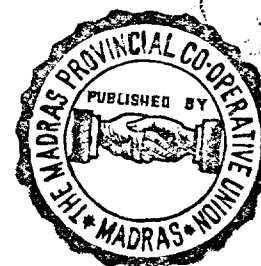


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The Madras

Journal of Co-operation

228



HONY. EDITOR :

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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

OCTOBER 1950

No. 4, Vol. XLII

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The Editorial Committee do not hold themselves responsible for views expressed by contributors. Contributors are requested to write legibly and on one side of the paper. Manuscripts will not be returned unless stamps are sent to cover postage. Matter intended for the issue of any particular month should reach the Committee before the 15th of the previous month. Reproduction of the articles or other matter of this journal in other journals, etc., either in English or translated into other languages is permitted, provided the source is acknowledged.

The Rural Banking Enquiry Committee Report:

We published in the August issue of our Journal our observations on the recommendations of the recent Rural Banking Enquiry Committee. A copy of the Report not having been available to us at the time, we were obliged to have recourse to Press reports of the proposals of the Committee. We have since obtained a copy of the Report and on a close study of the same, feel bound to make amends for our earlier remarks by presenting a correct picture of the Committee's Report to our numerous readers. We publish in this number some extracts from the Report which relate to Co-operative Development. The remaining relevant portions will be published in the next issue.

The Committee appreciate the keen interest taken by all Provincial Governments in the Co-operative Movement and recommend that the Government may give subsidies to the Co-operative Banks in the initial years so that they may function without financial handicap. The assistance provided by the Government of Bombay to Co-operative Banks to extend their branches to the entire Province and the Scheme of the Registrar of Co-operative Societies, Madras to constitute co-operative banks in major Panchayat villages find favour with the Committee who recommend their adoption by the other parts of the country. These

proposals, the Committee feel, would provide the necessary machinery for short and medium term credit.

As regards long term credit, the provision of separate institutions is favoured by the Committee. The establishment of a provincial land mortgage bank and primary banks in every province is considered essential. They see no need for a Central Agricultural Credit Corporation for the country when the Reserve Bank of India itself is capable of giving technical advice and assistance to the Provincial Co-operatives.

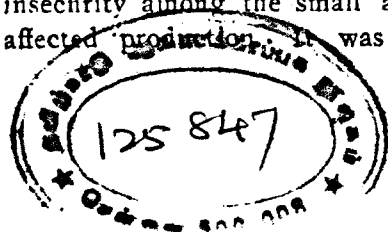
Regarding the concessions and facilities necessary for Co-operative Institutions they suggest that Post Offices should provide remittance facilities at special concessional rates, that the rules regarding limits for deposits and withdrawals at the post offices should be liberalised and that co-operative institutions should be authorised to sell National Savings Certificates.

While the Committee find a useful agency for rural finance in the Co-operative Institutions they also emphasize the two essential conditions of progress: First, the expansion should at no stage outstrip the administrative capacity of the team of workers; there should be a keen watch at every stage. Secondly the Movement should be kept free from personal and party feuds and political interference.

Now that the proposals for sound rural co-operative banking have come, it behoves the Government to implement them without delay. It also behoves the Co-operators in the country to co-operate with the Government so that the Co-operative Movement as a democratic agency may contribute its quota to the building up of a prosperous Indian Nation.

Planning Committee's Recommendations:

The Agrarian Sub-Committee of the Planning Commission Advisory Board and the Panel on Agriculture met recently to examine the factors which are impeding the growth of agricultural production and the measures required to give an impetus to an agricultural programme for the next five years. The meeting was attended by officials like the Director of Agriculture, Madras, and non-official experts like Shri Manilal B. Nanavati and Dr. J. C. Kumarappa. It was expressed at the meeting that consequent on the agrarian legislation, there was a fear of insecurity among the small and big land-holders and that this affected production. It was therefore felt that in the present



circumstances, the main emphasis should be laid on measures which would directly aid production during the next few years.

The conference recommended that loans should be given by Government to cultivators not directly but through co-operative societies and also that a unified co-operative credit structure should be organised to provide short, medium and long term credit to the farmer. The organisation of adequate extension services linked with village multipurpose societies and private demonstration farms was also considered necessary. The Conference also felt that legislation would be necessary to enforce the use of improved seed, compost and better methods of farming.

An economic ferment is now prevailing in the country particularly in the field of agriculture. The Governments of all Provinces have for some years endeavoured to increase the production of food in particular and other agricultural produce in general. The progress has been very slow. The recent agrarian reforms have created a sense of insecurity in many of the land-holders and several of them are trying to dispose of their lands as early as possible. In these circumstances there is no earnest effort at present on the part of many agriculturists to produce more for the country. The net result is that the nation-wide campaign for increased production has not been much of a success.

A need for the reorientation of the State policy for better results has arisen. The suggestion of the Sub-Committee of the Planning Commission that the main emphasis should be put on measures which would directly aid production is welcome. We are glad that the Committee have recommended that Government loans to ryots should be channelled through co-operatives instead of being given direct. This is a recognition of the unique position that co-operatives are capable of filling in the rural credit structure.

For obtaining tangible results, propaganda is the only safe policy. The linking of multipurpose societies with demonstration farms as suggested by the Committee will go a long way to keep the ryots informed of the latest developments and to induce them to adopt them, provided that there is adequate propaganda and demonstration. Now that multipurpose co-operative activity is increasing in all parts of the country, it is hoped that this enthusiasm will be utilised for promoting a new agricultural programme.

Rice Marketing in Siam:

We publish in this issue the second of the series of articles contributed by Sri J. C. Ryan, Registrar of Co-operative Societies, Madras. The article, entitled Rice Marketing in Siam, shows clearly the unique position of Thailand in South East Asia as a food producer and exporter and its volume of rice trade. That apart, it indicates the keen interest which the Government of Thailand are evincing in the development of rice production and trade through co-operatives. They have sold all their shares to the co-operatives and are earnestly striving to drive home to the farmers the benefits of Co-operation.

Though the Thai Rice Company is predominantly Co-operative in organisation, it is yet to become co-operative in actual working. The principles of co-operation should be driven home to the farmers by means of propaganda. The visit of Sri Ryan to that country as Co-operative Consultant must have helped the country to a considerable extent to discuss ways and means of developing genuine co-operative endeavour there.

To us in India the Co-operative trade of Siam must for some years be of interest. We are short of rice and will probably be so until a comprehensive agricultural programme is worked successfully over some years. Trade contacts with Siam through co-operatives at home and abroad may enable our country to import our requirements at fair prices. As Sri Ryan has pointed out, international trade contacts have been recommended by the Lucknow Co-operative Conference of 1949 and it will only be a step in this direction to contact Thailand for mutual benefit.

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An appeal for the Co-operative Day:

Our readers are aware that the Co-operative Day falls on Saturday the 4th November this year. We published in the last issue of our Journal the Declaration of the International Co-operative Alliance as well as the messages of the President of the Indian Co-operative Union and the Hon'ble the Chief Minister, Madras. We appeal to all Co-operators to celebrate the Day in a fitting manner and to use the occasion 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 fear of War. We request in particular that the Declaration and the messages may be read and adopted at meetings as a mark of re-affirming of our faith in the Co-operative Movement. We also request that a brief report on the celebrations may be sent for publication in this Journal.

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Announcement

The 17th Andhra Provincial Co-operative Conference will be held at Tenali (Guntur Dt.) on Sunday and Monday the 26th and 27th Nov, 50 under the Presidentship of Sri Kala Venkatarao, General Secretary, All India Congress. H. E. the Maharajah of Bhavanagar The Governor of Madras, is requested to open the Conference. The Hon'ble Sri K. Chandramouli, Minister for Co-operation will hoist the Co-operative Flag. The Hon'ble Sri P. S. Kumaraswami Raja will open the Village Industries Exhibition. The Hon'ble Sri K. M. Munshi will open the Cattle Show and distribute prizes.

The Village Industries Exhibition will run for about one month from 26th Nov. to 25th Dec. 50. Accommodation will be provided on application.

For further particulars, please apply to :

Secretary, 17th Andhra Provincial Co-op. Conference, Tenali.

*District Co-operative
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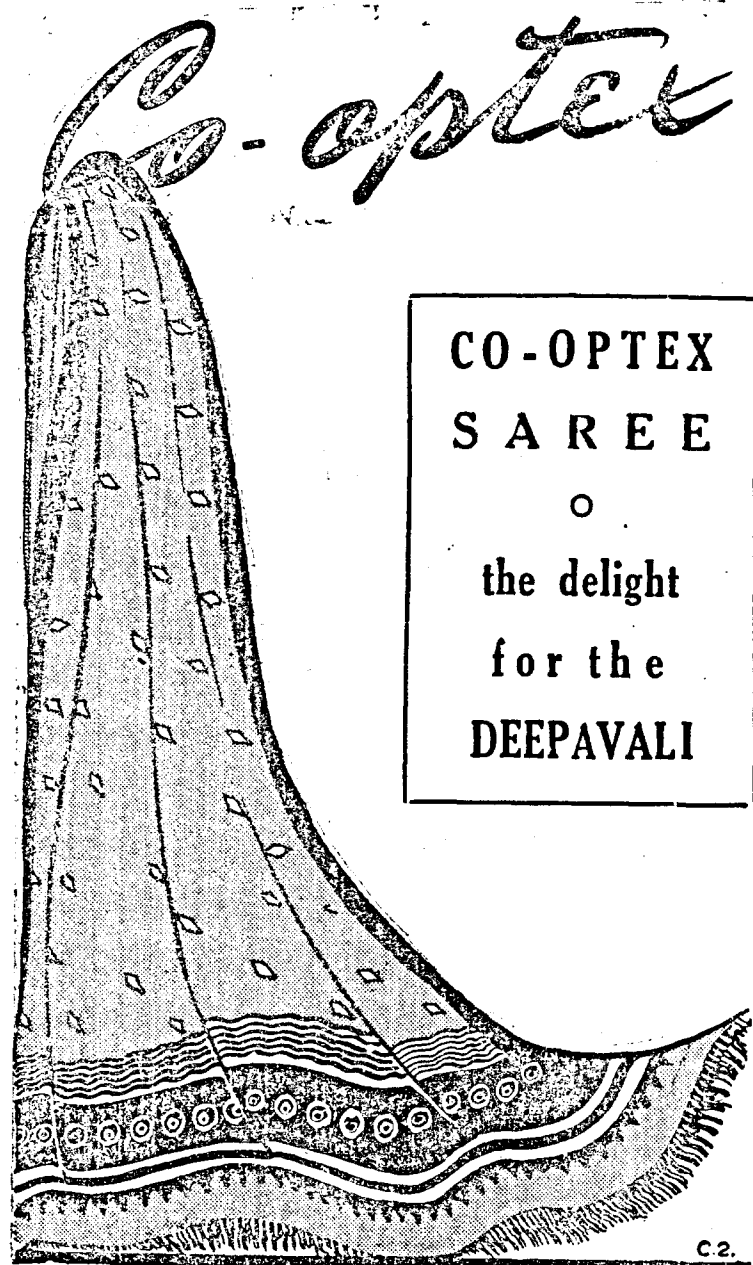
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Co-operation a Vital Instrument for Raising Living Standards*

(GROWTH OF CO-OPERATIVE MOVEMENT
IN BRITISH COLONIES)

THE RT. HON. A. CREECH JONES, P.C.
Former Secretary of State for the Colonies

[The British co-operative movement has made a large contribution to the development of co-operation in British colonial territories. There are 20 such territories in which co-operative departments are now functioning. The Colonial Governments are realising more than ever what a vital instrument the movement can be for improving standards of living and education and for effecting advance through the people's own efforts.]

In the article below, the Rt. Hon. A. Creech Jones traces the growth of the co-operative movement in the Colonies. "Co-operation," he says, "has established itself as a vital social and economic factor in colonial development, and is already acknowledged as one of the most important elements in raising standards and in colonial advance."]

I look back with pride to the encouragement I was able to give during my administration at the Colonial Office to the development of co-operation in British colonial territories. Co-operation has established itself as a vital social and economic factor in colonial development, and is already acknowledged as one of the most important elements in raising standards and in colonial advance. Let us thank the various sides of the British co-operative movement for the contribution they have made.

There are 20 colonial territories in which co-operative departments are now functioning under Registrars of co-operative societies. The great movement in Britain has been built by voluntary service and felt need, with full reliance on its own integrity and independent resource.

But the colonial scene is very different and its own special problems are well known. Consequently it was imperative that official encouragement should be given from the Colonial Office and that local governments should help with advice, propaganda, training, supervision, and the many other ways open to them.

Agriculture the Basis

Co-operation in the Colonies includes many kinds of society for mutual benefit, from the founding of schools and thrift organisations

* By the kind courtesy of the British Information Services, Madras.

to the forms with which we are familiar in Britain. But because the basis of the economics of most colonies in the tropics is agriculture, it naturally happens that co-operation usually concerns itself, not exclusively, with the producer and farmer. The peasants are individual farmers and need protection. Consumers' organisation is only slowly building up. Inexperience in trade, illiteracy, and until recently, shortage of personal supplies, are handicaps in the creation of consumers' co-operation.

During the war those of us interested in the progress of the British dependencies pressed the Colonial Office to give leadership in co-operation and take a more energetic interest in furthering it.

We inspired an interesting group of men and women whose names are familiar to the co-operative movement to prepare a survey. Mr. R. G. Gosling, the Rev. C. S. Woods, Mr. Percy Redfern, Dr. Barou, Mr. Neil Beaton, Sir Malcolm Darling, Miss Margaret Digby, Mr. Leonard Woolf, and Mr. Edmund Waller assisted.

Before this much pioneer work in co-operation had been done in India, Malaya and Cyprus, and Ceylon already had a good record. The name of Mr. Strickland was already revered for his pioneer zeal and the high quality of his advocacy. There had been Mr. Cavendish in Malaya and Mr. Calvert in the Punjab, and colonial departments, though mostly small, had been established in Nigeria, Mauritius, Malaya and Cyprus.

A singularly successful local society of coffee growers was progressing in Tanganyika, and good results had been achieved in Malaya and Mauritius in overcoming the scourge of indebtedness to the moneylender and opening the way for producers' co-operation. In the Gold Coast as far back as 1931 an ordinance had been passed and a precarious start had been made.

But the number of effective Societies and the total membership in each territory remained disappointingly small, and though in several colonies (*e.g.*, Cyprus) they helped the local governments in distribution and price control in wartime, no marked progress was made. Commissions like the West Africa Cocoa Inquiry in 1938 and the International Food Conferences all recommended that the co-operative movement should be encouraged.

Detailed Study

Not till 1944 was Mr. W. K. Campbell commissioned by the Colonial Office to make a detailed study of co-operation in the

Colonies and during 1945 and 1946 he toured East Africa advising on co-operative possibilities.

The upshot of our pressure, with the new information available, was that Governments began to act and the Labour Government issued a model ordinance, together with model rules. Colonial governments were urged to appoint officers charged with the duty of guiding and assisting the co-operative movement and to study the legal framework within which the movement could operate.

It was also emphasised that marketing and all kinds of producers' activities could suitably be covered by co-operation, that credit societies should be extended and that active attention should be paid to consumers' co-operation as well.

I also set up a Co-operative Advisory Committee in the Colonial Office to assist in the co-ordination of general policy, to advise on the means of promoting sound colonial co-operative movements and to help in the establishment of connections between societies in the United Kingdom and in the Colonies. Lord Rusholme, Mr. W. Coldrick, the Rev. G. S. Woods, Professor Ashby, Mr. Neil Beaton, Dr. C. R. Fay, Miss Digby, Mr. Blower and Mr. Evison all agreed to serve. Later I appointed Mr. B. J. Surridge, of considerable colonial co-operative experience in Cyprus and West Africa, as adviser to the Secretary of State.

These years since the war have been full of activity. The adviser has visited the territories in West Africa, the West Indies, and the Far East, discussed problems with societies, Registrars, and departments. He has stimulated the interest of Governments and farmers and urban workers in strengthening and extending the work.

Improvements Recommended

The advisory committee have reviewed the annual reports of the Registrars and recommended improvements in co-operative organisation and methods. Instructional visits have been made to co-operative societies in Britain by a number of Registrars from the Colonies and summer schools, special courses and regional conferences have been arranged for co-operative officers.

There was also a technical meeting on co-operatives last year under the Food and Agricultural Organisation which the adviser led for the United Kingdom.

A valuable experiment was the creation of special courses of instruction for officers at the Co-operative College at Stanford Hall.

The Co-operative Union and the College authorities have been most helpful and a special curriculum was arranged and a tutor of colonial experience provided. A fair number of colonial officers have taken the course, though it has been difficult to sustain, latterly, adequate numbers for the course.

Another development has been the study tours to other colonies and to Europe to enable officers to obtain comparative experience and study how difficulties are being overcome.

Co-operation in the Gold Coast has been mentioned. In dealing with the marketing of cocoa in the Gold Coast and setting up the marketing boards I urged that the West African Governments should be under a special obligation to encourage and assist co-operative societies in the fulfilment of their functions as buyers for the boards. Last year I was able to report that the co-operative bank and cocoa marketing organisation had been duplicated to handle the increased business.

Consumers' Co-operation

In addition much interest in consumers' co-operation has been stimulated and a co-operative wholesale establishment has been registered, with an African deputy Registrar in charge. The Gold Coast Registrar and head of the wholesale visited Britain to discuss with the British Co-operative Wholesale Societies the supply of goods to consumer co-operatives. On the working of a Gold Coast wholesale and the development of consumers' co-operation Mr. Lambert, of the C.W.S., and Mr. Shearer, of the Scottish C.W.S., visited West Africa last year and offered their mature views on the difficult problems there.

A C. W. S. is also being created in Malaya. The movement in Cyprus has made great headway both among farmers and on the consumers' side. Agricultural machinery societies and the hire by credit societies of tractors and other machinery are helping to develop mechanical cultivation and harvesting.

In Mauritius a Co-operative Central Bank has been established and short-term credit is given to societies of sugar-cane growers. The Kilimanjaro Native Co-operative Union in Tanganyika, chiefly of coffee growers, continues to grow in numbers and strength and a start has been made with consumers' societies.

There are co-operative housing societies in Malaya and Singapore, and in Sarwak a co-operative farming society has been

registered among Sea Dyaks, and a new village for some of the Chinese fishing community in Kuching is in process of organisation on co-operative lines. Last year British Guiana registered 80 societies and Jamaica, after the most valuable work and experience of Jamaica Welfare, founded a co-operative department.

Community Effort

So the movement grows, and I hope closer interest will be taken by British co-operators in the work being done. The association with the various sides of the movement in Britain is cordial and might become even stronger. For *Colonial Governments are realising more than ever what a vital instrument the movement can be for improving standards of living and education, and for effecting advance through the people's own efforts.* These are days in which we stress to colonial people the importance of community effort and urge them to contribute to their own salvation by community service and initiative.

As the Fabian report, with which Lord Winster and Dr. Hinden were associated, said, "It is a fundamental principle of all co-operative activity that material progress is of little avail without a corresponding educational advance in self-reliance responsibility, and citizenship." Once the stage of Government assistance in guidance and education has been passed, the colonial movements should proceed on their own momentum as independent, self-sufficient organisations, and essentially, as dynamic people's movements:—(*"Co-operative News"*, Manchester)

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The Hood Co-operative Institute, Ltd., Tanjore.*

SRI N. R. SAMIAPPA MUDALIAR,
President, The Hood Co-operative Institute, Tanjore.

The Institute was started as an unregistered body in 1926, with the main object of training co-operative workers, official and non-official, and to do co-operative propaganda. Later it was registered as a co-operative institution under Act II of 1912, with a jurisdiction extending over the Tanjore District. The Late Rao Bahadur N. Krishnaswamy Iyengar, was the first President of the Institute. In 1929, the jurisdiction of this Institute was extended to the Districts of Trichinopoly, Mathurai, Ramanathapuram and Tirunelveli. Again in 1940, the by-law of the Institute was amended, bringing the districts of Madras, Chingleput and South Arcot under the Institute. The Late Mr. N. Krishnasamy Iyengar continued as President till his demise in 1929. The place of President was vacant till 1930. In 1930, Dr. Sved Tajuddin Sahib was elected President and held the office till November 1948 when I was elected as President.

The object of the Institute is to impart education in the theory and practice of co-operation by—

1. Holding classes, publishing books, leaflets, circulars and periodicals regarding them from time to time;
2. Arranging for lectures to be delivered at different centres;
3. Maintaining a Library;
4. Conducting research work;
5. Arranging for the initial and periodical training of workers in the principles and practice of co-operation.

Till 1946, membership was open to individuals and all types of societies. With the re-organisation of the Institute in April 1945, membership has been restricted to central banks in the area of operation of the Institute. Individuals and Societies who were members on that date, however, have been allowed to continue.

Regarding the finances of the Institute: (a) Contributions are collected at Rs. 125 per annum from Central Banks which are members. Recently the concerned by-law was amended, raising this contribution to Rs. 200 per annum. This amendment is pending registration. (b) Subsidy from The Madras Provincial Co-operative Union, towards the cost of two Permanent Lecturers. (c) Subsidy from Government if any, for running special courses of training for

* Welcome address delivered on the occasion of opening the Rajan Hall at the Hood Co-operative Institute, Tanjore on 23rd August 1950.

THE HOOD CO-OPERATIVE INSTITUTE LTD., TANJORE

Junior Inspectors selected by The Madras Public Service Commission and other training under-taken by the Institute, at the instance of the Registrar of Co-operative Societies, Madras.

The normal activities of the Institute consist in running classes to train S.S.L.C. holders for employment in co-operative institutions as Supervisors and Clerks. This course lasts for nine months commencing from July every year. The students are taught the subjects of Co-operation—Law and General, Banking, Book-keeping Auditing and Rural Economics. At the end of the training, they sit for the final examination held by the Madras Provincial Co-operative Union. Immediately after this examination, the trainees are attached to the various Central Banks to undergo practical training for a period of two months. This practical training has been introduced only from the year 1949-50. Certificates are issued to the successful trainees. The classes formerly consisted of only one section, forty strong. From 1945-46 the need was felt to expand this, in order to meet the increasing demand of the various co-operative institutions. Therefore two sections were run with a strength of 69 in 1945-46 and with 84 in '46-47. The strength was gradually increased to 140 in '47-48 to 141 in '48-49 and to 142 in '49-50. The present strength is 201.

The teaching staff of the Institute now consist of 8 lecturers including the Superintendent, who is a Co-operative Sub-Registrar of the Co-operative Department. The cost of the other lecturers is met from the Institute Funds.

The interval between one supervisors' course and another namely, the three months of April, May and June, was utilised during the years 1945-46 and 1946-47 to conduct training classes for *Panchayatdars* and the members of the co-operative societies by utilising the Permanent staff of one Superintendent and two lecturers for the purpose. This scheme was given up in 1946-47 and instead the Institute is now conducting, during the interval of these months, short courses of training for the benefit of the employees of non-credit co-operative societies.

The Institute owns a Library containing books on co-operation and other allied subjects. It has a free Public Reading Room and is visited annually by the Officers of the Education Department. The Government is also giving an annual grant of Rs. 150 for the maintenance of the Library.

The present Institute building, originally a jail building, was purchased by the Central Bank, Tanjore. When the Institute was

started in 1926, this building was taken on rent for running the classes and housing the office of the Institute. The then Collectors of Tanjore District, Mr. Gray and Mr. Hood took lively interest in the affairs of the Institute. They even collected a donation which was kept in deposit in the name of the Collector and then transferred to the Institute. The site, with the present building in the downstairs was purchased from the Central Bank, Tanjore for a sum of Rs. 12,000 from out of the deposit amount mentioned above and the funds of the society. Soon after the purchase, a leaf thatched shed was erected in the vacant site, i.e., the present shed. Both the main building and thatched shed were named after Sri P. T. Rajan, the then Minister for Co-operation and called "Rajan Buildings." They were opened by the then Governor of Madras, Rt. Honourable Sir Frederick Stanley. Mr. Gray not only took lively interest in the affairs of the Institute, but also joined as an individual member of the Institute. His applying for membership in the Institute shows how enthusiastic and keen he was in improving the Institute. In appreciation of his services, it was resolved to construct an upstairs to the existing building by public subscriptions and donations and name it after Mr. Gray. The construction of the upstairs building was completed in 1941 at a cost of about Rs. 7,000.

The leaf thatched shed which was erected for running classes had to be repaired at a cost of nearly Rs. 500. Further, the shed was always subject to danger of fire, accidents, etc. Therefore, it was thought that erection of *pucca* shed would be desirable. So appeals were sent to all co-operative institutions and *mutts* for liberal donations for the conversion of the shed into a *pucca* Hall and for the construction of a building for hostel which is very essential for accommodating students coming from places outside Tanjore. The following co-operative institutions, had the kindness to contribute liberally for the purpose.

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9. Students Union, The Hood Institute ...	75
10. The Tiruvarur Co-operative Central Stores ...	2,001

(This amount was contributed by the Stores, for construction of Hostel Buildings).

The shed was converted into a *pucca* Hall, which is now seen. It cost about Rs. 7,500, met partly from the general funds of the Institute.

Regarding the construction of a Hostel Building, the Collector, Tanjore was approached for the alienation of a site for the purpose in favour of the Institute. It is hoped that the Collector will favourably consider the request. The resources of the Institute, are not sufficient to meet the entire cost by itself. So the Registrar of Co-operative Societies, Madras was approached for getting permission to arrange for a benefit performance to get the required amount. The then Registrar, Sri J. C. Ryan promised to accord the necessary sanction. But the present situation, in our State, is such as it will be unfair on my part to approach the agriculturist, either for a lump-sum donation or for subscription for benefit performances. So the idea of arranging for a benefit performance is dropped for the time being. In the meanwhile, the Madras Provincial Co-operative Union has approached the Government through the Registrar of Co-operative Societies, Madras, for a substantial grant, towards the construction of Lecture Halls and Hostel buildings for all the four mofussil institutes and the proposal is pending with the Government. We trust that the Government will sanction half the amount required as grant.

In this connection I wish to suggest that the Government may allow such of the temples which have got surplus amount, to devote for causes like this. When I approached a *Mutt* for donation, I was told that if necessary permission was obtained from the Hindu Religious Endowments Board, the *Mutt* would denote liberally from the temple funds. It seems that the amending bill of the Hindu Religious Endowments Act will come up for consideration at the ensuing meeting of the Assembly. It will be beneficial to a number of institutions and you will be doing a service to the country, if you can use your influence as the Chief Minister and see that the Act is passed with the provision for the diversion of temple funds for all educational purposes. To guard against possible misuse of the provision, the Government may retain in their hands the power of sanction for such diversion. Before requesting the Honourable Chief Minister to declare the Hall open. I have got another pleasant duty to perform namely requesting Mr. P. T. Rajan to unveil the portrait of the late Mr. N. Krishnaswamy Iyengar. Sri Iyengar was an able Lawyer. There was no co-operative institution at Kumbakonam with which he was not connected in one capacity or other. He was chairman of the Municipal Council, Member of the District Board, Tanjore and for sometime its Vice-President. He was a member of the Pre-Reforms Legislative Council. A perusal of the minutes of the Institute will show what amount of trouble, he took to bring the Institute to prosperity.

Chemical Manures: Their use

SRI G. GOWRIPATHI SASTRY,

Secretary, The West Godavari Co-op. Marketing Federation Ltd., Eluru

Scheme to improve production:

Hitherto the Agricultural Department has been distributing chemical and other manures to ryots. Now the distribution is entrusted by the Government to Co-operatives. We hope the ryots will realise the importance and advantages of this movement and purchase the manures allotted to them from Co-operative Societies, use them for their fields and obtain best results. Thus they can help the 'grow more campaign' and avoid the gloomy prospect of a famine, which is now threatening the country.

Water and manures are important for increasing production. What is the natural manurial content in the soil? How much additional manure has to be used to supplement it? In answering these questions one point has to be kept in view and that is the ryot must get the maximum benefit with minimum expenditure. Which manure is cheaply and freely available? Can the ryot get the maximum benefit by using it?

The results of experiment on paddy crop carried on by the agricultural department in various farms in the Madras State are as stated below:—

(a) Nitrogen and Phosphorus in an easily assimilable form are necessary for paddy crop.

(b) Generally acidity or sharpness is a natural content of the soil and so it need not be supplied.

(c) Good results can be obtained if Nitrogen in the form of Ammonium sulphate or oil cake and phosphorus in the form of Super or Ammonium sulphate is separately mixed with leaf manures.

Ammonium sulphate is noted for its content of Nitrogen. It immediately dissolves in the soil contents and gives strength to the growing crop. Not only this, black cotton and loamy soils naturally supplement the Nitric content of Ammonium sulphate, bring up the Phosphoric content and help the crop.

Leaf manure is excellent for paddy crop. Next comes compost and dung. As satisfactory experiments have not been carried on in respect of these two, it cannot be said with any certainty how much of these is required per acre.

CHEMICAL MANURES: THEIR USE

All kinds of oil cake are the same, and their importance is well known. But since they are extensively used for plantain and sugar cane crops, they have become scarce.

To put it in a nut shell:—

(a) 5000 lbs. of leaf manure and 75 lbs. of Ammonium sulphate or

(b) 30 lbs. of oil-cake yielding Nitrogen, and 15 lbs. of Ammonium sulphate yielding Nitrogen have to be used per acre.

Use of Phosphorus:—

It is sufficient if 30 lbs. of Phosphorus is supplied per acre. Bone meal, and super phosphate are the manures used for their phosphoric content. According to experiments carried on in the Samalkot Farm, it was found that there was 30% more yield when manures containing 30% of Nitrogen and phosphorus were used. Under all these circumstances it is beneficial to use phosphates mixed with leaf manure and oil cake, etc.

One important point to be noted is that the yield may not be as satisfactory when Nitric and Phosphoric manures are used together, as when Nitric manures are used alone. This should not discourage the use of Phosphoric manures. Phosphorus uniformly maintains the strength of the soil. Therefore the best method of cultivation is to give sufficient phosphorus to the soil from time to time.

JUST OUT.

The Bombay Co-operative Societies Act.

(As last amended up to 30th June 1950.)

(With critical Notes, Exhaustive Commentary & Case Law upto date)

Dewan Bahadur C. M. Gandhi, B.A. LL.B., Advocate, (U.S.)

Principal (Retd.) Law College, Surat, and

Chairman, Surat District Co-operative Bank Ltd.

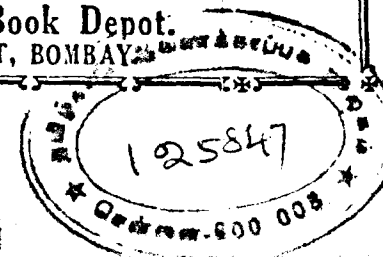
Price Rs. 10.

There has been no book uptill now so thoroughly written as that of D. B. Gandhi's Co-operative Societies Act. He has fully annotated the book, with critical and lucid notes, exhaustive commentary on the various Sections of the Act, and the Case Law has been brought upto date. The book contains also the Bombay Co-operative Societies Tribunal Rules and Regulations (with various forms) the Multi Unit Co-operative Societies Act (India Act VI of 1942) the Co-operative Credit Societies Act of 1904 and of 1912. Clear and concise as the book is, it will be found to be very useful to all Co-operators, Students, Officers of Co-operative Societies and Arbitrators.

Copies Available at:

The Co-operators' Book Depot.

9, Bakehorse Lane, FORT, BOMBAY.



Agricultural Indebtedness in India—with special reference to Madras

SRI V. KAMARAJU, M.A., F.R. ECON. S. (LOND)
Madras Provincial Co-operative Bank, Ltd.

I Causes of Indebtedness.

Rural Indebtedness is not peculiar to India. The Agriculturists all over the world are indebted to some extent or another. Mr. Darling states that in Russia in 1902 peasant proprietors carried a debt of £377 million and the farmers of United States in 1910 owed £175 million. But in India rural indebtedness is proverbial. It is said that the Indian Agriculturist "is born in debt, lives in debt, dies in debt and bequeaths debt."

The causes leading to rural indebtedness are varied in number and in nature. The more important of them are given below:—

(i) *Poverty*—"In India Agriculture is, with most cultivators, with uneconomic holdings, more a mode of living than of business", say the Royal Commission on Agriculture. To the Indian agriculturists wants are few, diet is simple, climate is usually kind, and the deep-rooted tradition tends to make the countrymen content with things as they are. But the depth of poverty and its pervading presence cannot escape our notice. The Indian ryot has "ample security" in the triple chain of caste, custom, and character which necessarily binds him to the soil. The average ryot is forced to live a squalid life ill-fed, poorly clothed, wretchedly housed and with hardly any surplus for those extra amenities which make life worth living.

(ii) *Vicissitudes of the Seasons*—Agriculture in India is a gamble on monsoon. Normal rainfall years are not very common in India. The monsoon may fail or what is more likely the rain may come at a wrong time and sweep away, "the harvest, the hamlet and the herd." In such circumstance to support a family the ryot is forced into the clutches of the moneylender, for all his wants including cultivation expenses, food and clothing.

(iii) *Ravages by wild animals and pests and loss of Cattle*—Wild animals like elephants, pigs, monkeys, deer are regular visitants from forests to neighbouring fields. Considerable damages have been caused in South Kanara and Coimbatore districts to the plantations. It is estimated that a rat can consume of 6 lbs. of grains a

AGRICULTURAL INDEBTEDNESS IN INDIA—WITH SPECIAL REFERENCE TO MADRAS

year and the total loss caused by rats in India per year is some Rs. 22 crores.

Crop pests cause considerable damage, for e.g., a cloud of locusts can lay bare a vast expanse of cultivation in no time.

The periodical loss of cattle through disease is a heavy toll on the agriculturist's possessions. So he borrows to replace them.

(iv) *Character of the Agricultural Class*—A sense of security, a true basis of happy family and national life, our ryots never enjoy. Life has become to many of them a sordid struggle for existence. The ryots' life has "little security less gaiety and no dignity." Even though the Indian farmer has always been the foundation of the economic structure his welfare has been neglected by the State. During the British administration the farmer was the most oppressed of all. He remained uneducated and his ignorance and simplicity were taken advantage of, he is naturally deeply suspicious of those who try to reform him because of his bitter experience of the past. The Indian agriculturist is said to have a fancy for litigation.

(v) *Rise in Standard of Living*—One curious result of the unchanging standard of living is that even when opportunities are afforded to the Indian labourer to earn higher wages, he uses his greater earning power to do less work and enjoy greater leisure, rather than to earn more regularly or by improving his efficiency. The explanation for this almost low standard of living and for physical and mental inertia can be sought from the poverty of the people which prevents them from raising their standard of living and partly in the lack of a desire to progress, born of years of suffering and oppression.

The series of years of high prices before the economic depression and during the second world war have helped to raise the standard of living of the agriculturists. Coffee, tea and cinema which were luxuries yesterday have become necessities to-day. The increase in the standard of living without corresponding increase in the national income added its quota to the volume of debt. The agriculturist accustomed to the new standard of living naturally clings to it even by borrowing in times of adversity.

(vi) *Money-lenders*—The money lender's demoralising system of uncontrolled credit is yet another cause. The exploitation of the farmers by the money-lenders was as common in central Europe before the advent of the co-operative movement as it is in India to-day. Thus "In Italy if a poor peasant wanted money the usurer

was delighted to supply it at from 50 to 1,200, per cent often with a Sunday dinner thrown in as a prescriptive condition (Wolff's *People's Bank*.) Accounts are often fraudulent and interest charged is increasable, usurious; and however much the peasant tries to clear off the debt he finds himself a perpetual liability to the money lender. The dictum, "once in debt, always in debt" is often true of Indian agriculturists.

(vii) *Middlemen and Lack of Marketing facilities*—More often than not the money lender himself is the trader, want of marketing intelligence, the smallness of farmer's output, the absence of access to markets, the perishable nature of the produce and above all his want of financial position—all contrive to produce this unfortunate result. False weights are used and innumerable deductions are made for charity and other purposes (*mamules*.)

(viii) *Litigation Local Politics and factions*—It is said that the Indian peasant has a fancy for litigation. Local factions are more of communal nature than political. The litigation is often encouraged by a system of touting. Brothers quarrel not for fruits of trees but for the shadow of the trees.

(ix) *Ceremonies*—A common cause of the indebtedness of the agriculturist is not in the increase of facilities for borrowing owing to the improvement of the machinery for the recovery of debts but the growth of bad social habits resulting in reckless extravagance on marriages, funerals and other ceremonies.

(x) *Over population*—While population increased between 1931-41 by 10.44 per cent the net area shown rose by only 1.6 per cent, and the total holdings by 5.7 per cent. The Indian provinces have been mainly agricultural. The increase in the population is outstripping the area cultivated and the area of holding per individual is found to dwindle steadily.

(xi) *Fragmentation of holdings*—The root cause of agricultural debts is the insufficiency of the agricultural income resulting from the excessive subdivisions and fragmentation of holdings. As Mr. G. Keatings observes, "to a great extent, no doubt, uneconomic holding is the result of Hindu law of inheritance. As Mr. Darling has summed up so well "small holdings are the result of large population and laws of inheritance which prescribes that each son shall get an equal share of his father's land. This is bad enough but what are we to say of a custom which requires that the few acres each son receives should be split of into as many fragments as

there are different soils in the village, so that all may get an equal share of every kind of land, good, bad and indifferent."

(xii) *Agricultural practices and the law of decreasing returns*—While want of capital and the vagaries of nature account for much of this low out-turn, gross slackness, conservatism in adhering to old crude methods of cultivation and consequent lack of enterprise and initiative in attempting at newer and more efficient methods of agriculture, must also be largely responsible for comparatively meagre return from land. Mr. Darling observes, "the plough that looks like a half opened pen-knife just scratches the soil, the hand sickle made more for a child than for the man, the old fashioned winnowing tray that one holds in the wind to sift the grain from the chaff the road clipper with its wastefolder, are undisplaced from the primitive immemorial functions."

(xiii) *Lack of Subsidiary occupations*—According to Dr. Slater, there is agricultural work for the cultivator only for 5/12 of his possible working time. On an average nearly four to five months in a year he has no work. The decline of handicrafts of India and the consequent unemployment of the *ryot* for a part of the year is yet another cause. Mental and physical inertia, lack of ambition and pride of caste and position makes agriculturist waste all his spare time and prevents him from earning subsidiary income. The agriculturists can earn a decent income by engaging themselves in cottage industries like spinning, weaving, poultry-keeping, etc. Here we have to learn a lesson from Japan: Though half the land in Japan is under rice, three million peasants earn a substantive subsidiary income by the rearing of the silkworms.

Much of the indebtedness of the agriculturist is due to the heavy incidence of the land revenue; and land tax in India is the highest land tax in the world and the payment in money is unfair. The land tax on the *ryotwari* land is not a major curse as it in the *Zamindari* area. With the abolition of *Zamindari* System this inequality in taxation has to be levelled up.

The Three Fold Aspect of Co-operation

O. R. KRISHNASWAMI, B. COM., LECTURER,

The Hood Co-op. Institute, Tanjore

The idea of co-operation is as old as Adam and Eve. It is the very essence of human life. It finds expression in the associative spirit ever prevalent in humanity. Co-operation is one way of conducting certain parts of the ordinary business of life. It is a living creative force and it is constructive and can be applied to any form of economic activity. If civilisation is a protection against the competition of the savage; co-operation is a protection against the competition of civilisation. Co-operative movement is based on the principle "*Union is Strength*" and it is nothing but a union of all for the benefit of each.

Nature and Definition of Co-operation

The word "co-operation" is derived from "co" and "operari" which simply means "to work together" or "to endeavour for some common purpose." There seems to be some confusion as to what is meant by co-operation. Part of this confusion seems to be due to the fact that in England it was co-operative distribution that first proved successful; while in other countries, it was agricultural co-operation that assumed such importance. In the attempt to preserve the unity of conception, the various definitions of co-operation have been kept so vague as to be almost completely uninforming. Besides, co-operation, as a movement, has come into existence spontaneously as a practical solution of obvious difficulties rather than as an embodiment of a distinct theory of economic organisation. Hence the difficulty in defining 'co-operation' definitely and accurately. The essential points, will, perhaps, become clear, if the different definitions of various writers are set down. Holyoke defined it as a voluntary concert, with equitable participation and control among all concerned in any enterprise. Holyoke had his attention fixed on the evils resulting from the early and rapid rise of Capitalism. Mr. Herrick says, "co-operation is the act of persons, voluntarily united, of utilising reciprocally their own forces, resources, or both, under their mutual management to their common profit or loss". Mr. Fay defined a co-operative society as "an association for the purposes of joint trading, originating among the weak and conducted always in an unselfish spirit on such terms

THE THREE FOLD ASPECT OF CO-OPERATION

that all who are prepared to assume their duties of membership, share in its rewards in proportion to the degree in which they make use of their association". *The Swiss definition* is: "A co-operative society is one constituted by a varying number of persons organised corporately, which aims principally at contributing towards the economic prosperity of its members by joint action". From these definitions it should be possible to derive an accurate idea as to what co-operation is. Now we will define co-operation as "a form of organisation, wherein persons voluntarily associate together as human beings, on a basis of equality, for the attainment of the fulfillment of common economic needs, intimately connected with their own economic well-being, with a view to the equitable distribution of the advantages derived therefrom, among themselves."

The realisation of the common need and the necessity for concerted action for the fulfilment of that need is the spur to co-operation. Its guiding principle is the association of the weak on terms of equality and its ideal is attainment of common good and the creation of the greatest happiness of the largest number. It is a powerful lever for individual and national uplift. It does not try to level down the highest to the lowest but levers up the lowest to the highest.

The key to the success of the co-operative movement lies in the development of co-operative spirit. Co-operative spirit is the willingness and desire, on the part of individuals, to sink individual opinions and interests to such an extent that a group of men can work together for common interest. It means a sort of loyalty and patriotism towards the organisation. Without co-operative spirit, co-operation cannot long exist.

Although co-operation is mainly an organisation for the promotion of economic interests of its members, it does not confine itself with the mere economic aspect of life. It permeates into other spheres of life viz., moral or ethical and social aspects. So the aspect of co-operation is threefold—*Economic, Moral and Social*. The superiority of co-operative movement lies in the development of the threefold aspect of co-operation aiming at the improvement of economic, moral and social conditions of human beings.

The Economic Aspect of Co-operation

The basis for the starting a co-operative organisation is the necessity of satisfying a common economic need by mutual help and mutual effort. It is a fact of historical event that the co-operative

movement in its origin was intended as a shield for the weak and the poor against the evils of capitalism and competition. It is, therefore, true to say that it is an organisation for the purpose of doing some business and intended for the material and economic welfare of the members. By the attainment of their common economic needs by the co-operative method, the members are by *themselves* able to improve their economic conditions and raise themselves from weakness into strength.

The co-operative credit society provides credit facility to its members at a moderate rate; it encourages the practice of thrift and inculcates the habit of saving among members and thus protects them from the iron clutches of usurious money lenders. From the co-operative stores, its members as consumers get full weight and measure of articles and the "dividend on purchases", which they received at the end of a certain period enables them to improve their economic efficiency, which otherwise is not possible if they are left at the mercy of private traders. In this manner, every co-operative institution is aiming at the economic welfare of its members. It is one or the other of the economic interests of the members that must form the object of any co-operative organisation. Hence it is said that co-operation is strictly a business one.

Co-operation is a means whereby the prosperity of the members can be improved by self-help through mutual help. In co-operation, the end of economic activity is placed not in the pursuit of gain, but in the satisfaction of wants. In the "*Encyclopaedia on Co-operation*" the author has remarked, "co-operative societies have a distinct social and economic aim viz., to correct the present inequalities of wealth and substitute for the competitive system an industry controlled by all in the common interest and distributing on principles of equity and reason, mutually agreed on, the wealth produced." Such is the significance of the economic aspect of co-operation.

Moral or Ethical Aspect of Co-operation

Co-operation to many is more than a mere form of business organisation, since essentials to its success are largely elements of character of high value. For the very starting of a co-operative organisation and also for its successful working, larger elements of character in the form of idea of brotherhood and common fellowship and elements of love and sacrifice are fundamental necessities. The fact that human beings meet on equal terms for the satisfaction of a common economic need, affords an opportunity for the development

of an unselfish spirit which leads to higher things than material advantages. So co-operation is a faith. It returns money value for honesty and other virtues. Honesty may be a policy in other organisations, but it is necessity in co-operation, which undoubtedly exerts a strong influence in favour of the growth of those virtues.

Co-operation instils into men's minds, ideas of hope and progress and revolutionises their outlook on life. The consciousness of kinship draws men together and calls for co-operation which rests upon natural human impulses. The aim of co-operation is that life should grow sweeter and, character more fragrant in the field of mutual service. Through co-operation, we discover that it is possible for the people to change from self-centered aims to aims that are as broad and high as humanity itself. Co-operation stands for moral uplift, for honesty, and the homely virtues. It is, therefore, more than a system. It is a spirit and an attitude of heart and mind. As in the hour of need men turn instinctively to religion, so now in the hour of economic need men are turning more and more to co-operation, since co-operation is religion applied to business. The very motto of co-operation "*Each for all and all for each*" signifies the loyalty, good fellowship, and corporate feelings. The spirit of co-operation is such that it will aim at fighting to death what a great writer called "the devilish doctrine of every man for himself."

"Capitalism has thrown out monstrosities of men; socialism dwarfs man; co-operation alone retains man as man, a creature endowed with divine intuitions and moral capacities, who perceives unity in himself and among his fellow men, since it possesses the peculiar faculty of making virtue pay." Through co-operation morality is placed in the forefront of human action as absolutely essential to success in the most ordinary affairs of life. The greatness of moral value of co-operation is such that the English Economist *Alfred Marshall* declared at a co-operative congress held in 1889 that, "co-operation aims at the production of fine human beings."

The Social Aspect of Co-operation.

Co-operation has a philosophy of life and a mission of its own. "It is a moral movement, the co-operative spirit helping to make better men and better society". It aims at the well-being of the community as also that of the individuals constituting the community. While co-operation encourages the joint and unified action of the society, it retains the individual freedom of the member. Since

it is based on the principles of humanity, it lays an important role in social welfare. It is the only remedy to eradicate the evils of individualism and totalitarianism and it is the only method for the development of backward countries like India.

Co-operative institution is an organisation of the members, for the members by the members. It is a perfect democratic institution by virtue of its system of "one member, one vote". It serves as a field for the evolution and cultivation of those faculties and capacities which are essential for running the greatest democratic institution viz., the Government. It, therefore, provides a training ground for the development of the principles of self-Government.

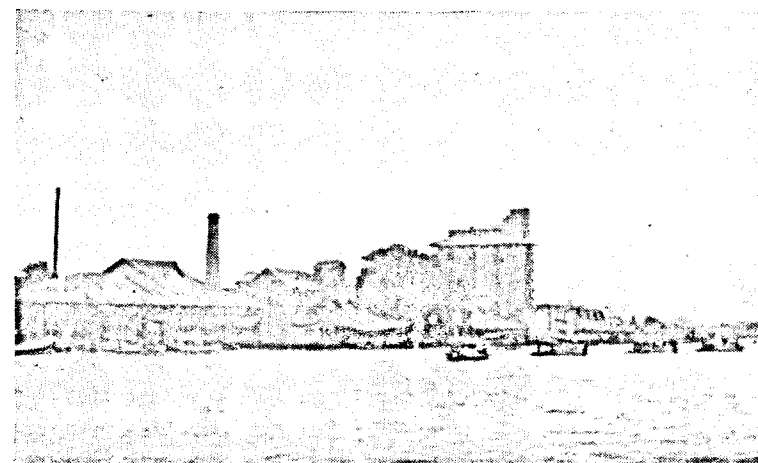
Co-operation has a great role to play in the social field of life. It does away with the competitive system. It tries to replace the motive of profit-seeking by the motive of service. It distributes the fruits of joint efforts of all members on the principles of equity and reason; co-operation is a remedy for the present inequalities of wealth.

The chief social value of the co-operative organisation is that it trains the people to take initiative in organising, to assume responsibility in administration and direction and to create experts from their own ranks to carry on enterprises in their own interests. A significant result of the co-operative movement is that it teaches the people to administer their own affairs. That in itself is a high purpose. It is a constructive function.

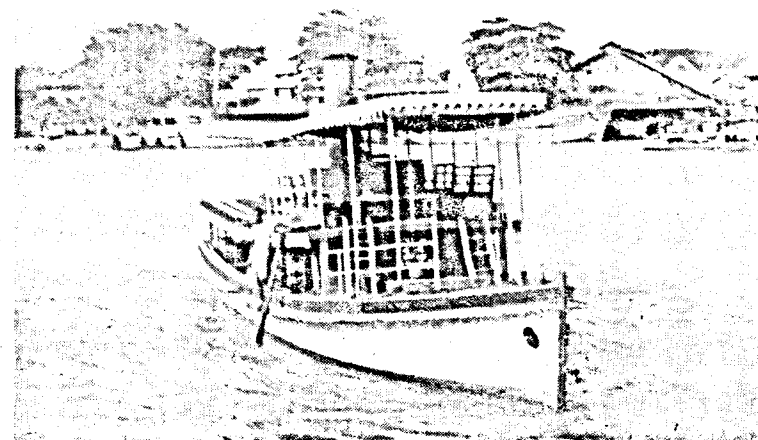
Co-operation is, in fact, a radical movement. It revolutionises the outlook of society by the revolution of mind. The social conditions established by this method of evolution and revolution of mind can remain for a long time and can withstand the tests of time and event. Its social ideal is the creation of the greatest happiness of the largest number. It can be said that co-operation is an industry where fine rational human beings are produced with the materials of honesty, loyalty, unity, equality and service.

In conclusion, without any fear of contradiction, we can say, that co-operation is an economic, moral and social movement. However, it is not perfect in itself. Co-operation is as imperfect as humanity itself, since the soul of co-operation lies in the personality of human material constituting the membership of this organisation. It is, therefore, necessary that human beings who assume the duty of membership and management of a co-operative organisation must be good and fine in character and virtues. In the words of George Russel, the well known Irish co-operator, "Membership of co-operative societies is a practical education in Economics fitting men for public service and by its principles, it fosters the spirit of citizenship".

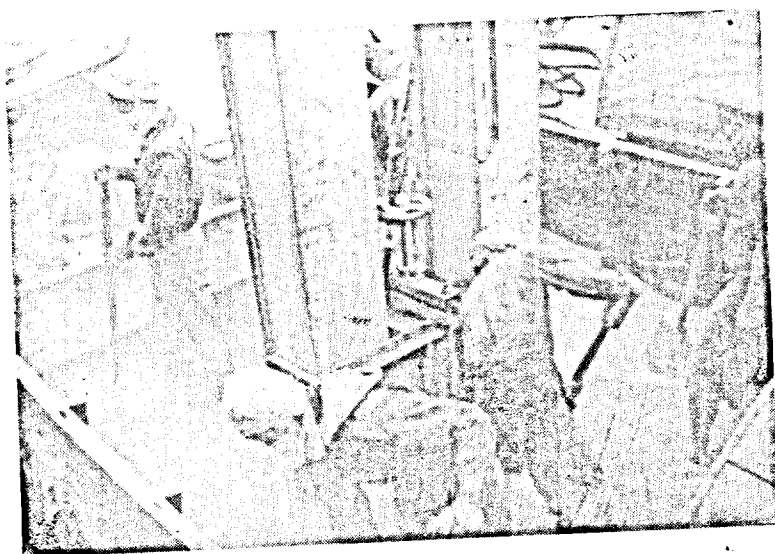
THE THAI RICE COMPANY, LTD., OF SIAM



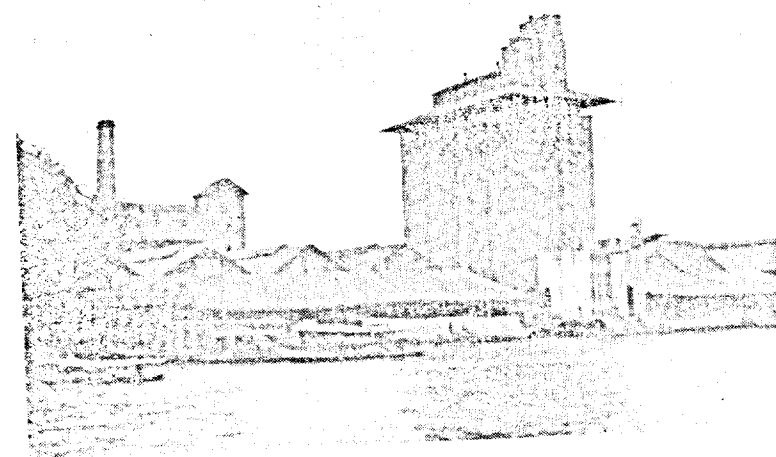
1. View of Thai Rice Mill No. 19



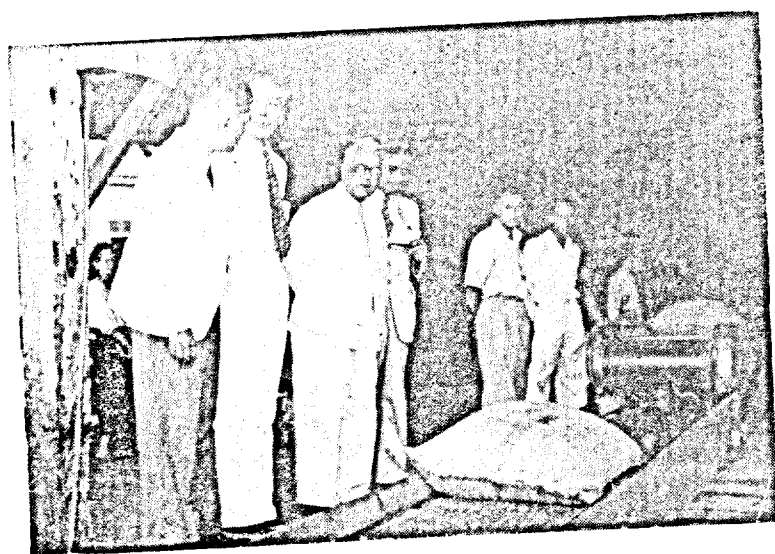
2. Steam launch used for towing paddy boats



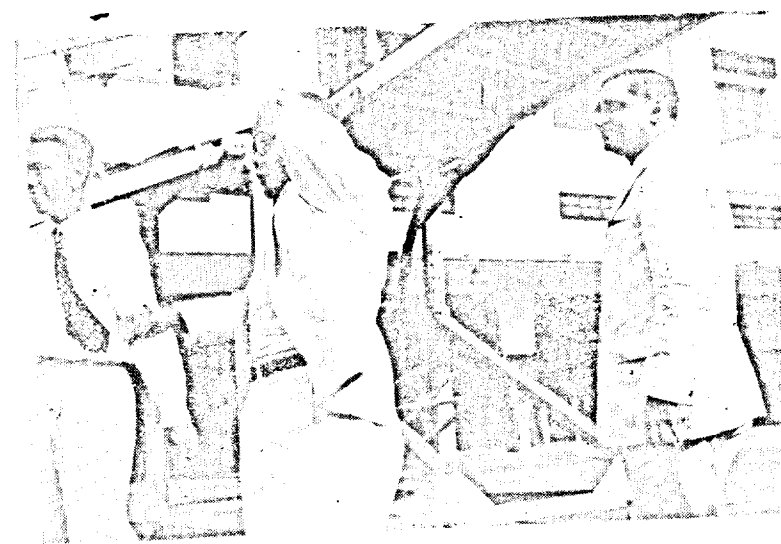
8. Labourers unloading paddy boat by feeding paddy into silo elevators



5. Elevator at the Rice Mill No. 19.



4. Loading rice by conveyers at Rice Mill No. 19



6. Left to right : NAI MAH BOOKUL, Managing Director of the Company
NAI BHONGSE SRIVATANA, Director-General, Co-op. Dept.:
Sri J. C. RYAN, M.A., Consultant on Co-operation, FAO.



7. Sri J. C. RYAN,
with silo in background



Sri N. R. SAMIAPPA
MUDALIAR,
*President, the Hood
Co-op. Institute Ltd.,
Tanjore.*

Rice Marketing in Siam

THE THAI RICE COMPANY, LTD., BANGKOK

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

Registrar of Co-operative Societies, Madras

Siam, also known as Thailand, is one of the largest rice producing countries of the Far East. Since it produces more than it needs, it exports a large surplus to other countries. It is considered to be the second largest rice exporter in the world. In normal times it exports 12,00,000 to 15,00,000 tons (12 to 15 million bags) of white rice; and this constitutes 53 to 60 per cent of the export trade of the country. Its export market was originally at Singapore and Hongkong.

Rice milling is the largest industry in Thailand and there are numerous rice mills mostly in and near Bangkok. Due to the growing importance of the rice trade, it was found necessary—

- (i) to shift the markets for Siam rice from Singapore and Hongkong to Bangkok;
- (ii) to control and regulate the internal price of paddy and rice; and
- (iii) to deal directly in rice trade and maintain the quality of Siam rice.

With a view to achieve these objects, the Thai Rice Company was started in 1939 as a limited liability corporation sponsored and controlled by the Government. At first the company had only 15,000 shares of Tcs. 100 each. The share holders were the Government and the public, the former holding 10,974 shares. With the progress and expansion of the rice trade, the number of shares was increased to 60,000 and was fully subscribed, the Government holding as much as 73 per cent of them. The Company was thus virtually a Government concern.

The following were the important objects of the Company:

- (a) to own or hire rice mills for milling paddy;
- (b) to establish granaries for stocking paddy;
- (c) to acquire water transport vessels for collecting paddy and exporting rice; and
- (d) to carry on other auxiliary transactions which may promote the said business.

While the prospects of the rice trade of the country were bright, the condition of the farmers was poor. With a view to help the farmers and produce more paddy for export, the Government turned their attention to the Co-operative Movement. They considered that the Company might progress better through Co-operation. They therefore transferred to the Co-operative Department all the Government shares which yielded an annual dividend of Tcs. 2,70,000; the Department later on transferred

them to Co-operative Societies in accordance with the size of the societies. The Thai Rice Company thus became a predominantly Co-operative concern, the individual share-holders owning only a fourth of the share capital. It was necessary to enable the poor uneducated peasants to realise their new status as well as the benefits that might accrue therefrom. The supervising staff of the Co-operative Department were therefore directed to contact the farmers and explain to them their new position and the role they should endeavour to play in the rice trade of the country.

The Thai Rice Company is now the largest rice exporter in Siam. It exports about 5,40,000 tons (54,00,000 bags) of rice annually which constitutes about 36 per cent of the rice export trade of the country. About 25 per cent of its business is contributed by co-operatives. It has 19 rice mills including those that are hired during the season for milling paddy into white rice. Over 1,400 hands are employed by them. Rice Mill No. 19 situated at Bangkok is the only one of its kind in Siam to be equipped with an elevator and labour-saving devices for milling and loading rice. It has a silo with storage capacity of 3,000 tons. The elevator is probably the biggest in the Orient. Its lifting capacity is thirty tons per hour. The mill crushes ten tons per hour. The annual turnover of purchase and sale amounts to some tens of millions of *bhats*. It buys about 6,50,000 *twiengs* of paddy a year for milling and exporting. The producers bring paddy to the mills for sale. For transporting rice the company has some steam and motor launches and boats. The Japanese had bought many of their boats during the recent war and when they evacuated the country, many of them were left damaged. Hence most of the paddy is now transported by private carriers.

For the administration of the Company the share holders appoint a Committee of Management consisting of not less than five and not more than eleven members. One half of them must be representatives of Co-operative Societies so that the interests of Co-operatives might be safeguarded. The representatives are chosen by the Registrar from among the senior officers of the Co-operative Department. These representatives manage the affairs of the Company on behalf of the Co-operatives. This Committee meets once a month or even earlier if there be need.

There is also a Board of Directors consisting of not less than 3 members selected from the Committee of Management. The duty of the Board is to supervise closely the affairs of the Company. It is responsible to the Committee of Management for the Company's affairs; it safeguards the interests of the share holders.

The share holders hold a General Meeting once a year. Apart from these General Meetings, there are extraordinary meetings for special occasions. At all these meetings the share holders have a right to make enquiries concerning the business of the Company.

The Company is growing in strength year after year. The following figures show the progress from 1947 to 1948.

	1947 Bhats.	1948 Bhats.
Fixed Assets (Land, mills, godowns plant, machinery, boats lorries and other equipment) ..	6,474,619.36	17,116,276.60
Investments ..	2,408,750.00	2,485,300.00
Current Assets (Stocks and stores, twine, paddy and rice) ..	10,460,876.89	13,792,744.79
Reserves ..	17,024,113.32	17,124,113.32

(1 Rupee=4.32 *Bhats* or *Ticcols* now)

Although the bulk of the share-holders of the Thai Rice Company are co-operatives, the business of the company has not yet assumed a co-operative character. It still functions on its original commercial lines. It purchases paddy from farmers who bring it to its mills. It has, in addition, appointed agents in several parts of the country who purchase paddy on its behalf and send it to its mills. The ordinary traders compete with it and not all of them do so on fair terms. False weights and weighments are not uncommon with them and many farmers play into their hands when higher prices are quoted. There are a few marketing co-operative societies which have enrolled farmers as their members, and these societies sometimes book their paddy to the Company. Efforts are being made to ensure greater loyalty among them to the Thai Company. The provision of cheap means of transport is one such effort but a great deal remains to be done in other directions.

The Company is aware of the fact that the controls over exports now in force are largely responsible for the command it now has over a considerable part of the rice trade of the country. When controls disappear, the competition from traders will become more intense. The "controlled credit" scheme as it obtains in Madras will be a solution, and it is engaging the attention of the Thai Government now. It has better prospects of success in Thailand because rice is an article of export. When rural credit societies finance the cultivation of paddy and bind over the produce for the Thai Rice Company, the latter will have an assured supply of paddy for its mills and for export. The volume of credit given for financing paddy cultivation under the controlled credit scheme will give it an estimate of the produce it can command and enable it in a free market to enter into forward contracts with importing countries on advantageous terms. Madras, with its co-operative wholesale stores, can place orders with this company for its requirements and in such a case producers' co-operatives in Thailand will part with their rice through the Thai Rice Company to consumers' co-operatives in Madras through their co-operative wholesales. The middleman exporter and his agents in Thailand will be

cut out just as the middleman importer and his agents are cut out in Madras. The resultant economy will give the Thai producer a higher price and the Madras consumer a cheaper price even as the producers of onions in Dindigul are getting a higher price and the consumers in Ceylon are getting a cheaper price because sale of onions is being done through co-operatives. This line of development has to be aimed at so as to be put in force when controls in both countries disappear. But even when controls are on, governments of both countries can help. At the Conference of Co-operative Experts held at Lucknow in October 1949 the following resolution was passed in this behalf; and will it be futile to hope that this resolution will be implemented?—

“Encouragement should be given to the establishment and development of international trade connections between co-operatives in different countries by (a) promoting the establishment of national or provincial co-operative central marketing and purchasing institutions, (b) giving preference to co-operatives in international trade in the allocation of export and import quotas.”

Telephone : 34519.

Telegram : SAHYOG.

The Provincial Industrial Co-operative Association, Ltd.

9, Bakehouse Lane, Fort, BOMBAY 1.

For the Producer Societies arranges supplies of:—

Yarn, Chemicals, Dyestuffs, Raw Hides, Raw Skins, Tanning materials, Tanned Leather etc., Machines, Tools, Equipment etc.

AND

Offers facilities for Marketing:—

Handloom Textiles (Cotton & Woollen), Metal work, Sandalwood, Rosewood and Ivory Arts and Crafts, Silk, Jari, Leathers and Leather goods, Edible Oils, Timber and Charcoal etc.

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 Reddivaripallee Multipurpose Rural Credit Society (Chittoor District.)

*Origin of the Co-operative Society:—*Reddivaripalle village in Madanapalle taluk is situated 7 miles from Madanapalle on the Madanapalle—Nimmanapalle road. The villagers showed a great zeal for Co-operative endeavour, a Co-operative Credit Society was organised in 1921 to help them in the promotion of their economic and social condition through self help and mutual help. The society was registered on 28-10-1921 and started on its work on 5-11-1921 with 28 members and a paid share capital of Rs. 175. The area of operation extends to 3 other villages namely Mushturu, Agraharam, and Nimmanapalle with a population of 10,500. The amendments of the latest model suggested by the Registrar to the by-laws of the rural credit societies, have also been introduced in the society to facilitate the under-taking of multipurpose activities for the common weal of villagers.

The objects of the society are:—

1. To borrow funds from members or others to be utilised for loans to members for useful purposes.
2. To produce good seedlings and make them available to members.
3. To act as an agent for the marketing of the members' produce.
4. To disseminate a knowledge of the latest improvements in agriculture.
5. To sell or to distribute seedlings, manure and implements to its members.
6. To maintain stud bulls.
7. To act as an agent for the joint purchase of the agricultural, domestic and other requirements of its members.
8. To encourage subsidiary occupations.
9. To improve the sanitary and health conditions among its members.
10. To detract members from bad habits and customs and avoid unnecessary expenditure.
11. To render necessary assistance for the education of members' children.

12. Generally to encourage thrift, self help and co-operation among the members.

13. To undertake the marketing of raw materials and finished products of other co-operative institutions.

14. And to promote social and recreational activities in its area of operations for the benefit of members and non-members and to raise necessary funds therefor by way of donations or subscriptions from the public or grants from Government.

*Working of the Societies :—*Though the society was started on work, with 28 members and with paid up share capital of Rs. 175 the membership and the share capital of the society rose by rapid strides to 252 and Rs. 3,200 respectively on 31-8-1950 from the year 1949 with the advent of the scheme of reorganisation and intensive supervision of the Rural Credit Societies in the District.

*Credit Activities :—*The society has borrowed a sum of Rs. 62,092 from the Central Bank, Chittoor and a sum of Rs. 27,000 under produce loans for issue of loans to the members for financing the cultivation of sugar-cane and groundnut crops.

*Multi-purpose Activities :—*The society is a recognised dealer in mill cloth and sold cloth worth Rs. 6,235-10-0 to members and non-members up to 31-8-1950.

The Society has distributed hundi boxes among the members for the promotion of thrift among members and has invested a sum of Rs. 306 under homesafe deposit in the Madanapalle Co-operative Town Bank.

To society has taken up the socio-economic activities of the local grama sangham and has introduced a first aid medicine chest and is administering medicine for small ailments to the villagers.

It is running a night school for the adults for the promotion of literacy.

The society is also running a library and a library grant of Rs. 40 was sanctioned to it for the year 1949-50.

An experimental Post Office was got opened with the efforts of the ameliorative Sub-Committee of the society.

The society was able to get the local private school converted into an aided school. It is conducting periodical street cleaning drives in the village at the instance of the ameliorative staff with a view to instil the habit of cleanliness and sanitation in the minds of the villagers. It got manure pits dug so that the rubbish collected from the village may be emptied in them for the purpose of compost-making.

The Panchayatdars are enthusiastic in promoting the Welfare of the villagers through Co-operative efforts and undertaking various multi-purpose activities for their economic betterment. The society earned a net profit of Rs. 450-6-0 during 1948-49.

2. The Ravipadu Multipurpose Co-operative Society, (Guntur Dt.)

This Society was registered as an agricultural Co-operative Credit Society on unlimited liability basis on 18-7-45 and was started on its work on 26-7-45. There are 121 members on rolls with a paid up share capital of Rs. 2,007. It was subsequently converted into a Multipurpose Society.

The society was affiliated to the Guntur District Co-operative Central Bank Ltd. Tenali which is also financing it. This society was sanctioned loans by the District Bank for issuing loans to its members. By the end of August '50, the society owed Rs. 12,770 to the Central Bank of which nothing is over due. Besides this the Central Bank has sanctioned a cash balance of Rs. 3,000 for issue of short term loans to members.

Besides doing credit business, the society is doing non-credit work. It has amended its by-laws suitably to undertake the sale of controlled articles. To enable the society to undertake this business, the Central Bank has sanctioned cash credit of Rs. 1,890.

The society obtained licences to deal in food grains, kerosene, sugar, mill cloth and handloom cloth. It is also selected for the distribution of chemical fertilisers.

The value of several articles purchased and sold from March 1950 upto August 50 is given below.

1950.	Food Grains.		Sugar.		Cloth.		Iron Implements	
	Purchases	Sales.	Purcha- ses.	Sales.	Purcha- ses.	Sales.	Pur- chase.	Sales.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs.	Rs. A. P.
March ...	352-7-11	672-4-1	73-13-4	72-5-11	...	360-7-7	392	394-10-6
April ...	1,040-12-6	1,124-15-6	61-8-0	67-5-3	641-3-2	1,326-12-2	...	...
May ...	375-11-8	371-3-1	62-6-0	59-1-0	...	379-9-7	...	...
June ...	304-5-1	335-4-8	...	3-15-0	...	361-4-7	...	...
July ...	392-10-1	414-7-0	99-5-4	92-5-8	...	...	...	...
August ...	457-15-5	425-13-6	181-1-8	167-12-9	...	...	...	...
Total ...	2,923-14-8	3,346-15-10	472-2-4	462-13-7	641-3-2	2,433-1-11	392	394-10-6

Besides this the society has sold manures worth Rs. 6,642 by the end of August, 50 by which 120 members and 100 non-members were benefited.

Owing to controls and short supply of commodities, the villagers are finding it very difficult to secure food grains, but the society is supplying their normal requirements satisfactorily and so all the villagers are satisfied with the distribution of controlled commodities by the society to the best of its capacity.

3. The Sundaraperumal Koil Co-operative Multipurpose Credit Society (Tanjore District.)

This society was registered on 12-1-1922 and started on its work from 19-2-1923. It has thus passed 27 successful years. The village is situated six miles west of Kumbakonam on the main road to Tanjore. The area of operations of the society extends over the Sundaraperumal koil village comprising four hamlets with a total population of 5,500 with about 1,000 families. It has 220 members on the rolls with a paid up share capital of Rs. 2,900 on 30-6-1950.

In the year 1949-50 the society has financially helped its members as under, for purchase of food stuffs, cultivation expenses, improvement of lands, discharge of small prior debts etc.,

	No. of loans.	Amount of loan Rs.
Short term ..	88	4,050
Long term ..	20	11,900
Total ..		15,950

The maximum borrowing limit of the society is Rs. 30,000 and the individual borrowing limit to its members is fixed at Rs. 2,000. There are 79 loans outstanding against members to the tune of Rs. 23,186 as on 30-6-50, while it is indebted to the Central Bank to the extent of Rs. 21,228. It is noteworthy that there is no amount overdue from the society to the Central Bank.

The society has built a Reserve fund of Rs. 5,054-2-0 of which Rs. 4,854-2-0 is invested in Co-operative Central Bank, Ltd., Kumbakonam, and the balance in Victory Bond and National Savings Certificate at Rs. 100 each. It has invested Rs. 850 and Rs. 100 in Co-operative Central Bank, Ltd., Kumbakonam and in Co-operative Central Stores, respectively, towards share capital.

Under the scheme or reorganisation of rural credit societies, the society has undertaken many of the multipurpose activities, in addition to issue of loans to its members. It has opened a Ration Depot and a Mill and Handloom Cloth sales section. The society has purchased the handloom cloth on consignment basis from the weavers societies. Every day more than 200 families are being helped by the society. To enable the society to carry on the Multipurpose activities the Co-operative Central Bank, Ltd., Kumbakonam has granted a cash credit accommodation of Rs. 2,000 to the society. The purchases made during the year amount to

Rs. 41,306. The transactions under multipurpose activities undertaken during the year 1949-50 are as follows:

1. Sale of controlled commodities:—	Amount. Rs. A. P.
(1) Rice ..	37,507 3 9
(2) Sugar ..	1,354 7 11
(3) Maida ..	168 8 2
2. Agricultural Manures:—	
(1) Groundnut cakes ..	428 8 0
3. Others:—	
(1) Mill cloth and Handloom Cloth ..	1,702 14 0
(2) Jaggery ..	112 8 0
(3) Consignment goods ..	711 3 5
	42,895 5 9

The gross profit earned is Rs. 1,985-3-2.

One special feature about the society, which may be mentioned with appreciation, is that it has purchased a small plot of land from out of common good fund on the Banks of Thirumalai-Rajan river for the benefit of the villagers for being used as foot path and bathing ghat.

The society lies in the heart of the deltaic portion of the district populated by industrious villagers as will be evident from the working of three other types of societies in the village, viz., Weavers Society, Milk Supply Society and Rope Makers Society. The village has thus a bright future for all-round co-operative activity which is bound to better the conditions of the villagers considerably.

Multipurpose Co-operative Activity in Mysore.

A brief note on the working of the multipurpose society scheme 1949-50

I. *Inauguration*: This scheme was inaugurated on the 13th April 1949.

II. *Objects of the Scheme*: (a) To bring the benefits of Co-operation to every village in the State however remote or interior;

(b) To train village folk in habits of self-help, co-operation and leadership,

(c) To arrange for the equitable distribution of all controlled commodities including rations, seeds, manure, agricultural implements etc.

(d) To rectify the lopsided development of the co-operative movement in the direction of credit by organising institutions which cater to all the needs of ryot.

III. Main Features of the Scheme: The multipurpose society scheme is part and parcel of the new rural development set-up and these institutions are eventually expected to be the vehicles of rural development work. The whole State has been divided into 746 Revenue Circles and each Circle is the Headquarters of a Multi-purpose Co-operative Society. Each of them will cover a group of twenty or twenty five villages. At each Taluk Headquarters, there will be a Taluk Multi-purpose Co-operative Society acting as a whole-sale distributor and as a co-ordinating and supervising agency. The Circle Revenue Inspector will be the Ex. Officio Secretary of the Circle Multi-purpose Co-operative Society and the Inspector of Co-operative Societies, the Secretary of the Taluk Multi-purpose Co-operative Society.

In accordance with the scheme, 746 Circle Multi-purpose Co-operative Societies and 82 Taluk Societies have been organised so far.

Concessions given by Government: 1. Agricultural implements, seeds, and manure were ordered to be issued to these societies on a consignment basis and supply of these goods to ryots were made exclusively through them.

2. The Circle Societies were permitted to act as depots for sale of controlled food grains, sugar and kerosene.

3. On all sales of fertilisers, seeds etc., a commission of 2 per cent and 4 per cent is being paid to the Taluk and Circle Multi-purpose Co-operative Societies respectively.

4. In the matter of staff, the following concessions were ordered.

(i) The Revenue Inspectors and the Inspectors of Co-operative Societies were directed to work as Secretaries of the Circle and Taluk Multi-purpose Co-operative Societies respectively.

(ii) One clerk and one peon at Government cost have been provided for each Circle Multi-purpose Co-operative Society. One fieldman, one salesman and one watchman working in the Agricultural depots have similarly been transferred to the Taluk Multi-purpose Co-operative Society.

These concessions have been tentatively extended upto the end of October 1950.

(iii) Transportation charges in respect of agricultural implements, seeds, manure and rationed articles are being met by Government,

(iv) Rents of go-downs engaged for stocking agricultural articles etc. are being met by Government.

IV. Working of the Scheme: Though the scheme was inaugurated on 31st April 1949, Societies actually started work from 1st September 1949. Several of the Circle Societies commenced work even later. A

minimum share target of Rs. 2,500 and Rs. 5,000 was fixed for the Circles and Taluk Multi-purpose Co-operative Societies respectively.

V. Progress: Progress of the scheme can be judged under the following heads.

- (a) Share Capital
- (b) Deposits
- (c) Total working capital
- (d) Membership
- (e) Sales
- (f) Turnover.

1. Share Capital:		as on 31-3-50	as on 30-6-50
		Rs.	Rs.
Taluk		4,92,342	5,06,490
Circle		20,35,906	21,87,393
Total		25,35,248	26,93,883
2. Deposits :			
Taluk		84,147	1,43,041
Circle		32,268	63,760
Total		1,16,415	2,06,801
3. Total Working Capital,			
Taluk		6,31,811	7,09,861
Circle		23,12,363	23,71,549
Total		29,44,214	30,81,410
4. Membership No.			
Both Circle & Taluk		1,51,587	1,62,596
5. Sales (in Rs.)			
Both Circle & Taluk		1,65,66,806	2,20,89,071
6. Total turnover (in Rs.)			
Both Circle & Taluk		3,31,33,612	4,41,78,142

VI. Articles dealt with and Activities: In the early stages, these societies dealt only in controlled food grains, agricultural materials, kerosene and sugar. This restriction has now been removed and they are being encouraged to stock all articles required by the Ryot including pulses salt, soap, match boxes, paper etc., Several enterprising Multi-purpose Co-operatives have taken up activities like sale of cart materials, manufacture of soap-nut powder, rattanware etc., One Circle society has taken up short term credit work.

VII. Audit: The necessity for a through Audit of these Societies has been fully realised. Proposals for the immediate formation of a Co-operative Audit Unit for auditing the accounts of these societies are

under the immediate consideration of Government. In the meantime, the question of entrusting audit this year at least, to certified auditors thereby expediting audit is under the examination of the Department.

VIII. *General*: On the whole, village folk appear to have appreciated not only the ideology of the new scheme, but the material benefits it confers. In the early days, there were some complaints regarding the timely supply of iron implements. Government since then have succeeded in securing a handsome quota and the position has been greatly eased.

One point to be noted is that Government has not given a pie of subsidy so far to these Societies. The only help it has given is to place certain staff at their service temporarily and to meet certain charges incidental to the work like godown rent and transport charges. Government would, however, have incurred this expenditure in any case even if the Multi-purpose Scheme had not come into force, as it would have had to maintain agricultural and food depots.

The following points are exercising the attention of the Department in this connection.

(1) How to relieve the Revenue Inspectors and Co-operative Society Inspectors of some portion of the work so that we may ensure efficiency and uniformity.

(2) With progressive decontrol, Multi-purpose Societies will have gradually to take up other activities calculated to benefit rural parts. These will include :—

- (a) Stocking all articles required by the ryot for his daily needs;
- (b) Marketing his produce;
- (c) Provision of credit facilities;
- (d) Construction of go-downs and storages;
- (e) Construction of community centres;
- (f) Undertaking other aspects of Rural Development work;
- (g) Small scale public works contracts;
- (h) Collection and sale of eggs, butter and fruit;
- (i) Assistance to Cottage Industries;
- (j) House-building and other activities.

The Co-operative Seminar at Nanjangud has recommended a re-orientation of the work of these Multi-purpose Co-operative Societies so that they may act as primary units for all Central Co-operative Institutions. The Department is working out methods for ensuring such a re-orientation.

(3) The Seminar has also put up proposals for the amalgamation or affiliation of old Societies and the new Multi-purpose Societies when their jurisdictions conflict. These are under examination.

(4) The question of supply of trained personnel is a very important one. Arrangements have to be made for training a large number of young men for work in these Multi-purpose Co-operative Societies as Secretaries, Clerks, Accountants etc.

As the Co-operative Year has come to an end only by the end of June 1950, General Body meetings will have to be held early, immediately after the accounts are audited.

Issued by The Registrar of Co-operative Societies in Mysore, Bangalore.

Export of yarn—Government Action

The Producers Sub-Committee of the Madras Provincial Co-operative Union at its meeting held on 20-8-1950 passed the following Resolution on the export of yarn:

Resolution: "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."

The above resolution was communicated to the Secretary to Government Industry and Supply, Government of India, New Delhi and we publish below the reply of the India Government to our resolution.

Letter No. 23/1-Text, 2/50. Government of India, Ministry of Industry and Supply, New Delhi dated the 14th October 1950.

Sub: Export of yarn.

With reference to your letter dated 28th September 1950 on the above subject, I am directed to say that the following measures have been taken to ensure larger supplies of yarn to handlooms and other industries :—

- (a) Export of yarn of counts 80s and below has been stopped.
- (b) Export of yarn of counts above 80s has been restricted to $\frac{1}{4}$ of the production only.
- (c) 66,000 bales of American cotton have been imported and given to the spinning mills at subsidies rates. The yarn produced by the spinning mills will be made available to the handloom industry.
- (d) The concession which was hitherto enjoyed by Textile Mills to sell 1/3rd of the production to buyers of their own choice has been withdrawn with effect from the 31-7-1950. Thus the entire production of yarn will now be controlled and distributed by the Textile Commissioner, Bombay.

2. It is expected that these measures will improve the supply position of yarn and the States will be in a position to get larger supplies of yarn.

3. For internal distribution, you should approach the State Textile Controller.

S. A. TECKCHANDANI,
Under Secretary to the Government of India.

The George Town Co-operative Credit Society, Ltd., No. 8512

29, Krishnappa Naicken Agraharam Street, G. T. Madras.

(REGISTERED IN 1923.)

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

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

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

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

G.O.'s and Circulars

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

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

No. R. C. 168063/49-B.

Dated, 20-9-50.

Sub:—Urban banks—Individual Maximum credit limit for the purpose of purchase of pumping installation—Enhancements.

Ref:—Registrar's circular R. C. No. 168063/49 B dated 18-2-50.

It has been represented to the Registrar that according to the instructions contained in the circular cited, only credit societies were permitted to advance loans to agriculturists, for buying agricultural pumping sets etc. and that this privilege might be extended to the Urban banks where there are agriculturists as members. It was suggested that urban banks also should be permitted to issue loans to the agriculturist members to buy agricultural pumping sets etc. The Registrar has examined the matter and accepts the suggestion. To enable the urban banks to advance such loans the transitory by-law suggested in para. 3 of the Registrar's circular cited should be adopted by them. The conditions laid down in para 2 of the Registrar's circular cited should also be observed. The Deputy Registrars are requested to communicate these suggestions and the transitory by-law to the urban banks so that such of the urban banks as desire to adopt the by-law and issue loans for purchase of pumping sets etc., may do so.

J. C. RYAN, Registrar.

Copy of Government of Madras Development Department Memorandum

No. 90015 M.1/50-1 dated: 4th October, 1950.

Sub:—Textiles Mill cloth—Supply to Co-operative Stores Further instructions issued.

Ref:—Memo No. 45000 M. 1. 50/1 dated: 12-7-1950.

From the Registrar of Co-operative Societies.

„ Rc. No. 166573/49 S iii dated: 30-8-1950.

„ Rc. „ „ dated: 30-8-1950.

Chandrasekharapuram Co-op. Stores, Dated 6-9-50.

In amplification of the orders issued in Memo. No. 45000 M. 1/50-1, Dated: 12-7-1950 the following instructions are issued in the matter of supply of mill cloth to Co-operative institutions.

Only primary stores, which did business in mill cloth during the last control should now be allowed to do mill cloth business. This concession may be extended to other types of societies such as credit societies employees societies etc., which sell in retail to their members and which did mill cloth business during the last control. All the societies viz., Primary stores, credit societies employees societies etc. may also be supplied with South Indian Mills' cloth for sale to their members according to their strict needs. The Collectors are requested to link to these societies which are eligible for the concession to wholesalers for the supply of South Indian Mills' cloth.

2. The collectors are requested to follow the instructions carefully.

3. The Registrar of Co-operative Societies is informed that there is no reason to extend the concession to primary co-operative stores which did not do mill cloth business during the last control or to central Co-operative wholesale stores.

(True Copy)

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES, MADRAS,
Dated, 12-10-1950.

Endt. No. R.C. 166573/49-Siii.

Copy communicated.

C. JOSEPH REDDY,
for Registrar.

Letters to the Editor

Multipurpose Co-operative Societies

Sir,

An acid test for the progress of Rural Co operation in the Madras State is the success or otherwise of the State Government's scheme under G. O. 5613, dated 12-11-1948 to convert all existing rural credit societies into Multipurpose Societies and to start new societies wherever possible with a view to cover 50 per cent of the villages and 30 per cent of the population. The scheme is to be completed before 1st April 1951. It has been launched on the high authority of the *All India Planning Committee* on its recommendation that the objective of rural co-operation in the State should be the expansion of rural credit societies in "all economic spheres". The weak spot in the existing structure was found to be "lack of sufficient supervision." This defect is sought to be remedied by a mere addition to the number of supervisors in the societies, to the tune of one supervisor for 20 societies. Thus, the supervisor working under the District Co-op. Central Bank is to be the friend, philosopher and guide for the infant multipurpose societies. He is the basic pillar of the entire structure. It will be difficult to find a greater misfit for the job. The necessary ability equipment, training and status for the new job of a Rural Guide cannot in fairness be looked for in that functionary who has been trained only for banking business. No attempt has been made to equip the supervisor for his new tasks. The District Co-operative Central Bank which is the paymaster of the supervisors, has also to be brought in line with the new policy underlying the scheme. The scheme has to be completely revised from both these stand-points, if it is to be anything more than a mere paper scheme. The question of supervision, however, is only one aspect of the problem. State-effort as well as non-official out-put or the major factors that make for success in the co-operative movement. They alone can give the necessary momentum and set the standard for progress in co-operation. Will the Madras Government look at our tiny neighbouring State of Ceylon and take lesson from the co-operative miracle wrought there almost overnight? Due mainly to State-efforts, 4,000—Co-operative Stores Societies are supplying nearly two-third of the domestic requirements of the entire Ceylonese population. What is the record of the Madras State in the all-important fields of, say, Co-operative credit supply of seed, manure, implements and raw materials, marketing of produce, procurement and distribution of controlled and other commodities in the fields of agriculture and cottage-industry? There is much talk but little achievement. This is not the way to build up a Co-operative Common wealth in pursuance of the mandate of the National Congress. Finally, where is the band of non-official co-operators (barring a few individuals here and there) with the requisite faith, energy and missionary-spirit who ultimately form the tap-root of the co-operative movement? Thus, the progress of rural co-operation in the Madras State through multipurpose societies offers a challenge both to the Government and the non official co-operator. Shall we answer the Country's call in a full and adequate measure?

A. S. KUPPUSWAMI,

Advocate,

TIRUNELVELI.

8-10-50.

Extracts*

FROM THE RURAL BANKING ENQUIRY COMMITTEE REPORT 1950.

Proposals for a reorganized machinery for Rural Credit

I. Single or Multiple Credit Agency

The Gadgil Committee thought that on theoretical grounds, a single financial agency which covered the entire field of all credit to the agriculturist-producer would be the most logical solution of the problem, but in view of the practical limitations to which such project would be subject in the existing conditions, they did not consider its establishment feasible, and decided to adopt their recommendations "as largely as possible to the existing structures and work, along the lines of present developments." They also stated: "However, in view of the vast extent of the country and the large variety of conditions within it, we feel that attempts should be made to develop as varied a system of institutional finance as possible for financing agriculture." We consider that this line of approach is practical and necessary under the present conditions, and our own remarks in Chapter I about the necessity for a varied institutional structure and the role different institutions are to play in providing banking facilities to the people are in conformity with this broad conclusion.

II. The Machinery for short-term and medium-term credit

The Gadgil Committee consider that, theoretically, co-operative societies constitute the ideal agency for rural credit, but in practice it has been found that their working is, in several cases, defective. As yet they cover a very small proportion of the rural people and meet only a fraction of their credit requirements, and, except in a few regions, their working has not been very satisfactory. The extension of co-operative credit to meet all the requirements of creditworthy agriculturists all over the country within a short period of time is considered impracticable without a very large degree of State assistance and control, which would seriously affect its democratic "co-operative" character. It would also be difficult to link the co-operative organisations with non-members. For these reasons that Committee recommend the establishment of an Agricultural Credit Corporation for each province, except where the Government feel that the co-operative financial agencies are so strong and have such wide scope that they could undertake all the work expected from the Agricultural Credit Corporation.

The proposed agricultural credit corporations would be autonomous institutions, half the capital being provided by the State and the rest by joint stock banks, co-operative institutions, marketing organizations, etc.,

*Extracts from the Report so far as they relate to Co-operative Institutions are published here for the information of Co-operators and Co-operatives.

EXTRACTS

there being no individual shareholders. They would establish agencies and branches all over their regions, wherever needed, supply all types of credit and be managed by executive officers. They would provide finance to co-operative societies where central financing agencies do not exist, and supply mortgage credit directly to individual agriculturists. But intermediate and short-term credit based generally on personal security, or statutory first charge on the crop, could only be provided through co-operative societies or other "borrowers' groups." The rate of interest charged by the corporations would not exceed 4 per cent for mortgage and 6½ for other types of credit. The State would have to subsidise the corporations to enable them to supply credit at these rates, and to establish "un-economic" agencies in certain areas. The activities of the corporations would be co-ordinated with those of co-operative and other institutions, competition being avoided. The Committee were, however, unable to estimate the finances required to establish and run the corporations for any regions, nor did they clarify whether these institutions would accept deposits or perform any other "banking" functions.

Co-operative opinion in the country has been highly critical of these proposals mainly on the ground that, given the financial resources and assistance contemplated for the corporations, the co-operative financing agencies such as the Provincial and Central Banks can equally meet the requirements, with the additional advantage that they are already established and have some organization in the field. The Co-operative Banks can draw to a considerable extent on the services of honorary public workers, and have already been able to attract considerable funds through deposits, while the feasibility of raising funds required for the agricultural credit corporations in the manner suggested by the Gadgil Committee is very doubtful. The co-operatives generally disapprove of two alternative credit agencies working in the same field with State support and assistance, and believe that the effect of such competition would be detrimental to the interest of the co-operative organizations. Moreover, even if the new corporations are set up, except for well-to-do individuals who may be able to deal directly with them, primary organizations would have to be co-operative societies, or similar borrowers' groups. In view of these factors, the Saraiya Committee expressed the opinion that "not only in some provinces where the co-operative movement has attained a high degree of development, but also in other provinces, and States the provincial co-operative bank or other central co-operative financing organization, can provide the agriculturist with all the facilities which are intended to be given by the agricultural credit corporations. The same measure and type of aids as those recommended to be given to the agricultural credit corporation should be given to the provincial co-operative banks and there would then be no need to start a separate organization for this purpose."

The provision of such assistance and the reorganization of the co-operative credit structure so as to function as effectively as a credit corporation have been accepted as unobjectionable, both by the Co-operative interests and by several Provincial Governments as may be seen from the experience of Bombay, Bihar and Assam. In Bombay, following the recommendations of the Nanavati Committee which opined that the co-operative financing institutions in the Province would be able to undertake the tasks envisaged by the Gadgil Committee for meeting the credit requirements of all credit worthy agriculturists, the Bombay Government have taken the following steps :

- (a) The constitution of the Bombay Provincial Co-operative Bank has been amended, providing for subscription to its share capital by the Provincial Government to a substantial extent and representation on its board of directors by three nominees of the Government.
- (b) In order that the Provincial Bank and its branches and the Central Co-operative Banks and Banking Unions should function as an integrated credit system, provision has been made for the Provincial Bank to subscribe to the share capital of the central banks and to inspect and supervise their working. The Provincial Government have agreed to contribute to the Provincial Bank a sum equal to the amount contributed by the Bank to the share capital of central banks, subject to a maximum of Rs. 25 lakhs.
- (c) To enable the Provincial Bank or the central banks to open branches at all places necessary to provide credit facilities to all credit worthy borrowers and adjusted debtors, Government have agreed to subsidise for an initial period of three years, "uneconomic" branches opened with their approval to the extent of the actual deficit of the branch in any particular year, subject to a maximum varying from Rs. 2,500 to Rs. 5,000 per annum, the actual limit being dependent on the total volume of agricultural loan business transacted by the branch during the year.
- (d) Provisions has been made to disburse loans to individual borrowers who may not be members of primary credit or multi-purpose societies directly by the banks.
- (e) The extension of co-operative credit, or multi-purpose, societies in the large numbers has been taken in hand, and Government have agreed to subsidize multi-purpose societies during an initial period, on a gradually diminishing scale.
- (f) Government have also agreed to guarantee the losses of financing banks and societies to the extent of 5 per cent. Of the total crop finance advanced by them.

The lines on which the provincial co-operative banks are being reorganized in Bihar and Assam have been referred to in Chapter I of this Part. Considering these developments and also the views of people connected with the co-operative movement and with rural finance, it appears that there is a general preference for the reorganization of existing co-operative banks, where necessary, and their expansion and development than for the establishment of new agricultural credit corporations. It is, however, recognized that in selected areas, such as some of the former Indian States, where the co-operative financing structure does not exist or cannot be developed easily, State corporations or agricultural banks may have to be established to deal with the problem; in doing so, the State Governments may prefer to reorganize some State-owned or State-sponsored banks already functioning in their regions rather than establish entirely new institutions

Our own view on this suggestion is that no universally applicable pattern or machinery can be laid down for all regions, and that in each region, an adequate machinery should be developed in conformity with local circumstances, traditions and ideas. The very fact that each province is attempting to plan the development of its co-operative structure on different lines indicates the necessity for variety and rules out a uniform pattern. But there are a few general points we would like to emphasize: One is that the machinery to be developed should be such that it would be able to raise adequate funds by way of share capital and deposits or debentures from the public, and that the assumption generally made that the State would be able to raise from somewhere vast amounts of capital to be put at the disposal of such machinery is unrealistic. It needs to be emphasized that the State does not command unlimited financial resources, and if the problem of rural credit has to be properly tackled the machinery to be established for the purpose must keep in view the necessity for tapping rural savings in order to obtain the funds necessary for its operations. That this is quite feasible for well-managed co-operative institutions is shown by the experience of several institutions, including the Alamuru Rural Bank in Madras and the Co-operative Society in Bhuvel, both of which have been able to attract deposits sufficient to meet the demands on them for credit. Urban savings cannot be depended upon to meet adequately the needs of industry and commerce as well as of agriculture. Secondly, in any scheme for the setting up of a sound and efficient system of agricultural finance, sufficient emphasis must be laid on the building up of a sound structure of primary institutions—whether co-operative credit societies or multi-purpose societies, on the basis of limited liability or unlimited liability, as the case may be. The weakness of the co-operative structure seems to lie mainly in these institutions where it comes directly into contact with the rural people rather than in the super-structure, and more thought and efforts should be devoted to their

development. No other alternative machinery of a suitable type appears to be available at the primary level, and the generally favoured plan now is the establishment of strong multi-purpose societies able to employ competent paid staff, for each group of contiguous villages. We believe that these attempts should be encouraged and supported, particularly by providing the needed staff for inspection and supervision, by the Provincial Government. The principle of subsidising co-operative institution to a limited extent in the initial years, in view of the risky character of rural finance, the low rates of interest they are attempting to establish, and the need to provide the necessary secretarial and supervisory staff appears to be unobjectionable, although we do feel that the proposals sometimes put forward that the State should find subsidies for all sorts of purposes to the extent of crores of rupees do not seem to be based on sufficient appreciation of the implications, financial and otherwise. Even as regards the superstructure, we believe that while the establishment of new organisations, such as agricultural credit corporations or banks, may be necessary in some regions, full use should be made, as far as possible, of the existing institutions, new institutions or machinery being set up only to the extent to which such procedure becomes unavoidable.

III The Machinery for Long-term Credit

The Gadgil Committee have recommended that long term credit on the mortgage of land, which should increasingly be made available for productive purposes, should be supplied through land mortgage banks where they are established; where they are not, it should be supplied by the agricultural credit corporations to the established which would deal with borrowers through their branches, since the provision of all types of credit by a single agency would lead to better co-ordination of credit. Dr. Naidu has also recommended the replacement of the present co-operative land mortgage banks by Government-owned banks with their own branches, the object being the avoidance of delay and red tape and the reduction of costs. But other authorities such as the Nanavati Committee, and the 15th Registrars Conference have taken a different view and expressed themselves against the merging of institutions providing short and intermediate credit with those providing long-term credit. The main reasons for the provision of these different types of credit by different institutions are that the funds for long-term credit are to be separately raised, mainly by debentures, and that a special procedure such as the examination of the title of the land, its value, etc., which would unavoidably take some time, is necessary in making long-term loans. Even if the same institution provides long-term mortgage credit, as well as the other credit the two activities would have to be administered by separate departments, in which case there does not appear to be any reason why a structure of land-mortgage banks as developed in Madras should not be developed

elsewhere, provided the basic conditions for working successfully a system of mortgage credit are present.

Proposals have of late been made for the establishment of a Central Agricultural Credit Corporation for the country as a whole on the model of the Industrial Finance Corporation, with the object of providing medium and long-term credit to substantial agriculturists directly, and to other agriculturists through co-operative organisations or borrowers' groups. It has been suggested that the corporation may also serve as an "apex" organization for provincial co-operative banks. We, however, feel that such proposals are inopportune at present for several reasons. Agrarian legislation and tenure systems are widely different in various regions, and a central institution will not be able to finance agricultural development directly through medium or long term loans: the establishment of provincial land mortgage banks and primary institutions is, therefore, the first essential step. Technical advice and assistance on the issue and redemption of debentures is already available from the Reserve Bank which has also expressed its willingness to purchase land mortgage bank debentures to a limited extent, and to make advances on their security. No separate apex bank for provincial co-operative banks was considered necessary by the Central Banking Enquiry Committee, and, in our opinion, it does not appear to be necessary now that increasing assistance for short-term finance is available to them from the Reserve Bank of India.

IV. The Role of Commercial Banks in Rural Credit

It is sometimes assumed that commercial banks have never played, and could never play an important part in rural credit, and that their extension to rural areas would only serve to drain away available funds through deposits for urban investment. This appears to be an extreme point of view. Although commercial banks do not provide long-term or medium-term credit to agriculturists, nor short-term credit for agricultural operations, they are in a position to provide short-term credit for financing the marketing of agricultural produce, either directly to agriculturists, or indirectly through traders. Their present contacts are largely with traders whom they finance to the extent of crores of rupees every season, but such contacts are not without their value to the agriculturists and the various direct and indirect services they render are not only essential but also constitute an integral part of the rural credit system. It would be possible for the commercial banks to provide finance for the marketing of produce to a much greater extent than at present when a number of regulated markets are established, the grading and standardisation of agricultural produce are developed and satisfactory warehousing arrangements are made. The absence of sufficient number of warehouses has been a serious impediment in the way of such development, and we propose to deal with this separately in Chapter IV of this Part. Referring to the

need at present for "as varied a system of institutional finance as possible," the Gadgil Committee said, "all reasonable facilities which do not in any way hamper the growth of the co-operative credit system should be afforded to the commercial banks to enable them to play an important part in the rural credit organization." In general, we believe there is no reason why commercial banks with the extension of their branches to small towns should not in course of time be able to play a greater part in providing credit to rural areas in the shape of advances against produce, loans for the purchase of expensive equipment such as electric pumps and oil-engines, and loans on the security of gold, etc. We also believe that both in respect of functions as well as clientele there can be a broad division of labour between commercial and co-operative banks, and their activities can thus be co-ordinated.

V Special Proposals regarding Co-operative Institutions

We have referred to the importance of co-operative banks and societies in the structure of rural finance in this country and explained why they would need special assistance, and even a certain degree of subsidising in the earlier years of their establishment. The Central and Provincial Governments have recognised the vital role of co-operative institutions in rural development and have provided them with certain concessions and facilities such as exemption from income-tax, stamp duties and registration fees, free audit and supervision by departmental agency, priority in the recovery of dues and facilities for their recovery through arbitration or departmental procedure, permission to inspect village records and obtain encumbrance certificates free of charge, etc. The keen interest taken by the Provincial Governments in developing the co-operative movement and reorganizing it on sound lines wherever necessary has already been referred to, but a special mention may be made of the assistance being provided to co-operative banks in Bombay by Government to extend their branches to the entire province and supply credit and other banking facilities to all credit-worthy agriculturists. We consider this scheme deserving of full support and worthy of adoption, with such changes, as may be necessary to suit local conditions, in other regions where the co-operative structure is reasonably sound and capable of assuming additional responsibilities. In Madras, where the Movement has developed on orthodox lines and a large network of primary credit societies and urban banks is in existence, the Registrar has put forward a scheme whereby in the large villages known as "major panchayat villages," co-operative banks would be constituted on a limited liability basis, and provide full banking facilities to the population in those places and the surrounding rural areas. These places have a mixed agricultural and urban population, and it is proposed that the banks should receive deposits, grant loans and cash credits to members for agricultural and trade purposes, make advances on the

security of bullion and jewels, collect bills and cheques, issue drafts, and provide facilities for safe deposits. They would also make advances on the security of produce where a co-operative marketing society does not exist. This scheme which is expected to extend banking facilities to a number of places where they are not available at present, would be possible only if provision is made for qualified secretarial staff for each of these banks consisting of a secretary and accountant whose appointment and removal, would be subject to the previous approval of the Registrar. It has, therefore, been proposed that for an initial period of 5 years, Government should grant subsidies to these banks to meet the cost of such staff estimated at Rs 300 per mensem, the cost of other staff and other expenses being met by the banks themselves. We extend our general support to these proposals which constitute desirable and practicable measures capable of immediate adoption, and recommend that the Provincial Government should give the necessary financial assistance.

Special schemes for the reorganization and development of co-operative banks are also in the process of implementation in Assam, West Bengal, Bihar, Mysore, Orissa, Uttar Pradesh, and in other regions. We have taken note of these schemes and hope that with the support of the Provincial and State Governments, they will lead to the early rehabilitation of the co-operative movement on sound lines. We should, however, like to make two observations in this connection:—

- (a) Firstly, if any progress is to be made and co-operative banking is to develop on sound and stable lines, it is necessary to see that the expansion at no stage outstrips the administrative capacity of the persons charged with the responsibility of running the institutions. Adequate attention should also be paid to secure well-qualified and experienced staff to man the institutions: in particular, the quality of audit, inspection and supervision must always be kept up, and no attempt should be made to reduce the staff engaged on these duties.
- (b) Secondly, care should be taken to ensure that movement is kept free from personal or party feuds, and there is no political interference in the day-to-day working of the co-operative institutions.

In addition to the concessions now available to co-operative institutions and the facilities recommended for all banking institutions in paragraph 46, we propose that the following types of assistance should also be provided to co-operative institutions:—

- (i) These institutions should be provided with facilities for remittance of funds through post offices at concessional rates. The co-operative societies functioning in the outlying areas have often to depend, for transfer of funds to, and from, the central

co-operative banks, on the Post Office which is the only agency available at the majority of the places where these facilities are required. At the present rates, these remittances are expensive and since it is desired that co-operative societies should increasingly take to receiving of deposits, which will increase the movement of funds between the primary societies and the central financing agencies, it is suggested that the Post Office should prescribe a special schedule of rates which should be substantially lower than the normal rates, for remittances between these institutions.

- (ii) Rules regarding the maximum limits up to which the co-operative societies may hold deposits in post office savings banks and the number of times per week they may operate on their accounts should be liberalized. The maximum limit up to which they may withdraw from their accounts with post offices during any week should also be raised. These relaxations are again necessary if co-operative societies are to take increased interest in the collection of deposits.
- (iii) Co-operative banks and societies should be approved for appointment as authorised agents for the sale of National Savings Certificates.

In chapter III, we have mentioned that in certain areas and regions, agricultural credit corporations on the lines suggested by the Gadgil Committee may have to be established, or existing State-sponsored banks reorganized so as to serve primarily as agricultural banks for financing co-operative societies, or individual agriculturists. If and when these institutions are set up, we recommend that the special types of assistance proposed above for co-operative banks should also be extended to such corporations or agricultural banks.

We have emphasized at various places in this report the need for co-operative banks and societies devoting greater attention than in the past to the promotion of thrift and collection of savings in order to obtain larger financial resources for their operations. This will not, however, make them self-sufficient, and they will continue to require considerable financial support from outside. The obvious agency from which this assistance must be forthcoming is the Reserve Bank, and in this connection, we are glad to note that the Bank has of late shown greater willingness to provide financial accommodation to the provincial co-operative and central co-operative banks for financing seasonal agricultural operations, or the marketing of produce, and this finance has been offered at a specially low rate of interest of $1\frac{1}{2}$ per cent. While some use is being made of this facility, we consider that such assistance could be taken advantage of to an increasing extent by co-operative banks. The terms and condition

stipulated by the Reserve Bank for such finance, we are convinced, are reasonable, and do not create any serious difficulties for sound co-operative banks. We support the proposal that the period for which facilities for the discounting of bills are available with the Reserve Bank should be extended from 9 to 12 months, and are glad to learn that steps are being taken to implement this. Greater assistance from the Reserve Bank naturally presupposes closer contact between the Reserve Bank and the provincial co-operative banks and suggests the necessity for keeping the Reserve Bank more closely informed of the inner working of the co-operative banks and enabling it to place its advice and guidance more effectively at the disposal of such banks. In the case of commercial banks, provision has been made for such close contact to develop through the machinery of inspection which the Reserve Bank is now building up. The position of the co-operative banks is, however, somewhat different in that the over-all responsibility for the supervision and control of the banks vests in the Provincial Governments who exercise the various powers through their Registrars of Co-operative Societies. Nevertheless it should not be difficult to devise means for an effective liaison between the Reserve Bank and the co-operative banks. We do not propose to indicate the exact lines on which relations between them should be developed, but in view of the larger assistance from the Reserve Bank envisaged by us for such institutions, we believe that the help and guidance of the Reserve Bank would be valuable to the Provincial Governments and the co-operative banks, and these should be freely drawn upon.

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K. GOVINDA WARRIER,
Secretary.

Monthly News Page

The Rajan Hall—named after Sir P. T. Rajan of the Hood Co-operative Institute, Tanjore was opened by the Hon'ble Sri P. S. Kumaraswamy Raja, the Chief Minister of Madras, on the 23rd August, in the presence of a large gathering of students and distinguished visitors including Sir P. T. Rajan and Sri K. Subramaniam Naidu, M. A., Registrar of Co-operative Societies, Madras and Dr. P. Natesan, General Secretary, Madras Provincial Co-operative Union.

Sri N.R. Samiappa Mudaliar, the President of the Institute, welcoming the Hon'ble the Chief Minister, paid a warm tribute to his services to the co-operative movement over a long period of three decades. The President then traced the history of the Hood Co-operative Institute and its progress from its inception in 1927. It was a matter of great satisfaction and pride observed the President, for Tanjore Institute, alone of all the Institutes in the Madras State, to possess complete buildings of its own. The present Rajan Hall began as a thatched shed to house lecture classes from the beginning. Now that shed has been converted into a hall to accommodate two classes and provide one reading room. In the construction of the hall the President did not expect or rely on Government help but on self-help and donations from co-operative institutions.

The Honourable Kumarasamy Raja, Chief Minister declaring open the Rajan Hall expressed his great pleasure in associating himself with the function of the Institute, as he was himself a confirmed co-operator of long standing. He also paid a glowing tribute to Sir P. T. Rajan's qualities of head and heart, after whom the Hall had been named.

Sir P. T. Rajan unveiled the portrait of the Late Sri Krishnaswamy Iyengar and desired the students and the public alike to draw inspiration from his example of a successful career and useful service to the Institute.

The function came to a happy close with the proposal of vote of thanks to all present on the occasion by Dr. P. Natesan, Secretary of the Madras Provincial Co-operative Union and Editor of the Madras Journal of Co-operation.

Co-operative Housing Schemes

The Hon'ble Sri K. Chandramouli, Minister for Local Administration, inaugurating the Tele-Post Co-operative House Building Society at a meeting at Muthialpet, Madras, said that the Government, despite difficulties, would give aid to the organisations which pushed through house building schemes. He said that the Government had allotted large sums of money for this purpose, including the construction of houses in villages on a co-operative basis. The Minister asked the Municipalities and local bodies to do their best to solve the housing problem, and help co-operative societies for house building. Unfortunately, local bodies were now doing little in the matter, he added.

Under a scheme of the Society, 160 houses will be constructed in the city for middle class employees of the Posts and Telegraphs Department.

Mr. L. J. Sajjani, Director of Postal Services, Madras, and President of the Society, said that in January 1949, the Director-General of Posts and Telegraphs had directed all heads of circles to encourage the formation of Co-operative house building societies with the assurance that the

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Government would give liberal loans to such societies. A site of 20 acres in West Mambalam had been selected and the scheme would cost Rs. 10,00,000.

Mr. K. Subramaniam Naidu, Registrar of Co-operative Societies, said that Madras State had advanced more than other States in the direction of house building on a Co-operative basis.

Co-operative Progress in Far East

Mr. J. C. Ryan, Registrar of Co-operative Societies, who visited as the Co-operative Consultant of the Food and Agricultural Organisation of the United Nations Organisation, Ceylon, the Philippines and Thailand, resumed charges as Registrar on 11.9.1950.

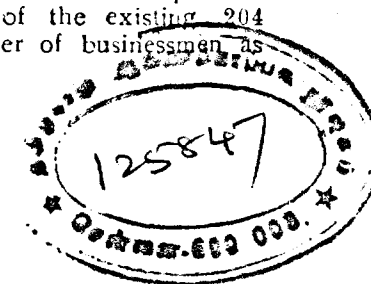
Giving his impressions of the progress of the co-operative movement in these countries, Mr. Ryan said at a meeting of Pressmen that in Ceylon, the Co-operative Wholesale Establishment was a purchasing bureau of the Government, reorganised as the new C.W.E., an independent corporation, which will ultimately become a Federation of the 4,000 co-operative stores, which supplied the domestic requirements of two-thirds of the population of the island. The Government had made a gift of Rs. 40,00,000 to the C.W.E. to meet the preliminary expenses, and Rs. 15,00,000 more as loan, repayable in 30 years at 1½ per cent interest for a building of its own. Another Rs. 20,00,000 has been made available to the C.W.E. to build up a reserve. This reveals the faith of the Government in the potentialities of the co-operative movement.

The new C.W.E., Mr. Ryan said, would import consumer goods from abroad direct, and take over the rice imported by the Government from foreign countries, and distribute them to the public through primary co-operative stores.

The co-operative movement had suffered a setback during the war in the Philippines, but was fast rebuilding itself. Mr. Ryan said he had pointed out the example of Ceylon, for developing primary stores, and advocated the reorganisation of Rural Co-operative Credit Societies as in India. He also suggested to the Government the establishment of Co-operative Central Banks to finance all kinds of co-operatives.

In Thailand he found that the movement had been developed on cautious line. He had advised the Government to liberalise the terms of membership, and grant of loans in unlimited liability rural credit societies, to enable a larger section of farmers, tenants and landless labourers to join them. The increased demand for funds, he had suggested, could be met by Central Co-operative Banks, comprising of leading citizens and co-operatives borrowing funds from the public. He had also suggested the reorganisation of the Bank for Co-operatives into a Central Land Mortgage Bank, which should deal in long-term loans.

He had also suggested the establishment of Central Co-operative Wholesale Store at Bangkok as a federation of the existing 204 primary co-operative stores, and a limited number of businessmen as share-holders.



S. Kanara Co-operative Stores.

At a general meeting of the South Kanara Central Co-operative Wholesale Stores held in September Mr. M. Shiva Rau, President presiding, the audit certificate and the Administration Report for 1948-49 were adopted. The report stated that the Stores was the sole agent for procurement and wholesale distribution of food grains in the district. The net profit for the year was Rs. 12,543-6.

The meeting declared a dividend of 4 per cent and passed the revised Budget for 1949-50 and estimates for 1950-51 Messrs M. Aithappa Rai and Peter Brito were elected to the Board of Directors.

Inauguration of a Co-operative Milk Supply Societies Ltd., at Alangudi.

A Co-operative Milk supply society Ltd., was inaugurated by Sri A Singararaju Pillai, B.A., Deputy Registrar of Co-operative Societies, Tiruchi on 27-9-50 at Alangudi. The society was started with 62 members due to the efforts of Sri N. A. Narayanaswami Chettiar, President, Alangudi Panchayat Board. The Deputy Registrar explained the working of the society and the benefits it conferred on the consuming public.

Passenger Transport by Ex-servicemen's Co-operative Motor Transport Societies.

Co-operative motor transport societies for ex-servicemen have so far been confining their activities to goods transport only. Government have now permitted them to undertake passenger transport also upto a maximum of two buses in each society. The societies at Cuddalore, Guntur and Visakhapatnam have been granted route permits to ply buses. They will be put on road shortly. Other societies also will be undertaking passenger transport as soon as route permits are granted to them.

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Telegrams "COOPFIRE"

Telephone 4361.

**The Co-operative Fire & General
Insurance Society, Ltd.,**

MADRAS 1.

President:

SRI T. M. CHINNAYYA PILLAI, M.A., B.L.

**Transacts Fire Insurance of all
Descriptions and Motor
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Insure with us and Banish Worry.

For particulars apply to:

P. SHANMUGAM, B.A.,
Secretary.

Post Box No. 1249.

Madras 1.

TELEGRAMS: "CENMORBANK"

TELEPHONE : 8230

The Madras Co-operative Central Land
Mortgage Bank, Limited.

LUZ, MYLAPORE, MADRAS.

President :

SRI BHOGARAJU VENKĀTARATNAM,

Authorised Capital ... Rs. 20 Lakhs.

Paid up Capital	...	Rs. 14,32,300.
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Reserves	...	Rs. 25,82,845.
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The Bank is the Apex Co-operative Bank i. long-term agricultural credit and issues debentur on the security of first mortgages transferred to it b Primary Land Mortgage Banks and its assets.

The principal of and the interest on these debentures are guaranteed by the Government of Madras. The are TRUST SECURITIES and are also approved Securities under the Insurance Act, 1938. A REDEMPTION FUND (SINKING FUND) is constituted to pay off the debentures on maturity.

Summary of Balance Sheet as on 30-6-'50.

Liabilities.		Assets.	
	Rs.		Rs.
Paid up Share capital.	14,32,300	Cash on hand & balance with Banks.	17,251
Reserve and other Funds	25,82,845	Loans to Primary Banks	3,88,32,224
Debentures	4,39,31,700	Sinking Fund Investments	83,48,530
Deposits, Loans and Overdrafts	81,97,937	Other Investments	42,07,098
Sundry Liabilities	5,89,516	Sundry Assets	6,78,457
Profit	3,49,262		
Total Rs.	5,20,83,560	Total Rs.	5,20,83,560

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

Secretary

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