for those who have got sufficient means to purchase some site and build houses with the state aid and who have enough repaying capacity to clear the loans by easy monthly instalments.

On account of the high cost of living, people could not save anything, even to purchase some plot or site for building their own tenaments. Many of them would be satisfied if they could get accommodation for a fair rent. But a sufficient number of houses is not available for rent. To solve this difficult problem it would be well if the Government converts these present House Building Societies into House Mortgage Societies which can lend money for extension of existing buildings. Take for instance the Vijayavada Town itself. The best way to meet the demand for houses to relieve the congestion is to convert all the single stories into double stories, and to fill up the vacant spaces in between the houses and to aquire the large tracts of lands at pre-war rates and divide them into plots, with a definite plan and scheme extending over several years, say 5, 10, or 20 years.

So far as our town is concerned, my suggestion is that most of the houses, *i.e.*, nearly 50 per cent that are constructed in this city of Bezwada are single storied type with foundation and provision for up-stairs, They can be converted into two-storied buildings with greater ease and less cost. In doing so, the question of wasting some more money on foundation, cost of the site and problem of providing amenities such as road-laying, water supply, drainage and electric lighting, *etc.*, from the Municipality by incurring additional expenditure may be avoided. The Municipality also gets more money by way of increased taxation which can be utilised for providing more amenities for the citizens. The owner would be able to accommodate easily more people and the tenants also will be benefited by securing accommodation easily.

Then comes how to help them to convert these single storied houses into two storied ones. To solve this problem my suggestion is this: We have already in existence Government Building Societies which lend money for the construction of new buildings only. The Government allots every year nearly one crore for providing funds for all such societies in the Presidency. Every year the Government allots some portion of it for

every society according to its demand. These societies lend monies only for new constructions, but not for extensions of already existing houses. Provision can easily be made by amending the existing bylaws by adding the words "as well as converting single storied into two-storied ones". Money may be lent to them and an impetus may be given for the rapid expansion of the buildings. This alone would solve the problems of housing under the present circumstances to a great extent. The same thing can be applied to almost all the urban areas of similar nature.

As regards housing of the poor here at Bezwada, there are nearly 18 to 20 *purcharies* near and around Bezwada. Some of them are built on the low-lying lands which are subjected to inundation during the rainy seasons. Some are on the slopes of the hills and at some higher places. They build small round huts in groups leaving moving space all round. No formation of streets, no backyards. Their cattle and pigs, *etc.* move along with them. The places are very dirty. They do not have any sort of amenities from the Municipality. They are not even provided with protected water supply ; every infection emanates from these spots. The land on which they live does not belong to them. They are being troubled by the local authorities as well as the owners of the sites with quit notices. All of them earn their livelihood by manual labour such as factory work, menial service, cart-driving, carrying of bundles and head loads : and verp few of them are engaged in cultlva. tion.

They are helpless and no body is to look after them. They have all come from different parts of the country to eke out their livelihood. The best way of improving their lot is first to select some places in the out-skirts of the fown, if available inside, fill them up if they are low-lands, and divide them into plots of 100 yards each leaving sufficiently broad roads between each row of such huts. A central play ground may be provided for their boys to play and move about freely. A small *Bhajana Mandir* or meeting place for the adults in their times of relaxation may also be provided. A small hospital with a mid-wife to help and advice in maternity cases is also one of the essentials needed. A small school should also be provided which will be useful for educating the adults as well as the young. In addition to what I have already mentioned the protected water supply is the most essential one.

If each hut area can be concerted and re-organised even in the exist-ing spots on the above lines it will go along way in improving their con-ditions.

It is for the Goverment Municipalities and *Panchayats* to take imme-diate steps in improving their lot. For all this there must be some drive from above *i.e.*, the Provincial Government. This is all about the masses.

I would now like to say something about those who are almost per-manent residents and who live in slums which are attached to the town and become parts thereof. Most of them belong to labour class such as cart-drivers, cart-pullers, rikshaw-wallas, artisans, masons, carpenters, people working in factories, smiths, *etc.* They all live in over-crowded houses taking small portions for rent. Except cooking and keeping their provisions and other belongings they live mostly in the streets spreading their cots, leaving their carts and bullocks and cattle also side by side and block the roads and create obstruction to the regular traffic.

This type of people earn decent wages but spend most of it thought-lessly on un-essential things. So their coudition will be always the same; and they are not able to improve financially to have better housing accommodation. A provision should be made for such people also to have their own tenaments at a low costs. If they are properly taken care of and proper attention is paid by selfless propagandists or the local Government, their lot can be much improved. Small loans also can be advanced on co-operative basis for constructing their houses in the areas set apart for them and the dues can be recovered from their wages by daily or weekly or monthly instalments thus helping them to become owners of their tenaments in course of time. This also can be achieved by starting co-operative societies. The societies also can induce them to have resort to daily deposits which will be collected daily and adjusted to the loans issued to such people at the end of every month.

Much can be done in this way in providing them with living accom-modation not only at a low cost, but also make them the real owners of the same in course of time and thus clear the slums.

As regards employees in factories, *etc.*, unless there is legislation the employers will not pay serious attention to them. Their view will be always how to get more profits and how to extract the maximum amount of work from them without caring for their duties and respon-sibilities towards their employees.

Legislation alone can compel the employer to have resort to such schemes. They must set apart some portions of their profits for the construction of tenaments for their employees every year just as they do for Reserve Fund, Common Good Fund, and Public Charities Fund and Depreciation Fund, *etc.* What they have spent on these tenaments may be recovered in course of time. The Government or the Local Bodies may advance 1/2 or 1/4 of such cost to the employees on the long term basis and recover the same in yearly instalments. The Government or any Local Body may take up the same and recover the money from the employees in a period of ten years or say 15 years.

The standard of life now is very much higher than when the Bhore Committee made its suggestions. The rental values also have of late

grown abnormally high. Even those who are getting Rs. 150 are not able to pay the high house rents. One is obliged to pay at least Rs. 80 for a suite of 8 rooms. Therefore, in these days of high cost of living a provision for house accommodation should be made to those whose income is below Rs. 150 or Rs. 200 a month. If funds are available all the groups may be provided with housing accommodation. Government has to plan and complete the whole scheme within a period of 5, 10, or even 15 years. It will be good and also helpful to a larger number of population if the problem relating to the lower income group is taken up during the first period.

It is the foundamental duty of the Government to take up the case of their own employees and then insist on other institutions to take up that question by means of legislation.

In doing so, it will not only solve the problem of housing and accommodation, but also it will be able to conserve all the energy of the staff that is being wasted by them in travelling long distances. Take for instance, the Collector's office and the District Judge's court at Masulipatam, and their employees who have to come from long distances. There is no proper, cheap and adequate conveyance to the staff. These members of the staff after attending to their work at home have to take an early meal and walk the whole distance. By the time they reach the office they are half or completely exhausted and will not be able to discharge their duties to the best of their ability. If quarters are provided near and around those offices so much of their energy can be conserved and they can turn out more and better quality of work. After they finish their job again at 5 p.m. they have to plod their way back to their homes, jaded and with hungry stomachs thus also losing the next day's energy. All such things can be avoided and better standard of work may be expected from them by providing accommodation nearby. The same thing applies to the other institutions also whose workmen come from long distances. It is better that the Government set an example and insist the same on the other institutions by means of legislation.

Every institution in its own interests should take up the scheme and if necessary the Government may help these institutions by providing long term loans, because all these institutions have their incomes and some earn huge profits. By doing so as I have already stated above, one can economise the energy of their respective staff which can be better utilised in increasing their efficiency and at the same time relieve them of the worries from landlords.

My last suggestion is that it should always be the look out of the State to see that houses are constructed on healthy and sanitary lines and with a proper lay out, leaving main and conservancy roads, *etc.*, It is

better for the industrial concerns or Government or quasi-Government bodies take up the mass production and help the people in constructing their houses in a particular standard and design. In the alternative the Government or the quasi-Government body may acquire large tracts of land and construct standard houses on a large scale and rent them out according to the standardard of the type design and the income of the individual.

It is high time for any state to take up the task of providing houses for professional beggars who are mostly pavement dwellers Begging should be stopped at once by legislation, at the same time providing beggars with poor houses werc they could be detained and fed. If they are able-bodied they must be put to some work. In the case of the disabled the State should provide them with food and clothing. It is part of the duty of the Government to attend to these helpless people.

All those whose income is above Rs. 100 will be in a position to pay economic rents. The Scheme can be executed at a low cost of construction if taken up on a mass scale. Government can command and control all the necessary materials aad labour. Such commandeering in this direction will not be bad because it will be for the good and benefit of the people of the State. People also will Co-operate in the production of the necessary materials.

We are aware that the Government are alive to all the problems that I have mentioned above and are trying their level best to meet the present demand by issuing large sums of money in long term loans with low rate of interest and by supplying of materials such as iron and cement at controlled rates. We thank the Government for what they are doing in the interest of the people. But we expect them to do more, to make one and all feel that they are under their own Government Having all the minimum amenities that a free citizen of any other free country enjoys.

I thank our Co-operative Department especially the Registrar, Sri J. C. Ryan, M.A., who is the poineer in the field of Co-operative building activity and who takes keen interest in the formation of new town-ships so as to give relief to all those who are suffering from the congestion of the present towns. The prompt and helpful Co-operation that our Deputy Registrar Mr. K. Nagaratnam Devera, has given us in this direction is praise worthy.

In conclusion while thanking the Registrar for having spared his valuable and precious time for coming over to this place to lay the Foundation stone of this new colony which is named after our Minister for Co-operation, Sri K. Chandramouli, I request him to lay the foundation stone now, showering his blessing upon us for rapid progress and early completion.

I specially thank Mrs. Ryan, also for having found time to come over to this place and take part in to-day's celebration along with Sri Ryan.

The Co-op. Movement in Coorg—Its Good Record*

SRI B. VENKATA RATNAM,

President, Madras Co-operative Central Land Mortgage Bank, Ltd.

SHRI APPAIYA, HON'BLE SHRI CHANDRAMOULI, LADIES AND GENTLEMEN,

I am deeply grateful to the President and members of the Board of Directors of the Coorg Provincial Co-operative Bank for the honour they have done me in asking me to preside over this Conference. It is a great privilege and a heavy responsibility, perhaps too exacting for one like me, who did not have the benefit of close acquaintance with the problems peculiar to your State. But I accepted the invitation as I knew well the generous nature of my friends in Coorg in whose midst I spent a few days in February, last year when along with the Hon'ble Mr. Chandramouli, I toured your province and visited some of your societies. I count on your hearty co-operation in discharging the onerous responsibilities entrusted to me.

I have been connected with the Co-operative movement for about 20 years and have attended several Conferences, both district as well as provincial. They serve partly the purposes of propaganda and partly as a forum for discussing problems of common interest. In the earlier years, I very well remember, their scope was limited. The problems were few and workers could find the time needed to place the various points of view before the assembled co-operators. Now, with the growth of the movement, the problems have not only increased in number but have also become somewhat intricate, requiring specialised knowledge and study. The Conferences are, therefore dividing themselves into Special Committees for discussing various subjects and in the open session of the Conference, only the resolutions of the Special Committees are being discussed. This I agree, is a sound practice. But it appears to me that at such Special Committees which deal with particular subjects, Co-operators should prepare and read papers which recount the special problems experienced by them during their actual handling of the co-operative business. It is my conviction that well thought out papers of experienced co-operators would provide the necessary background for a thorough discussion of the subjects and help us in furthering the real interests of the movement. This is the practice obtaining at the Conferences of the Indian Economics Association and the Indian Agricultural Economics Asso.iation. I attended the last Conference of the latter Association and was impressed with the wealth of information furnished by the speakers during the discussion. I therefore commend this practice for your adoption in future.

* Presidential Address delivered at the XIV All Coorg Provincial Co-operative Conference, Mercara, held on 17-5-1950.

I consider Coorg to be one of those States which is well advanced in co-operation. The other component States of the Indian Union are very large in area compared to your beautiful small State. Therefore, these States are able to present a numerically superior position. For instance we in Madras have 20,796 Societies working. The working capital of all the Societies as on 30th June, 1949 was 7,104 lakhs. In other details also, our State can present a formidable array of figures. In Coorg you had 355 Societies working on 30th June, 1949, with a working capital of Rs. 47.65 lakhs. The membership of your Societies totalled 46,298, which your Registrar hopes to increase to 50,000. Even now at least one member from each family is already a member of one Co operative Society or other. This is some thing of which co-operators of Coorg can justly be proud. I do not think there is another State in India which can make so distinguished a claim. Of Finland, it is said that it is a nation of co-operators. I hope it will soon be said that Coorg is a State of co operators. As against the working capital of Rs. 47.65 lakhs, the owned capital of your Societies was 17.19 lakhs, which is around 37 per cent of the working capital of the co-operative movement in your State. I do not think financially any other State can show such a healthy position.

The Coorg Provincial Co operative Bank which happily has celebrated its silver jubilee yesterday has a paid-up share capital and Reserves of Rs. 2,51,595 and its deposits amounted to Rs. 9,93,756. The owned funds of the Bank exceed 25 per cent. of its borrowings. The Reserve Bank of India have advised co-operative banking institutions to build up their owned funds to at least 10 per cent. of their borrowings so that they might present a really strong financial position and inspire confidence in the investing public. Compared to this, your position is much stronger and as your Societies are in the habit of attracting their own deposits, it is really functioning as a balancing centre, which is the true function of a Provincial Co-operative Bank.

In the agricultural credit societies whose working capital totalled Rs. 16.61 lakhs, the paid-up share capital and the deposits from members and non-members aggregated to Rs. 8,68,624 which is more than 50 per cent of the working capital. While other States can show larger transactions, quicker turnover, greater profits, and so on, I do not think that any State can show such a healthy position in regard to the percentage of deposits in agricultural credit societies. Still I would urge on the co-operative leaders of Coorg to pursue this policy vigorously and achieve self-sufficiency in this regard. It is only then that the villagers would have done their duty they primarily owe to themselves. The agricultural credit societies dealing in grain have been working on this basis and their total borrowing from others accounted for only 07 per cent of their working capital.

The position of non-agricultural credit societies which are practically what we call, Urban banks, in Madras provide 94 per cent. of their working capital from their own resources, viz., share capital, reserves and deposits. Less than 6 per cent. of their working capital has been borrowed from the Provincial Bank and other sources. The position of Stores Societies does not seem to be so very strong in this respect, for I see they had borrowed about 33 per cent. of their working capital from the Provincial Bank and other sources. You may well wonder why I have been labouring so much on the percentage of owned, borrowed and deposit capitals. The purpose for which a Co operative Society is organised is for the mutual economic betterment of members and for developing the habits of thrift and self-help among them. If the members of a society pool their resources by depositing their surpluses in the society and lending to the members who require loans and manage without outside aid, even if it be from another co-operative organisation, they would have really fulfilled the purpose for which they organised the society. It would then be the real business of the depositing members to exercise the necessary caution, and observe the business principles expected of them. The working of the society is then bound to succeed. The failure of many of the agricultural credit societies in other parts of India, I think, is due to want of proper control over their working. If the entire money required is borrowed from elsewhere, nobody would feel that amount of responsibility that is necessary to run a financial institution successfully. Your collections which have always exceeded 90 per cent. of the demand, is an indication of the sound business you are transacting, liquidity of the assets and not the least of all the keen sense of discipline on the part of borrowers.

The rates of interest obtaining in your State will strike us, visitors from other States of the Indian union, as somewhat high. Your provincial bank's lending rate is reported to be 5½ per cent. and the lending rate to the Coorg ryot is reported to be about 8 per cent. I wondered why the Coorg Co-operator, who has really made a fine record of it in other spheres, has not been able to bring down the rate of interest to the low levels obtaining in the neighbouring States of Coorg. On a close examination of all the points at issue, I am inclined to agree with the Coorg Co-operator that it is much better to allow these high rates to continue rather than reduce the rates and face the consequences of such action. Coorg is not a thickly populated State. The pressure on land is light and hence the margin of profit from the land is high. There is ample scope for further investment in the development of land. Most of the funds will, therefore, be invested on lands. Therefore, it is but natural that your banking institutions have to pay a comparatively high rate of interest on their deposits. Otherwise, they cannot attract the necessary capital for their business needs. This is particularly true of the village credit

societies whose attempts to secure so much deposit money I greatly admire. It is my firm conviction that it is necessary and in the larger interests of the co-operative movement that as far as possible every society should work on its own deposits. During the last few years, due to high prices of agricultural commodities, the percentage of return from the land has been high and with the margin retained by the societies, they have been able to earn decent profits and utilise such earned surplus in the construction of office premises-cum-godowns which are a special feature of Coorg. This however, should not be taken to mean that you can really afford to perpetuate the prevailing high rates of interest. It is time you seriously turned your attention to reducing the high rates of interest. How you can do it is really the problem, you co-operators will have to solve.

As stated by me earlier my earlier visit to Coorg was in connection with exploring the possibilities of establishing a Land Mortgage Bank in Coorg, which will be affiliated to the Madras Co-operative Central Land Mortgage Bank and which will draw the necessary long term finance required by the Coorg agriculturists from that bank The proposition did not materialise, for the co-operators of Coorg were of opinion that such finance should be made available to the agriculturists through the Coorg Provincial Co-operative Bank, whereas in Madras we are accustomed to keep long term and short term finance separate and we did not consider it feasible to depart from the principle in regard to your bank alone; not that instances were lacking. I am aware that in the Madhya Pradesh the Provincial Co-operative Bank at Nagpur has a long term branch attached to it. They are floating debentures and issuing long term loans. But, as we in Madras have developed on a different basis and have found it desirable to keep the two branches of credit, namely, the long term and the short term quite distinct and apart, we hesitated to follow the line suggested by you. A committee appointed by your Government some years ago, for examining the question suggested the starting of 3 land mortgage banks in Coorg. I have only a vague idea of your State, but it appears to me that one L.M.B. covering the whole State of Coorg will meet the needs of the situation In the Madras State we have 122 primary Banks at present working. Most of them have a jurisdiction over one revenue taluk. In the delta areas, practically every bank has its jurisdiction over one taluk. In the dry areas our experience is that the business out-turn in one taluk will not be adequate to make the banks self supporting. We have, therefore, organised banks in the dry areas with 2 taluks and in some cases 3 taluks within the jurisdiction of each bank. I think Coorg though it may be a little more than one taluk in its area, is much smaller from the point of view of cultivated land and density of population than a delta taluk in the Madras State. I, therefore, think that one L.M.B. for the whole of Coorg will perhaps be able to serve the purpose. Then comes the question of the amount that is required to finance the long term

needs of the agriculturists. If mere redemption of old debts is the only purpose, you may perhaps require not more than Rs. 5 lakhs. I see from your Registrar's report for the year ended June, 1949 that out of the total outstanding loan of Rs. 11.52 lakhs due from the Agricultural Credit Societies, only a sum of Rs. 1.44 lakhs was advanced for the purpose of redemption of prior debts. Even after allowing for quite a larger amount being advanced for this purpose, your needs, I believe, cannot exceed Rs. 5 lakhs. But there is a large scope for issue of long term loans for the improvement of lands in your State. It is in this sphere of activity that much more money will be required in your State. I estimate that in the first 3 or 4 years your bank will not be able to lend more than Rs. 5 lakhs for the purpose of improvement of land. Therefore the amount required by you for the first 3 or 4 years for making available long term loans to the agriculturists of your State will not exceed Rs. 10 lakhs. This amount should be made available to you at a cheap rate of interest. As I referred earlier, there is a precedent in the Madhya Pradesh for the Provincial Co-operative Bank to issue its own debentures. If your co-operators are particular about operating only through one institution, you are welcome to do so by empowering the Provincial Co-operative Bank to float debentures. But in the present conditions of the money market even with the Government's guarantee you will have to float debentures at a fairly high rate of interest. You would have seen in the press announcing the floatation of a Rs. 25 lakhs debenture loan by the Mysore Provincial Co-operative Land Mortgage Bank. Having regard to this precedent you can well imagine the rate of interest that you will have to pay if the Provincial Co-operative Bank of Coorg is to float its debentures backed by the guarantee of the Government of Coorg. I am assuming that your Government is willing to guarantee the debentures as without such a guarantee, your bank will not be able to raise the debentures at any reasonable rate of interest. The rates of interest paid on the mortgage of a farm by an agriculturist is a very vital factor in computing the cost of production. The redemption of prior debts with funds borrowed at a low rate of interest will reduce the burden to the agriculturist and enhance his margin of prfit Loans issued for the improvement of land directly aid production and make the agricultural industry for the agricnlturists of Coorg a paying proposition. Having regard to the Grow More Food Campaign now being conducted by the Government of India, it should not be difficult for them to find this small amount of Rs. 10 to 12 lakhs that your State may require in the next 3 years for the above purpose. Co-operators of Coorg should make adequate representions to the Central Government in this behalf and secure the necessary funds. You may be aware that the Reserve Bank of India are advancing loans at a nominal rate of interest for marketing finance. I consider finance for improvement of agricultural production is quite important and worthy of the support of the Reserve Bank of India.

I suggest that the Co-operators of Coorg may earnestly consider and press upon the Government of India the desirability of making long term finance available to them at a low rate of interest, either by advancing directly or through the Reserve Bank of India.

If long-term funds are borrowed by you from outside the State at reasonable rates of interest and the amounts are advanced to the agriculturists, a portion of the moneys at present locked up in long-term loans will be released. It will then be an opportune time for you to negotiate with your depositors and reduce the rate of interest. In fact, a good portion of your deposits come from your own members and when cheap finance has begun to flow into the State, your members as well as non-members would see the reasonableness of agreeing to reducing the rate of interest on their deposits. It will then facilitate the lowering of the rate of interest to the members of agricultural credit societies. This is how I think you can solve the problem of high rates of interest at present obtaining in your State. At the same time, I would like to caution you against curtailing your margin too thin because I am afraid that many of the good services you are at present able to render to your members from the profits pooled by the Societies, e.g., the Death Benefit Funds, your contributions in the cause of education, etc., you will not be able to continue if the profit margins are violently reduced.

I made a reference to the vast scope for development of agriculture in Coorg because there is plenty of land awaiting cultivation and God has been merciful in endowing you with copious rain fall and sun shine which are the real wealth of our country and the primary requisites for agricultural purposes. When I was last here, people were speaking of a drought and the possible fall in the output of crop on that account. Perhaps some small minor irrigation works which can be started by the ryots joining together in a Co-operative Society for the purpose, would greatly mitigate the effects of any drought. Bunding the openings between rocks and cutting small channels to the nearby fields, would irrigate the lands which otherwise will be difficult for you to cultivate when the monsoon did not come in its usual abundance. Another important factor which the agriculturists of hill tracts should always guard against, is the ill-effects of erosion. Erosion has been responsible for washing away the fertile portion of the soil on the slopes of hills with the result that the agriculturists were faced with the bleak rocks on which nothing can grow. Contour bunding to stop erosion has been attempted in other countries with commendable results. The ryots should organise themselves into a Co-operative society for the purpose of contour bunding and for irrigation facilities.

One important factor which we should remember while bringing new lands under cultivation, is that the deforesting operations which are necessary for the purpose do not adversely affect the monsoon posibilities. It is

Post-war Development of Co-operation in Madras

THE HON'BLE SRI K. CHANDRAMOULI,

Minister for Local Administration and Co-operation, Madras.

SISTER AND BROTHER CO-OPERATORS,

I am deeply grateful to the organisers of the Fourteenth Coorg Provincial Co-operative Conference for the opportunity given to me to participate in your proceedings to-day and to renew my contacts with you. As you know, I am not a stranger to you or your movement which I had occasion to see and admire, and when I accepted your invitation, I did so more with a desire to renew my acquaintance with co-operators in your State and exchange ideas with them than with any consciousness that I would be of any great service to you at this Conference. I am indeed happy that I am once again in your midst.

The co-operative movement in this country is now over forty-five years old but with the attainment of our political independence, it has acquired a new importance and a new status, and there is a rapidly growing realisation that the co-operative technique should be utilised more and more to solve not only the agricultural and economic problems of the people in the countryside but also some of the socio-economic problems of the people in the urban areas. Both the Central and State Governments and the Indian National Congress have recognised and are actively promoting the role of co-operation in all schemes of national welfare. The ordinary man and woman believe that the political independence that we won after a long struggle and considerable sacrifice will be hardly of any value to them unless, assisted by sound economic policies and plans, it aims at and brings about an improvement in their economic condition and living standards. Because of too big expectations on their part, it is natural that they want that a sense of urgency should characterise the execution of these policies. It is, in this context, a matter of great satisfaction that the Central Government headed by our far sighted beloved Prime Minister, Pandit Jawaharlal Nehru, appointed the Nationl Planning Commission to handle and solve the economic problems facing the country. I have every hope that in any scheme of national planning, especially in schemes of rural rehabilitation and uplift, co-operation has a role to play.

Beginnings of The Co-operative Movement

Not that it has not been playing its part all along. The movement has made an appeal to the people all the world over. It is a world wide movement for the promotion of the economic welfare of the people in certain spheres of life and is based on fundamental human values. It

*Opening Address at the XIV Coorg Provincial Co-operative Conference, Mercara, on 17-5-1950.

has been adopted by different countries and peoples, irrespective of religion, race, class or sex, to satisfy their particular economic needs. In our own country the movement is less than five decades old and as you know, started essentially as a credit movement. The recommendation of Sir Frederick Nicholson for the formation of "small, local, locally worked institutions on the lines of the European village institutions" and the powerful advocacy by the Indian Famine Commission of 1901 for the introduction of mutual credit societies led to the passing by the Indian Legislature of the Co-operative Credit Societies Act of 1904. It was very restricted in its scope and was designed as a remedy against rural indebtedness.

The Act of 1904 aimed at encouraging thrift and self-help among agriculturists, artisans and persons of limited means through simple credit societies classified into rural and urban. It made no provision for the higher finance of the movement or for non-credit activities. These omissions were rectified by the Co-operative Societies Act of 1912 which also abolished the distinction between rural and urban societies and substituted for it the more scientific classification of limited and unlimited liability societies. This Act facilitated the formation of Co-operative Societies for purposes other than credit such as production, marketing, distribution, etc., and also the federation of primary societies for purpose of supervision and finance. With the introduction of the Montague-Chelmsford Reforms, co-operation became a Provincial subject, and Local Governments re-examined the position of the movement and enacted fresh legislation. The Madras Co-operative Societies Act VI of 1932 is an improvement upon the Government of India Act of 1912 and widened the scope of the movement by laying down the objects of co-operative societies as "the promotion of thrift, self-help, mutual aid among agriculturists and other persons with common economic needs so as to bring about better living, better business and better methods of production." Co-operation has come to be looked upon as an instrument of general economic uplift in accordance with the principles of "thrift, self help and mutual help." Many consider it as a philosophy of life with a mission of its own, reconciling self-help with outside help, individual freedom with joint action and self-interest with service. It has not remained static; the changing social and economic conditions have influenced the direction and the content of the movement.

Development of the Movement in the Madras State

The pace of growth of the co operative movement in Madras was slow till 1917-18, when there were only 2,644 societies of all types. The period between the termination of World War I and the commencement of the economic depression in the early thirties is marked by a

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now being said that the denudation of the Ooty forests is partly responsible for the failure of monsoon in those areas. It is, therefore, necessary that the bringing of further land under the plough should always be the result of the planned and considered action by the Government. Their experts should advise which lands should be brought under cultivation and which lands should be allowed for the purpose of forests. Further agriculture in the States of India has not been organised on a large basis, because of excessive fragmentation and uneconomic holdings. Perhaps in Coorg it is possible to try the experiment of large scale farming. This is particularly so as Coorg has got much land to bring under cultivation, and agricultural labour is scarce.

If farming is to be really remunerative it must be of a mixed type. It has not been possible to build up mixed farming in our country, because in the areas where cultivation is carried on, enough lands have not been left for the grazing of cattle. I would very much urge that the Coorg agriculturists, who have plenty of lands to spare, carried on mixed farming in their State. In fact when I last visited Coorg, I was stuck with the paucity of milch cattle and the scarcity of milk in your State. For developing the health of the people of the State, the production of milk should be greatly increased. In Madras milk production and supply have been organised on a co-operative basis. In many centres it has become an important source of augmenting the income to the agriculturists of the State. But this cannot be organised without State aid. Government should start model dairy farms and advance loans free of interest, as is done in the Madras State. For purchase of milch cattle and for the selection of cattle and their import into the State the Government should take the lead and import and improve the stock. The Government will then be giving a chance to the agriculturists of Coorg to improve their economic position.

In this context it is not inappropriate if I should refer to the agrarian reforms now in the offing. We are aware that the Agrarian Reforms Committee headed by Shri Kumarappa envisaged the principle of limiting the holdings. Though what is an economic holding was not defined yet the upper limit was sought to be fixed around three times the economic holding. Assuming that an economic holding in India would be determined to be five to ten acres the result of a reform of the kind visualised by the Committee would inevitably lead to further fragmentation of holdings. Moreover, the contemplated Hindu Code is another measure that tends to the fragmentation of holdings. While the case is really one for consolidation of holdings though not by one annexing the land of another or by creating a class of large land-holders, but by enlarging the farms through joint farming. Fragmentation of holdings by any process of law or custom of Society will only make the budgets of the agriculturist families more and more lopsided. I therefore commend for consideration of the Co-operator

and Legislators to introduce co-operative farming. Large farming would ensure economy in operating cost of agriculture and low cost of operations ensure adequate returns or margins. It is therefore necessary that any reform visualised must also provide remedial measures for the unforeseen pitfalls which the former is likely to produce. Otherwise the defective enactments will lead to economic ruin. Perhaps a hundred acres is no unreasonable extent even as a reform to be experimented to start with.

Co-operators of Coorg may be aware that the Government of India have now dropped the idea of starting an Agricultural Finance Corporation for the whole of India. A bill for the purpose was circulated and Dr. Matthai, the Finance Minister, has recently announced in the Parliament that the Government have decided to drop the measure, as co-operative opinion was divided on the issue. In Madras some of the prominent co-operators held the opinion that starting of an Agricultural Credit Corporation would do harm to the Co-operative Movement. I, however, did not think so. We are all well established on a provincial basis, but we have no All India organisation The starting of an organisation by the State on the lines of the Industrial Finance Corporation of India to serve the interests of agriculture would, I think, in no way harm the co-operative movement. Some friends may contend that such an institution should be organised on a co-operative basis. But they will want all the State aid that is offered to the Agricultural Finance Corporation. The problem of agricultural finance is indeed huge and co-operators as they stand at present, will not be able to procure all the funds they require through the existing Co-operative organisations. The resources of all the financial organisations of the country should be mobilised through the Agricultural Finance Corporation for the benefit of the agriculturists. After all, the organisation would be a State organisation where other interests including the Co-operative interests will have a voice. If to-day there were an Agricultural Finance Corporation functioning for the whole of India, Co-operators of Coorg will not find themselves in difficulty to raise the long-term finance required by them, nor will it be necessary for the Mysore Provincial Co-operative Land Mortgage Bank among others to raise its debentures with interest at 4 per cent. It is time that we, co-operators, take a broad view of the matter and urge on the Government the desirability of starting an Agricultural Finance Corporation to serve the interests of the agriculturists through the Provincial Co-operative Organisations. This is the only way to ensure cheap credit to agriculturists and offer as a source of perennial supply of credit on a countrywide basis.

Before I conclude I venture to say that the good work done by those who are charged with the management of the affairs of the Societies must be kept up. It is possible only when all act together and tackle the problems confronting them in an impersonal manner and without bias. The well-known principle of "what is right and not who is right" is a maxim which holds good for ever and should not be forgotten or bypassed.

I once again offer my grateful thanks to you all for affording me this unique opportunity of being in your midst to-day. I request you to extend your co-operation to enable me to conduct to-day's business successfully.

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rapid expansion of the movement. The number of all societies increased to over 15,000, membership to 9.75 lakhs and working capital to Rs. 19 crores. Then came the world-wide economic crisis and a crash in agricultural prices. The period between 1930 and 1937 witnessed the weeding out of bad societies and the consolidation of existing societies. While the working of rural credit societies received set-back during this period, the working of land mortgage banks and sale societies received an impetus.

The movement had hardly turned the corner when the World War II broke out in 1939. The war had its repercussions on all forms of economy ; and Co-operation was no exception. It was in a sense a blessing in disguise for the movement emerged from the terrible ordeal of the war in a chastened and strengthened state. I need hardly dwell upon the magnificent achievements of co-operatives during the anxious years of the war. The part played by consumers' stores in the equitable distribution of commodities in short supply, their participation in schemes of food procurement and rationing are still fresh in our mind. Milk supply societies and weavers' societies played no less important a role in increasing the production of milk and cloth respectively. At the end of 1945 there were 15,724 societies with a membership of 17.48 lakhs and working capital of over Rs. 34 crores. This period witnessed the expansion of co-operation on the non-credit side which imparted a richness of content to the movement and corrected its lop-sided development on the credit side in the pre-war years. The next landmark is the dawn of freedom on the momorable 15th August, 1947. As I have observed already, political freedom has imparted a new significance to a popular and democratic movement like Co-operation.

Role of Co-operatives in the Post-war Period

I find from the draft resolutions which will come up for consideration at this Conference that some of your problems and difficulties are similar to ours, and it seems to me that it may be of some guidance to you if I give you an account of the recent trends and developments in the movement in our State and broadly indicate in what ways we have pressed into service our co-operatives for solving some of our post-war problems and for carrying out in their own sphere, the policies of Government in respect of social and economic welfare. To-day we have in Madras nearly 21,000 societies of all types with a membership of 29 lakhs, a paid-up share capital of nearly nine and a quarter crore of rupees and a working capital exceeding seventy crores of rupees.

The more important of our post-war problems relate to food shorage, short supply of textiles, housing scarcity and resettlement of ex-services personnel.

Food supply

Co operative Production : Ever since Burmah fell to the Japanese, the main source of supply of imported rice to Madras was cut off, and we have been experiencing an acute shortage of rice. The vagaries of the monsoon have aggravated the situation. In spite of our best efforts, food scarcity still persists. Co-operatives are endeavouring their best to relieve the situation to the extent possible. Last year nearly 2,800 acres of additional waste land were reclaimed by co-operative land colonisation societies, and they cultivated about 14,000 acres, mostly with food crops A further extent of 500 acres of land was reclaimed by 22 rural credit societies in the Cauvery Mettur Project area in Pattukottai taluk and 3,360 acres were cultivated by them with food crops. Two hundred and sixty-eight tenants and field labourers' co-operative societies took on lease 30,700 acres of *Paduga*, *lanka* and Government waste lands and raised food crops on 23,000 acres. Irrigation societies provided 756 members with additional irrigation facilities. Last year, Rs. 23 lakhs worth of manures. Rs. 2.36 lakhs worth of agricultural implements, Rs. 1.06 lakhs worth of seeds andRs. 65 lakhs worth of groundnut cake were distributed by co-operatives to our farmers to stimulate increased food production in addition to two and a half crores of rupees advanced by village credit societies for seasonal cultivation expenses. This is a no mean contribution by the co-operatives to the provincial efforts for meeting the food shortage. Besides, the co operatives also fostered the production of subsidiary foods like milk egg, fish, fruit and vegetables.

Procurement and distribution: Closely allied to production are procurement and distribution. The services of co-operative societies, especially consumers stores, are fully utilised under the scheme of intensive procurement of food grains and in 1948-49, they procured 3,33,970 tons of food grains. Last year the District Central Stores imported from surplus areas 3,05,629 tons of food grains –paddy, rice and millets— valued at Rs. 10,36 crores Both in the statutory and informal rationed areas 938 co-operative stores now maintain 2,126 ration shops with nearly 1½ lakhs of card-holders attached to them. Apart from these, the network of about 1,800 retail co-operative stores with their 1,426 branches and sales depots ensure equitable distribution of essential commodities to the public. The magnitude of the business handled by them can be judged by their sales turnover which is in the neighbourhood of 23 crores of rupees per annum as compared to Rs. 23 lakhs in the pre-war year, 1938-39.

I am hoping that our co-operatives will, even after the present scarcity conditions are over and controls are removed, concert measures

for consolidating these war and post-war gains and make consumers' co-operation a permanent feature of our distributive system.

Production and Distribution of Textiles

Cloth was in short supply in the post-war years and weavers' co-operatives in Madras made a valuable contribution in tiding over the situation. The Madras Provincial Handloom Weavers' Co-operative Society and its 958 affiliated weavers' societies produced nearly 7 crores of rupees worth of handloom cloth least year. They have enrolled 1.55 lakhs of weavers and command 1,85,000 looms. Handloom textiles, especially lungies, sarangs and handkerchiefs, contribute valuable items of export to foreign markets.

We are doing our best to foster and develop the handloom industry on co-operative lines. With the marking out of the respective lines or spheres of production of the textile mills and handlooms by the Government of India, I believe the weavers societies will enter a new phase of their career. This ia an experiment which we will watch with interest.

Co-operative societies played a notable part in the distribution of mill cloth.

Co-operative Housing

Another post-war difficulty that attained the dimensions of a first-rate problem was the acute scarcity of houses, especially in urban areas. A number of factors on which I need not dwell, contributed to this. The problem was more acute in big cities and towns, and Government were faced with the task of producing the maximum number of houses within the shortest period. Private enterprise was not active; building materials were scarce; cost of labour aud house sites was abnormally high. Here again, Government turned to co-operatives Local housing committees were constituted in May, 1947 for the selection of suitable sites, and the Registrar was asked to organise housing societies. Including about 140 new housing societies there are to-day 278 housing societies with 19,100 members on their rolls and paid-up share capital of Rs. 95.42 lakhs. Loans amounting to a crore of rupees were given to housing societies last year. This year we have provided another crore for urban housing schemes. In 1948-49, 880 houses were completed and 675 houses were under construction on 30th June last. In Madras, Tanjore, Madura, Palamcottah, Kovvur, Ellore, Guntur, etc., construction work is in full swing. The Gandhinagar colony consisting of 340 houses on an extensive site of 180 acres on the southern banks of the River Adyar is almost complete. The year we have decided to extend the housing schemes to rural areas, as an experimental measure, and have provided Rs. 20 lakhs in the budget.

Re-settlement of Ex-servicemen.

Another post-war problem is the resettlement of ex-servicemen. In Madras we have attempted to solve it on co-operative lines. The schemes for the resettlement of ex-servicemen can be grouped under three heads—co-operative workshops, co-operative motor transport societies and co-operative land colonies. There are 10 co-operative workshops—5 timber works, 4 metal works and 1 engineering workshop—with a membership of 1,556 and a paid up share capital of Rs. 1.03 lakhs. They manufactured finished goods worth Rs. 4.44 lakhs last year. Land colonies have 1,185 members and assisted by the very liberal subsidies and loans made by the Post-war Services Reconstruction Fund Committee of which His Excellency the Governor is the Chairman (and in some measure by the Central grants), reclaimed 5,570 acres out of 11,000 acres assigned to them and brought under cultivation 4,400 acres. There are proposals on hand for starting some more land colonies. Thirteen motor transport societies with 289 vehicles providing work to about 700 ex-servicemen are functioning in important district centres.

Role of Co-operatives in Implementing National Policies

Not only in the solution of post-war problems have the services of co-operative societies been harnessed, but also in implementing the policies of Government.

Prohibition: Ameliorative measuros on co-operative basis

As you are aware, Madras was the first State to give full effect to the policy of Prohibition so dear to the heart of Bapuji. The enforcement of this policy brought in its train the problem of providing rural recreational activities and alternative employment to the ex-toddy tappers thrown out of work. The ameliorative side, which is the positive aspect of Prohibition, we have attempted to tackle through co-operative method. We are now laying greater emphasis on constructive work than on recreational activities. More than 50 per cent of ex-toddy tappers are engaged in the manufacture of jaggery through 1,500 co-operative societies. These societies produced last year 25 lakhs of maunds of jaggery valued at Rs. 127 lakhs. In addition, there were 171 Milk Supply Societies and 8 Unions with a membership of 1,800 ex-toddy tappers and 870 ex-addicts. Last year these societies sold 12.80 lakhs of Madras measures ot milk valued at Rs, 11.23 lakhs. Interest-free loans amounting to Rs. 5.82 lakhs were given to them and 2,813 milch animals were purchased by them. In four land colonies in the Salem district, admission is restricted to ex-toddy tappers. There are 400 ex-tappers in these societies which brought under cultivation 1,250 acres of land. Ex-tappers are also members in cottage industries, tenants' and labour contract societies.

Rural uplift is promoted through Gramasanghams of which there were 12,600 last June. They undertake uplift activities like village sanitation, adult classes, reading circles, library work, rural games and entertainments, etc. Some of the rural credit societies also undertake similar activities.

Reorganisation of Rural Credit Societies as multi-purpose organisations—their role in rural economy

I have been always of the opinion that the relation between the village credit society and its members cannot be merely than of a lender and a borrower. The society should be and ought to be much more than a money-lender. It cannot draw a member nearer it, nor can it evoke in him feelings of loyalty and affection if it acts only as a money-lending agency. It must broadbase its business and render a number of economic services to its members and prove to be an active instrument of their economic betterment and a centre of agricultural progress. We have a limited number of educated honorary voluntary workers with adequate leisure who can undertake the responsibility of management of co-operatives in villages, and generally speaking it ensures economy of effort to provide a variety of allied services to the farmers through a single agency instead of multiplicity of co-operatives in one and the same village.

Government, therefore, attach great importance to the development of rural credit societies into multi-purpose units catering to all the economic needs of the farmer and the village artizan such as credit, supply of seeds, manures, agricultural implements and raw materials, marketing of agricultural and dairy products and finished goods, distribution of the necessaries of life and consumer goods, etc. With this object in view, we formulated last year a two-year plan of reorganisation of rural credit societies in Madras so as to cover 50 per cent of the villages and 80 per cent of the population. Since then 1,750 rural credit societies have been registered and over 5,700 societies have been reorganised into multi-purpose societies. The rural co-operatives to-day cover 54.6 of the villages and serve 16 per cent of the population.

Government wish that rural co-operatives play a more active role in agricultural production and for this purpose, we have just launched, as an experimental measure, a Grow More Food Scheme whereby village multi-purpose co-operative societies in seven select districts will function as agencies for augmenting food production. We expect that through them the villager will be closely associated with the food policy of Government so as to accelerate the pace of the schemes launched by Government for achieving self-sufficiency in food. One of the objects of the scheme is to secure to the ryots all the cultivable waste lands in villages for cultivation, provide them with capital, seed, manure and

implements through the societies and increase food production in the maximum.

Which are Really Successful Village Credit Co-operatives?

It is true that we have a large number of village credit co-operatives in our State. There were 13,740 such societies on the 30th June last with over 10 lakhs of members on rolls. It is also true that they have brought down the rates of interest in the country-side and generally speaking, exercised, though indirectly, a healthy influence over private money-lending. I will not, however, feel satisfied with the mere increse in their number. As I have just remarked, they should endeavour to do much more than money-lending. If I am asked to say whether a village society is really *co-operative* and whether it is a *successful* enterprise, I will apply the following tests:

(1) Whether the society has taken into its fold and brought under its influence all eligible villagers who need its services and who satisfy the qualifications of membership. The sociefy should undertake a campaign of enlisting all eligible and desirable people in the village and in fact, should attract them by the variety and efficiency of ita services.

(2) Whether the society is able to meet all the short-term or seasonal credit needs of its members. That is to say, a society should follow a policy of "full finance" and provide its members with financial accommodation for all their productive and legitimate needs and prevent him from going to the private money-lender from whose clutches it tries to remove him.

(3) Whether the society is *prompt* and *efficient* in rendering credit service to its members. I consider that it is no good giving a loan to a member unless it is giyen *in time when he needs it most.* The delays in sanctioning or disbursing loans should be cut out by creating suitable arrangements such as the provision of cash credits to members on definite securities and of facilities to operate on such accounts whenever they want money. It is often delays that drive the members once again to the money-lender.

(4) Whether the society renders economic services other than mere provision of credit such as supply of seed, implements' manures, necessaries of life, or raw materials for subsidiary occupations, etc. Its utility to its members will be in proportion to the range or comprehensiveness of its services. In other words, it should undertake suitable multi-purpose activities beneficial to its members. To the extent possible, it should aim at promoting "better business, better farming and better living" amongst its members.

(5) Whether the society has improved the economic condition of its members. It is no good that a society should go on giving loans to

its members. It should teach him thrift and economy and promote savings A loan involves a future sacrifice on the part of a member and unless he saves, he cannot repay. It is only a good saver who can also be a good repayer. The society's endeavour should be not only to give seasonal financial accommodation to the member but to provide facilities for savings and actively promote them in order to ensure ultimately his financial independence. Otherwise, a co operative society can hardly be distinguished from a money-lender.

(6) Whether the society has inculcated habits of punctuality and sound business among its members. A society has always to instruct its members to respect and discharge their obligations to it and to practise business principles. A member should be 'credit-worthy' and he can be so only when by his scrupulous business habits, he inspires confidence in his society.

(7) Whether the society has spread the principles of co-operation among the members. In order to sustain the interest of the members, the society should hold periodical meetings and rallies, arrange for film shows, celebrate thrift days, promote study circles and steadily carry the message of co-operation to the members and their families. The society should utilise its common good fund and subsidies and grants it may get from other agencies, for the maintenance of a library and a reading room whereat members and their children gather and spend their leisure time in acquainting themselves with the latest knowledge about co-operation, agriculture, and so on. The society should be a centre of educational and cultural interest to its members.

(8) The last test which I will apply is to ascertain how far the outlook of farmer-members has changed owing to their association with their society and its activities and whether the society has transformed its members who were originally unprogressive, sullen, improvident or averse to experiment into members who are progressive, broad in outlook prudent, resourceful and co-operative and capable of a feeling of fellowship and associated effort and a desire to work for common progress.

It may be that many of our societies cannot stand these tests but I strongly feel that co-operators and others in charge of rural credit co-operatives should direct their efforts towards the fulfilment of these objectives. Only then will these organisations be strong, healthy and vigorous agencies of economic progress. It is my conviction as well as my desire that a multi-purpose co-operative of the kind that I have visualised, a strong and well-managed village panchayat and a well run village school working in close collaboration and supplementing each other's efforts and activities, can bring about great changes in our village conditions and promote rural welfare.

Role of Co-operatives in the Sphere of Cottage Industries

In a land of villages like India, cottage industries have a definite place in the national economy. There is no antagonism between large scale and cottage or small scale industries. They have an important and useful place in consumption goods industries where their function is in many cases complementary to that of large units. It is the unanimous opinion of experts and planning authorities that rural, cottage or small scale industries lend themselves admirably to co-operative organisation. It is the policy of the Government to organise them on co-operative lines supply the artisans capital and raw materials, and market their products through co-operative societies. Handloom weaving is the major cottage industry in our State, and as I have already stated, it has been organised on co-operative lines and about a third of the total number of looms has been brought under the co-operative fold Apart from these societies there are separate co-operatives for carpet weavers, cumbly weavers, hand-spinners, mat weavers, coir workers, metal workers, leather workers, basket makers, potters, toy-makers, stone-carvers, oil producers etc. We have in Madras 235 cottage industries societies with a membership of 23,700 and a paid up share capital of Rs. 5 92 lakhs. Last year they purchased raw materials worth Rs. 22. 18 lakhs, produced finished goods valued at Rs. 22. 62 lakhs and sold goods for Rs 31 lakhs. I should like to make a special mention of cottage industries societies exclusively for women. There are 54 such societies with a membership of 4,800. They are engaged in the production of readymade garments, needle work, home-made pickles and preserves, etc. Last year they sold goods to the value of Rs. 1. 17 lakhs. In order to co-ordinate the activities of the primary women cottage industries societies in the city, a central society was formed recently.

Apart from these separate cottage industrial co-operatives, it is also proposed to bring the scattered rural artizans into the fold of the reorganised multi-purpose co-operative society in places where their number is too small to warrant the formation of a separate society. The village multi-purpose societies will help the artizans by financing them and arranging for the disposal of their finished products. At present the isolated village artizan suffers for want of finance, raw materials and marketing facilities. These disabilities are sought to be removed by bringing him into the rural multi-purpose society.

The hydro-electric thermal projects which have been completed and those under construction are bound to stimulate formation of new industries on a factory basis in the State and these in their turn will render possible and facilitate the formation of new cottage industries, the finished products of the former serving as the raw materials of the latter. What is needed is a bold, co-ordinated plan of development which, I hope, will soon be taken up on hand.

Distribution of Chemical Manures and Agricultural Implements Through Co-operatives

Another sphere where the services of co-operatives are utilised in implementing the policy of Government is in the distribution of chemical manures and agricultural implements Government have directed that the entire stocks of chemical manure with the Agricultural Department should be transferred to co-operative societies and arrangements are under way. Under this scheme 50 per cent. of the total distribution of chemical manures estimated at 65,500 tons will be with the co-operatives and the other half with tender-firms.

It is proposed to transfer to co-operative societies the entire stock of iron and steel with the Agricultural Department including axles, cart tyres and galvanised sheets. The details of the scheme are being worked out. If this scheme matures, co-operatives will handle about 4,000 tons of iron and steel each quarter.

It is our aim that this scheme should relieve the Agricultural Department of its present duties of trading and enable it to address itself much more than now to its legitimate tasks of technical advice and specialist services. It also aims at associating the villagers intimately with distribution of these requisites of agricultural production.

Co-operative Farming.

You are doubtless aware of the all-out effort of the Union and State Governments to intensify the Grow More Food Campaign and to increase agricultural production. In this field, too, Government have been making full use of co-operatives. Attempts are made, as I have earlier indicated, to bring large blocks of land under cultivation through tenant farming or land colonisation co-operatives. Joint farming in the sense that small owners pool their lands, cultivate them jointly and share the produce on the basis of the lands or other resources contributed by each, or collective farming in the sense that tenants take on lease large blocks of land, cultivate it jointly receiving wages for their labour and distribute the profits of cultivation in proportion to the labour contributed by each, has not proved much of a success so far. The love of ancestral land and the desire to call one's land as one's own instead of sharing it in common with others are so ingrained in the Madras farmer that it is difficult to persuade him to participate in schemes of joint or collective farming. Government have, however, just approved as an experimental measure a scheme of co-operative joint farming in Nuzvid in Krishna district and sanctioned a fifteen-year loan of Rs. 25,000 to the society at 3½ per cent for execution of capital works designed to facilitate and promote better agricultural production. The kind of co-operative farming that has been successful in Madras is the tenant-farming type where the society

acquires a large block of land either from Government or private persons on a fairly long lease, sub-lets it to its tenant-members allowing each member to cultivate his holding and keep the produce so long as he fulfils his obligation to the society.

Hitherto tenant farming societies confined themselves to obtaining lands from Government and, as already observed by me, they are doing good work in reclaiming cultivable waste lands and bringing a fairly large additional acreage under the plough. Recently a beginning has been made to secure private lands for farming. At Marudur in the Tiruchirapalli district a new type of society was formed with the land-owners and tenants as members and an extent of about 400 acres belonging to three land-owners has been leased out to the society for 20 years. In its turn, the society has sub-let the lands to its member-labourers for cultivation on payment of an annual lease amount to it. Of the total extent, about 120 acres are fit for immediate cultivation and the remaining area has to be levelled and rendered fit for cultivation. Government have sanctioned a long-term loan of Rs. 80,000 to the society for capital expenses. A second society of this type was formed at Nelvoy in the Chingelput district. This type of society promises to provide a solution to the age long conflict between the land-lord and the tenants by bringing them together into one organisation on a footing of equality and fair treatment and making them partners in a common enterprise. Let me hope that big land-owners and mirasdars will take a lesson from these experiments which, with proper guidance and help, hold out a promise of some solution of a difficult problem. I foresee that in future schemes of agrarian or land reforms, co-operatives can and will play an increasing role.

Role of Co operatives as Tappers of Savings.

You are aware of the efforts which are being made by the Central and State Governments to tap savings and to augment capital for financing schemes of industrial and agricultural development From what I notice, there is no sufficient appreciation on the part of the general public of the part played by co-operative organisations in the promotion of thrift and tapping of savings, including rural savings. In fact thrift is the fundamental principle of co-operation. It is a difficult virtue to acquire and demands the will to save and rigorous self-discipline on the part of the saver. The co-operative movement has been able to tap considerable savings both from rural and urban classes and make the money available for productive use in agriculture, small scale trade and industries, though I recognise that more can and should be done, particularly in the countryside. It may be of interest to you to know that the total working capital of all types of co-operative organisations in Madras was Rs. 71 crores on the 30th June last. Members' share capital amounted to Rs. 9.26 crores, their deposits to Rs. 12.24 crores and the reserve fund

and other funds to Rs. 8.61 crores—80 crores in all. Members' share capital and deposits alone amount to 30 per cent of the working capital of the movement The fact that so much money has been saved, invested and made use of productively in the movement is in itself no small achievement. I look forward to greater efforts being made by co operative institutions, especially rural co-operatives in this respect by systematic propaganda and formulation of suitable savings plans.

The State and the Co-operative Movement

My object to-day is to give you an outline of the small beginnings of the co-operative movement in the Madras State, its subsequent varied development, the contribution it has made towards the solution of some of the post-war problems and the role it has been playing in its own way in the implementation of our national policies. Though we may take legitimate pride in our achievements, I do not pretend that the movement has done all that it can and should do. Knowing the economic trends as we do, I believe that the co operative movement will play a greater role in our national economy in the future. Judged by the results the movement has justified all the support and help given to it by the Central and State Governments and I have no doubt that Government will continue to encourage, foster and promote the movement in all the possible ways.

But I must add that the movement is essentially a people's movement and is based on the sound and healthy principles of self-help and mutual help. The movement has been in existence for over 45 years and as it marches along, it will have to depend more and more on its own resources and less and less on Government support. The present national Governments—State and Central—are being looked upon more and more as "Welfare States." People demand more and more amenities and social services from Government. But the funds of the State Government are limited. This is a point of some importance, of which co-operators will have to make a note.

Co-operative Leadership

As I have just stated, the movement is a people's movement, it is a democratic movement. Its healthy and progressive development depends among other things upon wise leadership and the loyalty, faith and vigilance of co operators. Let me take this opportunity of saying that the non official leadership in our State has been on the whole sound and wise. The movement has attracted a large body of honorary workers who have in a spirit of service undertaken the management of an increasing number of co-operative organisations. To them we all owe a deep debt of gratitude.

The success and stability of a movement like this depends in the last analysis upon the unselfish service, integrity and character of co-operators and wherever these qualities are found, societies thrive. Dishonesty, factions and party spirit have always proved inimical to the progress of the movement. Co-operators owe it to themselves to root out these evils, wherever they exist, without fear or favour and ensure the steady expansion of the movement for the greatest good of the greatest number. The Co-operative movement, is, as Gladstone once called it, "the greatest social wonder of the present time," and in serving it, we are serving our fellowmen.

Co-operative Movement in Coorg

The co-operative movement in your State is as old as it is in any other State, and has made remarkable progress with due regard to its size and population. You have to-day 361 societies of all types with 50,000 members on their rolls and a share capital of Rs. 50 lakhs. You have a high record of recoveries in credit societies—86.5 per cent. and it is reassuring to know that all outstanding loans are fully secured. It is gratifying to learn that all your revenue villages are served by co-operative societies. A second noteworthy feature is that more than 200 societies have taken up multipurpose activities such as joint purchase and sale, mutual benefit fund and education fund activities, clearance of rank vegetation on communal lands, etc. Several societies have their own office-cum-godowns. It is good that a system of thrift deposits has been introduced in the societies. I am struck with the liberal contributions made by your co-operatives to schools, colleges, hospitals and other deserving causes.

Co-operative labour organisation has made interesting progress in team work such as repair to village communications, construction of new roads, etc.

The Coorg Central Co-operative Bank, I notice, has had another successful year of working. Its position is satisfactory ; it has a paid-up share capital of Rs. 1.80 lakhs and reserve and other funds amounting to Rs. 3.5 lakhs.

The Coorg Provincial Co-operative Marketing Federation had a record business turnover of Rs. 14 lakhs last year as compared with less than Rs. 5 lakhs in the previous year. It was appointed as one of the Chief Agents for procurement and supply of paddy to Mysore and Madras Governments and handled about 60 per cent of the business with the help of its constituent marketing societies. It has accumulated a building fund of Rs. 23,000 and I hope that before long it will have a building of its own like the Provincial Bank.

During my last visit to Coorg I was struck with the good work done by the ladies in your State. The working of the Mahila Sahakara Samaj

was one of the most impressive things I witnessed during my tour. The women of Coorg, I am glad to say, have taken up the cause of Hindi and made it the cardinal point in their programme of work. The social uplift work done by women societies, the nursery classes run by them and the artistic needle and embroidery work turned out by them show a high degree of social and aesthetic development in your State. I am sure that the women of Coorg will continue their socio-economic work with unabated enthusiasm and lead the way to their sisters elsewhere in India.

I should like to pay a tribute to the excellent relations between the official and non-official co-operators in your State. As in Madras prominent citizens from different walks of life have been drawn to the movement and they are whole-heartedly co operating with the Registrar, Mr. Chengappa, who is taking very keen interest in the development of the co-operative activities in the State and has identified himhelf with people of Coorg.

When I toured your State along with the Registrar of Co-operative Societies, Madras, in 1949 the question of advancing long-term mortgage loans to agriculturists in your State from the Madras Co-operative Central Land Mortgage Bank was discussed. A proposal in this behalf was sent by the Madras Registrar to your Chief Commissioner. The proposal was that one or more land mortgage banks on the Madras model might be formed in Coorg and that they would be financed by the Madras Central Land Mortgage Bank in the same way as the primary mortgage banks in Madras State were being financed. Although your Chief Commissioner accepted this proposal, subsequently, your Provincial Co-operative Bank wanted that the Madras Co-operative Central Land Mortgage Bank should provide long-term money to agriculturists through it instead of through primary land banks. This suggestion constituted a fundamental departure from the policy of the Madras Co-operative Land Mortgage Bank. As you know, short-term loans and long term loans are kept distinct in Madras and the Reserve Bank of India is of the view that this should be the case in all systems of banking. Even the Bombay Provincial Co-operative Bank, which used to advance money to agriculturists on long-term by floating debentures, dropped the business and a separate Central Land Mortgage Bank has been constituted there. In these circumstances, it was not possible for the Government of Madras to accept the suggestion of your Provincial Co-operative Bank. I am, however, glad to observe that there have been other directions in which the tMadras Co-operative Movement has been of some assistance to Coorg.

The Malabar District Motor Transport Co-operative Society for ex-servicemen arranged to transport oranges, rice and timber in its lorries.

The Madras Provincial Handloom Weavers' Co-operative Society supplied five consignments of cloth to two co-operative institutions in Coorg.

I hope that opportunities for mutual assistance of this sort will increase in the future and that co-operators in Madras will spare no pains to avail themselves of such opportunities to the full.

Coorg, though small in size, is a picturesque country and if I may say so, it may be styled as Kashmir of South India. It has vast natural resources. Her forests abound in timber, sandalwood, bamboo, honey, and her plantations are rich with coffee, pepper and cardamon. Though no geological survey has so far been made in Coorg, I am sure the mineral wealth of the State will not be less valuable then its forests produce. It is possible that there may be rich gold, iron and manganese mines in your State. Your people are strong, stalwart and hardworking. They are enlightened and highly cultured and the percentage of education of boys and girls in your State is much higher than that of many major States in India. If you can only exploit your large natural, resources to the full, I am sure your State will be making considerable progress in agricultural and industrial development.

I see no reason why you should not organise most of your developmental projects on co-operative lines. You have already a net work of credit co-operatives headed by the Provincial Bank. You have also a number of marketing societies with a provincial marketing federation at the top. You have adequate man-power. What is needed is planning. I believe it should be possible for you to organise co-operative farming and land development, strengthen your marketing societies, plan the organisation of industrial co-operatives and co-operative motor transport, broadbase and improve your co-operative credit structure to enable it to discharge additional responsibilities and lay the foundations of a real co-operative commonwealth. It is my hope as well as my prayer that the dream will soon turn out to be an accomplished fact, that your State will be the first co operative commonwealth and that it will be both a centre of co-operative pilgrimage and a source of inspiration to corperators all over India.

I am afraid I have taxed your patience. You have a fairly long agenda, and I am sure that your discussions and decisions at this conference will prove helpful to the future progress of the movement in your State. I wish the conference success.

May Mother Cauvery, Goddess of Coorg, shower her eternal blessings upon the people of Coorg.

Note on the working of Some Milk Supply Societies Tirunelveli District

Prohibition was introduced in the Tirunelveli District on 2-10-48 Various ways and means for employing the Ex-tappers were adopted. Compact areas are selected and milk supply societies are organised in various places in the district with a view to engage the ex-tappers wherever possible.

The objects of the milk supply society are manifold. It is mainly an organisation of producers mostly illiterates. To help and guide them, non-milkmen are also admitted. All engaged in the milking profession are eligible for membership in the societies irrespective of caste, creed or religion. A suitable place is selected for the society. A large number of milkmen or milkwomen are admitted. They need take only one share and pay the nominal value of about Rs. 5 per share either in lump or in five monthly instalments. The admission in the society entitle the members to milk their milch animals in the common milking yard of the society. They are required to keep their animals clean. Milking is done in the society's milking shed under hygienic conditions and the immediate presence of the staff of the society in the early hours in the mornings and evenings. The milk drawn is measured individually to the society and the quantity entered in the respective pass books of members. The milk thus pooled is despatched in sealed cans to the consumers through milk vendors for door to door delivery. The process of the pooling the milk of various animals equalise the fat contents. The consuming public are thus supplied unadultered pure milk at their very doors at a reasonable price. The smallest quantity sold is 1/16 Madras measure.

As a rule, milk is sold for cash only. Generally coupons system has been introduced in all societies. By this method, consumers are required to purchase coupons of 1/16th, 1/8th, and 1/4th, 1/2 and 1 Madras measure paying the value in cash.

To pull up these small but beneficient institutions, Government are giving interest free loans for purchase of milch animals and fodder, repayable in one year.

The society charges a small margin of profit between the cost price and selling price.

Since these societies are producers concerns, they are given more representations on the Board of management to safeguard their interest.

These institutions are intended to serve the public at large. They are multiplying in number. The public find it more reliable than private individuals. In all the places, where these societies have been started, the demand for milk is always greater than the supply. This signified the

popularity and usefulness of these institutions. Of late, there is a craving of the people, the producers and the consumers, even in villages for more milk supply societies.

In the Tirunelveli District, five such societies organised for the benefit of ex tappers, under the ameliorative scheme, are working. The progress of their working is indicated below.

Name of society	Date of starting	No. of members rolls.	Paid up share capital	No. of milch animals	Average milk produced.	Average Sales	No. consumers	Total quantity of milk produced upto 30-9.49. in
			Rs.		M.M.	M.M.		M.M.
1. Nanguneri	— 11-8-49	161	3,485	150	158	158	300	7892
2. Valliyoor	— —	138	3,210	34	120	120	100	10608
3. Therkkuvalliyoor	20-7-49	44	700	15	25	25	65	900
4. Kuruvikulam	— 19 8-49	88	1,360	26	125	125	60	3750
5. Viravanallur	— 25-7-49	123	2,230	15	119	110	150	8622

Two societies have been organised, one at Muppilipatti in the Koilpatti taluk, and the other at Kothaseri in the Nanguneri taluk. The promoters have collected the requisite share capital. The societies are pending registration.

Besides these, proposals to start societies at Malapalayam, Ambasamudram, Tenkasi, Koilpatti and Siruvalanchi are under investigation.

The Trichy Srirangam Central Co-operative Milk Supply Union Limited No. 614-Puthur-Thiruchirappalli.

The Trichy Srirangam Co-operative Central Milk Supply Union Limited No. 614 was started on 12-10-1939 at Srirangan and the area of operation of the Union extends to the taluks of Trichy, Kulitalai and Lalgudy. The shifting of the Head-Quarters of the Union to Puthur was done in 1948, the Union began to see an allround improvement from the year 1946-47 There are now 452 members in the Union with a paid up share capital of Rs 9,866. Out of these 452 members, 23 are institution-members and 429 are individuals. Of these 23 institution-members, 19 are affiliated feeder societies. There are 16 centres of which 12 are under the direct management of the Union and 4 under private management. The daily turnover of milk is 1,100 Madras measures and the milking is done under the direct supervision of the Union. The union purchases the milk from the producers at the rate of 1¼ M. M. per rupee. In respect of feeder societies and individually managed centres, the Union pays a commission of 1½ annas per rupee of milk supply, while in the

case of centres under the union management no commission is paid as the entire expenses in running the Centre are borne by the Union.

The Union sells milk at the rate of 1 rupee per M. M. through 40 cycle-vendors. There are 3 sale depots one at Puthur, one at Muslim Co-operative stores, Palakarai, and one at *Anaikattimaidan* where milk is sold. The sale of milk by the union is mainly by the coupon system; and for house delivery, the Union charges annas 4 per month extra. Some public institutions here at Thiruchirapalli, *Viz*, Spencers, Vincents, Municipal Health Centres, Modern Hindu Hotel, Rajajee T. B. Sanatorium, Seven Dolours Convent, National College Hostel, Technical Training Hostel and Central Police Recruit School, are our largest customers. Whenever there is surplus of milk, it is converted into by-products like curd, butter, and buttur-milk and sold. This however results in some loss to the Union. For the convenience of the public, coupon books are sold in the Union office and also by the following institutions :—

Tha Trichy Co-operative Credit Bank, Fort Branch Hirudayapuram Co-operative Credit Bank Srirangam and Co-operative Stores Tiruvanaikoil.

The Feeder societies and the Union advance an interest free Government loan of Rs. 220 per individual for the purchase of milch animals repayable in ten monthly instalments. The milking takes place from 4 to 5-30 in the morning and 3-30 to 5 in the evening. There are checking inspectors in the Union who pay surprise visits to the milking yards during milking time, check the vendors during distribution and examine the seal and quality of milk. The Secretary of the Union also pays surprise visits to the Centres during milking time, and at the time of distribution of milk by vendors, to ensure prompt and correct supply to the customers.

For quicker transport of milk and in greater quantities the Union has purchased a motor van. The Union is supplying both buffalows and cow's milk to the residents of Thiruchy, Srirangam and Golden Rock Colony. Thanks to the Executive Officer of the Golden Rock Colony Sri. Nathaniel, the Union has been able to carry out its business with success in that area. In February 1949 the Union opened a stall in the All India *Khadi* and *Swadeshi* and Industrial Exhibition held at Thiruchirappalli and supplied pure cow's rose-milk to the public which was much appreciated. In January 1950, the Hon'ble Sri K. Chandramouli visited the Union and saw its working.

The Exhibition Committee was pleased to award to our union a certificate of Gold Medal for the supply of rose milk. At the suggestion of the Collector the union supplied rose-milk at Mayanoor and Tiruverambur for the rural welfare and Exhibition Centres.

The purity and regularity of the supply has earned the appreciation of the public.

Conservation and preservation of milk is very important as medical opinion is uniform in advocating milk processing, and the British Ministry of Health was imposed through the Milk Marketing Board of the United Kingdom, rigid regulations with definite standards for processed milk. Processing of milk to control eradicate disease-germes in milk will certainly contribute a great deal to eradicate dreadful diseases for our country. To achieve this end and on the advice of the Dairy Development Officer of the Madras Government the Union applied to the Government for a loan of Rs. 50,000 for purchasing a pasturisation and cold

storage plant. To house the plant are required a plot and building. The District Collector has been requested to give a suitable site in a central place as early as possible. The Railway Administration has kindly permitted the Union to vend pure cows' milk (heated) in the Trichy Junction Railway Platform to the passengers.

The Registrar of Co-operative Societies, Madras in his Review on the working of the Union desires that the Union should undertake additional activities like salvage of dry cattle cultivation of fodder, maintenance of good stud-bulls *etc.*, and this could be achieved only if there is a sufficient area of land for the same. A large area of arable *poramboke* land of about 100 acres is available near Tiruverambur *i. e.* just opposite to the Radio Transmitting station and the same was inspected by the Special Development Officer and found suitable. The Collector has been requested to give in alienation of this lands to the Union.

The net profits of the year 1948-49 (ended June) is Rs. 17,488-9-0 and a bonus of 5 pies per rupee of milk supplied will be given to the producers this year. Last year, for 1947-48, the bonus to producers was distributed in the shape of vessels. To create a healthy competition among the feeder societies, the Union has intituted a prize (silver cup) to be given to that feeder society which supplies the highest quantity of milk. In order to see that that the milch animals are also kept well, the Union has decided to give prizes for the best kept Cow in all our feeder societies and centres.

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K. GOVINDA WARRIER,
Secretary.

Prohibition in Madras*

Ameliorative Activities—Progress in January and February 1950

1. *Provision of Employment to Ex-tappers*:—(*a*) By organisation of special types of co-operatives:—

(i) *Jaggery Societies*:—During the two months 143 societies were organised, 151 were registered and 151 were started on their work. 10,459 ex-tappers were enrolled as members and 29,009 licences were issued to members, 5.88 lakhs of maunds of jaggery worth Rs. 31.79 lakhs was produced. Jaggery manufacture by improved methods was demonstrated at the All India Khadi, Swadeshi and Industrial Exhibition, Madras in January.

(ii) *Milk Supply Societies*:—Milk supply societies were either organised or started in several districts like Tanjore, Anantapur, etc. A society was organised in the Government House Estate, Guindy, Madras. Several societies in Guntur, Anantapur, South Arcot, East Godavari, etc, received interest free Governments loans for purchase of milk cattle. The Unions, at Tiruchirapalli, Ambur, Madanapelle Palaghat, etc. did good business and earned some profit.

(iii) *Land Colonisation Societies*:—Proposals for starting societies at Narsapur (West Godavari) and Doddaghatta (Anantapur Dt.) were under consideration.

(iv) *Labour Contract Societies*:—Two societies in Anantapur district and one in Tiruchirapalli district were organised.

(v) *Cottage Industries Societies*:—The Ayodhyapatnam carpet weavers' society should considerable progress. It exhibited its goods it New Delhi. Societies were organised at Perur in Malabar and for women at Hindupur in Anantapur district. The met society at Kalingiam in Coimbatore district, the weavers' society at Kunnathur in Chingleput district showed some progress.

(vi) *Tenants' Societies*:—In Guntur Dt., one society was started and two were under consideration.

(*b*) *Other Modes of Employment*:—During the two months 1,887 ex-tappers were provided with work as agricultural labourers, unskilled industrial workers, watchmen, gang coolies, etc.

2. *Formation of Co-operatives for the Benefit of the General Public including Ex-addicts*:—40 rural credit societies were organised in several districts. Various types of societies such as labour contract societies, fisherman's societies milk supply societies, house building societies, canteens, salt worker's societies, washermen's societies, etc. were organised in various districts.

* Summary of the Report of the Registrar of Co-operative Societies to Government for January and February 1950.

3. *Development of Co-operative Activity in the Selected Firkas*:—Ten rural credit societies were started in the firkas of Tanjore, Cudappah Ramnad, Tirunelveli, Salem and Chingleput districts. The areas of operations of some of these societies were extended to other villages near by. Multipurpose activities were started in some of the societies—for instance distribution of menures and cart tyres, installation of radios, etc.

Their Excellencies the Governors of Bombay and Madras visited Kakkalur, a village in the select *firka* in Chingleput Dt. They were pleased with the local rural Exhibition and tornaments and the general working of the Movement there. H. E. the Governor of Bombay gave a message that the Country's salvation lay in Co-operation.

4. *Promotion of Rural Uplift*:—

(*a*) *By the Gramasanghams*:—22 *gramasanghams* were organised By the end of February, 13,103 *gramasanghams* were formed of which 4,525 were active. 1,226 provided counter-attraction to drink; 512 were engaged in public health work, 511 insanitation, 287 in providing village communications; 588 in recreational activities, 139 in agricultural improvements, 32 women's uplift.

(*b*) *By Rural Credit Societies*:—663 societies amended their by-laws for undertaking social and recreational activities bringing the total number of such societies to 3,459 at the end of February. These activities consisted in opening reading rooms and librares, installing radios, etc. Some four societies have begans to construct godowns and their work is progressing.

5. *Scheme relating to the Reorganisation and Intensive supervison of Rural Credit Societies*:—(Progress of 30 Central Banks in working the scheme.)

(i) *Number of Rural Credit Societies*:—There were 12,331 such societies at the end of February 1950 of which 10,705 were good and active ones; and 580 were bad and indifferent.

(ii) *Number of villages covered and population served*:—19,225 villages were covered and 65.90 lakhs population was served by these societies in February 50, the percentages working out 54.25 and 15.9 respectively.

(iii) *Membership and paid up share capital*:—The membership was 9.86 lakhs and the paid-up share capital was Rs. 118.79 lakhs at the end of February.

(iv) *Borrowings from Central Banks*:—and others The borrowings from Central Banks amounted to Rs. 649.74 lakhs and from the others to Rs. 41.86 lakhs.

(v) *Members' Loans due to Societies*:—These loans stood at Rs. 786.49 lakhs.

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(vi) *Multipurpose activities* :—724 rural credit societies undertook multipurpose activities during the two months. So far 5,404 societies have undertaken these activities and benefited 3.76 lakhs of members and involved Rs. 23.35 lakhs.

6. *Counter Attractions to Drink* :—

(*a*) *Substitutes to Drink* :—During the two months 89 fresh tea stalls were opened in Coimbatore, Tiruchi, Anantapur, Salem districts. The use of coffee, tea, syrup, lime-juice and buttermilk is becoming increasingly popular.

(*b*) *Recreational Activities.*—Rural games, tournaments, *bhajanas*, *kalakshepams*, *kolattams*, folk dances, etc., were conducted in the districts with my enthusiasm. Some of the tournaments were presided over by the District Collectors and prizes were awarded to the winners. A cattle show was held in Salem Dt. Public radios were installed and street dramas were organised in some districts. During the period, their Ex-cellencies the Governors of Madras and Bombay visited Kakkalur in Chingleput Dt. (19-1-50). The Hon'ble Ministers for food and for Education were present at some celebrations in the Chingleput Dt in Feb. 50. Addl. Joint Regr. of Co-op. Societies and the Dy. Commissioner of Prohibition (Ameboriction) were also present at some functions in Ramnad and East Godavari Dts. The Villadi party gave a performance on "Gandhiji's life" at Rajapalayam on the occasion of the silver jubilee of the local Bhupathiraju Co-op. Bank. It was attended by thousands of villagers.

7. *Promotion of Thrift.*—During the two months 4,593 *hundi* boxes were distributed in the villages and Rs. 89,456 was saved through them. Thrift days were celebrated at many places.

8. *Propaganda* —Propaganda was continued with the help of propaganda vans. Mike equipment, gramophone records, radios, magic lantern slides, and films of moral and educational value were used. The films show propagands at the Srirangam Exhibition was much appreciated. The films shown, mostly those supplied by the Films division of the Government of India dealt with Harijan uplift, rural uplift, grow-more-food, thrift, etc.

9. *Harijan Welfare.*—"*Harijan* Welfare Days were celebrated at numerous centres. House site societies and land colonisation societies were organised in some districts. Preliminary work is going on for organising some tenant-farming societies leather workers' society, and sinking wells etc. in some district. In North Arcot prizes were given for keeping houses clean.

10. *Distribution of Quinine.*—This work was supervised by the special Development Officers in the districts.

11. *Miscellaneous Activities.*—Demonstration of palm *gur* making was given at many places. At some places. the ameliorative staff helped societies to dispose of jaggery at shandies and also to sell hand-loom and mill cloth. Numerous other activities were carried on by the ameliorative staff.

12. *General Effects of Prohibition.*—Appreciable all round improvement was noticeable in the Madras State,

G. O.'s and Circulars

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

Acts and Rules :—Co operative Societies Act—Rules—Rule XII (*a*)—Contribution to audit from not 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 1949 and ending with the 30th June 1950.

AMENDMENT.

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

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

Registrar's Endt. No. Rc. 95582/49-L, dated 27.1.50 and 14.2.1950.

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