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The Madras Journal of Co-operation

PUBLISHED BY THE MADRAS PROVINCIAL CO-OPERATIVE UNION * MADRAS *

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VOL. XLII] SEPTEMBER, 1950 [NO. 3.

ANNUAL SUBSCRIPTION:

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

SINGLE COPY AS. 10.

Phone No. 55267 Regd. No. 1284

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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

SEPTEMBER 1950 | No. 3, Vol. XLII | Price As. 10 NET

Co-operative Distribution of Fertilisers:

Co-operators are aware that our State Government have recently allowed the Co-operatives to supply chemical manures to the producer on the basis of 50 per cent by co-operatives and 50 per cent by tendered firms. But as the tendered firms failed to take up their quota and make it available to the ryots, the Government were obliged as a temporary measure to allow the Agricultural Department to sell the chemical fertilisers though it was originally decided that the Agricultural Department should not do trading but should give all its time for Agricultural work. This sale of fertilisers by the Agricultural Department has created a serious situation for the co-operatives as the Agricultural Department is the procurer and the financier and also the seller. So the Conference of the Wholesale Stores and the Marketing Societies was held on 6-9-50 in the office of the Registrar of Co-operative Societies, Madras and was attended by the Hon'ble Minister for Co-operation, the Secretary for Food Production, the Registrar of Co-operative Societies and the Joint Registrars. Sri B. Venkataratnam Choudary, M.L.A. President of the Madras Provincial Co-operative Union and Sri J. C. Ryan, M.A., Registrar of Co-operative Societies attended on special invitation. The meeting was presided over by Sri B. Venkataratnam Choudary till the arrival of the Hon'ble Minister for Co-operation. After discussing the whole situation and after hearing the position of the Government from the Secretary for Food Production, it was agreed upon that the issue price of fertilisers should be equal at the places where there are common depots of the Co-operatives and Agricultural Department. The Agricultural Department should pass on 50 per cent of the applications for loans for purchase of fertilisers to the co-operatives; and they should allow 2 per cent to be written off for wastage in the fertilisers. The only thing that could not be decided there was the fixation of the particular time for this temporary sale by the Agricultural Department and also the question of allowing the co-operatives to take up the quotas of the tendered firms and to sell on a consignment basis. For this purpose a deputation consisting of representatives of Co-operative Central Stores and Sri B. Venkataratnam Choudary, President of the Madras Provincial Co-operative Union waited on the Hon'ble the Chief Minister. The Hon'ble Minister for Agriculture and the Hon'ble Minister for Co-operation, the Secretary for Food Production Sri N. S. Mani, I.C.S., and the Commissoner of Civil Supplies Sri V. S. Hejmadi and also the Registrars of Co-operative Societies Sri J. C. Ryan and Sri K. Subrahmanyam Naidu and the Joint Registrar Sri G. Viswanatha Chetty were present. The Hon'ble the Chief Minister visualised the whole thing in a moment and decided the matter in a few minutes. He emphatically said that the Government have decided previously that the Agricultural Department have nothing to do with trading. He also said he saw no reason why the co-operatives should not be allowed to sell the 50 per cent left over by the tendered firms on a consignment basis. And it was agreed upon that the Agricultural Department should stop this business by the end of September 1950 and any quantities of fertilisers that have not been taken over by the tendered firms should be allotted to co-operatives to sell on consignment basis. We are very glad at the quick understanding of the problem and the high regard for the co-operatives which the Hon'ble Chief Minister has shown.

We hope the co-operatives will fulfil the obligations they have undertaken and will amply justify the confidence in them by our Hon'ble Chief Minister and the Government.

The Indian Co-operative Day:

We publish in this issue the Declaration of the International Co-operative Alliance on the occasion of the 28th International Co-operative Day which was held on the 10th of this month. As

the Declaration states the Day is an occasion for *all Countries to make known their determination for peace; to focus public opinion upon the prerequisites to peace.* One of the prerequisites to peace, "as expressed in the Declaration of the International Co-operative Alliance is that the standard of living and economic development in the under-developed countries shall be raised to a level more comparable with that in the more advanced countries, and particularly by the promotion of Co-operation. That does not only mean that the dependence of weaker and less developed peoples upon the richer and more powerfully equipped .... must be definitely abolished and full political freedom assured to them .... In Asia alone, countries with a population of 600 millions have thus regained their full national independence. But this is not sufficient. All these and other under-developed territories need the powerful support of international solidarity in developing their economic resources .... For this aim .... the International Co-operative Alliance in its Declaration makes an earnest appeal to the Co-operators of the World."

The International Co-operative Day is quite like a national festival in every country in the West. On that Day meetings are held, lectures are delivered, exhibitions and competitions are held and processions are taken round the locality. The solidarity of public enterprise and enthusiasm and impressiveness of Co-operative effort for mutual benefit and uplift characterise all the activities of the Co-operators of various countries. For Co-operators the Co-operative Day is no occasion for holidaying but an occasion for making known their determination for achieving lasting peace and prosperity.

We in India celebrate the Indian Co-operative Day in November every year. This year the Indian Co-operative Day falls on 4th November. This is the first Co-operative Day for the country after it became a soveriegn Republic. Readers will find in this issue the Messages of Prof. Kaji, and our Chief Minister of Madras. The Co-operative Day must therefore mean to us much more than it did hitherto. It is so even for another reason. India is now the pivot of South East Asia. It is the champion of the cause of the under-developed areas in the South East Asia. The recent activities of the country on the economic side as a member of the U.N.O. point this fact. It may also be mentioned here that the recent flight of Sri J. C. Ryan from Madras to the Far East with the Torch of Co-operation at the request of the F. A. O. is significant of the unique position of India to-day.

A great responsibility therefore devolves on India. Co-operators of our land must rise to the occasion and carry on more and more intensive propaganda. They should endeavour to drive home to the people that on co-operation depends the economic uplift of this part of the world. We hope that the nation as a whole will observe the Day as one of endeavour for national uplift. The Government of India have pledged themselves to the creation of a Co-operative Commonwealth. We hope that the Government will show their earnestness by declaring the Indian Co-operative Day a holiday as in Assam so that the nation as a whole may observe the Day.

Snags and Stumbling Blocks:

Thanks to the recent War, the Stores Movement in our State achieved excellent progress and record of work. From 237 in 1939-40 the number of primary stores increased to 1,764 in 1948-49. The membership and share capital also increased rapidly from 0.34 lakhs and Rs. 3.20 lakhs in 1939-40 to 5.83 lakhs and Rs. 111.86 lakhs in 1948-49 respectively. There are also 23 Central Wholesale Stores whose membership and share capital in 1948-49 were 12,442 and Rs. 36.70 lakhs respectively. The stores deal in food stuffs, groceries, mill cloth and handloom cloth, drugs and vegetables and other consumers goods. Their sales in 1948-49 were Rs. 23.07 crores in respect of primary stores and Rs. 25.13 crores in respect of wholsale stores.

An analysis of the sales of different commodities will show that in 1948-49 about 78 per cent in the case of primaries and about 93 per cent in the case of wholesales were accounted for by food grains and mill cloth. There was a noticeable fall in respect of groceries, handloom cloth, drugs and consumers goods. While, as the Administration Report of the Registrar of Co-operative Societies for 1948-49 states the business in controlled commodities, like food grains and mill cloth entrusted to the Co-operative stores indicates the extent to which the Consumers' Movement is encouraged by the Government, it also indicates the helplessness of the stores in the matter of standing as independent progressive institutions. This is reflected in the fall in business relating to lines which are not regulated by controls.

The stores movement has obviously not yet reached the stage when it can take care of itself. Its condition to day is more disturbing to the Co-operators than in 1948-49. For while public support

has not grown stronger, State support is tending to become weaker. The refusal of the Indian Coffee Board to permit Co-operative Wholesale Stores to prepare and sell coffee powder besides seed and the prohibition of mill cloth sale at Co-operative Wholesales by a recent Government Order are instances in point.

The Co-operative Stores needs must have State support for some time to come. Government must entrust the distribution of commodities like mill cloth and fertilisers and iron and steel to co-operatives so that they may ensure fair and equitable distribution among the consuming public and also support themselves during the period of transition. Meanwhile the stores must also endeavour to develop other lines, particularly processing, so that in the near future they may be able to stand independent of State support as in the West. They will do well to carry out intensive propaganda and enlist public support by enrolling new members and making themselves useful to the consumers so that a strong public opinion may be created in their favour.

Co-operation in the Far East:

Readers of this Journal are aware that Sri J. C. Ryan, Registrar of Co-operative Societies, Madras, was deputed by Government to visit the Countries of the Far East as Co-operative Consultant of the F.A.O. Sri Ryan has recently returned to Madras from abroad. Speaking to the Pressmen the other day, he told them about the progress of the Co-operative Movement in the countries of the Far East. He mentioned that in Ceylon there were 4,000 co-operative stores which supplied about two thirds of the domestic requirements of Ceylon and that Government were spending much money for the spread of the movement. He also mentioned that Phillippines were trying to rebuild their war-shattered co-operative movement and that in Thailand the movement needed to be reorganised on more liberallines.

With a view to make available to our numerous readers the useful and interesting details of the Co-operative Movement in the Far Eastern Countries which form part of the South Eastern *Bloc* in Asia, we propose to publish in the pages of this Journal a series of articles written by Sri Ryan. We publish in this issue the first of the series—*Land Colonisation in Siam.* It gives some details of the working of the Land Colonisation Scheme in Siam. The pictorial views of Siam which also appear in these pages help kindle the imagination of the readers. We invite the special attention of our readers to the picture showing the tethering of the animal in a way that would enable the animal to graze without difficulty. It is our earnest hope that our readers will benefit by a knowledge of the useful features of Far Eastern Co-operation that may be described in these pages.

The 28th International Co-operative Day

Sunday, 10th September 1950.

Declaration of the International Co-operative Alliance

The International Co-operative Alliance, which unites the National Co-operative Movements of 30 countries and speaks in the name of one hundred million co-operators, has, for more than fifty years, striven with all the means in its power for Peace through Co-operation, believing that the universal application of the Fundamental Principles of Co-operation offers a guarantee of Peace and Human Progress.

On the occasion of the 28th International Co-operative Day, the I. C. A. re-affirms this belief, and directs the serious attention of all its members to certain prerequisites for Peace at this time—

That, in every country of the world, the people shall enjoy freedom of thought, freedom of speech, freedom of movement, freedom to elect their Government by democratic methods, freedom to create, administer and control their Co-operative Organisations according to the Principles of Rochdale;

That the standards of living and economic development in the more advanced countries and in the under-developed countries of the world shall be brought to a more comparable level by the raising of the standards in the under-developed countries, particularly by the promotion of Co-operation;

That those countries which have accepted membership of the United Nations shall continue to collaborate harmoniously in the fulfilment of the high aims of the World Organisation in the spirit of the Atlantic Charter, particularly as regards the implementation of the principle of free access to the raw material resources of the world and, thereby, the curbing of all attempts on the part of monopolistic profit-making cartels and combines to acquire domination of such resources and to control their production, utilization and distribution;

That there shall be created an effective international control over the manufacture, in every country of the world, of all types of armaments and all other instruments of war including atomic bombs.

The International Co-operative Alliance urges its members in all countries to make known their determination for peace; to focus public opinion upon the prerequisites to peace; to use the 28th International Co-operative Day for demonstrating by all possible and appropriate means the will of Co-operators for the realisation of peace so that humanity may be saved from the fear of war, and that there may be promoted throughout the world those conditions in the relations between nations that will engender the spirit of peace and goodwill amongst and to all men.

ALL INDIA CO-OPERATIVE DAY, 1950

Saturday, 4th November.

MESSAGE BY DEWAN BAHADUR PROFESSOR H. L. KAJI

President, Indian Co-operative Union

On the occasion of the *All-India Co-operative Day, 1950*, I offer, to all workers in the cause and to all subscribers to its ideology, my fraternal greetings.

Two World Wars have been unable, it appears, to make States and statesmen realise that the only way to progress and development of mankind is through Co-operation and not by wading again and again through the horrors of titanic destructive forces, which science and unbridled ambition let loose upon the world. The pursuit of dominance, whether political or economic, is fraught with the gravest danger and can only lead to an armed clash between competiting blocs.

CO-OPERATORS have always believed in the subordination of the individual to the common good and in peace and harmony. Antagonisms, aggrandisements, aggression, are all foreign to Co-operation which desires peaceful evolution and good fellowship.

The world to-day presents a strange picture of a World War in miniature being fought out in Korea. The Far Eastern policy of America and West European Countries came in clash with the spreading influence of the Communist cult and we can only hope, that the war may be localised and not embroil the whole world.

India has chosen the right path—that of active neutrality. While recognising North Korea as the aggressor, India refuses to be drawn into the struggle, but offers its mediation for an amicable settlement. Co-operators, it is up to you to range yourselves behind Government and pursue the path of peace, progress and prosperity through Co-operation and avoid militant economic imperialism and insiduous Communism.

On this, the All-India Co-operative Day, you will do well to reaffirm your faith in the co-operative ideology, stand up for peace, resist exploitation from above, listen not to the lavish promises of the Communist and work for your uplift through your society and contribute to peace, harmony and ordered progress in the State.

The present times are very propitious for the development of Co-operation. Industrial civilisation and capitalism have reached their high water mark in America. Communism has reached its high water mark in Russia. It is for India to show that a Co-operative State, a State where Industry, Commerce, Agriculture and Transport based on principles of co-operative economics, can succeed better and attain its goal of a "Co-operative Commonwealth."

Arise, strive, work your societies with vigour and you will have done your duty to yourself and to your Country.

H. L. KAJI.

ALL INDIA CO-OPERATIVE DAY

Message by the Hon'ble P. S. Kumaraswami Raja,

Chief Minister, Government of Madras.

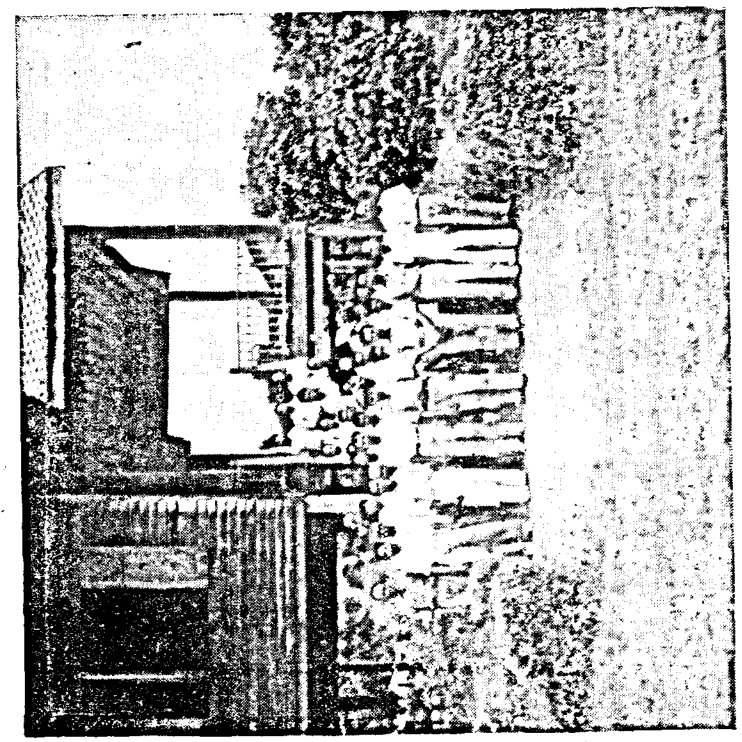
I am glad that the Indian Co-operative Day is to be celebrated this year on the 4th November 1950. That day shall be one of universal observance among co-operators and others as well, being a day of great significance to our Nation. The declared policy of our Governments, at the Centre and at the States, is the promotion of a Co-operative Commonwealth, which is also the fundamental principle and spirit of our Constitution. The days of individual efforts to advance only the individual's interests and welfare are changing, yielding place to an era of collective efforts aiming at common good of the Society as a whole. To secure the well-being and prosperity of individual alone, ignoring the good of the community, would be neither safe nor lasting; and this holds good either with persons or with nations and countries. The world itself is fast marching into formation of groups and combinations, realising as it does that only the community of interest will facilitate the promotion of general prosperity.

Co-operation implies collectivism, and it facilitates the achievement of common good to the group of individuals constituting as one co-operative unit. Co-operation generates many virtues in its members, like thrift, unity, equality and fraternity, etc. In the union lies the strength; and on co-operation depend the economic regeneration and prosperity.

The celebration of the Indian Co-operative Day shall be an occasion for rousing the co-operative consciousness among the people. I wish the celebration all success.

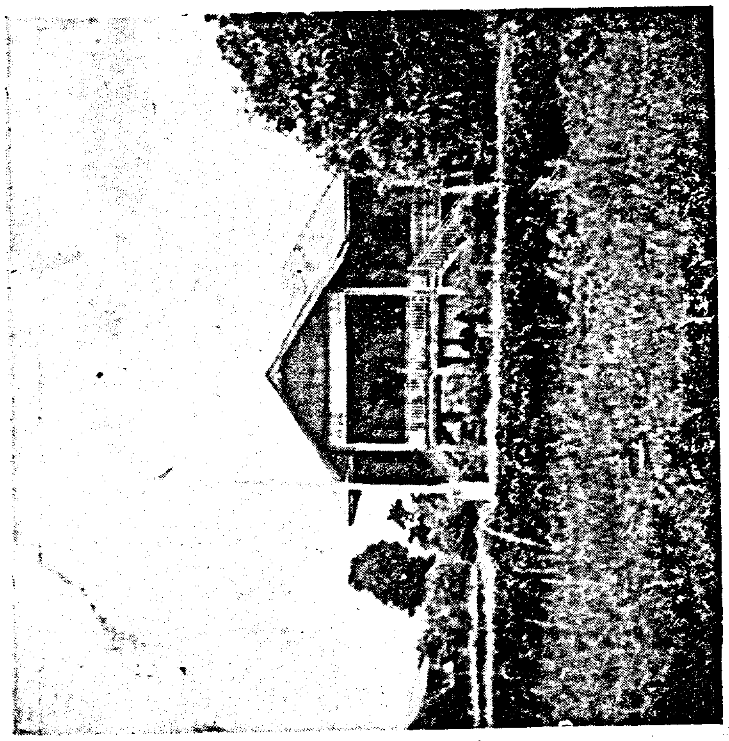
P. S. Kumaraswami Raja

LAND COLONISATION IN SIAM

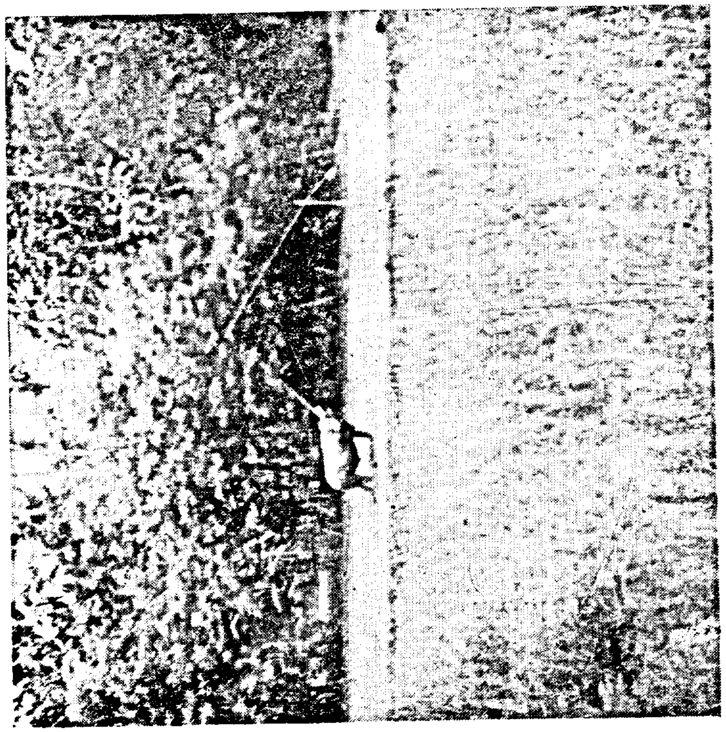


1. The colonists with the Co-operative Officers connected with the society

2. One of the colonists and his house (built for 1200 *Bhats* before the war, now worth 10,000 *Bhats* or nearly Rs. 2000.)



3. Land Colonisation Office



4. This is how the colonists tie their animals for grazing. The rope will not get entangled to stubs, but the animal may have to give a pull each time it has a bite of the grass.

Land Colonisation in Siam

J. C. RYAN, M.A.,

Registrar of Co-operative Societies, Madras

During my tours in Thailand (Siam) as the Co-operative Consultant to the F. A. O. of the United Nations, I had the opportunity of visiting a great enterprise at land colonisation initiated by the Government of that country. It was in the North of Siam, about 20 miles from Chiengmai, the second largest city in the Kingdom of Siam after Bangkok. About 15 years ago, a dam was constructed across the river Ping and a canal was dug through shrub jungles so as to bring the adjacent lands under cultivation. A portion of the lands was set apart for an agricultural farm and school, and the rest was parcelled out among landless people of the neighbourhood organised into 19 co-operative land colonisation societies. There are 443 members in all these societies cultivating 7,400 *rais* of land, at the rate of 15 *rais* or 6 acres each. I visited one of these societies known as the

Soi-Sip Agricultural Colonisation Co-operative Society

It is a society based on unlimited liability. It was registered in 1939 with 22 members selected by a special committee composed of local officers corresponding to our Sub-Collector, District Agriculture Officer, Deputy Registrar and Assistant Engineer of the Irrigation Department. Care was taken that the selected farmers were of good character, had experience in cultivation and could be relied upon to live in the colony permanently. Later, three more colonists were admitted with the approval of this special committee. All the 25 members (three of them widows of the original members) attended the general body meeting held in my presence. (Photo 1.)

The lands measuring 375 *rais* belong to Government still. Each member was assisted by Government with loans for clearing the land, for constructing houses, for purchasing plough-bulls agricultural implements, *etc.* These loans were given through the society. (Photo 2.)

Between 1939 and 1949, 27,022 *Bhats* in all (1 *Bhat*=Rs. 4.32 at present) were given in this way, 21,248 *Bhats* were repaid and 5744 yet remain to be paid. The society has also to pay Government its quota of the cost of construction of the irrigation project. Computed at 8 *Bhats* per *rai*, it had to pay 3,000 *Bhats* in all.

It has paid some part of it, and there is yet a balance of 602 *Bhats* to be paid. When this balance and the balance yet due to Government on the loans are paid off, Government will give full title to the land to each member.

What will become of the society thereafter? And what will become of the lands? Presumably, the society will continue to function as an unlimited liability credit society borrowing funds from the Bank for Co-operatives at Bangkok. In Siam, every member of an unlimited liability credit society has to mortgage all his lands to his society whether he borrows from it or not! This will probably prevent the colonists from hypothecating their lands to money-lenders, who may ultimately seize them in return for their dues. But there is nothing to prevent the colonist from stepping out of the society, if he chooses to do so. In any case, when the colonist dies, the 6 acres of land will have to be divided among his wife and children. This will render each divided plot uneconomic. The problem of excessive sub-division of land does not seem to cause anxiety in Siam yet; for, there are large extents of cultivable lands still available especially in the North and North-Eastern divisions. Even so, the population is increasing at the rate of 19.37 per thousand every year according to the last census. From a long range point of view, steps will have to be taken from now to arrest the sub-division of lands at least in Government sponsored land-colonisation schemes. In the Madras State, the Government transfer the title to the land to the Land Colonisation Co-operative Society and the latter gives the member only the right to occupy it and keep the fruits of his labour thereon. He can bequeath this right to one member of his family whom he may nominate as his heir, but the title to the land will remain with the society for all time. This Madras System is now under the consideration of the Thai Government.

At the general body meeting of the Land Colonisation Society, which I attended, it was stated that the lands of the members are irrigated by the canal all through the year. They are able to raise crops throughout the year. Paddy, soya-beans, onions, and garlic are the favourite crops. Bananas and vegetables are grown in every plot. No member employs hired labour. In heavy seasons like transplantation and harvest, each member helps his neighbour to do the job. Every member gets from his crops enough produce to supply his need throughout the year and has a saleable surplus. After

every harvest, this surplus is pooled together and taken to the market at Chiengmai for sale. The members resolved in my presence to save 100 *Bhats* each at the next harvest, in January 1951, out of their surplus produce; but the Chairman of the society was definite that only eight of them, who had cleared their dues to the society, would do it, and, himself wished to be excused, as he had loans owing to the society. Besides the income from land, the members do not have much subsidiary income, although many of them rear pigs and poultry for food. Dairying is unknown, although there is plenty of pasture around.

All the 19 land colonisation societies are under the control of a special Land Colonisation Officer. He has an assistant, two clerks and two workers. There is a rural dispensary run by Government. The total cost of the staff to Government comes to about 2,700 *Bhats* per month. In addition, the Education Department has provided an elementary school out of its budget. All the Government Officers are provided with free quarters. (Photo 3.)

The members are slowly beginning to learn to maintain the accounts of the society.

Land Mortgage Banking Through a Quarter Century*

SRI K. SUBRAHMANYAM NAIDU, M. A.,
Registrar of Co-operative Societies, Madras

Brother Co-operators,

I thank Sri Natesa Mudaliar and his colleagues for having invited me to preside over the Silver Jubilee celebration of the Ambur Land Mortgage Bank. It gives me great pleasure to associate myself with this function. The history of this bank over a long period of 25 years provides interesting reading. This bank, the second of its kind in the Madras State, was started on 13-7-1925 with 14 members and a share capital of Rs. 450. It raised funds by flotation of debentures till the Madras Co-operative Central Land Mortgage Bank was started in 1929 when the debenture issue was centralised. The area of its operations, which was originally confined to 30 villages, has steadily been extended to 177 villages in the three taluks of Vellore, Gudiyatham and Thirupathur. The Bank has now on its rolls 531 'A' Class members and 710 'B' Class members with a total paid up share capital of Rs. 35,550. It has so far borrowed Rs. 8,34 lakhs from the Central Land Mortgage Bank. The Loan amount outstanding on 30-6-1950 was Rs. 4.74 lakhs. During its 25 years of existence, it disbursed 443 loans amounting in all to Rs. 8.21 lakhs. Loans for Rs, 7.78 lakhs were issued for the discharge of prior debts and the balance for land improvement. On 30-6-1950, 309 loans amounting to Rs, 4,78,335 were outstanding against members on the security of 3,972 acres of wet and dry lands valued at over Rs. 15.82 lakhs.

It is interesting to study how far the bank has helped the ryots in its jurisdiction. Out of 28 villages in Vellore Taluk, 97 villages in the Gudiyattam Taluk, and 52 villages in the Tirupathur Taluk in the area of operations of the Bank, 20, 52 and 39 villages respectively have, in varying degrees, been covered by the Bank, leaving 66 villages which have not so far been touched at all. Even in the villages in which loans have been issued, I find that only one or two or three loans were given in many cases. The issue of loans village-war has ranged from Rs. 29,600 in Vadachari Village to Rs. 400 in the Mel Murungai Village. I believe there is a large number of eligible debtors in these villages and there is still considerable scope for tapping these villages more intensively and for extending the benefit of cheap long-term credit to a large number of deserving men. What is needed is propaganda and hard work on the part of directors as well as the paid staff.

*Address by Sri K. Subrahmanyam Nayudu, Registrar of Co-operative Societies, Madras, on the occasion of the Silver Jubilee of the Ambur Land Mortgage Bank on 6-8-1950.

I have made an analysis of the purposes for which the prior debts of your borrowers were contracted and for the discharge of which your Bank advanced loans. Of the amount of Rs. 7.78 lakhs given for the discharge of prior debts, it is surprising—I may add, rather painfully surprising—that over Rs. 3.32 lakh were loans taken for marriage and ceremonial expenses; about a lakh was taken for cultivation expenses, about Rs. 76,000 for purchase of land and Rs. 70,000 for land improvements and so on. In other words, 43 per cent of the old debts was, in an economic sense, incurred for 'unproductive' purposes. This is significant of the extent to which we spend money upon social and religious ceremonies. While we can't cut away from our age-long social customs and social opinion, I am afraid whether there is adequate economic justification for our social extravagance. Most rural debt in other countries is productive and is represented by adequate assets while, as my analysis of your loans has shown, a good part of our rural debt is 'unproductive'. This is a serious social trend of which we have to take note and your Bank will be doing a great social service if it can throw its weight in favour of educative propaganda among your members for a curtailment of their expenditure upon social ceremonies.

I am glad to note that loans for Rs. 6.74 lakhs were scaled down under the Madras Agriculturists Debt Relief Act to Rs 5.06 lakhs affording relief to the members of the Bank to an extent of Rs. 1.68 lakhs. In this way also, the Ambur Land Mortgage Bank has rendered signal service to the agriculturists.

I must congratulate the Bank on another good feature of its business. A further analysis of the loans made by the Bank reveals that 211 loans were issued for sums of Rs. 1,000 and below, 111 loans for sums between Rs 1,001 and 2,000, 49 loans for sums between Rs. 2,001 and 3,000 32 loans for sums between Rs. 3,001 and 4,000 and 40 loans above Rs. 4,000. In other words, of the 443 loans issued, 322 loans were for Rs. 2,000 and less. I am glad your bank has helped a large number of middle class ryots. The amount that was repaid in part or in full related to 134 loans for Rs. 2,07, 700. This repayment was made in 62 cases for Rs. 1,14,075 by sale of hypotheca, in 50 cases for Rs. 58,700 by the income from the hypotheca, and in 22 cases for Rs. 34,925 by encumbrances outside. I have no agency at my disposal to get enquiries made as to why such a large amount was paid by the sale of hypotheca. I believe that it is the case that your members took advantage of the high prices of land and thought it wise to clear their debts by the sale of a part of their lands and to get rid of the deadweight of debt.

The failure of the monsoons for the last few years has hit the agriculturists hard. This probably explains the small amount of arrears due by members (Rs. 1,051).

Twenty-four loans amounting to Rs. 43,250 were issued for 'land improvement, 3 of which are for repair of wells (Rs. 1,500), 20 for purchase of electric motors (Rs. 40,250), and one for purchase of an oil engine (Rs. 1,500) I gather that with the installation of this equipment, about 300 acres of wet and dry lands have been brought under intensive cultivation. I am informed that out of 177 villages in the area of operations of the Bank, there are electric connections in 35 villages and that the Bank would have issued a large number of loans of this kind but for the fact that the supply of electric energy to these villages is very slow. I am told that electric connections are not given promptly and that in Sanankuppam village, a suburb of Ambur, the applicants sent up a memorial to the Electricity Department for supply of electric power. I also gather that the borrowers find it difficult to purchase pipes and other accessories at reasonable prices in the open market. I shall try to get the needful done if the applications for supply of electric power or purchase of equipment are sent to me through the Deputy Registrar, Land Mortgage Banks. As you are aware, the Govenment, the Central Land Mortgage Bank and the Department attach great importance to the issue of land improvement loans. These loans aim at an improvement of agricultural land, *viz.*, sinking or deepening of wells for irrigation purposes, conversion of dry land into wet land installation of electric pumps or motors, *etc*. These improvements are calculatad directly to increase food production. The State and Union Governments are exerting to their utmost to maximise food production. One would, therefore, welcome the grant of land improvement loans on a large scale. I appeal to the directors not to spare any efforts in this regard.

It is pleasing to note that the Bank has been classified as an 'A' Class society in audit for the past several years. It is the biggest bank in the District. Out of the 119 banks in the State as on 30-6-'49 it ranks as the 21st in the point of total loan business.

The Bank issued loans in the beginining at 9 per cent per annum. It has brought down the rate to 5½ per cent per annum, thanks to the Central Land Mortgage Bank which now makes loans to primary banks at 4½ per cent. Through its existence the Bank has exercised wholesome influence over local money-lenders. I am informed that at the inception of the Bank, the rate of interest prevailing in the locality was 24 per cent and that it has come down to 6 to 9 per cent and in some cases to 12 per cent. This is really encouraging and to that extent, the ryots in the area should be grateful to the Bank.

It may be seen from the picture I have just outlined, that the Bank has progressed from strength to strength and has secured a place in the Land Mortgage Bank Movement. It may well be proud of this record of work. This is due to the efforts made by the successive Boards of Management of this institution. I am averse to mention or single out any

particular gentleman who has been responsible for this progress but I am informed that this progress is not a little due to the efforts of one of the pioneers, the ex-President, Sri V. Sabaratna Mudaliar, whose portrait will be unveiled this evening.

I may state that the progress of this institution reflects in general the progress of the Land Mortgage Bank Movement itself. As you know, the first Land Mortgage Bank was started only in 1925 and the progress made through these 25 years has been very marked. The Central Land Mortgage Bank which was started in 1929 mainly to finance the affiliated primary banks, had, on 30-6-1949, 505 individuals and 119 banks on its rolls with a paid up share capital of Rs. 12.38 lakhs. Its reserve fund exceeds Rs. 18 lakhs. Since its inception, the bank floated 44 series of debentures at varying rates of interest. The value of debentures now in circulation is Rs. 439 lakhs. The total amount of loans issued by it to the primary banks from the year 1929-30 to 1948-49 was Rs. 643 lakhs.

The primary land mortgage banks too have progressed splendidly. There are now 127 banks in the State. The loans outstanding against the members as on 30-6-1949 stood at Rs. 349 lakhs. During the year 1948-49, the banks disbursed Rs. 5.36 lakhs for land improvement, Rs. 3.36 lakhs for purchase of lands, Rs. 65.82 lakhs for discharge of prior debts or redemption of mortgages and Rs. 1.33 lakhs for other purposes amounting in all to Rs. 75.87 lakhs.

This striking progress of land mortgage banks, which has won the appreciation of Co-operators all over the Indian Union is in no small measure due to the great help which Government have been giving them by way of guarantee to debenture-holders, inclusion of debentures among trustee securities, partial waiver of the cost of the staff, exemption or waiver of registration fees, grant of temporary financial accommodation to the Central Land Mortgage Bank at 2½ per cent, special legislation to facilitate the working of the mortgage banks, *etc*. On an occasion like this, let us acknowledge how grateful we are to Government for their great interest in the progress and welfare of the agriculturists who form the bulk of our population. We cannot forget, too. the pioneering efforts of the late Sir M. Ramachandra Rao, Sri T. A. Ramalingam Chettiar and Sri C. S. Rathnasabapathi Mudaliar and their services to the co-operative land mortgage banking in our State.

Government have under consideration an amendment to the Land Mortgage Banks Act with a view to help large scale efforts at land improvement, such as erection of engines and pump sets and clearance and levelling of extensive contiguous areas, for which Rs. 10,000 or Rs. 15,000 may not be adequate. The draft bill provides for several persons joining together and taking a joint loan on the mortgage of the properties owned by them and making the lands liable for such joint loan. This will also help 'grow more food' schemes.

The Land Mortgage Banks lend on the first mortgage of lands. On the value of these lands depends the quantum of the loan that can be granted The hypotheca is being valued at prewar value plus 10 per cent over it subject to the condition that the value so arrived at does not exceed the average of the pre-war and post-war values. As regards wet, well-irrigated dry land or garden land, loans are issued upto 50 per cent of the value of the hypotheca. On the security of rainfed dry land, loans are given upto 35 per cent of the value of the hypotheca. Rainfed dry lands are accepted only upto 50 per cent of the total hyotheca for the loan. The prices of agricultural lands and produce have registered a steep rise. Several representations were received by the Department and the Central Land Mortgage Bank that the basis and methods of valuation require a radical upward revision in view of the prevailing market conditions In consequence, a sub-committee constituted by the Central Land Mortgage Bank went into the whole question. The sub-committee has recommneded that recorded sale values of adjacent areas may be adopted as at present, making an allowance for improvements, such as a well, electric pump, oil engine, and other capital improvements. The basis of valuation should be the highest of the values obtaining in the pre-war years 1936-40, except when the value relates to an item of inflated sale. It is considered safe by the sub-committee to value the lands at 25 per cent above the basic value instead of 10 per cent as at present. The value so arrived at should be compared with the average price level of 1936-40 and 1944-49. If the average of these pre-war and present day prices is lower than the value arrived at, such lower value alone should be adopted as the land value. As regards the quantum of loans to be issued, the sub-committee recommends that 50 per cent of the value can be issued as loans if the hypotheca consists of wet lands having a permanent source of irrigation such as a river, tank, canal or other permanent source, or if it is garden land or dry irrigated land growing any crop other than plantation crop. If the hypotheca consists of dry lands systematically cultivated *i.e.* cultivated every year without fail, 45 per cent of the value may be given in the case of black cotton soil and 40 per cent in the case of other soils. In the case of unsystematically cultivated dry lands, 35 per cent of the value of hypotheca can be issued as loans. The committee has also stated that wet, garden or systematically cultivated dry lands need not be linked with each other and that as regards the unsystematically cultivated dry lands offered as security, 50 per cent of the hypotheca should be systematically cultivated dry lands and/or 33⅓ per cent of the security should be in the form of wet and/or garden lands. The present individual maximum credit limit of Rs. 15,000 in deltaic areas or other areas assured of regular irrigation facilities has been recommended to be retained and extended to garden lands and systematically cultivated dry land. The recommendations are under examination. When implemented they will go a long way to help the borrowers considerably.

You are aware that consequent on the effect of post-war conditions, prices of agricultural land and produce have increased. This period of boom is one when every effort should be made to conserve the surplus income of the ryot, to promote savings and to utilise these savings for the liquidation of his debts or to invest productively in a manner which will stand him in good stead in a period of depression which may probably follow the boom. As a matter of ultimate prudence, a ryot in a period of high prices, has to save and provide for reserves against a probable slump. We know that the latter half of the decade ended 1920 was marked by a rise in prices due to world shortage of food supplies. Consequent on the World War I the prices were more or less steady or fluctuated within narrow limits between 1920-27 when a decline set in. The slump became pronounced in 1930 and continued till 1934. This resulted in foreclosures and sales of land for the discharge of debts which characterised the depression period. It is necessary that everyone of us should drive home these lessons to the ryot. It is only during the boom period that we must impose a restraint on the borrower and prevent his tendency to over-borrow. If instead of that, we encourage the borrowing which a shrewd ryot can prevent by a careful budgetary adjustment of his resources, I am afraid we will be doing him a disservice. I like to invite your attention to the views of the Indian Famine Enquiry Commission on the subject. They say "We attach great importance to the cultivation of the saving habit and the advance of excessive expenditure on ceremonial functions, on litigation and the like. The experience of the decade following the last war when there was a general rise in unproductive expenditure provides a warning which should not be ignored. Again, debt is frequently due to extravagant expenditure often incurred unwillingly owing to pressure of social customs." They, therefore, recommend a savings campaign through propaganda in the rural areas, linking the need for savings with the requirements of schemes on rural economic development and where necessary and feasible, legislation in order to check those customs which compel individuals to incur expenditure beyond their needs.

I have long been repeating that land mortgage banks should not confine themselves to the issue of loans and that they should take positive measures for stimulating savings among their borrowers. I extract below what I said on this subject some time ago :

"An interesting proposal made in this connection is the institution of a Provident Fund to which the borrower should be required to contribute annually a fixed sum in addition to his annual instalments due on the mortgage debt. The suggestion is that the instalment to be paid to the Provident Fund may be fixed with due regard to the ordinary surplus in a normal year so that the instalment on the mortgage debt and the contribution to the Provident Fund may well together total the amount of surplus income in a normal year. While the recovery of the mortage debt instalment must necessarily be rigid, the recovery of the Provident Fund contribution may be more elastic, the bank granting suspension of the instalment in year of poor harvest though it should not altogether be remitted. The Provident Fund will bear interest which is nearly equal to the rate of interest charged to the borrower on the loan. Provision may be made for temporary advances being made to the borrower from the Provident Fund for legitimate purposes or in years of poor harvest for payment of instalment due on the mortgage debt. It may also be provided that when the Fund reaches a prescribed amount, future contributions may be appropriated to the liquidation of the mortgage debt, if the borrower so desires. When the amount of the Provident Fund equals the amount of outstanding debt it may be applied to the discharge of the debt. The payment of the annual contribution to the Provident Fund must necessarily be one of the conditions of the loan duly entered in the mortgage bond. This suggestion is based upon the realisation of the fact to which I have just referred, namely that the mere provision of long-term credit facilities without simultaneous facilities for investment and for the devlopment of thrift habit would not produce those reforms in the existing rural financial system which are essential to the economic development of the country-side upon modern lines. May I earnestly commend this to your consideration? Though I am conscious of the difficulties involved in the universal enforcement of this arrangement, don't you think that you can make a beginning in some select banks?"

I made this suggestion over three years ago. There was no response. But I do not feel depressed on that account. I would earnestly repeat this suggestion for the consideration of the Central Land Mortgage Bank and select banks so that a small beginning at least may be made somewhere.

There have been occasional complaints about the delay in the disposal of loan applications and the consequent inconvenience to the borrower. I am examining this question in consultation with the Central Land Mortgage Bank. I may also state that one of the causes of delay is the applicant himself. He needs education about the particulars and documents he should furnish the Bank to expedite the process of scrutiny. I am taking steps in consultation with the Central Land Mortgage Bank to have a folder of instructions prepared in English and Regional languages containing points which the borrower should know and act upon.

The development of the Madras Co-operative Central Land Mortgage Bank depends directly on the development of the primaries affiliated to it and *vice versa.* Banks which have registered steady progress, as has been the case with your Bank, lend strength to the Provincial institution. You have been lucky in securing Sri B. Venkataratnam, the young and energetic President of the Central Land Mortgage Bank, for inaugurating this Silver Jubilee. His presence here should be a source of encouragement to the Bank. I am sure that with the help of the central institution, your Bank will be able to carry on its useful work and help an increasing number of agriculturists in its jurisdiction. The land mortgage banks have a large role to play in the future agricultural set-up and rural economy, and it is my hope and prayer that the directors including your youthful President, Sri Natesa Mudaliar, will endeavour to make the future of the Bank much brighter than its past.

Some Suggestions for Developing Land Mortgage Banks*

SRI B. VENKATARATNAM,

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

Mr. President and Brother Co-operators,

I am happy to convey to you the happy feelings of the Board of Directors of the Central Land Mortgage Bank on this occasion. As a representative of a Land Mortgage Bank organised and worked like yours prior to the Central Land Mortgage Bank I am proud to associate myself with this happy function.

I may here recall the circumstances under which Land Mortgage Banks in the Madras State came into existance. The District Co-operative Central Banks which finance the village credit societies accept short-term deposits. These funds are advanced to village credit societies for issuing loans to individual ryots for short-term purposes. But in actual practice, it was found that loans for medium terms ranging up to seven to ten years were also advanced by the societies. The authorities in charge of the movement felt that there might be a financial breakdown if the Central Banks should fail to repay their depositors on the due dates on account of non-collection of the amounts from their borrowers. They, therefore, decided that the long-term credit branch of the movement should be built up. They took the Land Schaften of Germany as their model and proceeded with the organisation of such banks. The Kancheepuram Bank and the Ambur Bank were the earliest to be started. This shows what amount of confidence the early pioneers of the Ambur Land Mortgage Bank inspired in the investing public and the authorities of the day. It is our duty to pay homage to those selfless workers who by their hard work built up this institution to its present state.

In the early stages these primary land mortgage banks had to secure funds for the debentures. Government promised to subscribe to their debentures to the extent of the subscriptions obtained by them from the public. Being small institutions, they could not command all the amount needed by them and hence the authorities decided to start the Central Land Mortgage Bank and centralise the issue of debentures.

As I have already said, the most important reason that weighed with the authorities in the organisation of land mortgage banks was that long-term credit should be dispensed by institutions which obtain long-term deposits, so that they would collect back the amount from the borrowers by the time the deposit matures for payment. When these land mortgage banks were started interest rates were high and they had to pay as much as 6 per cent on their 20-year debentures. Consequently, the lending rates had to be kept at 8 per cent. Even at the high rate of 6 per cent, these small units could not attract sufficient resources. Unlike in other

* Opening Address delivered at the Silver Jubilee of the Ambur Land Mortgage Bank, Ltd. on 6-8-50.

countries, in our country any one who has money can practise money lending. So in our villages and towns, those who had the money, instead of investing in the debentures of these banks, preferred to lend directly to individuals at rates equal to or higher than the rates at which these banks could lend to their members. These banks could not become popular firstly because their rates were high and secondly because their resources were not adequate to meet the demands for loans. With a view to overcome these difficulties, the Government decided to have a Central Agency and the Central Land Mortgage Bank was registered in December, 1929.

The great Economic Depression had set in when the Central Land Mortgage Bank was started. Interest rates were ruling very high. The Government of India had to borrow on its 5-year Treasury Bonds at $6\frac{1}{2}$ per cent and money was scarce every where. The $3\frac{1}{2}$ per cent Government of India Bonds were sold as low as 55 per cent. Longer dated securities could find little response in the market. The Central Land Mortgage Bank's first series of debentures bearing interest at 6 per cent could not attract sufficient funds. It had, therefore, to issue its second series of 10-year debentures at $6\frac{1}{2}$ per cent. With the active assistance and help of the Madras Government, the Central Bank was able to secure funds required for financing Land Mortgage Banks from co-operative and local fund sources. It was from the year 1934 that the capital market conditions changed for the better and except for a short time after the starting of the second world war, the Bank was able to secure funds required at highly competitive rates ranging from $2\frac{3}{4}$ to $3\frac{1}{2}$ per cent. As and when cheap funds were available the Bank redeemed high interest bearing debentures and passed on the benefit of reduction to the ultimate borrowers. From 1937 onwards the Bank began borrowing at 3 per cent. For almost two years, between 1940 and 1942 the Bank had to raise its borrowing rate to $3\frac{1}{2}$ per cent. Practically the rest of its borrowing had been at 3 per cent. In 1946 the Bank raised two series of debentures at $2\frac{3}{4}$ per cent. The first was a striking success while the second failed. This was in February, 1947. Since then there has been a slow but steady and definite deterioration in the money market conditions. Between 1943 and 1946 long term-loans were popular and the yield on long-term scrip was low. The $3\frac{1}{2}$ per cent paper which I said was quoting at 55 in 1930 and 1931, sold at Rs. 106-4-0 in August, 1946, just before its conversion. People bought this loan in the hope of converting it into 3 per cent 1986 loan or $2\frac{3}{4}$ per cent 1976 loan at 99 per cent. Such was the popularity and rush for long dated Government Securities in 1946. It looks really strange how people's minds change so greatly. The 3 per cent 1986 loan is now being sold at about 97 per cent. The shorter dated loans which were quoting lower in 1946 are now selling at much higher rates. In fact, the position now is that it is difficult for any long dated loan to go through the market at any reasonable rate of interest. Recent events in the stock

market amply prove what I have said. Presumably because of this, the Government of India as well as the State Governments have recently come into the market with medium-dated loans of 14-year and 10-year duration. In these circumstances it is a matter for consideration as to the period of the debentures to be floated by the Bank. If it decides to float 20 year debentures, it appears almost inevitable that the rate of interest has to be increased, which means that the ryot will get his loan at a higher rate. This is a situation which we all should strive to avoid. The alternative to this is that the Bank will have to float debentures for a shorter period than 20 years. This cuts at the very root of the practice followed all these years that long term loans should be issued only out of long term deposits. The Land Schaften which formed the model for our banks when they were started issued long term bonds in the name of borrowers for the amount of loan sanctioned to them. The borrowers had to sell them to banks and investment houses and realise the money. This practice meant that the period of the loan and the bond coincided. In a different way we in Madras have observed the same principle.

Now it is for consideration whether we can reduce the period of the loans to the borrowers to ten years and raise 10-year debentures. There is a strong economic argument in favour of such a step The prices of all commodities are very high and every one knows that these cannot be maintained at such a high level indefinitely. Some Economists point out that the ryots should be given an opportunity to derive full benefit from these prevailing high prices and should be compelled to utilise the surplus in their hands to repay their debts in a short period instead of allowing them to spread it over a longer period. Even now the borrower is at liberty to make advance repayments and clear the loan earlier at his pleasure. There are no obstructions to such payments as in foreign countries. For instance in England if a borrower pays any amount over and above the stipulated instalment he has to pay a premium of 5 per cent. But in our system advance repayments are freely permitted. So the borrowers are reluctant to agree to shorter dated loans. In fact, there is a section of economists who strongly refute the suggestion of those who say that there is a surplus with the agriculturists. They say that high prices have greatly increased the costs of production and reduced rural savings and so the ryots will not be able to meet heavier instalments to repay their debts in shorter periods. In fact this was put to the primary banks more than once and they always showed a disinclination to have loans for periods less than 20 years.

The question, therefore, resolves itself into this viz., that the period of the loan should be left as it is at 20 years but the period of the debentures should be fixed at about 10 years or such other period which is readily acceptable to the investing public if we are to keep the borrowing rate at its present level of 3%. This means that the sinking funds in respect of such debenture loans will not accumulate funds to pay off the debentures at maturity. In the U. S. A. the Federal Land Banks which issue loans for much longer periods than 20 years issue debentures for much shorter periods than 10 years. They seem to think that the theory that the period of the debentures should at least be equal to the period of the loan if not more, is amateur banking and a mere fetish and that as long as a mortgage is avaliable in their hands, they could raise a debenture loan with its backing. But this easy outlook they could develop because of the highly organised state of their finance market and the plethora of funds at their command. Their's is a an expansionist economy and their faith in that economy is so strong and deep rooted that their calculations seldom fail. Our economy and our money market are not so well organised. Hence any step we take should be taken with the utmost precaution.

For the last three years, the Central Districts have been experiencing drought conditions. Even this year the monsoon is not strong. With the frequent failure of rains the difficulties of agriculturists are mounting up. On the one hand, they are not able to make both ends meet. On the other hand, they will have to meet their obligations to the banks and keep their credit. With successive failures this has became an urgent problem. Some method has to be devised by which the borrowers will be enabled to keep up their obligations to Land Mortgage Banks during years of crop failure. Your own bank used to collect its instalments in time and never allowed the members to fall into arrears. But I see that at the end of June, 1950, the members' arrears to your Bank amounted to about Rs 1,300 in 18 loans. This, I believe, is the direct result of years of drought. I suggested to the Government, that they may constitute a Revolving Fund of Rs. 5 lakhs from which primary banks may draw the instalments of borrowers who have fallen into arrears for reasons beyond their control and on the certification of a duly constituted Governmental authority. The Government, however, have asked the Bank to constitute such a fund. The constitution of such a fund by the Bank is itself a difficult problem and even if one is to be built up, it can be done only over a number of years. But shis problem does not admit of delay and Government will have to come to the rescue of agriculturists who have been hard hit by drought. The matter has been taken up with the Government and I am hoping that they would see their way to affording this much needed relief to the agriculturists.

There are at present 125 land mortgage banks affiliated to the Central Land Mortgage Bank. 18 of these Banks were started prior to the Central Land Mortgage Bank and the rest have come into existence later on. On the whole it may be said without fear of contradiction that the working of these banks has been smooth. Party factions which play a prominent part in other walks of life, have, I am glad to say, been absent in the Land Mortgage Banks. Co-operative Institutions have been organised for the economic betterment of the people and there is really no place for party bickerings in such institutions. I am sure our people will realise the importance of keeping off politics from these institutions, thereby enabling them to serve more efficiently the economic interests of their members.

I am glad the Ambur Land Mortgage Bank has completed 25 years of its useful existence and I am sure with the sound traditions built up by its founders it will grow from strength to strength and serve the interests of the people in its jurisdiction.

I have great pleasure in inaugurating these celebrations.

Co-operation in our State—A Retrospect*

SRI A. RAMACHANDRAM PILLAI, B.A., B.L.,

Chairman, Reception Committee, VII Tamil Nad Co-op. Conference

The Hon'ble The Chief Minister, Registrars and Brother Co-operators,

I welcome you all heartily to this Tamil Nad Co-operative Conference at this holy place of Rameswaram, on behalf of the Tamil Nad Co-operative Federation and the Reception Committee.

The Achievements of the Ministry:

This is the third Conference held after the close of the global war and the achievement of our Independence. People are not yet rid of the sufferings of the war-time and not yet able to enjoy fruits of freedom. The failure of the monsoon in the South has aggravated the situation by ruining the crops. The activities of a section of our own countrymen who are indulging in profiteering are adding to our suffering. A third source of worry is the mischievous activity of the Communists. We must appreciate the able way in which our Hon'ble Chief Minister is endeavoring to give peace to the State and to save the people from suffering. People fear every where that the Korean War may develop into a world conflagration. If war should really break out our position will be intolerable. Our national leader, Pandit Nehru is endeavouring to prevent such a damage. Let us pray that he might succeed in his attempt.

The Debt Burden:

The villagers who are mostly agriculturists are economically backward. The Co-operative Movement aims at improving their condition. But all these 45 years of the Co-operative work has not raised their standard of life. We cannot rest contented with publishing statistics showing the numerical growth of the credit societies, the increase in the share capital and their loan transactions. By how much has the Movement reduced the burden of debt of the agriculturists? To what extent has this economic condition improved? How has he progressed in credit, discipline, thrift and self-help? We much look into these matters and seek methods for improvement. Three things have to be noted in this direction: Firstly, facilities for grant of loans at low rates of interest; secondly, facilities for growing more agricultural produce and selling at good prices; and

*Welcome Address delivered at the VII Tamil Nad Co-op. Conference at Rameswaram on 28-7-1950.

thirdly supply of manures, agricultural implements, etc. at fair prices. Let us see what the Co-operative Movement has achieved in these three directions: From the inception of the Co-operative Movement, till the even of the global war, the agriculturists derived indirect, rather than direct benefits from Co-operation; for the Movement helped reduce the rates of interest of money lenders. But after the Government rules and regulations regarding loans came into force, the conditions under which money-lenders advanced loans became rigid. The agriculturists are put to difficulties as co-operatives are unable to advance the necessary loans in full and in time. As a result of the proceedings instituted by the societies against the agriculturists who were in heavy arrears, the agricultursts who were trying to get rid of the money lenders were again obliged to approach them for loans at high rates to meet the societies demands. This worked great hardship particularly in districts which have no river irrigation. At the same time we cannot but condemn the irresponsible management of the office-bearers of some societies out of selfish motives. Their acts are likely to undermine the co-operative movement. This should be stopped forth with by eliminating all self seekers from the societies though they be rich and influential. The last war has generally lowered the honesty and straight dealings of some people. Co-operative Central Bank authorities should visit villages, and remedy defects by constant propaganda. And other desirable method is to select some agriculturists in each society and to meet their loan requirements in full and forbid their contacts with money-lenders by suitable restrictions. This may be tried in some societies to begin with.

"Sinking of Wells" Scheme:

Digging tanks and wells, and installation of pump sets are among the schemes of Government for improving irrigation facilities. We must request the Government to utilise the services of co-operative societies in this matter. In practice the agriculturists are having difficulty in getting the subsidy and the extra amount required for digging the wells. The Government must entrust the distribution of the subsidy to the co-operatives. The extra amount required for sinking wells must be advanced by the societies on a five-year loan system. Construction of the wells by the societies for the agriculturists without giving the loans or subsidy in cash would be a desirable improvement. In this connection it may be mentioned that a scheme for sinking a hundred wells for Ramnad District was

not approved by the Government. The Government may be requested to re-examine the scheme and put it into effect through co-operatives in Tamil Nad. Co-operatives should also advance loans to agriculturists for installing pumping sets in wells. The Registrar is quite willing to suitably amend the rules for advancing loan amounts.

Co-operative Sale Societies:

The present attraction for town life among the villagers is rather deplorable. People are going to towns frequently and wasting time and money there. They are not working as hard as before. As they seek the help of hired labour for agriculture and other purposes, hired labour has become scarce and costly. Efficiency has suffered. For good results, one should work himself first as in the West. He should devote at least a part of his time for his work. During the off season the agriculturists must ply one or two cottage industries. If the villages improve economically as a result of this self-help activity, all the urban entertainments can be introduced in the country side and rural life may be made pleasant. Producers are affected since they are not able to get a good price for their produce and since much profit is going to the middlemen and merchants. The agriculturists do not take sufficient advantage of the facilities offered by the co-operatives with the object of making the producers themselves merchants to sell their produce. I believe that Sri R. V. Ramasundaram Pillai, who is running efficiently the co-operative marketing society at Rajapalayam will express his valuable views on the subjects at the Marketing Societies Conference over which he is to preside presently.

A Boon:

And now about manures, seeds, agricultural implements, etc. so essential for agriculturists. These materials should be available in good quality and at reasonable price and in the proper season. Who does not know the sufferings of the people to obtain them after the War? Even Government's efforts have been of little avail all these days. However, the present Government order directing the distribution of the manure and implements through co-operatives is a great boon. But those who take up this work must feel and act with a sense of responsibility in the best interest of the ryot and the co-operative movement. I am sure the co-operatives will play their part properly. On the part of the villagers it must be said that dwelling in utter ignorance is not to their advantage. Since co-operation is going to play an important role in national life in future people should know what co-operation means. Societies should admit as members only those who know their duties and responsibilities and the principles of co-operation.

Scheme of Multi-purpose Co-operative Societies :

The two-year scheme of the Government for reorganisation of credit societies into multi-purpose ones is not conducive to the development of the Co-operative Movement. It is only possible to expand with due regard to the needs of the people and the other circumstances. The results of the attempt to expand the activities and increase the loan transactions rapidly have been bitter in many places.

Urban Banks :

Co-operative urban banks are meeting the financial needs of the urban middle classes, labourers, small merchants, etc. only to a small extent. In cities there are many money lending concerns which advance loans at 20 to 40 per cent on daily instalment basis. Urban banks should come forward to advance loans on daily or monthly instalment basis so that urban borrowers may be brought into the Co-operative fold for their own betterment.

The Plight of the Handloom Weavers :

It is necessary to consider the plight of many handloom weavers in our country. During the war time they earned much and after the War their position deteriorated. Though the Government have taken steps to help them there is still some difficulty in tackling the problem. Yarn is scarce and hence there is not enough work for the weavers. The cloth produced has no market and hence the accumulation of stocks. In spite of the slump, the weavers do not take up other occupations. Steps must therefore be taken to find out how they may be enabled to ply their calling and earn a regular settled income.

Co-operative Stores :

After the War, co-operative stores have expanded very much and have rendered invaluable service to the people. They mainly help check the rise in prices and root out the black trade in some measure. Co-operative wholesales did good business and earned good profits and increased their reserve funds. But they were given

the sale of mill cloth and unsaleable varieties were dumped on them. Consequently the stores sustained some loss and were obliged to draw from the reserve funds to make good the loss. In such a situation the G.O. prohibiting the sale of mill cloth by the stores made the position worse. This policy must be changed and good varieties of mill cloth must be given to stores. The Government must be prevailed upon to do so. It has now been arranged to sell manure and agriculture implements through co operative wholesales. This responsibility can be undertaken only if this arrangement is going to be permanent and the policy is settled definitely. Otherwise the balance of the reserve fund may disappear. This must be driven home to the Government. There can be no better service for the stores than to procure and husk paddy, crush oil seeds, run flour mills and sell genuine goods to the public at fair prices. This will help improve public health. The primary urban stores are doing good work. Whether the stores can face trade competition during normal times is a matter for consideration. The stores should not simply be commercial institutions but should do some propaganda for enlisting public sympathy and support. They must win public confidence by producing and selling genuine oil, flour, nuts etc. Village stores are rapidly declining after the War. In some of them only rationed articles are sold. Some are not working well due to the inadequate business knowledge and improper account keeping and slack control of the staff and the management.

Small Industries :

Milk supply societies, house-building societies, agricultural improvement societies, cottage industries societies, etc. are working in many districts. People are not yet keen on having improved breeds of cows which can give much milk at low costs. I think such schemes can be introduced in the country only after the country becomes prosperous. House building societies have done some work in some places. Agricultural improvement societies and cottage industries societies have been started only in some places and are working on a small scale, We must examine if every place there is a credit society, a cottage industries society can be started after considering the feasibility and the members of the society be encouraged to take to these industries. The time has not yet come when people would do things without compulsion. Once they see the advantages they would not leave the work.

General:

The Government have appointed a large staff for co-operative expansion. The movement would progress only if both the Department and the non-officials pull the cart together. The Government have proclaimed time and again that the out look of the Government officials must change and that they should move with the people closely. On the non-official side also it is essential that the workers must realise their responsibilities and duties to the people. It is desirable that the officials should be in touch with the societies without any sense of superiority. One great defect with the Movement is that neither the officials nor the society managements have properly understood how to maintain accounts. Accounts should not be made to suit the whim and caprice of the managements or of the officers of the department. Both sections will do well to sit together and prepare an Audit Manual for guidance. Every year conferences are held and resolutions are passed. The Institutes must see that they are implemented.

We have undertaken boldly to conduct a Conference here and to provide facilities to the best of our ability. I request you not to mind the short comings and inconveniences you might notice. Let me convey my grateful thanks to Dr. P. Natesan for hoisting the Co-operative flag, to the Hon'ble the Chief Minister for opening the Confernce, and to Sri M. Vedachala Mudaliar for Presiding over the Conference and to Sri K. Subrahmanyam Naidu for opening the Cottage Industries Exhibition.

The Need for Better Rural Production and Marketing*

SRI R. V. RAMASUNDARAM PILLAI,
President, Co-op. Marketing Society, Rajapalayam

Dear Brother Co-operators,

I express my heart felt thanks to the Tamil Nad Co-operative Federation and the Reception Committee for giving me the privilege of presiding over this Conference. I am an agriculturist. I have not much experience in business; yet with the little experience gained in the last 25 years of my association with the Co-operative Movement, I desire to make a few observations.

Sale Facilities

It is over two years since the Country attained freedom. Some are of opinion that gold will grow in a free country and that the people will suddenly grow rich. They are wrong: They do not pause to consider how their condition can be improved without their efforts and will. The agriculturists labour, sell their produce for whatever price they can get, repay a part of their debts and continue to borrow further while a part remains unpaid. In such circumstances there is no prospect of improvement in their economic condition. The agriculturists do not get a return in keeping with their labour because the methods they adopt are defective. Firstly in the present methods, the yield that an average agriculturists can get is low. Secondly he disposes of his produce soon after harvest for a low price. The merchants purchase it, store it, grade it according to quality, convert it into articles of use, and sell it for a good price and get large profits. This must change; and only if the agriculturists themselves become merchants will their conditions be improved. Though many co-operative credit societies and co-operative sale societies have been started to give loans to the agriculturists at low interest, to store their produce for some time and sell it, to supply manure and agricultural implements and carry on agricultural operations by improved and modern methods, the agriculturists do not take advantage of them. Firstly the facilities afforded by the credit societies are not sufficient. Members get loans only once a year and that too if the society is not in default in the instalments due to the Central Bank and the Supervisors have the time. But the merchant advances loans whenever required and ultimately secures the produce. In the Co-operative sale societies, the merchants join as members in large numbers and pledge the produce which they have secured from the agriculturists by advancing loans to them, with the societies and take loans at low rates of interest and increase their income. That is what happens in actual practice. In the present circumstances the sale societies do not

*Presidential Address delivered at the Co-op. Marketing Societies Conference held at Rameswaram on 28-7-50 by Sri R. V. Ramasundaram Pillai.

have adequate facilities to attract the agriculturists to them. The ignorance of the agriculturists has not been removed. They are not able to free themselves from their old habits and practices. Apart form this they are in such a position unable to get out of the clutches of the merchants. After the war, especially the agriculturists in areas not fed by river irrigation go on borrowing from whomsoever they could approach at whatever terms demanded.

Co-operation in America

We learn that in Western countries agriculturists are deriving great benefits from the co-operative sales societies. It is said that in America 7,400 co-operative sales societies are working. Of them 30 per cent are engaged in sale of food grains another 30 per cent in milk supply, 12 per cent in sale of fruits and vegetables and 9 per cent in cotton. In Tamil Nad in Salem District we learn that regulated credit system has been introduced and the work of the village credit societies and the sales societies have been co-ordinated and they are working in a way beneficial to the agriculturists. In Madras State there are 13,740 village credit societies and 240 sales societies. The village societies have advanced about Rs. 5 crores on loans to agriculturists. The sales societies have advanced loans upto Rs. 1½ crores and sold Rs. 1½ crores worth of goods on behalf of the members. So long as the food grain procurement scheme and controls are in force, the sales societies can give any help to the agriculturists about the sale of their food produce. Yet these societies can help in increasing the food grain production and so on. One or two sales societies own tractors and help in ploughing the lands well. Some societies have purchased pump sets and hired them to the agriculturists and save crops which were about to wither away. Also some have helped by supplying chemical fertilisers, seeds etc. Yet this is quite insufficient. We cannot rest content with some statistics about these.

Detailed Plan

We must examine how all the agriculturists can be brought under the roof of the co-operative sale societies and provided sufficient facilities, how the yield can be increased and the intervening middlemen and merchants can be removed and how they can be made to do business themselves directly and enjoy the income in full themselves. If this object is to be achieved, every sales society at the beginning must embrace all the villagers in a particular area and make all the agriculturists in them members. To free the members so admitted from the clutches of the money-lenders and merchants the village credit societies must liquidate all their debts. The sales societies must help in the matter of manures, seeds irrigation facilities, etc., required by the agriculturists. The village credit societies must advance the entire loans whenever required by the members for agricultural and other expenses. After the harvest, the sales societies

must take all the produce after leaving whatever is required for the use of the members, and either store it there or convert the raw produce into finished or semifinished materials and sell them for a good price without the intervention of the merchants and thus enable the agriculturists to enjoy the entire income thereof. There can be no better service that the co-operative movement can do to the people than this. This will appear difficult at the beginning: In the first place intense propaganda must be done among the agriculturists. In each sales society apart from manure, seeds, implements, and machinery, facilities must be provided at all suitable places for converting the raw products into required articles and help must be given. Only then can the Scheme be successfully worked. Otherwise without having any of these facilities, it will be futile to have sales societies and try to help the agriculturists. By providing these many facilities, many agriculturists will come forward to join of their own accord. The development of co-operative societies depends on the integrity of the members in their dealings with them. Then I believe it will be possible to expand the activities and area of work of the sales societies little by little and ultimately bring all the villages into the fold of the co-operative movement. It is my belief that though my scheme is large. by this means only can the co-operative movement take root among the agriculturists and spread.

Agriculture is done only during certain months of the year. During other months, the other members of the agriculturist's family who are not employed in agriculture must find some other employment and augment their income. All people in the country must work at least eight hours a day. It will also be better if it were laid down that all the members of the family of a member of the sales society should be bound by such a rule. Apart from agriculture, people must be made to take to cattle-and sheep-rearing, poultry keeping, milk supply, mat weaving, coir making, basket making, handloom weaving and such other cottage industries for which the place may be suitable.

Handloom Weavers

After sale of agricultural produce the next thing to be provided for is the sale of handloom cloth. The position of the handloom weavers is liable to great fluctuations. They earned much during the war time and were prosperous. Now they are suffering owing to insufficient yarn for weaving and accumulation of unsold cloth, and inability to get a good price for their articles. While this is so, those who purchase such cloths accumulated for a long time complain that they do not last long. A scheme to satisfy both parties must be drawn up. It is not quite advisable for weavers to depend upon this vocation alone entirely. Only one or two members of a family should take to this profession. The others must engage in some other work and learn it. If there is business honesty and capacity there will always be public patronage to the handloom cloth which lasts longer than mill cloth.

Subsidiary Occupations

The next thing we have to consider is about milk supply and sale. The villagers and the city dwellers can have this as a subsidiary occupation and derive much benefit. We cannot but regret when we look at our backward condition in this occupation when compared with Denmark and other countries, where milk is produced in large quantities, and the world market is controlled and milk is sold in tins and in powder form. Many people have the objectionable habit of utilising the services of cows for ploughing purposes. Every agriculturist must maintain a good cow which yields good milk in plenty. By selling the milk in a pure condition through co-operative organisations for a reasonable price not only will the number of those purchasing and using milk multiply, but those that maintain cows will also get good income. Recently many milk supply societies have been started and are doing yeoman service to the milk consuming public. But it must be said that the milk producers who have joined these societies have not bought good breed cows and maintained them and improved their own economic condition. It will be better of it were laid down that those who borrow money from the Government or the Banks for purchasing cows must purchase only high yielding cows of good breed.

Besides this, enough has not been done in the villages for the co-operative sale of the eggs produced there. Even poultry farming has not sufficiently developed in the villages. The villagers must take to this occupation and learn to pursue it with profit for improving their economic condition.

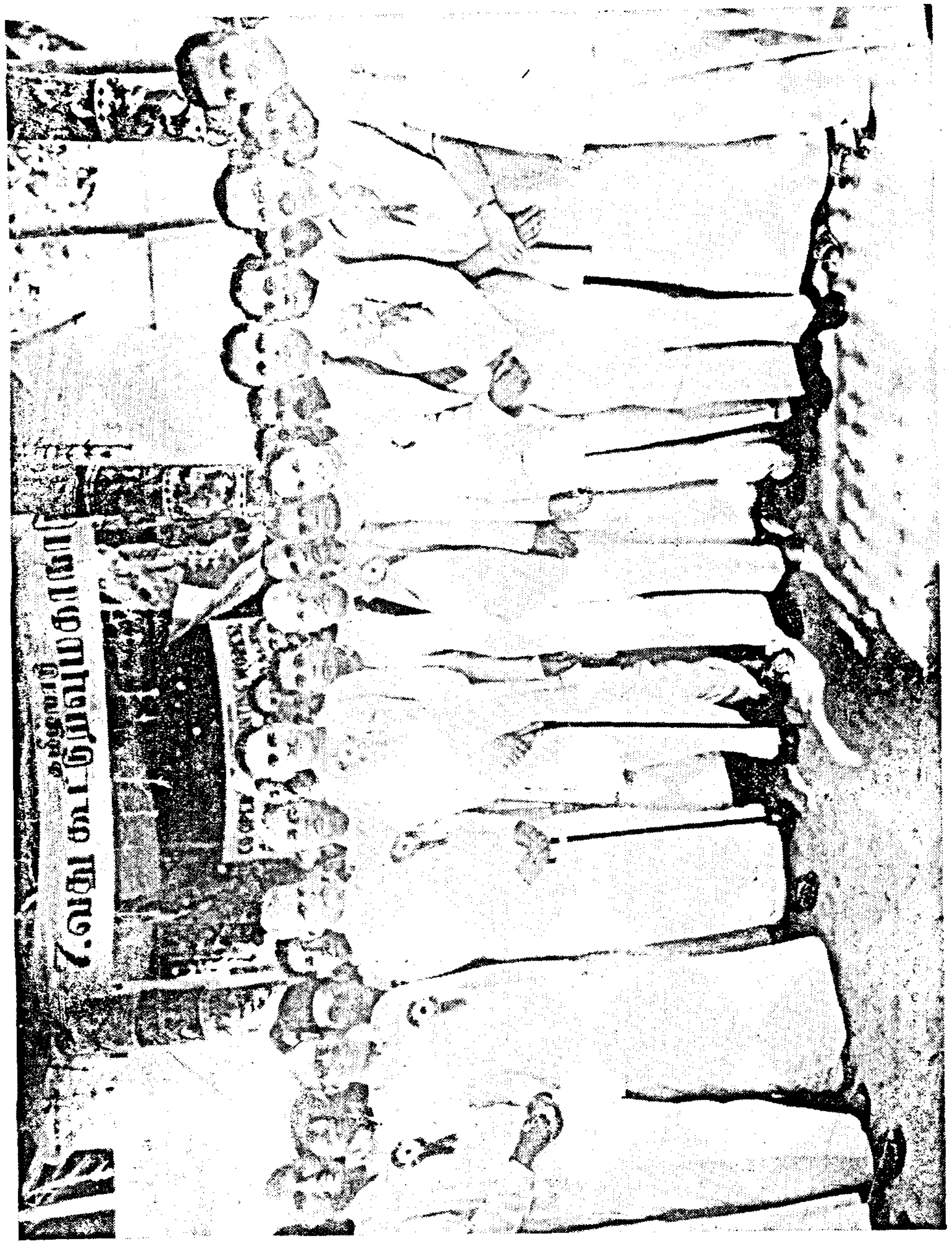
Thus besides agriculture, if the villagers utilise all their leisure hours profitably instead of idling away the time, the country's production will increase and there will be prosperity. For example some people are collecting sarasaparilla and other indigenous drugs at low cost and shipping them to America and other countries and earning a lot of money. If these villagers also take to this occupation and do the business themselves they will stand to benefit. Unless the economic condition of the villagers is improved, the country cannot prosper. Co-operation alone is the best method for their advancement. Let us prepare a useful scheme and enforce it through Co-operative Marketing Societies.

THE HON'BLE SRI K. CHANDRAMOULI,
Minister for Co-operation, Govt. of Madras

(Opened the Business Conference of the Rayalaseema L. M. Banks at Adoni on 19-7-1950)

SRI A. PALANIAPPA MUDALIAR, M. A.,
Joint Registrar of Co-op. Societies and
Deputy Commissioner of Prohibition (Amelioration), Madras,
(One of the Speakers at the
VII Tamil Nad Co-op. Conference)

SRI M. VEDACHALA MUDALIAR,
President, Kancheepuram Co-op. Central Bank, Ltd., and
President, The VII Tamil Nad Co-op. Conference
held at Rameswaram on 28th & 29th July 1950.



GROUP PHOTO OF THE 7TH TAMIL NAD CO-OP. CONFERENCE

Resolutions passed at the VII Tamil Nad Co-op. Conference

Food Production

1. This Conference requests that the Government Officials and co-operators must co-operate to increase food production by bringing under cultivation all waste lands either by co-operative land colonisation or by means of the village societies existing there.

2. This Conference requests the Government to distribute not less than 90 per cent of the Government subsidy for sinking wells through the co-operative banks recommended by the officials of the co-operative department.

3. This Conference requests the Government to deduct the half grant given to the societies by the Government for purchase of manure in the beginning itself and collect the other half only from the societies as they have to purchase the manure at full price, and supply it to the agriculturists at half price and get the other half later on from the Government; for this entails loss of interest to them and further affects the limit of their credit accommodation.

Provincial Advisory Council

4. This Conference requests the Government to expand the State Co-operative Advisory Council and allot representation therein to the linguistic co-operative organisations and weavers and sales co-operative societies.

Audit and Checking

5. Though resolutions have been passed in many Conferences to bifurcate the Co-operative Audit and Accounts Department and the General Department and though the Government have accepted the policy for several years past, it is regretable that it has not been carried into effect till now. This Conference emphatically urges the Government to give effect to the same at once.

6. This Conference requests the Government and the Registrar to authorise the societies to appoint as auditors to the district societies, provincial societies and other specified societies private auditors as per list of authorised auditors and for the said purposes requests the Registrar to prepare a panel of private auditors district-war.

Rules, Laws and Regulations.

7. As different officers are following different policies in regard to audit and supervision of co-operative societies and as there are no permanent rules this Conference requests the Government and the Registrar to prepare and publish at once a Co-operative Audit Manual.

8. This Conference requests the Government to amend Rule 15 (1) (a) by enlarging the period of two years specified therein for the recovery

of the amount payable by the ex-members or their heirs and the loss sustained by reason of their fraud or negligence to five years.

9. This Conference requests the Government to amend Section 49 under which the Registrar is given the power to surcharge by including therein the loss occasioned by fraud or negligence.

Co-operative Training

10. This Conference requests the Government to make arrangements to introduce advanced courses in Co-operation to students who have passed the Intermediate Examination for employing them in large co-operative organisations other than the Central Banks and Stores, by establishing a College for the said purpose or by making the existing colleges introduce a "Co-operation" degree course.

11. This Conference requests the Government and the Registrar to authorise the amendment of the subsidiary by-laws of the societies by providing that a B.A., degree is not necessary for appointment as Secretaries in all co-operative organisations expect the Secretaries of Central Banks and that a pass in the Intermediate with co-operative training is sufficient.

12. This Conference requests the Registrar to take steps to publish a Tamil Edition of the first part of the Co-operative Manual which is not available in print. As the model forms given in the second part of the Manual have undergone changes in several registers, the Conference further requests the Registrar to take steps to publish a Tamil edition of the same with the changes.

Loan Facilities

13. This Conference requests the Government and the Registrar to amend the Co-operative by-laws authorising the Central Banks to give to the societies seven years instalment loans at least upto the limit of its share amount and reserve fund.

14. This Conference requests the Government to authorise the local bodies to deposit over Rs. 10,000 in the Current Deposits with the Central Banks and the Urban Banks and to deposit their amounts without any restrictions.

15. This Conference requests the Registrar to amend the by-laws to make the loans given by the Urban Banks into five-year loans.

16. In respect of loans for which instalments have been defaulted and cases are sent to the Arbitrator, a decree is passed carrying less interest than that provided for in the by-laws and, on account of this, those who pay the instalments regularly are losers and so they feel aggrieved Therefore this Conference requests the Registrar to issue a Circular directing the interest on the decree to be passed to be fixed at the rate specified in the by-laws.

Government Help

17. This Conference is of opinion that the levy of full Registration fee on amounts over Rs.5,000 from the Co-operative organisations is detrimental to the development of the societies and requests the Government at once to rescind the same and levy half the fee as hitherto from them.

Land Mortgage Banks

18. To relieve the agriculturists from indebtedness and to provide help for the long term agricultural improvements, this Conference requests the Registrar and the Government to start a co-operative land mortgage bank in each taluk.

Stores

19. This Conference is of opinion that the cancellation of the full quota of mill cloth which was being given to the Wholesale Stores is greatly detrimental to the interests of the public and the stores movement and so this Conference requests the Government to supply the usual full quota of mill cloth to these stores.

20. This Conference requests the Registrar and the Control authorities to prepare a scheme to enable all the stores to get manure, iron articles, Horlicks and other articles in sufficient quantities for proper distribution.

21. This Conference is of the opinion that the collection of supervision charges from the co-operative societies in addition to the audit fees is not conducive to the proper development of the co-operative stores and therefore requests the Government to cancel the same at once.

22. As sufficient petrol coupons are not available for the lorries, jeeps and other vehicles belonging to the co-operative sales stores, a heavy expenditure has to be incurred for engaging lorries on hire, and further goods are not got in proper time this Conference requests the Government to supply these stores with sufficient petrol coupons.

Food Ration:

23. This Conference resolves that Rationing should be enforced without making difference between rural and urban areas.

Shop Assistants Act:

24. As the Madras Shop Assistants Act of 1949 affects the Co-operative Societies and as there are rules governing the staff of the co-operative societies under the Co-operative Societies Act this Conference resolves that a separate Act is not necessary and requests the Government to exempt at once all the co-operative societies from the operation of the Act.

Seminar:

25. This Conference requests the Tamil Nad Co-operative Federation and the Government to call a Seminar of the experts in Co operation in Tamil Nad, to examine thoroughly the progress made by the co-operative

movement, and suggest modifications in the working of the movement and introduce new features and develop the movement.

Cottage Industries:

26. This Conference welcomes the idea of setting up a State Cottage Industries Board in the Madras State. To carry out the objects fully this and do research throughout the country and prepare statistics, the Conference suggests that a suitable Government Agency should be set up.

27. This Conference resolves that the Government should advance loans liberally for the capital and other requirements needed for developing cottage industries; and in case the lending banks require a guarantee it requests the Government to give the same and help the industries.

28. This Conference requests that steps should be taken immediately to examine the present condition of the cottage industries in the Madras State and prepare statistics.

Weavers' Societies:

29. This Conference requests the Provincial Co-operative Weavers Society to set up at once in Tamil Nad a co-operative spinning mill, as the several resolutions passed in the various conferences for the setting up of a spinning mill to supply the required yarn to the co-operative weavers have not been given effect to.

30. This Conference emphatically urges the Madras and the Central Governments that after setting apart a sufficient quantity of yarn to give full employment to the weavers only the balance of the yarn produced in Tamil Nad must be allowed to be exported.

31. This Conference urges the Government to enforce at once the allotment of a special variety of yarn produced specially for handloom weavers which has not yet been put into market and further requests the Central and Madras Governments to allot some further varieties of yarn to the handloom weavers after consultation with the Provincial Handloom Weavers' Association.

32. This Conference resolves that only such yarn as is required by the primary handloom societies should be allotted to the Provincial Society and neither more yarn nor yarn of counts which are not required should be allotted and further requests the Central and Madras Governments to compel the mill to produce in sufficient quantities the varieties of yarn suitable for handlooms where there are such varieties after fixing a fair price.

33. At present the Provincial Society is giving a profit of $3\frac{1}{8}$ per cent to all the weavers' societies which are supplying goods to the provincial society's emporiums. As it is not possible to manage with this profit and it is not possible to meet the expenses, this Conferences requests the Government to fix the profit at $6\frac{1}{4}$ per cent.

34. As it is understood that a separate handloom corporation is contemplated to be set up for the handloom weavers, this Conference requests the Government to consult the Provincial Co-operative Weavers' Society and all the weavers before coming to a decision in the matter.

Plan for Expansion of the Movement:

35. As the two years time given by the Government to enrol 50 per cent of the villages and 30 per cent of the people in the co-operative movement has nearly elapsed and only 6 months remains which is not sufficient this Conference requests the Government to give another five years time for the same, as great harm is done to the movement by hasty steps in places where men with honesty and sense of responsibility are not available and the expansion has to be gradual.

A Note on the Working of a Demonstration Plot in the Kalavapudi Land Colonisation Co-op. Society (West Godavari District)

Organisation of Co-operative Land Colonisation Societies is one of many measures undertaken by Government to resettle and rehabilitate the ex-servicemen who had been demobilised after the cessation of World War No. II. Accordingly, a land colonisation society for ex-servicemen in Kalavapudi village, Bhimavaram taluk, West Godavari district was registered and started in 1946. Out of an extent of 2,292 acres of wet land allotted to the society, of which an extent of 1,825 acres is cultivable, an extent of 100 acres was set apart for seed beds and demonstration plot. The remaining extent was to be allotted to 345 colonists at 5 acres each. The high level bifs in the demonstration plot were reclaimed at a cost of Rs. 1,500 sanctioned by Government.

With a view to educate the colonists, some of whom were already trained in the Vocational Training Centre in Agriculture run by Government of India in the latest developments of agriculture and cultivation on scientific lines by means of practical demonstration, an extent of $8\frac{1}{2}$ acres of land situated at the head of 2 irrigation channels commanding a good sight and assured of a copious supply of water was selected in 1949 for the purpose of a demonstration plot. The Agricultural Instructor of the Vocational Training Centre and the Agricultural Fieldman sanctioned for the Society were supervising the demonstration plot. During the first crop season of 1949, 16 varieties of paddy seed which would be useful for first and second crop were planted in half an acre each under the guidance and supervision of the Agricultural Instructor attached to the Vocational Training Centre. These varieties fared well and had good growth. The Colonists and the trainees of the Vocational Training Centre were shown the demonstration plot at every stage of the crop. Though the cyclone that occured in October 1949 spoiled the entire crop, the varieties of crops on traised in the plot had educative effect the colonists and other ryots.

The Collector of West Godavari, and the District Agricultural Officer, Eluru who visited the society in 1949 appreciated the active interest evinced by the society in starting the demonstration plot. The Collector, on the recommendation of the District Agricultural Officer was pleased to recognise the work turned out by the Society in this regard and also the help rendered by the Department in guiding the society on well-principled lines and awarded the following prizes in token of his appreciation of the work done by the Society and the Colonists,

(1) 2 Mumties,

(2) 2 Crowbars.

The award of the prizes will, it is hoped, serve as an incentive to the society to improve the demonstration plot and run it as a model farm.

The Government Telegraph Employees' Co-op. Society, Ltd., Madras

This Society was registered on 7th July 1924 for the benefit of the employees of the Posts and Telegraphs Department, Madras Presidency. It commenced work on 9th July 1924. Its main objective was the dispensing of credit to members; other non-credit activities are also undertaken.

In 1930 a system of compulsory savings called *Thrift-Fund* was introduced, this being the first institution in the Province to start such a fund. In 1933, a store section for the sale of hand-loom cloth as agents of certain co-operative production societies was started. In 1939 a regular store section was started where goods were purchased out right and stocked for sale to members. It is licenced to deal in mill goods. With the introduction of rationing in 1934 a Ration Shop was also added to the store During the war years the controlled commodities were made available to members and also to non-members as far as possible. Realising the value of literacy and education as aid to the spread of co-operation, a Free Public Library was started in 1932; and to this was added a Reading Room in 1934. A Radio was installed in 1949 to make the Reading Room more useful. From 1939, the Society has been issuing Fidelity Guarantee Bonds also in favour of employees of the Department thus undertaking the activities of an assurance company. The tailoring section with arrangements to supply garments made to order and a footwear section for supplying the needs of the members are all unique features of the Society. It has a milk depot for supply of pure pasteurised milk from the Co-operative Milk supply Union. A building scheme with the aid of long term credit from the Central Government for putting up habitations to the members is under progress.

A hair dressing saloon and a laundry are shortly to be added to the manifold activities of the Society which functions mostly as a multipurpose co-operative society. The membership is 1,500 with an authorised Share Capital of one lakh of rupees, subscribed on date Rs. 0.63 lakhs, with a Reserve Fund of Rs. 0.3 lakhs, Members Thrift Fund Deposit of Rs. 1-5 lakhs, other deposits of Rs. 1.6 lakhs and loans outstanding Rs. 4 lakhs. The latest annual report reveals that the society though working for service has earned a net profit of Rs. 5,903. A dividend of 5½ per cent was declared.

To popularise the principles and practice of Co-operation, the Society used to observe every year *Co-operators' Day* and such celebrations were held regularly from 1925 to 1935.

The Society celebrated the Silver Jubilee in August 1949 when the Honb'le Sri B. Gopala Reddy Finance Minister, Government of Madras inaguarated the function. A Souvenir was published and leather purses were given as memento. Besides the donors had the benefit of securing commemoration prizes from Silver Tea Set to many useful articles such as Singer Sewing Machines, Bicycles etc., according to the drawing conducted in the presence of the Hon'ble Minister.

The *Co-operators' Day* this year is proposed to be celebrated in September 1950. The programme consists of :—

1. Anniversary address,
2. Variety entertainments, and
3. Drawing of lucky prizes etc.,

Special donor's tickets at Rs. 2 each are issued to members and the function is held by voluntary contributions.

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*]

1. The Melmalayanur Co-operative Society (South Arcot Dt)

This Society was registered on 19-1-1907 and started on its work on 25-1-1907. It was dormant for some years. The Special Development Officer visited the society on 16-5-1949, reconstituted the *panchayat* and revived the society by admission of some more fresh members on the day. On date there are 81 members with a paid-up share capital of Rs. 1,324. After revival, the Society has obtained a loan of Rs. 2,600 from the Central Bank and disbursed to members. A further loan of Rs. 3,100 applied for by the society, has been sanctioned by the Central Bank and is pending disbursement. On 30-6-1949, a sum of Rs. 1,768 was outstanding against members under loans. On date, a sum of Rs. 4,368 is outstanding against members. The society has adopted bylaws for advancing loans to members not exceeding Rs. 3,500 for purchase of oil engine. Two members have applied for a loan of Rs. 3,500 each. The matter is under consideration by the Central Bank.

The society has adopted bylaws for undertaking multipurpose, social and recreational activities. *Hundi* boxes were distributed to five members and the savings effected from 23-11-1949 upto-date amounted to Rs. 74-15-0 It took a mill cloth licence and distributed mill cloth to the members for Rs. 115-2-0. The President of the Society is also the President of the Village Panchayat Board. At the instance of the Special Development Officer, a battery-operated radio set was purchased from the funds of the Panchayat Board and installed on 12-12-1949 with the necessary sanction of the Inspector of Local Boards and Municipalities. The raido is working daily, giving amusement to the villagers. The society is getting the monthly journal of "Madras Information", "*Kotturavu Thondu*" from its common good fund, and they are read by the members. The Society has also resolved to purchase and supply free of cost two hurricane lanterns for the village *Harijan* adult school from its common good fund. The Society has proposed to construct a godown at a cost of Rs. 5,300 half the cost of which to be met from its Reserve Fund and the other half by a Government free grant. The Government grant of

Rs. 2,650 has already been sanctioned and the society will commence the construction of godown shortly.

The headquarters of the society is also the headquarters of the revenue firka. It has applied for necessary permission to deal in chemical fertilisers to cater to the needs of the ryots in the firka. The Registrar is being addressed to permit the society to deal in chemical fertilisers, as there is a demand for about 400 tons of chemical manure for a year. The society has applied for a ration shop which has been recommended to the Collector. The society is in a remote corner of the district, being at a distance of 72 miles from the district headquarters.

2. The Vellalore Co-operative Society (Coimbatore district)

This society was registered and started on work in 1937. It is affiliated for the purpose of supervision to the Coimbatore local co-operative Union. The society has 352 members on its roll with a paid up share capital of Rs. 4,814. It is a member of the Coimbatore Nilgiris Co-operative Central Bank in which it has taken 6 Shares and paid their full value amounting to Rs. 600.

The society has already adopted the Special Bylaws relating to Social and Recreational activities. An ameliorative committee has also been appointed to further the activities. The Committee, *interalia*, supervises the social and recreational needs of the members such as conduct of *bajanas*, organising sports and enacting dramas in the villages.

Reading Room :—Full use is made by the members of the society of the reading room conducted under its auspices. The Tamil Daily *Dinamani* is read and discussed by both members and non-members. A good deal of interest is shown in reading news and discussing them.

First Aid :—The society has a stock of first aid medicines for free distribution among members and non-members.

During 1948–1949, the society issued 83 short term loans to its members amounting to Rs. 10,350 for productive purposes and in the current year a sum of Rs. 21,391 was issued as loans to members for the same purpose.

The society has the distinction of clearing its entire dues to the Coimbatore Nilgiris Co-operative Central Bank Ltd., as on 30-6-1950.

Small Savings :—Another direction in which the society does multipurpose activities is that of encouraging small savings. Hundi boxes have been distributed to members and a sum of Rs. 123 has been collected towards home safe deposits.

The society has a Reserve Fund of Rs. 574. For some time it was running a ration shop and distributing controlled articles.

The population in the society's area of operation is about 11,700 and with its present membership of 352 it serves about 15 per cent of the

population of the area. It is hoped that in the not distant future the percentage will be increased so as to attain the target of 30.

3. The Bayar Co-operative Society (South Kanara Dt.)

The society is one of the good working societies in the selected Firka of Kumbla. It was registered on 19-4-37 and started on work on 1-5-37. The society had a membership of 21 with a paid up share capital of Rs. 404 at the beginning of the year 1949, with the increased benefits that the society provided for its members in the shape of multipurpose activities the membership of the society has risen up to 94 with a paid up share capital of Rs. 3,677.

The society at present has not borrowed any amount from outsiders including the Central Bank. It is working with its own funds. During the year it issued surety loans to the extent of Rs. 550 and loan on the pledge of produce amounting to Rs. 440. It has invested Rs. 573 under Fixed Deposit with Central Bank.

The society has undertaken various multipurpose activities. The transactions of the society in mill cloth, handloom cloth, kerosene and stationery amounted to Rs. 5,113 during the year 1949–50, benefiting 1,444 villagers in all. It acted as the agent of the Agricultural Co-operative Marketing society and the transactions effected were to the tune of Rs. 6,962. It also runs a small library which is fully used by the members of the society. There are 70 books in the Library. Rs. 152 have been collected as donations for the purpose.

The society intends to play worthy role in providing more benefits of the Co-operative *effort* to the members of the society by constructing a godown of its own. It has constituted a Building Committee for the same and the Committee is proceeding to collect half the cost of the godown from the residents of the villages, the other half to be got from Government as subsidy. The society has a comprehensive programme for the current year to develop its transactions in all directions.

4. The Atkur Multipurpose Co-operative Credit Society, Krishna District.

The Society was registered on 15th April 1919 and started on its work in the same year. This is the 31st year of its working. Its area of operations is confined to Atkur village which has a population of about 3,500. This is the one of the oldest societies in Gannavaram Taluk, a rich fertile deltaic area under the Viziavada Co-operative Central Bank to which the society is affiliated. There are at present 357 members with a paid up Share Capital of Rs. 6,706. The net assets of the members amount to Rs. 24,07,567. The working capital of the society is Rs. 47,000. The Maximum Borrowing Power of the society and Individual Maximum Credit Limit of members are Rs. 60,000 and Rs. 2,000 respectively. It borrowed Rs. 40,700 from Central Bank. An amount of Rs. 52,063, is outstanding against members under 172 loans. There were no overdues from members to society or from society to Central Bank at the end of last June. The society had a Reserve Fund of Rs. 2,800 out of which Rs. 2,656 is invested in Central Bank. An amount of Rs. 4,340 is invested towards Share Capital in Central Bank and Rs. 50 in the Kistna District Co-operative Central Stores, Ltd., Vijayawada. It obtained cash credits from the Central Bank both for sanction of loans to its members for non credit activities.

Besides the credit activities, the society has undertaken a number of non-credit activities. The transactions of the society by way of purchase and sale of several controlled commodities are given below.

Commodity.		Quantity.	No. of Members. benefited.	Amount involved.
				Rs.
Rice	...	58 bags.	160	1,785
Cloth	...	...	180	10,463
Maida	...	5 bags.	80	191
Kerosene	...	78 tins.	100	482
Bengal-gram	...	109 bags.	300	1,792
Bengalgram Dhall	...	35 bags.	200	1,028

The value of closing stock on hand is Rs. 4,300.

The society is subscribing for *Sahakaram* a monthly Co-operative Journal and *Andhra Prabha* Telugu Daily and runing a Reading Room for the benefit of the members and non-members, which is highly availed of.

75 Hundi Boxes have been distributed to members and a sum of Rs. 465, has been saved so far. The society has also attracted Thrft and Fixed deposits to an extent of Rs. 11,000 and it is hoped that the society can tap the entire rural savings in the village in due course.

The society proposes to erect a godown to act as Agent for marketing the produce of its members. This society has been marked as a *Model Society* in the District. The members and non-members are getting their needs satisfied through the Society to a possible extent in respect of controlled commodities. This is the main source of capital for agriculture and agriculturists in the area.

The Madras Provincial Co-operative Union,

ESPLANADE, MADRAS.

Proceedings of the Marketing Committee Meeting held on 20th August 1950 at 9-30 a.m.

Members Present: Sri B. Satyanarayana—*Chairman*
Sri B. Venkataratnam Choudary
Dr. Sri P. Natesan
Sri N. P. Swaminatha Pillai

Sri A Palaniappa Mudaliar, M.A., Joint Registrar of Co-operative Societies, was also present on invitation.

The following Resolutions have been passed:

1. Distribution of fertilisers by the Marketing Societies—Need for enhancing the commission and for exemption from Sales Tax—consideration of.

(i) Resolved to request the Government to allow increase of the commission from Rs. 15 to Rs. 17-8-0 per ton.

(ii) In case where the Central Stores are not bearing the cost of transport to the Marketing Societies or primaries, the margin of commission may be shared in the ratio of 1 : 2 by the Wholesale Stores and the Marketing Societies or primaries respectively.

(iii) *Grant of subsidy for the agriculturists in the purchase of Ammonium Sulphate*:—An elaborate and detailed note on the subject to request the Government to give a 50 per cent subsidy as in the case of phosphates to be submitted to Government.

(iv) Stocks transferred from the Agricultural Department to the Co-operative Institutions should be exempted from Sales Tax at that level.

B. SATYANARAYANA,
Chairman of the Meeting.

Proceedings of the Producers Committee Meeting held on 20th August 1950 at 10 a.m.

Members Present: Sri M. P. Nachimuthu Mudaliar—*Chairman*
Sri B. Venkataratnam Choudary
Dr. Sri P. Natesan
Sri S. Thirunavukkarasu Mudaliar

Sri A. Palaniappa Mudaliar, M.A., Joint Registrar of Co-op. Societies was also present on invitation.

The following Resolutions have been passed:

1. How the multipurpose Co-operative Societies in the villages can help producers, to dispose of all their products? In this regard what arrangements can be made co-operatively between the producers and consumers?

"Adjourned."

2. How can the Co-operative Societies serve the needs of producers better in regard to better seeds, better implements and manure and so forth.

"Adjourned."

(Dr. Srimathi Soundaram Ramachandran who gave notice to the above two questions was not present at the meeting.)

3. *Resolution moved by Sri M. P. Nachimuthu Mudaliar*:—This Committee requests the Union Government to permit exports of yarn only after satisfying the requirements of the handlooms in the country to the extent of a minimum of 1,00,000 (one lakh) bales in the requisite counts per month.

"Resolved to carry."

M. P. NACHIMUTHU,
Chairman of the Committee.

Proceedings of the Education Committee Meeting held on 20th August 1950 at 10-30 a.m.

Members Present: Sri T. A. Ramalingam Chettiar—*Chairman*
Sri B. Venkataratnam Choudary
Dr. Sri P. Natesan
Sri V. V. Ramaswamy Nadar
Sri M. S. Palaniappa Mudaliar

Sri A. Palaniappa Mudaliar, M.A., Joint Registrar of Co-op. Societies was also present on invitation.

The following Resolutions have been passed:

1. Instituting separate courses for Secretaries, Managers, Executive Officers and another for Accountants, Clerks—replies of the Institutes and the Registrar of Co-operative Societies—consideration of.

"Resolved to recommend to the Registrar that the B. Com. Degree holders with Co-operation as optionals need not undergo the training in the Co-operative Institutes or pass the Supervisors examination; and that this degree may be considered as one of the qualifications for appointment as Secretary of Central Banks and large Urban Banks, etc., where "Graduates with Supervisors' Certificate" is the required minimum."

Main Resolution adjourned.

2. Consideration of fixing a fee for recognition of the certificates of other University areas equivalent to S.S.L.C. or Matric.

"Charge Rs. 5. The Institutes will appropriate the same."

3. Co-operative Training and Education—admission to Training Institutes—break in service in Co-operative Institutions during employment—continuous service or service of 2 years—Ramadas Co-operative Institute, Rajahmundry, letter R.C. 13/50 dated 26-6-1950—consideration of.

"Aggregate should not be less than 2 years. This holds good for those who are already in service.

In future S.S.L.C. failed students will not be admitted into the Co operative Training Institutes what ever their service may be. Rule 4 (b) (ii) of the Prospectus and Syllabus is abolished. But Rule 4 (b) (iii) of the Prospectus and Syllabus continues to be in force."

4. Co-operative Training and Education—rules of admission into Institutes—2 years of service in Co-op. Institutions for failed S.S.L.C. candidates—exemption for 3 months shortage—R. C. 13/50 dated 10-7-1950 of the Ramadas Co-op. Institute, Rajahmundry—consideration of.

"Regret."

5. Co-operative Training and Education—short-term course for the employees of Non-credit Co-operative Institutions—successful working of the scheme—consideration of.

"Adjourned."

6. Co-operative Training and Education—Practical Training course 1949-50—separating the Theory and Practical Parts—providing scope for completing Practical Training or taking Practical training oral examination after the end of 11 months training. which is the period prescribed for the course—letter dated 8-7-50 of Sri K. V. Bhaskara Rao of Kakinada and letter dated Nil of Mr. S. Khader Basha of Anantapur—consideration of.

"Practical Training Course will come under Part IV.

Any time at the convenience of the Central Bank a candidate may undergo Practical Training and take the oral test, if he has not taken it during April, May and June 1950."

T. A. RAMALINGAM CHETTIAR,
Chairman of the Meeting.

Proceedings of the Stores Committee Meeting held on 20th August 1950 at 11 a.m.

Members Present: Sri H. Linga Reddy—*Chairman*
Sri B. Venkataratnam Choudary
Dr. Sri P. Natesan
Janab D. K. Yusuf Mohideen Ansari Sahib
Sri B. K. Vembu Iyer
Sri B. Ranganatham
Sri U. Giddiah Chetty
Sri K. G. Sivaswamy

Sri A. Palaniappa Mudaliar, M.A., Joint Registrar of Co-op. Societies, was also present on invitation.

The following Resolutions have been passed:

1. Production of Coffee Powder by the Co-op. Stores—Resolution No. 4 of the Previous Stores Committee Meeting—replies of

the Registrar of Co-op. Societies and Coffee Marketing Officer—reporting of.

"Resolved to communicate by publishing in the Madras Journal of Co-operation."

2. Mill cloth trade by the Co-op. Stores—Memorandum of the Provincial Co-op. Union submitted to Government and the response of the Government to the same—further action—consideration of.

"Recorded. Make a reference to Government about Wholesale Agency being given to Wholesale Stores who were holding the privilege prior to control."

Sri K. G. Sivaswamy moved the following amendment: "Co-operative Stores should be fully used for cloth distribution. When they are not able to undertake it private merchants may be utilised."

Sri B. Ranganatham while seconding the resolution of Sri K. G. Sivaswamy, suggested the following alternative: Or in the alternative Government may treat Wholesale Stores to be at par with other Wholesale licencees.

After some discussion on some amendments Sri K. G. Sivaswamy agreed to the suggestion of Sri B. Ranganatham and withdrew his amendment. The following Resolution was then passed unanimously.

"Recorded. Make a reference to Government about Wholesale Agency being given to Wholesale Stores who were holding the privilege prior to control. Or in the alternative Government may treat Wholesales to be at par with other Wholesale licencees."

3. What measures should be taken to secure for the consumers societies and maintain during the post control period also the present level of their business?

"Resolved to circularate among the Primary Stores to obtain their opinion."

4. Is it feasible to convert all Primary Stores in each district into regular branches of the District Co-op. Wholesale Stores with a view to securing economy and efficiency in their working?

"Resolved to obtain the opinion of the Primary Stores."

5. Is it not expedient to place officers of the Co-operative Department in charge of Civil Supplies and make them responsible to the Collectors of the Districts concerned?

"Resolved to invite opinion."

H. Linga Reddy,
Chairman of the Committee.

Proceedings of the Credit Committee Meeting held on 20th August 1950 at 12 Noon.

Members Present: Sri D. Mahalingam Pillai—*Chairman*.
„ B. Venkataratnam Choudary
Dr. Sri P. Natesan
Sri G. Sreerama Reddy
„ K. Lakshmayya Naidu
„ T. Krishnamoorthy Gounder
Janab P. Allapichai
Sri M. M. Kunhirama Menon
„ V. R. Satyanarayana
„ R. Rajasanthanam Pillai
„ D. Rajaram Reddy
„ K. Srinivasulu Naidu
„ A. Ramachandram Pillai
Ali Janab E. P. M. Mahamed Magudam Sahib Bahadur
Sri V. Jaggaraju
„ H. M. Janannadham

Sri A. Palaniappa Mudaliar, M.A., Joint Registrar of Co-op. Societies, was also present on invitation.

The following Resolutions have been passed:

1. Co-operative Urban Banks and Credit Societies—furnishing of securities by paid employees—Letter R. C. No. 85694/49. B. dated 10-5-1950 of the Registrar of Co-op. Societies, Madras—consideration of.

I. Securities to be furnished by the paid employees of Credit Societies (Limited) with a working capital of Rs. 1 lakh and over.

(i) *Paid Secretary or Manager*:—Total Security Rs. 2,000 Cash Rs. 1,000 and Rs. 1,000 unencumbered immovable property or Fidelity bond.

(ii) *Accountants or Clerks*:—Cash Rs. 250 or unencumbered immovable property worth Rs. 500 or fidelity bond.

(iii) *Shroffs or Cashiers*:—Cash Rs. 500 and Rs. 1,000 unencumbered immovable property or Fidelity bond.

II. Securities to be furnished by paid employees of Credit Societies (limited liability) with a working capital of less than Rs. 1 lakh.

(i) *Secretary or Manager*.—Cash Rs. 300 and Rs. 1,000 unencumbered immovable property or Fidelity bond.

(ii) *Accountants or Clerks*:—Cash Rs. 150 and Rs. 300 unencumbered immovable property or Fidelity bond.

(iii) *Shroffs or Cashiers*:—Cash Rs. 300 and Rs. 750 unencumbered immovable property or Fidelity bond. Securities to be furnished by other categories of employees common to I and II.

(i) *Appraisers*:—Cash Rs. 250.

(ii) *Godown Keepers* :–Cash Rs. 500 and Rs 500 unencumbered immovable property or Fidelity bond.

(iii) *Attenders, Peons, Night Watchmen and other Menials*:—Cash Rs. 50 or Rs. 100 unencumbered immovable property or Fidelity bond.

2. Co-op. Societies, Co-op. Canteens and Printing Presses—fixation of securities for employees under Rule XXVII (b)—Letter R. C. No. 86119/49 S-1 dated 9-7-50 of the Registrar of Co-op. Societies, Madras—consideration of.

Securities to be furnished by the employees of Co-op. Societies—Printing Presses and Canteens.

Co-op. Printing Presses:

(i) *Secretary* :—Rs. 500 cash or Rs. 1,000 either personal security or mortgage of unencumbered immovable property wholly belonging to the employee.

(ii) *Manager* :–Cash Rs. 300 or Rs. 600 either personal security or mortgage of unencumbered immovable property wholly belonging to the employee.

(iii) *Accountant or Cashier*:—Cash Rs. 250 or Rs. 500 either personal security or mortgage of unencumbered immovable property wholly belonging to the employee.

(iv) *Store Keepers and Salesmen* :—Cash Rs. 100 or Rs. 200 either personal security or mortgage of unencumbered immovable property wholly belonging to the employee.

(v) *Clerk* :—Same as item No. iv cited above. (Store Keepers and Salesmen.

(vi) *Foreman, Machineman* :- Cash Rs. 50 or Rs. 100 either personal security or mortgage of unencumbered immovable property wholly belonging to the employee.

(vii) *Peon* :—Cash Rs. 25 or Rs. 50 either personal security or mortgage of unencumbered immovable property wholly belonging to the employee.

Co-operative Canteens :

(i) *Secretary or Manager* :—Cash Rs. 250 or Rs. 500 either personal security or mortgage of unencumbered immovable property wholly belonging to the employee.

(ii) *Accountant and Cashier* :—Cash Rs. 150 or Rs. 300 either personal security or mortgage of unencumbered immovable property wholly belonging to the employee.

(iii) *Clerk* :—Cash Rs. 100 or Rs. 200 either personal security or mortgage of unencumbered immovable property wholly belonging to the employee.

(iv) *Salesman and Cook* :—Cash Rs. 50 or Rs. 100 either personal security or mortgage of unencumbered immovable property wholly belonging to the employee.

D. MAHALINGAM,
Chairman of the Committee.

Proceedings of the Executive Committee Meeting held on 20th August 1950 at 1-30 p.m.

Members Present : Sri B. Venkataratnam Choudary—*President*.
Dr. Sri P. Natesan
Sri D. Mahalingam Pillai
Sri H. Linga Reddy
Sri M. P. Nachimuthu Mudaliar
Sri T. A. Ramalingam Chettiar
Sri V. Jaggaraju
Sri L. N. Paramasivam Pillai
Janab P. Allapichai

Sri K. Subrahmanyam Naidu, M.A., Registrar of Co-operative Societies, and Sri A. Palaniappa Mudaliar, M.A., Joint Registrar of Co-operative Societies were also present on invitation.

The following Resolutions have been passed:

1. Condolence resolution on the demise of Sri P. K. Kuppuswami Naidu—member of the Marketing Committee of this Union—passing of.

"The Executive Committee of the Madras Provincial Co-op. Union expresses its sorrow at the sad demise of Sri P. K. Kuppuswami Naidu, Member of the Marketing Committee of this Union and places on record his valuable services rendered to the Union in particular and to the Movement in general.

Resolved to authorise the General Secretary to communicate the same to the members of the bereaved family."

2. Tamil Nad Co-op. Federation—amendment of by-laws to run Co-op. Training Institutes—R.C. No. 2851/49. C. dated 7-6-50 from the Deputy Registrar of Co-op. Societies, Coimbatore—consideration of.

"Resolved that at present it is not possible to amend the by-laws of the Tamil Nad Co-op. Federation as suggested."

3. VII Tamil Nad Co-op. Conference, Rameswaram, 28th and 29th July 1950—selection of delegates and payment of donation—letter dated 12-7-50 of this Union sent in circulation to the members of the Executive Committee—ratification of.

"Resolved to ratify."

5. Shop Establishments Act—exemption of Co-op. Societies from the operation of the Act—request to Government to reconsider.

"Resolved to wait on deputation on the Hon'ble Ministers concerned.

Name of Deputationists :—Messrs. B. Venkataratnam Choudary, T. A. Ramalingam Chettiar and Dr. P. Natesan."

7. Co-op. Training and Education—admission into Co-op. Institutes—exemption from Educational qualification—Backward Classes—Letter dated 25th August 1947 of the Provincial Co-op. Union sent in Circulation to the members of the Executive Committee of this Union—ratification of.

"Resolved to ratify."

15. Distribution of Cine Projectors between North and South, One Projector each, and for their use by the Institutes by turns—say one quarter each—consideration of.

" Resolved to place each of the two spare Projectors at the disposal of each Institute for a period of 6 months in turns."

16. Proceedings of the Sub-Committees held on 20-8-50—ratification of.

" Ratified subject to the following:

Marketing Committee: The commission for Ammonium Sulphate should be on the same scale as for Private merchants.

17. Affiliation of Societies.

" Resolved to affiliate."

Societies Affiliated:

1. The Mercanad Local Co-op. Union, Devershola. Balacola. P.O. (The Nilgiris.)
2. The Vellore Co-op. Land Mortgage Bank, Vellore. (N. Arcot Dt.)
3. The Madras Co-op. Societies Employees Co-op. Society, Ltd. Madras.
4. The Ponneri Co-op. Land Mortgage Bank, Ltd., Ponneri. (Chingleput Dt.)
5. The Kasaragod Fishermen's Co-operative Society, Ltd., Adkathbail Beach. Kasaragod. (S. Kanara.)
6. The Arkonam Tq. Co-op. Supervising Union, Ltd., Arkonam. (N. Arcot Dt.)
7. The Manaparai Co-op. Society, Ltd., Manaparai. Kulitalai Tq. Trichy Dt.
8. The Tadpatri Co-op. Town Bank, Ltd., Tadpatri. (Anantapur Dt.)
9. The Maddur Handloom Weavers Co-op. Society, Maddur. (Via) Tiruttani Chittor Dt.

18. Dis-affiliation of Societies.

" Resolved to dis-affiliate."

Society dis-affiliated:

1. The Nellore Co-op. Marketing Federation, Ltd., Nellore.

21. Registrar's reply to the request of the Anantapur Institute trainees to recruit Junior Co-op. Inspectors from among the trainees—reporting of.

" Resolved to record the Registrar's reply."

B. VENKATARATNAM,
President.

Proceedings of the Board Meeting held on 20-8-50 at 2-30 P.M.

Members Present: Sri B. Venkataratnam Choudary—*President.*
Dr. Sri P. Natesan
Sri D. Mahalingam Pillai
,, H. Linga Reddy
,, M. P. Nachimuthu Mudaliar
,, T. A. Ramalingam Chettiar
,, V. Jaggaraju
,, L. N. Paramasivam Pillai
Janab P. Allapichai
Sri K. Lakshmayya Naidu
,, T. Krishnamoorthy Gounder
,, M. M. Kunhirama Menon
,, V. R. Satyanarayana
,, R. Rajasanthanam Pillai
,, D. Rajaram Reddy
,, A. Ramachandram Pillai
Ali Janab E.P.M. Mahamad Magudam Sahib Bahadur
Sri H. M. Jagannatham
Janab D. K. Yusuf Mohideen Ansari Sahib
Sri B. K. Vembu Iyer
,, B. Ranganatham
,, U. Giddiah Chetty
,, K. G. Sivaswamy
,, S. Thirunavukkarasu Mudaliar
,, N. P. Swaminatha Pillai
,, B. Satyanarayana
,, S. Srinivasulu
,, V. V. Ramaswamy Nadar
,, M. S. Palaniappa Mudaliar
,, R. Venkatasubba Reddiar
,, B. Ramanayya

Sri K. Subrahmanyam Naidu, M.A., Registrar of Co-op. Societies, Madras, Sri A. Palaniappa Mudaliar, M.A., Joint Registrar of Co-op. Societies and Sri T. V. Ratnam, Deputy Registrar of Co-op. Societies, Madras were also present on invitation.

The following Resolutions have been passed:

1. Condolence resolution on the demise of Sri P. K. Kuppuswami Naidu—member of the Marketing Committee of this Union—passing of.

" The Board of Management of the Madras Provincial Co-op. Union expresses its sorrow at the sad demise of Sri P. K. Kuppuswami Naidu, Member of the Marketing Committee of this Union and places on record his valuable services rendered to the Union in particular and to the Movement in general."

2. Filling up the vacancy by co-option by remaining members of the Board from among the members of the General Body, having regard to the constituencies, in which such vacancy occur in accordance with the by-law No. XX (4) of the Union.

" Resolved to co-opt. Sri V. Chinni Krishna Naidu."

B. VENKATARATNAM,
President.

Proceedings of the General Body Meeting held on 20th August 1950 at 3-00 P.M.

Present: Sri B. Venkataratnam Choudary, M L.A.—*President*.

Total Number of Members Present : 175

Sri K. Subrahmanyam Naidu, M.A., Registrar of Co-op. Societies, Madras, Sri A. Palaniappa Mudaliar, M.A., Joint Registrar of Co-op. Societies and Sri T. V. Ratnam, Deputy Registrar of Co-op. Societies, Madras were also present on invitation.

1. Consideration of the Administration Report and Audit Review of the Provincial Co-op. Union for the year 1948-49.

While considering the Administration Report presented to the General Body for adoption, Sri A. Ramachandram Pillai of Ramnad invited the attention of the General Body to the work of the Stores Committee and said that the members were eager to know what happened to the " Mill cloth Deputation " of the Union which waited on the Hon'ble Ministers in April 1950 Sri T. A. Ramalingam Chettiar narrated to the members the result of the talks of the deputation. Sri Ramachandram Pillai moved the General Body to adopt the following Resolution before the work of the Stores Committee was approved so that the Government might be prevailed upon to reconsider their policy towards Co-op. Wholesale Stores.

Resolution :—This meeting of the General Body of the Madras Provincial Co-operative Union views with grave concern the G. O. No. 45000–M 150/1 dated 12-7-1950 denying all quota of Mill cloth to Co-op. Wholesale Stores and earnestly requests the Government (in view of the heavy black marketing now prevailing in all parts of the Province so far as the Mill cloth is concerned and in order to promote the Consumers' Co op. Movement and to safeguard their interest) to revise its order immediately and allot at least 50 per cent of the quota to the Whole-sale Co-op. Stores,

The above Resolution has been carried unanimously.

While moving that the Administration Report and Audit Review of this Union for 1948-49 may be adopted, Sri K. G. Sivaswamy observed that the Report in future should be drafted with reference to the work done for the promotion of the objects mentioned in the by-laws of the Union. This way of estimating the work will enable the Union to know exactly what more has to be done in any field of its activity.

Speaking next Sri C. Tyagaraja Mudaliar (President, Government Telegraph Employees Co-op. Society) paid great tributes for the unprecedented manner in which the 27th Madras Provincial Co-op. Conference was conducted. Sri Tyagaraja Mudaliar while supporting the Report suggested that the Administration Report may be placed before the General Body earlier in future. He also mentioned that a considerable amount of the surplus funds of the Union is locked up in an unremunerative way and that the amount may be deposited either with the Madras Provincial Co-operative Bank or any other institution as Fixed Deposit at a fairly high rate of interest.

Sri T. R. Sundaram Pillai of Coimbatore next speaking suggested that the working of the Language Federations also may be incorporated in the Report of the Provincial Co-op. Union in future so that the members may have an idea of the progress of the Language Federations also which are part of the Union's propaganda machinery. He also suggested that in addition to the five Sub-Committees which are already in existence a sixth Sub-Committee named "The Propaganda Sub-Committee" may be constituted. The Sub-Committee would devise ways and means of carrying on Co-operative Propaganda in the State and elsewhere.

Sri B. Venkataratnam Choudary, President of the Union thanked the members for their suggestions and assured that the Union would try its very best to act accordingly. He however indicated the weak financial position of the Union and appealed to the members that for work to be expanded further, more funds are necessary and that the Members should therefore take more interest in enrolling new members in their constituencies.

The Administration Report and Audit Review were adopted by the General Body.

2. By-laws—special by-laws relating to service conditions of Non-official Co-op. Employees—institution of service conditions for the employees.

"Adjourned."

The General Body desired that copies of the staff service conditions should be circulated to all the members through the Madras Journal of Co-operation so that they might study them carefully for the next General Body meeting.

Sri K. G. Sivaswami said that the 18th by-law imposed by the Registrar should be thoroughly considered before the service conditions are adopted.

3. Requesting the Provincial Institutions, Central Banks and Wholesale Stores to enhance their annual contribution—consideration of.

The need for enhancing the annual contribution of the Provincial and District Institutions for the purpose of improving the finances of the Union was generally agreed. The Resolution was however dropped at the suggestion of the Registrar that there was no need to press the Resolution in view of the early prospect of the enactment of the Amended Co-op. Societies Act which entitles the Union to a statutorily fixed percentage of the profits of member-societies.

" Resolution dropped."

Dr. P. Natesan, General Secretary of the Union thanked all the delegates and visitors who attended the meetings of the day and participated in the deliberations.

B. VENKATARATNAM,
President.

L- 52379/50-K2. *Dated 16th August 1950.*

Sir,

Sub :—The Madras Provincial Co-operative Union–Resolutions passed by the Producers' Commitee meeting held on 23rd April 1950.

Ref :—Proceedings of the above meeting.

Resolution No· (4) :—

Government have issued instructions to the mills to distribute their entire production of yarn during June and July 1950 to the Provincial nominees as allotted by the Director of Controlled Commodities, Madras. Since that time the yarn position has improved. Even then yarn in required counts is not freely available. The Director of Controlled Commodities has since requested the Collectors of the Districts and the co-operative institutions to report their count-war monthly requirements for the next three months with a view to advise the mills to produce the required counts. I hope that the yarn position will improve in the near future.

C. JOSEPH REDDY,
for Registrar.

Processing and Manufacturing Activities of Co-operative Stores:

The following is published for the information of Co-operative Stores:

The Executive Committee of the Madras Provincial Co-operative Union at its meeting held on 23-4-50 passed the following resolution:

Resolution : "The Central Co-operative Stores in every district head quarters may be persuaded to start processing activities such as (i) preparation of gingelly oil and groundnut oil, and (ii) coffee powder."

This was communicated to all Wholesale Stores and to the Registrar of Co-operative Societies for necessary action.

Having considered the Resolution, the Registrar informed the Union that the Coffee Marketing Committee would not permit this processing activity. The Union thereupon addressed the India Coffee Board, recommending the permission for coffee processing by co-operative stores. The Indian Coffee Board did not agree to this proposal.

The letters of the Registrar and of the Coffee Board are published below:

Letter of the Registrar.

Rc. No. 52217/50 S-1 *Dated* 23-5-50.

The stores committee of the Provincial Co-operative Union resolved to persuade the Central Stores to start processing and manufacturing activities. Conversion of coffee seeds into powder is one of the activities recommended.

One of the conditions laid down by the coffee marketing committee was that co-operative societies distributing coffee alloted by it should not convert coffee seeds into powder but that they should sell only raw coffee to genuine consumers of coffee. Conversion of coffee seeds into powder cannot therefore be undertaken by co-operative societies as a processing activity.

G. VISWANATHAN,
For Registrar.

Letter of the Indian Coffee Board, Bangalore, Dated 28-7-50.

Sub:—Coffee seeds—Allotments to Co-op. Societies—Conversion into powder.

With reference to your letter dated 19th July 1950, I have to advise you that the Board has decided not to allow Co-operative Societies to convert the raw coffee allotted to them into powder and sell it. The Board's policy has been to supplement the releases in auctions by direct sales at fair prices of raw coffee through the Co-operative Societies and powder through India Coffee Houses. Sales of powder by Co-operative Societies will come into conflict with sales by India Coffee Houses and the trade and we cannot agree to it.

If societies necessarily want to sell powder, they will have to buy in auctions as other coffee dealers and direct allotments will be stopped.

Yours faithfully,

MACHIA,
Chief Coffee Marketing Officer.

G.O.'s and Circulars

R. C. No. 119153/50-B.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES, MADRAS,
Dated, 5th September '50.

SRI K. SUBRAMANYAM NAYUDU, M.A., *Registrar.*

CIRCULAR

Sub:—Arbitration—Arbitration references against officers, agents or servants—for act or omission—Period of limitation—Implication of Rule XV (I-A)—Clarified.

Ref:—1. Registrar's endorsement F. 1625/37, dated 6-11-1937 communicating a copy of Rule XV (I-A) framed in G.O. 2407, Development dated 27-10-1937.

2. Registrars's Rc. 9076/40-L, dated 24-7-1942 communicating draft amendment in Rule XV (I-A) published in G.O. 1322, Development dated 30-6-42.

3. Registrar's memorandum 9076/40-L, dated 15-1-1943 communicating the amendment to Rule XV (I-A).

Under the ordinary law, the period of limitation for filing disputes in respect of acts of misfeasance, malfeasance and nonfeasance is 6 years from the date of such misfeasance, etc. It was considered that a time limit of 2 years should be fixed in this behalf for references under section 51 (1) (C) of the Madras Co-operative Societies Act and that in other cases the ordinary law of limitation should apply. Rule XV (I-A) was accordingly framed in G.O. 2407, Development department, dated 27-10-1937. The proviso to this rule prescribes the period of limitation as two years in respect of disputes between a registered society and its officers, etc. for breach of duty.

2. While clause (*c*) of section 51 (1) merely mentions the parties to the dispute, and while subrule 1-A of rule XV confines itself to suits as between parties described in section 51, the proviso alone speaks of a cause of action. It was considered desirable to make it explicit in rule XV (1-A) itself that disputes under section 51 (1) (*c*) in respect of matters other than disputes relating to misfeasance, nonfeasance and losses arising therefrom would be governed by the appropriate provisions of the law of limitation. A draft amendment was accordingly published in G.O. 1322, Development dated 30-6-42. The explanatory note to the amendment communicated with the reference cited as item (2) above, runs as follows :—

"Disputes may be filed not only in respect of some omission or commission on the part of the former office bearer, or employee but also on the basis of contracts entered into by them. In the latter case, it is reasonable that the ordinary law of limitation which provides for a longer period than 2 years, should be applied. The amendment accordingly makes it clear that disputes other than those relating to misfeasance, nonfeasance and losses arising therefrom shall be governed by the Indian Limitation Act 1908". This amendment was confirmed in G. O. No. 2,586 Development dated 14-12-1942 vide reference cited as item 3 above.

3. The exact scope of the proviso to rule XV (1-A) does not seem to have been understood by Deputy Registrars. The two years of period of limitation does not apply to all disputes between a society or its committee on the one hand and its past committee, past officer, past agent and past servant or the nominee heir or legal representative of any deceased officer, deceased agent or deceased servant of the society. It applies only to disputes resulting from a breach of duty as against disputes for omission or failure to fulfil contracts. Instances coming under the former item are (i) grant of loans in excess of the limits fixed in the by-laws (ii) use of funds for purposes not provided for in the bye-laws (iii) omission or failure to take timely action to recover loans (iv) omission of failure to make proper arrangements to prevent malpractices on the part of the employees or (v) such other acts of neglect of duty which would result in loss to societies. The disputes coming under the latter category may be money disputes or claims for money which an employee or a former office-bearer might have acknowledged or a suit for money had and received or as between principal and agent. These latter cases will be governed by the relevant provisions of the law of limitation.

4. The attention of Deputy Registrars is also drawn to the Registrar's Circular Rc. 85237/49-B, dated 23-8-50 in which instructions were issued as to how this period of 2 years limitation should be computed.

5. Deputy Registrars are requested to note the distinction indicated in para 3 above and see that instructions are followed carefully.

K. MUTHUKRISHNAN,
For Registrar.

Copy of G. O. Ms. No. 3358 dated 28th August 1950 from the Development Department of the Government of Madras.

Public Services—Madras Co-operative Subordinate Service—Recruitment of Supervisors of Co-operative Societies as Junior Inspectors of Co-operative Societies—Standard of Examination—Revision of—Proposal of the Registrar of Co-operative Societies—Approved.

Read the following :

From the Supervisors of Co-operative Societies working in the Ramachandrapuram Co-operative Central Bank Area, East Godavari District, dated 1-6-50.

From the Registrar of Co-operative Societies letter No. 72538/50 G-2, dated 20-6-50.

From the Secretary, Madras Public Service Commission, 2199 G-2/50-18, dated 1-8-50.

ORDER ;

His Excellency the Governor directs that the standard of examination for the following categories of candidates who apply for appointment as Junior Inspectors of Co-operative Societies shall be that prescribed in G. O. No. 751 Public (Services) dated 24-3-48 for Group III viz., Intermediate standard.

(1) Candidates who possess the minimum general educational qualification and have undergone co-operative training in the

Central Co-operative Institute before July 1937 or in the mofussil institutes before May 1934 and

(2) Candidates who were declared eligible for the university course or who possess the minimum general educational qualification and have passed in all the four tests of any one of the co-operative institutes and have served for at least 5 years as supervisor of co-operative societies.

Consequential amendments to G. O. No. 751 Public (Services) dated 24-3-1948 will be issued in the Public (Services) Department.

2. The Government do not accept the Registrar's proposal that the Madras Public Service Commission should issue necessary amendments to the notification already published by it inviting applications for the ensuing competitive examinations.

(By Order of his Excellency the Governor)

(True Copy)

Endt. No. R C. 72538/50-G-2

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES, MADRAS,
Dated, 7-9-1950.

Copy of G. O. Ms. No. 3358 Development dated 28-8-50 is communicated to all Deputy Registrars/Special Development Officers.

The subjects etc., prescribed for Group III standard examination in G. O. No. 751 Public Services dated 24-3-48 are furnished below:—

Group III (Intermediate Standarad)

		Marks. Maximum	Minimum, qualifying for selection.	
(a)	Compulsory Subjects:—			
	English Composition	... 100	180	270 in the aggregate.
	General knowledge	... 100		
	Language translation and composition.	... 100		
(b)	Optional subjects	... 300		
(c)	Interview and Record.	... 300		

Three optionals to be taken from the following:—

1. Arithmetic.
2. Algebra
3. Geometry.
4. History of India
5. History of England
6. Geography of the world and of India (in particular.)
7. Physics.
8. Chemistry.
9. Botany.
10. Physiology.
11. Zoology.
12. Elementary Biology.

The same standard is prescribed for candidates belonging to the Harijans and Backward Hindu Communities for when the minimun general educational qualification is prescribed for recruitment as Junior Inspectors.

K. SUBRAHMANYAM,
Registrar.

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

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

R. C. 113793/50-D.I. *Dated 11th September 1950.*

Sri J. C. Ryan, M.A., has this day forenoon taken charge of the Office Registrar of Co-operative Societies, Madras. All D. Os. and confidential correspondence intended for the Registrar of Co-operative Societies, Madras should be addressed to him by name.

(By Order)

A. M. SUNDARAM,
Manager.

Copy of G. O. Ms. No. 2364, Revenue Department dated the 31st August 1950.

Sub:—Land Colonisation schemes-Assignment of land to individual members–Colonisation societies–permitted.

Read the following:—

G. O. Ms. No. 681, Revenue dated 20th March 1941.

From the Board of Revenue, D. P. Mis. 151, dated the 15th February 1949.

From the Honorary Director, Harijan welfare, Madras letter No A. 2 4345/49 dated 17th May 1949.

ORDER.

The Harijan Welfare Committee recommended among other things

(1) that 50 per cent (if not all) of the cultivable waste lands available with Government (including the land now under cultivation in Grow More Food Compaign) should be reserved for assignment to land less Harijans,

(2) that these land should be distributed among the Harijans by alienation to individual Harijans, subject to the condition that he should not alienate it for 20 years,

(3) that the cultivation should be left to the Harijans to when the land is given; and

(4) that the Government should start co-operative tenancy societies for achieving the purpose.

The Government have examined the recommendations in consultation with the Board of Revenue and Registrar of Co-operative societies. The Board has recommended that as certain lands had already been reserved for Harijans in the villages under B.S O. 15 (36) there is no need to reserve any percentage of lands for Harijans. There is also no provision under the present scheme for assignment of land to reserve lands for any class or category of persons The Government accept the Board's recommendations.

As regards the other recommendations the Board is of the view that collective farming is a novel one and is not likely to work successfully as it requires greater organisation and spirit of accommodation than is now existing among Harijans. The Board has suggested that lands should be assigned in favour of colonies registered as co-operative societies. Akin to the land colonisation schemes started under G. O. No. 681 Revenue dated 20th March 1941. As regards the tenure of members, the Board has recommended that the Land Colonisation Co-operatsve Societies may be permitted to assign the lands to individual Harijan members permanently, subject to the condition that it should not be alienated to any non-Harijans. The Government consider that this concession should be granted to all landless poor persons (both Harijans and non-Harijans) who are members of Land Colonisation Societies. They accordingly permit the Land Colonisation societies formed under G. O. No. 681 Revenue dated 20th March 1941 to assign permanently to all landless poor persons (both Harijans and Non-Harijans) the lands in their acquisition subject to the condition that in the case of Harijans the lands should not be alienated to any non-Harijans. The orders issued in paras 2 and 6 of G. O. No. 681, Revenue dated 20th March 1941 are modified to this extent.

(True Copy.)

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES, (RE-SETTLEMENT)
10, STERLING ROAD, MADRAS 6.
Dated 12th September 1950.

Endt. No. 10192/50-G. III (Resett).

K. SUBRAMANYAM,
Registrar.

Copy of G.O. Ms. No. 3185 Development dated 14th August, 1950.
Government of Madras.

Audit—Co-operative Societies—Societies liable to pay audit fees from audit fund—Rates fixed.

Read the following :—

From the Registrar of Co-operative Societies letter No. 95582/49-L dated 22-6-1950.

ORDER :

His Excellency the Governor accepts the proposal of the Registrar of Co-operative Societies submitted with his letter cited and directs that the following scale of audit fees be fixed in respect of societies liable to pay audit fees from an audit fund under Rule XII of the rules made under the Madras Co-operative Societies Act.

	Class of societies.	Fees to be charged per diem. Rs. A.
1.	All agricultural Societies with unlimited liability	3 12
2.	All other types of societies liable to contribute to the audit fund under Rule XII whose working capital or value of whose purchases, sales or articles or goods produced as the case may be is Rs. one lakh or over.	5 8
3.	All other types of societies liable to contribute to the audit fund under Rule XII whose working capital or the value of whose purchases or sales or articles or goods produced as the case may be is less than Rs. 1 lakh	3 12

Note :—In computing working capital for purposes of these scales the Reserve Fund of Societies invested outside their business should be excluded.

2. The question of revising the rates of audit fees in respect of Societies liable to pay audit fees under Rule XI is separately under

consideration. As soon as those rates are revised the Registrar is requested to submit proposals for revising the rates fixed in paragraph 1 above.

Endorsement No. 95582/49-L.

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES, CHEPAUK,
Madras, Dated 28-8-50.

K. MUTHUKRISHNAN,
For Registrar.

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

SRI K. SUBRAHMANYAM NAYUDU, M. A.,
Registrar.

D. 42315/50-B. *Dated 28-8-1950.*

Sub :—Urban Banks and Public Servants' Co-operative Societies—Issue of loans on the pledge of life insurance policies.

The XXVIIth Madras Provincial Co-operative Conference held in 1949 passed a resolution requesting Government to permit employees' societies to issue loans on Life Insurance Policies repayable in four years. There is no objection to employees' societies issuing loans on this form of security. But it is not on the security of all insurance policies that Co-operative Societies can lend. Under rule 21 of the Madras Compulsory Provident Fund Pension Insurance Rules applicable to Government employees a policy taken under these rules may not be assigned to any one as a gift or for value received except to a member of the subscribers' family. These policies cannot, therefore, be taken as security for loans by Co-operative Societies.

2. The period for repayment of a loan granted to a member has to be fixed with reference to the purpose for which the loan is utilised and his repaying capacity. In determining the period with reference to the security, care should be taken to see that the loan can be realised by disposing of the security in case the member defaults. It is on this basis that jewel loans are made repayable in 12 months. The Registrar considers that loans on the pledge of insurance policies should not be issued for periods exceeding three years.

3. Bylaw 44 (*a*) (8) prescribed in Registrar's memorandum No. D 9623/47-B, dated 23-9-'48 is therefore, modified as under.

Bylaw 44A (8). "On the pledge of insurance policies of the borrower *other than those coming under the Pension-cum-Provident-Fund-cum-Insurance Scheme of Government duly* assigned, not exceeding 90 per cent of their surrender value, provided the insured undertakes to pay all future premia due on the policy and provided further that he authorised the Bank in writing to surrender the policy at the discretion of the Board of Directors, if the borrower commits default. The period for repayment of the loan shall be not more than three years. Interest accrued on these loans shall be payable monthly".

4. Deputy Registrars are requested to advise urban banks and employees societies to adopt this bylaw at an early date.

K. SUBRAHMANYAM NAYUDU, M. A.,
Registrar.

Forwarded/By order

The Madras Journal of Co-operation Regd. No. 1284

Edited and Published by P. Natesan, M.B., B.S., at M. P. C. Bank Buildings, Esplanade, Madras. Printed by Sri S. Sundaresan, L. P. T., at the Central Co-operative Printing Works, Ltd., 1/17, Mount Road, Madras—1,500—9-50.

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