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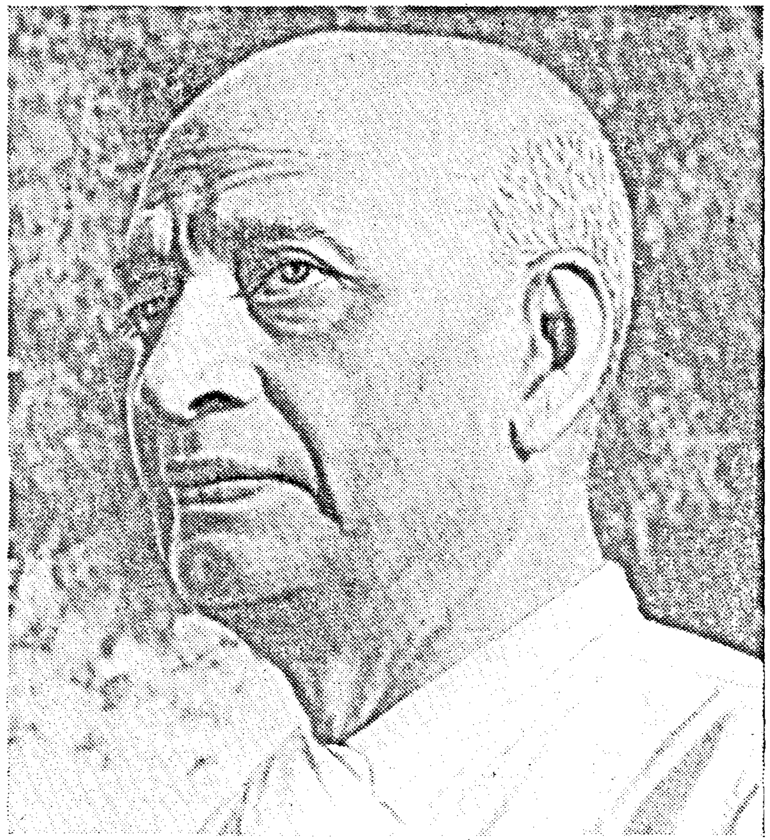
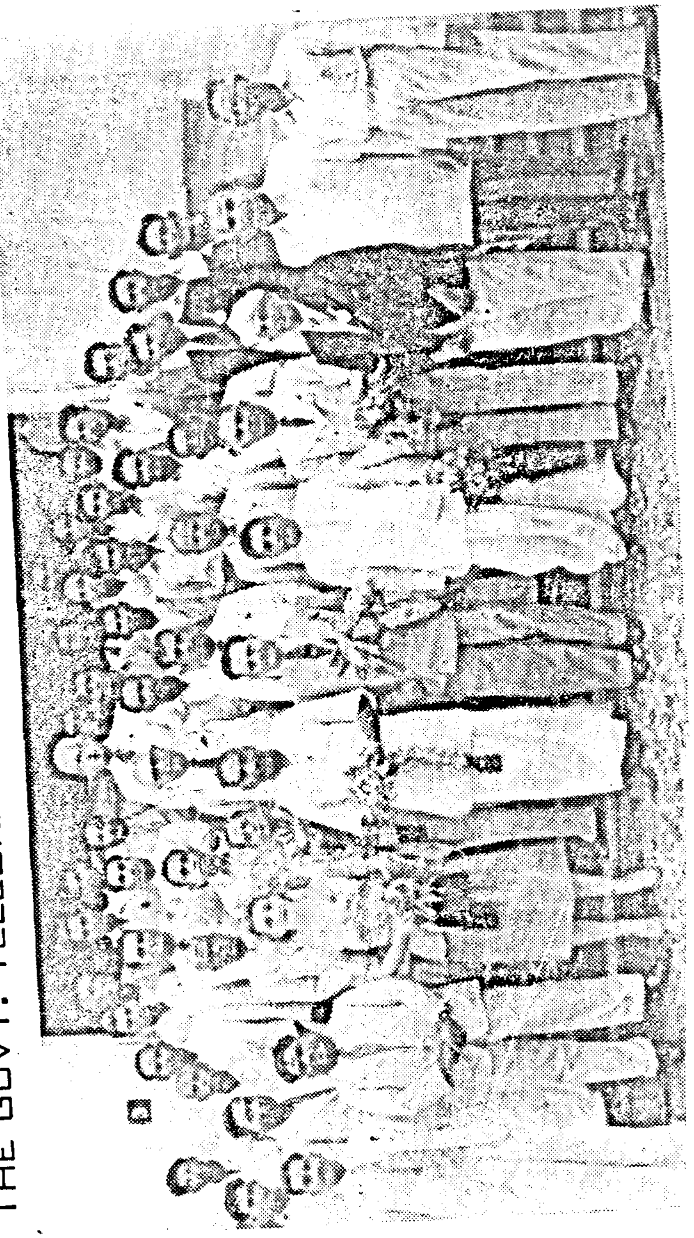


THE HON'BLE SARDAR VALLABHAI PATEL,

Deputy-Prime Minister of India.

BORN 31-10-1875. — DIED 15-12-1950.

"The M. P. C. Union expresses its deep sense of sorrow on the sudden demise of the Hon'ble Sardar Vallabhai Patel, Deputy Prime Minister, Govt. of India."



THE GOVT. TELEGRAPH CO-OPERATORS' DAY, 12-11-'50

THE

Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

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Planning for India's Prosperity:

The need for planning for India's prosperity was in a way percieved as early as 1938 when the Congress Party was in power in most of the provinces. The National Planning Committee came into existence under the Presidentship of no less a person than Pandit Nehru. Its work was, however, so closely associated with the Congress Party that when the Congress Ministries went out of office in 1940 the Committee could not function effectively. Thus while at the outbreak of War in 1939, countries like America set to work forthwith with a view to planning for post-war reconstruction, India suffered herself to remain without an endeavour to plan her economic future. Some activity was seen by and by, but most of it was devoted to the discussion of the basic principles of planning. Some plans were evolved by parties and groups—the Bombay Plan, the Gandhian Plan, and the People's Plan—but they lacked agreement even on the basic principles and hence served no useful purpose. It was, however in 1944 that a Department of Planning and Development was brought into existence by the Government of India for the first time. But little was achieved by it due to difference on policy between Sir A. Dalal, Member for Planning in the

Central Government and his colleagues. Sir A. Dalal resigned and the Department itself was abolished subsequently. In 1946 during the Interim Government period an Advisory Planning Board was appointed. This body recommended in 1947 the appointment of a Planning Commission to devote continuous attention to the whole field of development so far as the Central Government was concerned with it. During the past three years. the Central Government and the Provinces initiated some scheme of development but progress has been hampered by the absence of adequate co-ordination and sufficiently precise information about the availability of resources. With the reconstitution of the States and the emergence of new economic facts following the achievement of Independence, a fresh assessment of national resources and essential conditions of progress has become necessary. It is a pity that there has been no plan for developing the country even four years after the end of the War.

Shortly after the ushering in of the Indian Republic early this year, a Planning Commission has been appointed with Pandit Nehru as Chairman and eminent persons like Sir V. T. Krishnamachari and Sri Mehta as members. Its chief objects are to formulate a plan for the most effective and balanced utilisation of the country's resources; and to determine the nature of machinery to secure the successful implementation of each stage of the plan in all its aspects.

Explaining the scope of the Commission, our Prime Minister, Pandit Nehru said that the Commission would co-ordinate Central and State plans, lay down priorities and set up targets. He has also assured the country of its usefulness. He said " It is not going to be a Commission producing just a Report. It is going to be a live Commission function from day to day and, I hope, producing results, not magic results but solid results."

The Commission held its first meeting in March and by July " secured sufficient staff to carry out its studies. The bulk of the gazetted staff has been drawn from the Central Government, States Governments and institutions like the Reserve Bank of India and the Universities."

Replying to a question in Parliament, Pandit Nehru, our Prime Minister, stated that the short term plan of the Commission would probably be ready in the course of two months or so and a five year plan would come later. He also added that " The Commission has made a study of the factors which have been impeding industrial

production in the last three years and is now engaged in a series of consultations with representatives of different industries with a view to arriving at realistic programmes which are capable of fulfilment during the next five years. It is expected that working plans for the more important industries will be drawn up in the course of the next three or four months."

Considering the pace of the progress of the work, there is reason to hope that the commission will give a *definite* plan for the building up of the country. But the *quality* of the plan itself depends upon how it works out in actual practice. The objective of the Government of India is the establishment of a Co-operative Commonwealth. Co-operators hope that the short term plan which will come out shortly will be so designed as to fecilitate this attainment and also to agree with the grand long term plan that is to come later.

The Average Co-operator:

The Seventeenth Andhra Provincial Co-operative Conference held least month at Tenali in Andhra Desa was in some respects unique among the Co-operative Conferences held in Andhra Desa. It was organised on a large scale; a Cattle Show, an exhibition, and a Weavers' Conference and other meetings were held as adjuncts to the main Conference of Co-operators. Leaders Like Sri Kala Venkata Rao, General Secretary of the Congress, The Chief Minister and the Ministers for Co-operation and Prohibition of of Madras participated in the proceedings and important resolutions were discussed and passed at the Conference. Very nearly 10,000 men and women attended, of whom a considerable number were Co-operators. It was probably the largest yet gathering under Co-operative auspices in the Andhra Desa.

Apart from this, the Conference was significant as an indicator of the interest and general level of understanding of the average Co-operator regarding the various problems sought to be solved through Co-operation. With a view to study first hand how far the average Co-operator followed and understood the trends of discussions at the Conference, out Associate Editor availed of the opportunity afforded by the Open Session and contacted several indivividuals—a majority of whom were delegates or members of Co-operative Institutions—and talked to them on the subjects of the resolutions that were actively being discussed on the dais. He endeavoured to explain to them the implications of the resolutions that were under discussion, at times mentioning the names of some of the speakers on the dais. The following are some of the views expressed to him by some sections of the audience on the Co-operative Movement:

1. Some people have been obliged to join the Co-operatives out of economic necessity, that they might obtain controlled commodities. The moment the free market conditions prevail all Co-operatives would find no custom;
2. The Co-operative Society lays down too many restrictions and gives too little credit. The poor ryot in dire need of money finds the money-lender the better of the two;
3. The Co-operative Movement has done little for labourers Few among the working classes have any idea of its usefulness to them;
4. In spite of all that Co-operative Leaders say, cloth, sugar and other food stuffs are as scarce as ever;
5. The spirit of service in respect of rural development seems to be far less in the Co-operative Movement than what it was when rural reconstruction was undertaken under Congress auspices a decade or two ago;
6. The Co-operative Movement is fighting shy of vital issues—for instance the poor artisans and the ex-tappers have been grossly neglected.

The controversies of the Leaders—Our Associate Editor noticed—for instance the question of "limited or unlimited liability," interest the average Co-operator very little. He leaves these questions to his local Co-operative Leaders for whom he has admiration.

It follows from the above that the average Co-operator is either ignorant of or little interested in the intrinsic value and potentialities of the Co-operative Movement. To him it has no deeper meaning than as a means of obtaining cheap credit to a limited extent or some controlled commodities at fair prices. Surely this attitude imparts little strength and stability to the Movement.

Considering its position as reflected by the views of the average Co-operator, it may probably have to be said that the psychological approach to the villager is receiving inadequate attention. Co-operative institutions are being organised in villages without impressing

upon the villagers that the institutions would change the way of their life for good. It is essential that the villagers should be made to know that Co-operation is no economic make-shift or palliative but a *new way of life deliberately designed* to save them from the twin perils of Capitalism and Communism. Inadequate propaganda is the weakest link in the chain. We appeal to all Co-operators, therefore, to cope with the situation and endeavour to carry the gospel of Co-operation to the villagers with the zeal which characterised the rural work of the past decades.

The Unhappy Weaver:

It is probably an irony of fate that the poor weaver should live half-starved and miserable through centuries. His suffering began with the Industrial Revolution in England and the hostile attitude of the British Rulers in India. His slavish dependence on mill yarn during this century has made his life one of want and anxiety.

Mill yarn has come to stay as a necessary evil to the handloom weaver. The weaver wants mill yarn but is helpless against the mills. It is not the weaver that regulates the mills' production; it is the mills that control the consumption of the weaver both in count and quantity. Now there is scarcity of yarn; now there is a glut in the market; and now again a scarcity. The weaver is tossed between the two extreme positions. Only an year ago there was a plethora of yarn supply and marketing cloth became a problem. Now scarcity of yarn prevails and the weaver is starved.

There are some four lakhs of looms in the State and some 30,000 bales of yarn is required monthly to keep the looms working for three weeks. But the supply has fallen too low. We are told that in Tinnevelly District, against a monthly demand of 2,000 bales, a quantity ranging between 206 and 1,187 bales was supplied monthly from April to November 1950, the average being 570 bales. Some other defects in the distribution of yarn are the allotment of unwanted counts of yarn, the absence of control on dyed yarn. Black market in yarn is said to be rampant everywhere.

The genuine needs of the honest weavers are not met and the weaver is literally starved. Representations and demonstrations of the weavers have become a regular feature of the news for some weeks. There are hunger marches all over the State. Only yesterday some 300 hungry weavers of Ponneri were reported to have marched to the Secretariat in Madras to request for immediate action of the Government to give relief to weavers.

We appeal to the Government on behalf of the hunger-stricken weavers to help them before it is too late. Immediate relief to some extent may be given by rationalising the distribution on the basis of the districts' requirements in accordance with the number of working looms and counts needed. The supply of dyed yarn too must be regulated.

Substantial improvement can however been found only by increasing and regulating the production of yarn. We suggested time and again through the pages of this Journal that the establishment of Co-operative spinning mills in some important weaving regions will have a welcome effect on the yarn market. We reiterate the suggestion and hope that the Government and the premier weavers' societies will do the needful forthwith.

The Madras Provincial Co-operative Union

SUPERVISORS' EXAMINATION APRIL 1950.

Supplemental list of Practical Training Examination.

Coimbatore Centre:

S. No.	Name of the Candidate	Regd. No.
1	Narayanan Ezhuthachan, V.	3417

(This candidate having passed the Theory examination in full at April 1950 examination has now completed his examination by passing his Practical examination.)

Alamuru in the Co-operative Field*

THE HON'BLE SRI P.S. KUMARASWAMY RAJA,

Chief Minister, Government of Madras

Gentlemen,

It is indeed a unique honour and privilege for me, to be the recipient of cordial welcome, from several public institutions and Associations of Alamuru,—the Panchayat Board, the Co-operative Union, the Co-operative Marketing Society, the Co-operative Rural Bank and the Village Congress Committee, etc.

Alamuru is not a place new to me; nor is it unknown to the outside world. Though this place is situated in a corner, it is well known throughout our State, for the great activities it is pursuing in several fields, for the promotion of welfare of the people. Whether it be in the field of co-operation, or library movement, or in the field of rural reconstruction, Alamuru has attained a distinction, which holds it much above the level of several other places, engaged in similar activities. It has gained a conspicuous place, on the map of public welfare movements, to promote the educational, social and economic welfare of the people. Without any hesitation or fear of contradiction, it can be stated that the contribution which Alamuru has made to the growth of the Co-operative Movement particularly is outstanding. The presence of tried and veteran co-operators, and of the gentlemen, fired with the zeal for public service, is the spring-head of the great achievements of Alamuru in a variety of directions. And to them goes in entirety the credit of the many-sided success in public activities, which Alamuru could boast of today. Obviously, there is greater realisation here that the economic regeneration and well-being of the people can be achieved, largely through co-operation.

Co-operation plays a very prominent part, in instilling sound and balanced economy, in the Country. It aims at the well-being of the community, as also that of the individuals, constituting the community. The very word 'Co-operation' implies unity of interests, pooling of resources and talents, and doing work for the good of the many. The Co-operative society organised by a group of individuals, stands for the benefit of the entire group, affording opportunities to one and all of them for development of virtues like honesty, self-help and unity. It is an organisation, for doing business in a strictly business-like manner, guided by the ideal of encouraging in its members, habits of industry, thrift,

*Speech of the Hon'ble Sri P.S. Kumaraswamy Raja, Chief Minister, Madras, on the occassion of opening the Godowns of the Alamuru Rural Bank, Ltd., on 1-12-'50.

prudence and mutual help. The co-operative society, a democratic institution by itself, giving scope for work by "each for all and all for each" of its members, serves as a field, for the evolution and cultivation, of those faculties and capacities, which are essential. for running the greatest democratic institution, namely, the Government. Socialist-democratic State, being our Nation's ideal, the co-operative societies, functioning as they do, on principles of socialism and democracy, make no ordinary contribution, to the achievement of that ideal. In the present state of our society, with its many-sided growth and development, requiring Individualism, to give place to Collectivism, as a device to ensure the well-being of one and all, the co-operative institutions play a very useful part. Co-operation is designed to assist persons of limited means, and shield them against efforts of capitalism and competition. And what cannot be achieved by individual effort, can be achieved by united effort, made on collective and co-operative basis.

Co-operation is extending day by day, in its application to lives and activities of men. We can hardly think of any of our needs, which does not admit of being brought into the sphere of co-operation. Savings, discharge of debts, purchase of articles, provision for education of children and their marriages, building houses, life insurance, agricultural farming and other industries, and a host of other matters have already been brought under the work of Co-operation. So, Co-operation has played and will continue to play, a prominent part in the development of our indigenous industries including agriculture, as it ensures decent returns, to the producer and the manufacturer, by bringing into effort, a closer contact between them and the consumer, and by dispensing with the middlemen.

The Government are prepared to help the movement, in all possible ways. The enactment of co-operative laws from time to time, in order to bring them upto date to suit the needs and requirements of the societies and the enlargement of the Co-operative Department itself, with a large personnel for organisation of new societies, and for the supervision and guidance of the societies already in existence, are some of the features, testifying to the earnestness, on the part of the Government, in their attemp at popularising the movement. In fact, co-operation has been reckoned, as one of the main channels of national reconstruction and development. It is no exaggeration to say, that those, who are

working in the field of co-operation, are rendering a very noble and patriotic service, to the Country, because theirs is the function of rejuvenating the Country's prosperity in general, and rural economy in particular.

Infant democratic State that we are, co-operatives are to play no insignificant part, in the attempt to achieve allround development, based on national economy. With the advent of our Country's political independence, the responsibility of the State Government to achieve economic development in the State, more particularly on the rural side, has increased. Production should be increased, to meet the needs of the growing population. But production alone will not solve the problem. There should also be distribution, fair and equitable. Profiteering, which is sought to be achieved by certain commercial interests, beyond the fair and legitimate limits, at the cost of the consumers, should be checked. Otherwise, it will lead to abnormality in the earnings by individuals, which would result in distruption of the balanced economy. And these objectives could be achieved successfully, through the agency of co-operation.

I am glad that the Alamuru Co-operative Rural Bank is working efficiently to help the members who are mostly growers and producers, to get the maximum benefit, out of the commodities they have produced. The villagers' ignorance to take advantage, in the best possible manner, of the market conditions, and also the want of storage facilities, tor the produce they have obtained, are mainly the handicaps, which they are labouring under. The objective of the Bank is, to provide facilities to its members, to surmount the said difficulties, felt by them. For the produce-loans given by the bank I understand, members are now storing the produce, in private rented godowns, with the result, that the bank's business in this respect, did not prove to be much encouraging, for want of its own storage facilities. And for want of the storage facilities, the members, I understand, were obliged to undersell their produce and thereby sustained heavy loss. It is to surmount these shortcomings, that the Bank has launched upon the scheme of having godowns of its own. Godowns are also necessary for the bank, to purchase and store grain in the proper season, and distribute the same to the poorer members, during the off-season, when they have neither income, nor occupation. I am sure that the new godowns of this bank, would go a great way in benefiting its members. I am glad, that with the Government's free grant of Rs. 10,000 towards the construction of the godowns, the bank has embarked upon the scheme of constructing the godowns and we are glad, that we are able to see their achievement, in its completed form, today.

Gentlemen! Besides the facilities offered by the Co-operatives, for the industrial and commercial development of this place, there is another important factor, which is going to greatly increase, the importance of Alamuru in every respect. And it is the scheme of setting up the road communication, connecting the southern and the northern banks of the Godavari, by means of bridges, one of which is going to be located at Alamuru. With the setting up of such road communications, in which Alamuru will function as an important link, the future of this place will be more bright and promissing.

Gentlemen! I thank you all once again for the honour you have done me. Now, I have great pleasure in declaring open, the new godowns of the Alamuru Co-operative Rural Bank.

The Kakinada Co-op. Central Bank, (East Godavari.)*

THE HON'BLE SRI P.S. KUMARASWAMY RAJA,
Chief Minister, Government of Madras.

Mr. President, Bank Directors, a gentlemen,

Co-operation is a field with which, I am connected, not nominally but closely, for about thirty years. And it gives me an enhanced pleasure, that I am asked to participate in this evening's function, connected with a premier Co-operative institution, at this place.

Today, is an eventful day, in the history of this Kakinada Co-operative Central Bank, because, it marks a distinct stage of its development. This bank was the first Co-operative Central Bank, in the district of East Godavari, registered in 1917; and it served the entire district then. This district has gained a distinction of its being a strong hold of Co-operative movement, because it was here that Co-operation has developed and enlarged, in its several fields, for which the credit should go, in a large measure, to the Co-operative Central Bank. The extension of the co-operative movement here, was so great as to give birth to more central banks, which have been brought into being subsequently. Today, the East Godavari District could proudly proclaim, its proud possession, of four Co-operative Central Banks—an achievement, which no other district in our State, has attained. This East Godavari District, has gained a unique place, on the map of Co-operation in our State.

The Kakinada Co-operative Central Bank, as the mother of all the other Co-operative Central Banks in this district, can boast of the strength and prosperity of her off spring, functioning, ably and efficiently, in their respective centres, namely, Rajahmundry, Ramachandrapuram and Amalapuram. Though the teritorial jurisdiction of this Kakinada Co-operative Central Bank is much smaller today than what it was at its inception 33 years ago, it is nevertheless functioning as efficiently and ably as ever. And today, we are glad to note that this bank is working with 80 individual members, 282 co-operative societies, comprising one Supervising Union, 220 agricultural credit societies, 26 non-agricultural credit societies and 35 others; and as against the authorised capital of Rs. 2 lakhs, it has a paid up share capital of Rs. 1.43 lakhs. The maximum credit limit of the Bank, is ten times its paid up share capital plus reserve.

*Speech of the Hon'ble Sri P. S. Kumaraswamy Raja, Chief Minister, Madras, on the occasion of the opening of the Kakinada Co-op. Central Bank, Ltd., on 1-12-'50.

I am told, that this bank has raised deposits from societies, individuals, and others, to the extent of Rs. 10.67 lakhs and loans amounting to Rs. 7 lakhs from the Madras Provincial Co-operative Bank, and that loans to the extent of Rs. 17.52 lakhs were advanced to the societies in 1949-50. We are glad to know, that this bank built up a Reserve Fund of Rs. 72,389 which it has invested in the Madras Provincial Co-operative Bank, in the debentures of the Central Land Mortgage Bank, and in National Savings Certificates, and that this bank earned a net profit of Rs, 25,452 in 1949-50. It is very pleasing to note, that some of the agricultural credit societies, in this bank area, have undertaken multipurpose activities, and they have handled food grains, mill cloth and sugar, *etc.* The credit and reputation, which this Kakinada Co-operative Central Bank could claim, are but legitimate.

A growing bank that it is, the accommodation offered by the old building, would be too insufficient. The new construction would amply meet the increasing needs of the Bank, in the matter of accommodation. This new building, presenting a good appearance consistent with the position and status of the bank shall stand as an indisputable evidence of its progress, and enhance its reputation.

With great pleasure, I declare this new building open.

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 reorganisation 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 was published in our September 1949 issue.—*Editors*]

1. The Chaganur Multipurpose Co-operative Rural Credit Society, Bellary District

The society was registered on 6th January 1919 and started on its work on 9th October 1919. The village of Chaganur with a population of 1,500 is at a distance of 10 miles from Bellary town. The society had only 30 members on its rolls with a paid up share capital of Rs. 484, till 30th June 1949. It was revived in 1949 and now there are 82 members with a paid up share capital of Rs. 1,790. The society has a total Reserve Fund of Rs. 901-1-0 to its credit, of which Rs. 524 have been invested in the financing Bank. The society has also built up a reserve for bad debts to the extent of Rs. 524-9-0. It has also made investments to the extent of Rs. 300 in the shares of the Central Bank and the Bellary Marketing Society. The society has borrowed from the Hospet Co-operative Central Bank and now owes a sum of Rs. 11,760. During the year the society has lent a sum of Rs. 11,075 to members, and the amount outstanding against members on date is Rs. 13,347.

In addition to the loan transactions, the society has undertaken various multipurpose activities. It is dealing in mill cloth, handloom cloth, agricultural implements etc. The volume of business transacted is given below.

		Rs.	A.	P.
Sales of mill cloth	...	10,352	3	10
„ handloom cloth	...	429	1	9
„ yarn	...	3,873	14	3
„ agricultural implements	...	162	14	9
„ *cumblies*	...	25	0	5
Total	...	14,843	3	0

The society has admitted 25 weavers of the village as members and is doing joint purchase and distribution of the yarn required by the members for weaving. Yarn worth Rs. 3,873-14-3 has been purchased and distributed by the society. The society has applied for membership in the Madras Provincial Handloom Weavers' Co-operative Society in order to ensure regular supply of yarn for distribution to weaver members.

The society has also inculcated the thrift habit amongst the members and has issued 15 *hundi* boxes. The savings effected through *hundi* boxes till now amount to Rs. 113-10-9.

The members of the society have formed an ameliorative committee which is subscribing for 2 journals, *viz*, (1) "Ryta" weekly in Kannada, and (2) "Madras Information" The Telugu daily newspaper "Andhra Prabha" is also made available by the President of the society for the use of the reading room which has been got opened by the society in the local temple, where both the members and the non-members daily meet for reading the papers.

The society also took steps to prevent cattle mortality in the village. When rinderpest and foot and mouth diseases broke out among the cattle in the village in September 1950, the President of the society immediately represented the fact to the Special Development Officer, Bellary who personally contacted the District Veterinary Officer, Bellary and arranged for the prompt inoculation of all the cattle in the village, thus preventing cattle mortality.

The society has now been selected for the distribution of iron and steel, cart tyres and manures. The volume of business so far transacted in this line amounts to Rs. 1,252-4-0.

2. The Perianaickenpalayam Multipurpose Co-operative Credit Society, Coimbatore District.

This is one of the oldest societies in the Coimbatore District having been registered on 25th March 1916 and started on work on 30th April 1916. It is affiliated to the Perianaickenpalayam Union for the purpose of Supervision. The society has 293 members on its rolls with a paid up share capital of Rs. 7,515. It has taken 10 shares in the Coimbatore-Nilgiris Co-operative Central Bank and has paid its full value of Rs, 1,000.

On 31st October 1950 a sum of Rs. 88,061 was outstanding under loans against members. During 1949-50 it issued a sum of Rs. 43,687 in 70 loans to its members. for productive purposes. Its maximum borrowing power is Rs. 1,50,000. The society is running 5 Ration shops through which food grains to 2,250 card holders is being distributed.

Bylaws relating to social and recreational activities have also been adopted by the society.

The society has distributed 30 *hundi* boxes to its members and a sum of Rs. 300 has been collected. Further, the society regularly subscribes to the Tamil Daily "Dinamoni" besides subscribing to the Tamil Journal of Co-operation, "*Kooturavu*".

The society is constructing a godown at a cost of Rs. 15,965 and so far it has spent sum of Rs. 10,298 towards its construction. It has obtained a Government loan Rs. 5,500 and a free grant of Rs. 7,980 has also been sanctioned.

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

The society is the retail distributor of chemical fertilisers and iron and steel. It has opened 5 depots in different places to cater to the needs of ryots at their doors as far as possible. Upto 30th September 1950, the society has effected a sale of 5 tons and 1,800 lbs. of fertilisers in the area. It has also been entrusted with 350 members of cart tyres for distribution.

The Reserve Fund of the society is Rs. 6,982-14-0 and its Business Reserve is Rs. 5,484-13-0. During 1948-49 it worked at a net profit of Rs. 1,074-11-0.

3. The Tirumuhur Rural Credit Multipurpose Co-operative Society, Mathurai District.

This society was started on its work on 16th January 1908. Its area of operations is confined to the villages of Tirumuhur and Kalikappan. It has 109 persons as members with a paid up share capital of Rs. 1,105. The individual maximum credit limit of members is Rs. 1,000. The society owes Rs. 3,872-0-0 to the Madura District Central Co-operative Bank while the amount due to it from members is Rs. 6,246. It has a reserve Fund of Rs. 14,669 which has been invested in the Madura District Central Co-operative Bank. It has taken shares in the following co-operative institutions.

		Rs.	A.	P.
Madura District Central Bank	...	1,000	0	0
,, Sales society	...	53	0	0
Uthangudi Co-operative Stores	...	200	0	0

The financial position of the society is quite sound. The society has undertaken multipurpose activities in recent years. It is running a reading room; the cost of its maintenance is met from its common good fund. It is subscribing for "*Swadesamitran* and useful periodicals like "*Kooturavu*", "*Gramasakthi*" and "*Kalki*". It has purchased a medicine chest and is distributing first aid medicines to the members. It has been sanctioned a sum of Rs. 30 from out of the district amelioration fund to meet the cost involved in opening a volley ball court in the village. The Government have sanctioned a free grant of Rs. 6,000 to the society for the construction of a godown which is estimated to cost Rs. 12,000. Public donations to the extent of Rs. 1,000 have already been collected and a sum of Rs. 5,000 will be drawn upon from the Reserve Fund to meet the balance of the cost of construction of the godown. The construction will be commenced as soon as the sites selected for the purpose have been acquired. Twentyfive *hundi* boxes have been distributed for the promotion of thrift among members. Compost manure pits have been dug and are maintained by members under the intensive food production scheme.

4. Ammapet Co-operative Multipurpose Society, Tanjore District.

This Society was registered on 18th January 1914 and started on its working on 29th January 1914 with 21 members and share capital of Rs. 665.

Ammapet is a semi-urban village in Salimangalam Firka which is selected for intensive work by the Government under the Firka Development Scheme. It is on the Main Road from Tanjore to Mannargudy. The area of operations of this Society extends to Neduvasal and Ukkadi revenue villages having a population of 12,690.

It is due to the successful working of 36 years that the Society stands to day with 128 members on rolls with a paid up share capital of Rs. 4,200. The net assets of the members is Rs. 29,87,818. The society has got maximum borrowing power of Rs. 30,000 while the individual maximum borrowing power of its members is Rs. 2,000. The society has paid Rs. 1,200 towards share capital to the Co-operative Central Bank, Ltd., Kumbakonam. It has invested Rs. 10 in the shares of Co-operative Marketing Federation, Tiruvarur. The invested reserve fund of the society is Rs. 8,514-7-2.

The society has financed its 85 members to an extent of 22,948 for reclamation of lands, purchase of plough bulls to increase good production and yield for discharging prior debts to relieve them from the clutches of local capitalists, for repairing and building their dwelling sites for comfortable accommodation and for capitalising business to those who are weak in finance.

The amount due to Central Bank is Rs. 20,243. A noteworthy feature is that there is no amount over due.

The society has been selected for distribution of agricultural implements and iron and steel goods. The society has purchased chemical fertilisers for Rs. 802-6-6 for joint sale among its members. Cart tyres have been allotted by the Co-operative Marketing Federation and they are under transit.

The promote the habit of thrift among the members *Hundi* boxes have been distributed among them and collections are made.

The Society has applied to Government for subsidy to construct a Godown for improving the activities other than credit.

5. The Saravakota Multipurpose Co-operative Credit Society, North Visakha District.

The necessity of a co-operative credit society was keenly felt by the villagers of Saravakota in the hard depression days of 1928 and a co-operative credit society on unlimited liability basis was registered and started on its work an 8th November 28. This is the 22nd year of its work. The village is in Pathapatnam taluk. It is situated at a distance of 9 miles from the Tilaru R. S. Till recently the society was doing only credit business. With the advent of controls during the war period the society felt the need to cater to the needs of its members. It adopted by-law No. 2 (2) thereby enabling itself to deal in controlled commodities. The society secured licences to deal in controlled commodities like cloth, sugar, *etc.*, to its members and also to non-members. Along side of credit business the society has been able to develop its non-credit activities.

The society has 162 members on its rolls with a paid up share capital of Rs. 3,364. It has got a reserve fund of Rs. 757 to its Credit. The Maximum credit limit of the society is Rs. 25,000 while the individual maximum credit limit is Rs. 500. The society enjoys cash credit accommodation in the Srikakulam Co-operative Central Bank to the extent of Rs. 2,800 for carrying on its non-credit activities.

The society is regular in payment of the dues to the Central Bank, Chicacole, to which it is affiliated and only a sum of Rs. 3,360 was outstanding under short-term loans and a sum of Rs. 2,764 under cash credit as on 30th June '50. The society borrowed Rs. 16,215 from the Chicacole Central Bank in July and disbursed the amount under loans to 61 members. In the year 1949-50 the society purchased, cloth, sugar, *etc.*, worth Rs. 14,411 and effected sales amounting to Rs. 15,208. It had stock worth Rs. 2,582 at the end of the year. It has earned a gross profit of Rs. 1,415 and a net profit of Rs. 1,253 for the co-operative year 1949-50.

Under the scheme of reorganisation of rural credit societies the society adopted all the multipurpose by-laws suggested by the Registrar in Rc. 162338-49 1st December 49. X5 and the name of the society was changed as the Saravakota Multipurpose Co-operative Credit Society.

A Short note on the Kadambuliyur Cashewnuts Co-operative Marketing Society, Ltd. (South Arcot District.)

The Kadambuliyur firka in the South Arcot District is noted for the abundance of cashewnut and many of the rural people are engaged in the cashewnut trade. To safeguard the interests of the producers against unscrupulous middlemen, to enable them to raise loans, on the pledge of their produce, to meet their immediate requirements of food and clothing and with the object of enabling the members to hold back their stocks for a better market the Kadambuliyur Firka Cashewnut Co-operative Marketing Society was organised in 1949-50. The society was registered on 18-9-49 and was started on its work on 20-11-49 with 38 members and a paid up share capital of Rs. 3,580. On 30-6-50, the membership rose to 76 with a paid up share capital of Rs. 4,050. Loans to the extent of Rs. 22,196 have been disbursed to 55 members on the pledge of their produce valued at Rs. 34,459 on the basis of 60 per cent of the valueof the stock pledged. The South Arcot Co-operative Central Bank has sanctioned a cash a credit loan of Rs. 10,000 and a short term loan of Rs. 4,000 to the society and the society has so far drawn Rs. 19,871 from the Central Bank to issue loans to the members. Till March 1950, the society could not do any business as the cashewnut season had not commenced. With the commencement of the season early in April 1950, the members have commenced bringing in their produce.

On the suggestion of the Special Development Officer, Cuddalore, the Collector of the South Arcot District addressed the Government to place the Lahore Military Shed at Kadambuliyur at the disposal of the Special Development Officer for the use of the society to enable it to store the cashewnut pledged by its members, as the society was unable to own or rent a suitable godown in the village. Government readily accorded the necessary permission and the Collector kindly placed the shed at the disposal of the Special Development Officer. The society is now storing the pledged produce in the Lahore Shed under the double lock system under the joint custody of the Central Bank and the Society. The pledged stock of 910 bags is valued at Rs. 34,459 as on this date.

The Central Bank has placed one of its supervisors to be in charge of the godown and to be in effective custody of the produce, which is to serve as a cover for the advances made by the Bank from time to time and assist the society in the discharge of its day-to-day business. One key of the godown is in the custody of the supervisor and the other with the officer bearers of the society. Up to 30-6-50, the cost of the supervisor was share on a 50:50 basis by the Central Bank and the Society. The cashewnut

season runs only for a few months and comes to a close by the end of June. As there is little business and hence very slight margin of profit after that date, it was thought uneconomical that the society should be taxed with additional establishment charges by meeting the cost of the supervisor even on the 50 per cent basis. The Central Bank has appreciated this and has promptly withdrawn the supervisor with effect form 1-7-50. In order that the interests of the society might not suffer the Central Bank on the suggestion of the Special Development Officer shifted the headquarters of the Supervisor from Panruti to Kadambuliyur so that he can be in charge of the godown without financial implications to the society and without prejudice to his legitimate work. The society is managing its affairs after the 1st July with a skeleton staff of one clerk on a pay of Rs. 35 per mensem, and assisted by the supervisor wherever necessary.

There was one other disability for the rapid expansion of the society's loan transactions. Individual producers were willing to pledge stocks worth thousands and required heavier loans. As per by-laws of the society, only loans up to Rs. 500 could be issued on the pledge of uninsured stock and upto Rs. 1,000 on stock properly insured. At the instance of the Special Development Officer, the society consented to get the stocks insured. The Special Development Officer promptly corresponded with the Co-operative Fire and General Insurance Society, Madras, to get the produce in the godowns insured. The society sent its agent at Chidambaram to assist the society in taking out a policy against fire. The investigations have been completed and the society has taken out a policy for Rs 32,000 by paying a premium of Rs. 77 per annum. The stocks are insured for the period from 3-7-50 to 3-7-51. The members can now borrow individual upto Rs. 1000 and this opportunity is likely to be availed of by a large number of members in the coming months till their stocks are finally disposed of to their advantage. As on date, none of the members has redeemed his stocks and the society has not so far undertaken the sale of the produce pledged. The holding of the stock is expected to fetch a better price in the coming months, as the present harvest price is the lowest and the most disadvantageous to the producers.

The Asst. Marketing Officer, Trichy is trying to contact the exporting firms and assist the society in getting the maximum price of the produce of its members.

Co-operative Day Celebrations

[Reports of the celebrations in Madras City and some districts have already been published in the last issue of this Journal. Interesting reports of the celebrations at some other Centres are published in this issue.]

Indian

The Berar Co-operative Institute Ltd., Amravati, (C. P.)

This year the celebration was held on novel lines. all types of Central Insitutions at Amravati prepared diagrams, charts, maps and reports showing their progress for public information. The Institute arranged to take all those interested to the central institutions and explain their actual working. Special invitations were issued to leading co-operators and other public men and to the press. Several invites assembled at the Institute Hall on the morning of 4-11-'50 and inspected the charts and maps hung there. Then they moved to the Central Bank where a big meeting was held. The I. C. A. Declaration and the Messages were read by the Honorary Secretary of the Central Bank and adopted by all those present. The Assistant Registrar explained the significance of the Co-operative Day.

The guests and visitors were taken to the various institutions and their working was explained to them. Several questions were answerd by the leaders for mutual enlightenment.

The Bihar Co-operative Federation

The Co-operative Day was celebrated at the premises of the Federation, the Hon'ble Minister for Finance presiding. Many Parlimentary Secretaries, Legislators, Congress Leaders, Officers of the Co-operative Department and others attended. The I. C. A. Declaration and Messages were read and adopted. Shri Dip Narayan Sinha, President of the Federation spoke about the food crisis and how the co operatives could help to avert it.

Dr. A. N. Sinha, Shri B. N. Sarcar, and Shri S. P. Mandal also spoke about the vital role of Co-operatives.

Provincial

The Co-operative Central Bank, Ltd., Kumbakonam

The celebrations were held at the Bank premises, Sri Singaram Chettiar presiding.

The I. C. A. Declaration and Messages were read and adopted.

Sri Ramalingam, Municipal Commissioner spoke about the value of co-operation for war-torn States. Sri Marudappa, local Tahsildar traced

the existence of the co-operative sentiment back to the period of the immortal " Thirukkural ". The Movement as it existed now was designed to benefit the common people in credit and non-credit activities. Sri Nityanandam, Co-operative Deputy Registrar, explained the basic principles and democratic structure of the Movement and its watchword " honesty ".

The Guntur District Co-operative Central Bank, Ltd., Tenali

The celebration at the Bank premises, Sri A. Venkatramiah, President of the Bank presiding. Several co-operators and others were present. Sri L. V. Subba Rao hoisted Co-operative Flag. He explained the significance of the flag and also how Madras progressed in co-operation.

The President pointed out how the ryot benefits by the co-operative societies.

Sri K. Kotiah, President Tenali Stores, spoke about the usefulness of the Stores.

Sri Babu Rao and Sri Venkateswara Rao stressed the need for a closer contact between the Honorary and the paid workers. Sri Koniah, Secretary of the Bank also spoke. The I. C. A. Declaration and the Messages were read and adopted.

The Co-operative Central Bank, Ltd., Eluru

Sri D. Sundaram, local Deputy Registrar presided.

Sri K. Bhashyam, Special Development Officer, hoisted the Co-operative Flag. Sri M. Viyyenna and Sri M. Ramakrishna Reddy spoke about the value of co-operation. The I. C. A. Declaration and Messages were read and adopted.

Tirunelveli

The celebration was held at the premises of the T. J. C. Urban Bank, Ltd., under the joint auspice of some 28 co-operative institutions, of the Head Quarters towns of Tirunelveli, Palayamkottah and Melapalayam. Sri K. S Venkataraman, I. C. S. presided.

Sri A. R. Shanmukham Pillai, President of the Urban Bank, hoisted of the co-operative Flag.

Sri A. S. Kuppuswamy Iyer, President P. T. C. Stores, Ltd., described the co-operative Movement as a real *Kamadhenu* (Celestial Cow), but he warned people that they should learn how to feed and milk it. He appealed to the public to join the Movement and strengthen it.

The President of the meeting observed that unity was the essence of co-operative life and pleaded for more frequent contacts of co-operators. Sri P. Rajagopalan, Deputy Registrar appealed for greater public support and advised that the father of each family should join the local multi-purpose society. Sri K. V. Narayanan, Vice President of the Urban Bank appealed for greater loyalty of the members and for propaganda and education. Sri Subramaniyam, Deputy Registrar, suggested the revival of the ancient rural economy with its basic co-operative traditions.

Sri Subbaiah Mudaliar and Sri Kandaswamy Pillai and Sri A. V. Subramania Iyer also spoke.

The I. C. A. Declaration and Messages were read and adopted by the gathering.

The Telegraph Co-operators Day 1950.

On Sunday the 12th November 1950 at St. Mary's Hall, Armenian Street, Madras, the Telegraph Co-operators Day 1950 was celebrated. The hall was tastefully decorated. Punctually at 3-30 p.m. the Hon'ble Sri K. Chandramouli, Minister for Co-operation and Local Administration arrived. Sri K. Kamaraja Nadar, President, Tamil Nad Congress Committee, Rao Bahadur Sri K Subramanyam Nayudu, Registrar of Co operative Societies (Resettlement), Mrs. & Mr. C. V. Cunningham and others were present. After group photo and Tea, the Co-operative Rainbow Flag was hoisted by Mr. C. V. Cunningham, Postmaster-General, Madras. In doing so he spoke how this Flag came into existence–150 years ago and the significance of unity in diversity indicated by the Rainbow banner. He emphasised the importance of fellowship which the co-operative movement fostered and wished the Society all success and prosperity.

On behalf of the Board of Directors Sri C. Tyagaraja Mudaliyar, President, welcomed the Co-operators. He said:

The employees of the Post and Telegraph Department belonging particularly to the Telegraph, Traffic, Engineering, Wireless and Telephone branches have thought fit to register a separate Co operative Society in 1924 to serve their economic needs.

The Officials of the Central Telegraph Office, stood foremost in this Presidency to organise a Society as early as March 1913 and to conduct it for the benefit of all categories of the Post and Telegraph Employees. Later it was thought fit to bifurcate it and bring into being this Society for their exclusive benefit. I am proud to mention that this is the second biggest urban bank working in this Presidency for the Post and Telegraph Employees having jurisdiction over the whole of Madras Presidency including the States.

On an occasion like this it is my duty to recapitulate briefly some details of the Society the membership of which is 1,500. The authorised Share Capital is 1 Rs. lakh, subscribed shares being Rs. 75,000. The working capital is Rs. 5 lakhs. The members have been benefited to an extent of Rs. 85 lakhs as loans advanced leaving a balance of Rs 4,62,310 outstanding at present. The object though mainly is to afford facile credit it has adopted the various aspects of co-operative enterprise and included among its activities, the running of a Store Section with Textiles, a Ration Shop, a Milk Bar, a guarantee or assurance branch to grant fidelity bonds to the Post and Telegraph Employees, a Footwear Section, a Tailoring Section, a Reading Room and a Library with provision for indoor games and a Radio. The transactions of the Stores Section annually amount to over a lakh of rupees.

On the assurance held by the Director-General, Posts and Telegraphs to afford long term credit accommodation to the extent of eight times the Share Capital and Reserve Fund for the Societies already registered or working, provision has been made in the by-laws to act as the agent for building, buying, selling, hiring, letting, developing land in accordance with the co-operative principles and to give loans to members for construction of new dwelling houses. The scheme outlined will enable the members to acquire a plot from out of their own Thrift Fund held to the extent of 1½ lakhs. This activity of the Society though skin to that of the Building Society will help the members to acquire plots at places of their choice or to purchase, renew or renovate the buildings which they may own. The distinctive advantage this scheme will have over the Building Society cannot be too well emphasised as the building society can meet only the needs of a limited few who choose to colonise and put up buildings to limited extent in this city alone while the employees of this Department are all over the Presidency. The savings of 1½ lakhs so for effected by the members of this Society can be utilised to acquire plots and the long term credit facilities that may be afforded will be a source of help to those not only in this city but also elsewhere to have their own habitation. We therefore look to the Registrar of Co-operative Societies, who is a friend, philosopher and guide to give us the necessary impetus in this connection.

The achievements we have had so far are due to the encouragement given by the Hon'ble members for communications, the Directors General, Posts and Telegraphs, the Postmasters General of the Madras Circle and the Registrars of Co-operative Societies of this province. The Society has fairly a big establishment and its office is located in a rented building behind the G. P. O. Buildings. It has to pay annually a sum of Rs. 1,080 towards rent alone and Rs. 20,000 and more towards establishment and contingent charges. The surplus after meeting these expenses has enabled the Society to declare a dividend of 5½% on shares, to set apart funds towards items like Common Good Fund to be utilised for maintaining the Library, a Building Fund etc. The avowed motto of this Society is 'service and not profit'. It has therefore not been possible to put by large sums towards the building fund though it will be advantageous to own a habitation for the Society. We have to our credit Rs. 30,000 towards the Reserve Fund and Rs. 5,316 towards Building Fund. With the permission of the Registrar of Co-operative Societies to utilise these amounts and the help that the Central Government may be pleased to afford to make up a decent amount, we may be emboldened to acquire a building as this will be a boon conferred on this Society and its members. The limited accommodation now available in the rented building does not admit of further expansion of the Library and Reading Room. It is our intention to expand the activities of the Society further and run a restaurant to provide wholesome food which will incidentally enlarge the Stores section and the Milk Bar. To provide this and other amenities such as a Shaving Saloon, a Laundry etc. accommodation is necessary. To locate the reading room and to expand the indoor games, the Post and Telegraph Department was approached for necessary financial aid to put up a temporary construction on the top floor of the building occupied by the Society and this matter has not so far been favourably dealt with by the authorities. The Government which aims at providing adequate amenities to the staff from funds set apart for such purposes should be in a position to grant this Society the advance needed repayable in 10 to 15 years at a nominal rate of interest. A memorandum in this Connection was presented to the Hon'ble Member for Communications when he came over here in July 1950, requesting him to grant funds for the improvement of the library and the facility for compulsory recovery, free remittances etc. as in the past. These are matters in which the Society seeks the aid of the authorities.

Sri K. Kamaraja Nadar who presided called upon the Hon'ble Minister for Co-operation to inaugurate the Telegraph Co-operators Day. In his inaugural speech the Hon'ble Sri K. Chandramouli thanked the Chairman and the Members for having given him an opportunity to meet the co-operators assembled in large numbers and said that the future progress of the world depended on the development of co-operation. He referred to the several ideologies and ideals that prevailed in the economic and social sphere and said that the ideology and policy of the communist party would only result in bringing harm to themselves and others. It was only through co-operation that they could succeed in establishing mutual understanding and in promoting a healthy relationship among various sections of the people and countries of the world. Co-operation at present, he said, had developed on materialistic lines but unless the ethical and spiritual side was also developed, the co-operative movement in any country was bound to fail. He stressed the importance of the co-operative movement as the only agency to promote mutual understanding between individuals and nations especially in the present troubled times.

He felt glad that the Government Telegraph Employees' Co-operative Society had reaffirmed their faith in co-operation. He was so pleased to note that the Society was functioning as a multipurpose Society and had not confined itself to giving credit facilities. He further complimented the Society on its move to help its members in building houses. He said that for the past three years the Madras Government had been setting apart one crore of rupees for the construction of houses. The Telegraph Department, he pointed out, belonged to Central Government and it was naturally trying to get a large measure of help from the Central Government. He promised that he would help the Society to the extent possible in any

housing scheme. He suggested that the running of a restaurant mentioned by the President of the Society in his Address to supply wholesome food to the members would be a really laudable move and said that he would direct his Registrar to help the Society to start one immediately. The Minister appealed to the gathering to develop the character side of the movement and said that in addition to the material benefits of co-operation, they should develop the eithical side and laid emphasis on "Character". Madras, he said, was ahead of other states in India in the matter of co-operation and they should not only keep up the reputation but should expand the movement further. He wished them all success.

Rao Bahadur K. Subramaniam Naidu, Registrar of Co-operative Societies (Resettlement) was then called upon by the Chairman to deliver the Anniversary address. He thanked the President and the Directors of the Society for giving him the privilege of addressing them on this occasion. The Co-operative movement in the state had been doing considerable service both to the urban and rural population. However there seemed to be a misunderstanding that the movement was mainly helping the villagers and that the urban people had been ignored. The co-operative movement had been rendering good service to the town dwellers also because in Madras at present there were over 1,200 urban credit societies of various types with five lakhs of members on their rolls. Their Share Capital and Deposits alone exceeded Rs. 8 crorers. Last year urban credit Societies lent to their members over Rs. 8 crorers. There were also 2,000 Co-operative Stores with their branches all over the State.

Not only these that the Co-operative movement had also organised co-operative housing scheme for urban classes and at present there were over 250 housing Societies in the State. Last year Rs. 74 lakhs of rupees were advanced to them as loans. This year upto June Rs. 68 lakhs had been advanced. Further there were 540 Co-operative Milk Supply Societies in the State supplying milk to town dwellers.

The Co-operative departments, he said, had submitted to the Government a scheme for promoting savings in urban and rural areas by means of co-operative banks. The scheme has been approved by the Rural Banking Enquiry Committee appointed by the Government of India. It envisaged the starting of at least one bank in each of the 94 municipalities and 445 major panchayats in the state so that they may help in tapping the savings in rural and some urban areas. He said that, intially a subsidy of Rs. 300 will be provided to each bank to employ qualified Secretaries and other staff. The annual expenditure under this head was estimated to over Rs. 18 lakhs.

The scheme he said included proposals to have a *pucca* building for each bank at an estimated cost of Rs. 20,000 each, the Government to give the banks Rs. 10,000 as subsidy and another Rs. 10,000 as loan free of interest entailing an expenditure of Rs. 108 lakhs the total amount under all heads being Rs. 200 lakhs shared equally by the Union and State Governments.

Sri K. Kamaraja Nadar in his presidential address congratulated the members of the Government Telegraph Employees' Co-operative Society on the successful celebration of the Telegraph Co-operators Day.

Mr. K. Ranganatham, Vice-President, read out the co-operators' pledge and reaffirmed the faith of the members in the co-operative movement.

The prize articles were displayed in the Hall and two rotating ballot boxes with prize numbers in one and the ticket numbers in the other were kept there for Mrs. D. M. Cunningham to draw the prizes. 31 handsome prizes were drawn and declared.

These prizes were offered from the funds collected from doners who contributed Rs. 2 for ticket. Mrs. D. M. Cunningham distributed the prizes. Mr. C. Tyagaraja Mudaliyar, President proposed a vote of thanks.

There was a Film show by the British Information Services. The show was entertaining and appreciated by the members and those assembled numbering about 1,000 to witness the function. Those present were given a specially designed badge with ribbon to adorn them and packets containing sweets.

The Role of Co-operation in Rural Welfare

SRI O. R. KRISHNASAMY B. COM.,
The Hood Co-operative Institute Tanjore

India is a land of plenty and yet the village, the soul of India, is the seat of poverty! India has no less than seven lakhs of such villages. "If the village perishes, India perishes too" said *Mahatmaji*. Hence the question of National Welfare is practically the problem of Rural Welfare. The goal of Rural Welfare is the rehabilitation of the Indian Villagers from poverty and penury, and provision of opportunities to live a decent life by making Agriculture a paying economic venture. To lift the villager from the existing situation, to provide him with a decent start in life, to train him in the new ideas must be the main objects of any scheme of Rural Reconstruction.

What is the agency with which to achieve this? Can charity be a cure to poverty? Can welfare be attained merely by state finance and help? These kinds of help are only temporary palliatives. What is worse, they weaken self-respect and hinder thrift and self reliance. Self help will be the best to cure poverty. The agency for promoting self-help and mutual help is par excellence co-operation. Here lies the role of co-operation in Rural Welfare! "If co-operation fails, there will fail the best hope of Rural India."

The part played by co-operation in the organisation of rural economy is many-sided and vital. Co-operative work helps to promote the economic education of the villagers and to develop their personal character. "Co-operation is an economic movement employing educational action". It is because of the spirit of service in co-operation that it helps not merely the economic, but also the social well-being of the community that takes to co-operation.

Rural finance:—The best agency to eradicate the evils of usury and drive away the night-mare of Rural Indebtedness is co-operative credit society. Co-operative credit societies make it possible for their members to get credit without recourse to usurers and in the future will eliminate the bankers also. They endeavour to create a form of popular credit which will help them to improve agriculture. The virtue of the rural credit society lies not only in its disinterestedness, but also in its proximity to those for whose needs it must cater, the simplicity and efficacy of its mechanism and the security of its transactions.

The long-term credit provided by the Land Mortgage Banks enables the farmers to liquidate their "ancient" debts and to make permanent improvements to lands, like sinking of wells, reclamation of land for irrigation purposes, purchasing of costly machines, etc., thereby increasing their earning capacity and prosperity.

Agricultural Societies:—Co-operation in Agriculture enables the peasants to unite in associations for the purchase of seed, fertilizers and machinery and marketing their produce at good price. The peasant farmer learns to cultivate the land well, increasing the total national wealth. The peasants through co-operation, have attempted to reduce cost of production by eliminating the cost of middle men at various stages, so as to increase the value of their produce and consequently to raise their standard of living while retaining their economic independence.

Storage facilities:—It is not possible for the farmer to arrange individually for scientific storage of his agricultural produce which is perishable, or liable to heavy damage and huge loss caused by pests and rats. But construction of rat-proof godowns through the co-operative societies with the help of Government subsidy, has enabled them to solve the problem of storage to a considerable extent.

Multipurpose Societies:—Thanks to Sri J. C. Ryan, the Registrar of co-operative societies, Madras, the existing credit societies are converted into multipurpose societies or new multipurpose societies are being organised in our State. The Government of Mysore are also arranging for the starting of multipurpose societies in villages. The activities of these societies should cover all the aspects of rural life, thereby increasing the productive capacity of the farmers. These societies may be said to constitute the most convenient distributing system for conveying quickly to the agricultural population expert counsel and advice and the knowledge of scientific methods. The future of our civilization and welfare consists in the practical application of science to the need of man, leading to technical progress.

The rural co-operative society is not only a factor in technical progress and material well-being, but also an instrument of economic organisation, of vocational training and discipline. It is a centre of spiritual life and general education. It is a cell in the new social tissue reestablishing or carrying on that vital solid cohesion and systematic collective defence which were kept alive in the old village communities by family feeling and neighbourliness.

Consumers' movement in rural areas:—The aftermath of the war has produced shortages in a number of essential commodities. The co-operative principle has proved to be of immense value and utility in tiding over the situations caused by these shortages. The consumers' movement has made headway in rural areas. With the introduction of ration in food articles and control in other essential articles, the villager has turned to co-operative stores for the impartial distribution of scarce commodities. The bulk of the supply of these essential articles is in the hands of co-operative stores. For instance, in Madras State, on 30th June, 1949, there were 1,106 rural stores and about 1,400 rural credit societies engaged in the distribution of essential commodities.

Homecraft industries and subsidiary occupations:—The handloom industry forms a vital village industry and ranks in magnitude and importance next only to agriculture. But for co-operative effort, this industry might have decayed and declined, in the face of powerlooms. The weavers' co-operative societies ensure continuity of work for weavers and provide a living wage, eliminating middlemen.

To provide work throughout the year to agriculturists and also to supplement the "uncertain" agricultural income, subsidiary occupations like spinning, weaving poultry keeping, bee-keeping etc., are necessary. "Cottage Industries", says Wolffe, "are necessary not only as a balancing factor to agriculture, but also to ensure against the uncertainties of agriculture". The co operative society can render credit facilities to organise cottage industries and also help in marketing the products on a collective basis.

Co operative insurance:—Co operative insurance societies protect the peasant against accident to his own life, death among his cattle, atmospheric calamities to his crops and fire in his house and farm.

Ameliorative work:—As a result of introduction of Prohibition in our State and some of the other States, thousands of tappers were thrown out of employment. To provide employment to these ex-tappers, co-operation has paved the way. The organisation of *milk societies* which are intended to serve the public at large, is one way of achieving such aim. The *co-operative jaggery societies* provide the ex-tappers with the original occupation, not to produce intoxicating toddy, but to produce sweet jaggery. These societies not only solve the problems of employment to the tappers but also help to decrease the scarcity of sugar to a certain extent.

Educative Value:—Social order depends upon the qualities and character of individual citizens. Progress does not depend mainly upon the acts of Government, but can be best hastened by an organised and educated population. This creative function is best provided in co-operation. In co-operation, there is a natural selection and blending of all social elements capable of a vital creative activity. The Co-operative Societies are practical vocational schools. They teach the small-holder to save time and trouble, to improve the quality of his products and to market them in a way which reduces to a minimum the costs of grading, preservation, transport and sale. They are training grounds for self-government. promoting self reliance, self-help and mutual help. Thus, through the economic man, co-operative action transforms the whole human being, his personality, character and attitude to life.

The educational and moral aspects bring enormous advantages in the direction of brotherhood among members of a rural village and communal unity thus paving the way for a well-developed new order of self-governing

A Survey of Co-operation in Madras*

RAO BAHADUR, M. VEDACHALA MUDALIAR,

President, The VII Tamil Nad Co-operative Conference, Rameswaram.

Brother Co-operators of Tamil Nad,

Kanchi where the last Conference was held and Rameswaram, where we now meet are places sacred to the memory of Sri Rama who worshipped God Siva and at both places for the success of his mission. It is therefore appropriate that this place should follow Kanchi as the venue of the Co-operative Conference for the success of our mission namely Co-operation.

You gave me the privilege of welcoming you all at Kanchi last year. You have now made me preside over this Conference. Let me gratefully thank you for this honour, for after all, I am only a humble Co-operative worker. We have veterans in the Movement in South India: For Instance Sri T. A. Ramalingam Chettiar who is the leader of the Movement in the South; he presided over the last Conference. Another Veteran of the Movement is the Hon'ble Sri P. S. Kumaraswami Raja, the Chief Minister of this State, who has opened this Conference. He has a proud and long record of service for the Co-operative Movement. I hope that during his regime we shall have a Co-operative Common-wealth in our State.

The Co-operative Movement in our Country was started 45 years ago. It has already seen two terrible wars and has suffered enough. Our country has now become a Soveriegn Republic. In spite of our freedom troubles seem to dog us. Peace and plenty have not yet been achieved. Food shortage and soaring prices face the country. Nature itself seems to be hostile.

Agriculture

India is an agricultural country; yet agriculture is not profitable. It yields too little income to better the standard of life. Food is now the primary need the world over. Not mere production of food but production of *more food* is what is essential now. Food imports will cease from next year, while the growing population needs more food. The country must therefore devise methods for meeting the 10 per cent deficit immediately and for growing more for the coming years. As an immediate step, the repair of irrigation channels, supply of good seed and manure etc. should be taken up and the possibilities of modern agricultural machinery must be explosed. Here I personally feel that the chief reason is the failure of the Government to control the prices of food grains and fix a fair price for food and grains. On this account to a large extent some people are not surrendering their produce to the Government but are disposing of

* Presidential Address at the VII Tamil Nad Co-op. Conference held at Rameswaram on 28th and 29th July 1950.

the same to the others. Much has not been done to help the poor. Improvement of the country-side is possible only through the Co-operative Movement. Though agriculture is the mainstay of the people, no other occupation has so many obstacles as agriculture. It is subject to numerous natural and other risks. I believe that our friend Dr. B. Natarajan, Economic Adviser to the Government of Madras, will think and find a solution to this all important problem so that agriculture may be safe.

Co-operative Marketing and Godown Facilities

In spite of repeated requests for making facilities, they have not been provided. No storage and transport facilities too are offered. Hence the low price of our produce. The Government have offered subsidies to co-operatives for building godowns but the conditions laid down are difficult. The godowns built are too small. Hence I urge that the Government should build a large godowns for every area within a five-mile radious. It must be given rent-free for some time. Transport facilities also should be provided. Without them the ryots cannot get a good price for their produce. The Marketing Societies Conference also will be held to-day and I hope it will help solve some of our problems.

Rural Indebtedness

Even to-day the rural debt is as high as Rs. 200 crores and all the efforts of the Co-operative Movement for 45 years have not reduced it to any extent. Borrowing is on the increase and this is because the ryot's income is always less than his expenditure. The money-lenders are not now as free in lending as before. Co-operatives are at present lending at less than 6¼ per cent. Some people feel that the debt could be lessened if the rate of interest could be reduced. No reduction of debt seems to be possible unless agriculture becomes a profitable occupation.

Rural Banking Enquiry Committee

The Reserve Bank of India has not been helpful to the co-operative institutions to a degree expected of the Bank. Though a change in its policy has been urged for long, there is no change in the Bank's loan policy. There is now current in some circles an opinion that an agricultural credit corporation should be started for financing agriculture adequately. The Government of India recently set up a Rural Banking Enquiry Committee to examine the feasibility of establishing rural banks. The Registrar of Co-operative Societies, Madras is also on the Committee. It is strange that the Committee should recommend the starting of the branches of the Joint Stock Banks in rural areas. Joint Stock Banks have not functioned in the villages so far; and they cannot. Only Co-operative Banks have contact with the countryside during prosperity and distress. Co-operators cannot support a policy of Joint Stock Bank development in the country-side at the expense of Co-operative Banks. I request the

Conference to urge that rural banking must be made the province of only Co-operative Institutions. An agricultural credit corporation also is unnecessary.

Multipurpose Co-operative Societies

The two-year scheme for reorganising rural credit societies into multi-purpose ones was ushered in the January 1949. Ever since the Co-operative Movement was started many schemes for rural development were drawn up and tried. It is easier to draw up a scheme than to execute it. Schemes may succeed and may also fail. It is always desirable to endeavour to execuse any development scheme formulated by the Government, rather than criticize it and delay its execution. At the same time it is necessary to note that schemes should be drawn up after deep and mature thought and not at random or based on the theoretical knowledge. Let us not consider this two year scheme as not good. Two years is too short a period and therefore we must request the Government to extend it to five years. The new scheme offered an opportunity to impose new life into the rural societies. Of course there are difficulties in this. For instance the indiscriminate increasing of membership may affect the general sense of responsibility. Some people suggest a reduction in the interest and at the same time declare that co-operative institutions are business organisations and hence should not incur loss. It is therefore quite necessary to proceed cautiously in executing the scheme. Compulsion should be avoided and societies should be started only where there is a public request for them.

Growing more Food by Co-operative Methods

There are now favourable conditions for improving the economic position of the people, because there is food shortage and it is only the ryot that can make up this shortage by growing more. The Government are striving hard to make the country self sufficient in food supply by 1951. The multipurpose societies may therefore be pressed into service to grow more. The Government have now launched a scheme in Madura, Coimbatore and Tirunelveli districts for food production through village societies. According to it the societies should prepare manure, take on lease and cultivate Government waste lands, distribute manure, implements etc. Let us request that this scheme may be extended to other districts also. Now the distribution of manures and iron implements has been transferred by Government from the Agricultural Department to the Co-operative Societies. Moreover the Registrar is devoting much attention to Co-operative farming. All these favourable circumstances deserve consideration

Irrigation facilities

Since no food scheme can be worked with irrigation facilities, we must urge the Government to provide them.

Development of cattle

The condition of cattle is deteriorating. We must urge the Government to improve cattle in the Tamil Nad by Co-operative methods where-ever possible. We may have Co-operative Cattle Society in every district with Government aid to run it.

Vana mahotsavam

All of us know the loss caused to agriculture but denuding of forests The Hon'ble Sri K. M. Munshi, Food Minister at the centre has appealed for tree planting all over the country. I suggest that every co-operator should pursue it in the villages for national benefit.

Cottage industries

In spite of slogons our cottage industries and subsidiary occupations have not improved. The Registrar's Report says that 235 cottage industries societies produced rugs, vessels, garments, etc. worth Rs. 23 lakhs. These artisans are not producing what their village wants. Therefore in spite of the aid of Central and Provincial Banks, the advice of the Special Development Officers, etc., the industries are backward. for improving them the villagers should themselves come forward to carry out schemes. The Government should assist by guiding them in suitable industries. I suggest that the villagers may pusue food industries like rice pounding, jaggery making and oil crushing. The public, particularly the townsman should patronise them and give up his taste for foreign and factory goods. Fortunately our ancient crafts are not all dead. Under Co-operative system they may be given new life. I am glad that the Central Government is going to export cottage industrial goods to America for earning dollars. Co-operatives in Tamil Nad should try to send the local art products to New Delhi for export from there.

Subsidiary occupations

The villagers must be induced to take up poultry keeping, bee keeping dairying, etc. Sri M. S. Palaniappa Mudaliar of Coimbatore is an expert on Co-operative dairying. We must give careful attention to his suggestions. We must also consider the wise suggestions of our Registrar, Sri Subrahmanyam Naidu.

Housing facilities

Housing schemes are not much developed in even towns; they are much less in villages. It is only the Government that can take up this work and finance schemes. They must do it more intensively. Societies are handicapped for want of cement, steel, etc. Government must arrange for easy supplies of these requirements. I suggest the organisation of a Provincial Housing Socitey like the Central Land Mortgage Bank. Its membership should be open even to capitalist institutions like mills and to other bodies like municipalities, charities. trusts, temples, etc. The rural dweller needs a house to live in and to store paddy, seed, manure etc. These needs must be considered in rural housing schemes

Handloom Weavers

Handloom weaving is an ancient industry. The author of the Tirukural and Tiruvalluvar knew weaving. Gandhiji gave a high status to weaving. Now the weaver is suffering. Cloth is heavily accumulated. Inadequate wage and in opportune selling are the chief causes of his sufferings. The Government have now started relief schemes for unemployed weavers in Salem, Chingleput and Coimbatore. They have also set up a State Handloom Committee. Co-operators must render all possible help to weavers and the State in this behalf.

Yarn famine

A "buy handloom cloth" propaganda must be started to clear heavy stocks. The quality and variety of handloom goods must be fixed. A Development Board consisting of Co-operators and officials must be constituted for the purpose. The Textile Commissioner of Bombay has fixed the varieties for the mills and power looms. I suggest that the width also should be restricted for tackling handloom problems an officer must be appointed in each district.

If the Government had directed the mills to produce only the counts needed by weavers and had permitted the export of surplus yarn only, then the weaver would not have suffered a famine. I suggest that the weavers here may consider this and that this conference may urge the Government to direct mills in production and export of yarn.

Stores

Stores are war-babies. During war they did good service. Now they have dwindled. Some stores are managing well due to procurement and rationing work. The Government should give up their frequent changing of policy if stores should work well. The must allow Wholesale Stores to deal in mill cloth. The rural multipurpose societies should have close contact with the Stores. The Central Stores should have branches where the primaries are not working well.

Co-operative Education

In spite of our Co-operative slogans, the villager is utterly ignorant of the nature and working of Co-operatives. He thinks they are Government undertakings and not people's institutions. It is due to lack of adequate propaganda, education and advertisement. The Government have failed to help the growth of Co-operative journals. It is only the Press that can carry the torch of Co-operation to every village.

Co-operative Newspapers

The Tamil Nad Co-operative Journal has very few subscribers. It must increase the member. Last year I suggested the starting of a Co-operative Daily. Nothing has come out of it yet. Contact with the village through Press is essential.

Training of Village Guides

We have spoken for years about village guides but to no purpose. Only trained village guides can promote the Movement in rural areas. We have two Co-operative Institutes. They may take up the training of these guides.

Funds for Propaganda

We learn that the Provincial Co-operative Advisory Council has recommended the amendment of rules for earmarking 50 per cent of the common good fund for propaganda. Let us urge that for Tamil Nad this propaganda must be done only through the Tamil Nad Co-operative Federation.

Rural Reconstruction and Co-operation

Since the objective of the Government is the establishment of a Co-operative Commonwealth, they should entrust all rural development work to the Co-operatives' only, instead of doing it through several State Departments.

Government Concessions

The Government are slowly withdrawing the concessions given to the Co-operatives and have imposed supervision fees, registration fees etc. We must press the Governments not to do so in the interests of this Movement.

Co-operative Seminar

At the Co-operative Seminar held in Mysore in May, some 42 experts sat for 10 days and discussed all co-operative problem in 12 branches. The results were submitted to the Government. Our leader Sri T. A. Ramalingam Chettiar and our Registrar, Sri Subrahmanyam Naidu favour such a Seminar for Tamil Nad. I request the Government facilitate this by offering financial aid.

Secretaries of Central Banks

I appeal to the Secretaries that will hold a conference here to consider and suggest steps for proper co-operative development.

Agricultural Indebtedness in India —with special reference to Madras

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

II Estimate of Rural Debt in India

We are not able to arrive at proper figures regarding the rural debt in India for want of correct statistical data. No scientific and systematic attempt has been made either by Government or by non-official agencies to ascertain the extent of agricultural indebtedness in India:

Indebtedness in India*

Year.	Amount	Authority.
1911	300 crores.	Sir Edward Maclagan
1924	600	Sir M. L. Darling
1930	900	Central Banking Enquiry Committee.
1935	1200	R. Mukerjee
1938	1800	Mr. E. V. S. Maniam

If we analyse the debt position among the various states in India the table below gives an approximate picture, if not appropriate, where our States stand with regard to the debt position.

Province.		Total Rural Indebtedness. Rs.
Assam	..	22 Crores.
Bengal	..	100 "
Bihar and Orissa	..	155 "
Bombay	..	81 "
Burma	..	50 to 60 "
Central areas	..	18 "
C. P.	..	36½ "
Coorg	..	35 to 55 "
Madras	..	150 "
Punjab	..	135 "
U. P.	..	124 "

Since the economic depression there has been a steady increase in the rural debt and it is at present estimated to exceed Rs. 1,800 crores from British India alone.

Though Indian agriculture was in a worse rather than better position in the first two years of war, owing to the closure of European markets, it was only in 1942-43 that the Indian economy felt the full impact of was when the prices soared; currency was rapidly expanded and all people

*Central Banking Enquiry Committee Report.

with liquid resources wished to invest in immovable properties. The most popular of the immovable property was land and they were purchased at fancy prices; black markets flourished and the agriculturists reaped enormous profits. Till the establishment of full monopoly of controls in 1943, agriculturists profited by the rise in prices both of agricultural produce and land and it was in this period that the agriculturists liquidated some part of their debts. The total rural debt of Madras province was reduced from 272 crores to 217 crores by 1945 i.e. by 19.9 per cent. There has been all round decrease in per capita debt, per acre of occupied area and debt per rupee of assessment of all the States. Madras alone has made some official enquiries into the extent of rural debt. Apart from the enquiry conducted by the Provincial Banking Enquiry Committee, at the instance of the Govt. we have two reports on this subject, one from Mr. W. R. S. Sattianathan, I.C.S. in 1935 and a recent one from Dr. B.V. Narayanaswami Naidu.

Debt Position of Madras Province*

Details.		1930	1935	Year 1939	1945
Total Debts (Rs Crores)	...	150	200	271.91	217.71
Debt per family (Rs.)	...			318.8	255.5
Debt per capita (Rs.)	...			51.0	40.8
Debt per acre of occupied area (Rs.)	...			66.6	53.8
Debt per Rupee of assessment. (Rs.)	...			28.2	22.5

Vide report of the Dr. B. V. N. Naidu, Economist for Enquiry into Rural Indebtedness, Government of Madras.

Although the net reduction of debt at the end of 6 years may not be appreciable the incidence of the same amount of debt would have been far greater in 1943. In the last two years of war 1944-45 agriculture had a very bad time. Rayalaseema was under famine condition. Failure of harvest due to draught was evident in southern districts. Northern circars and the cast coast were swept over by cyclone. The triple calamity of famine, draught and cyclone deprived a large section of the agriculturists of their produce incourse. The need for distress loans to tide over the crises because urgent and fresh borrowings started after 1943. Without these the prosperity of the ryots due to wartime rise would have been considerable.

Co-operative Credit

The prosperity of the agriculturists due to rise in rural prices is further evidenced by the operations of the có-operative movements in States especially in Madras where frozen dues have become liquid. The working of Debt Relief Act also shows that people are less keen to get their debts scaled down. There are two schools of thought where some economists point out that the surplus earned by the ryots is an illusion reality and they point out that the loans issued by the various c societies have registered an increase. They look at the loans is: co-operative department in isolation with other factors. Duri decade there has been a spectacular progress of the movemer number of societies and the number of members have in consequently the transactions.

The general concensus of opinion in most States is that indebtedness has gone down considerably. We may put the 1800 to 1000 crores. Recent figure is 1,000 crores. This view by evidence in fall in the number of suits, foreclosures, re co-operative societies and Land Mortgage Banks and large number of redemption of old mortgages.

Progress of Co-operative Movement in Madras

	Agricultural Credit Societies			*Land Mortgage Banks*		
Year.	No. of Societies.	No. of members.	Loans Issued Lakhs.	No. of Societies	No. of Members	Loans issued Lakhs.
1938-39 ...	10,784	567279	147.47	110	47,153	59.43
1939-40 ...	11,997	600412	147.29	119	55,575	42.57
1940-41 ...	10,993	610023	144.72	119	65,133	42.17
1941-42 ...	10,964	632819	175.77	119	69,158	40.40
1942-43 ...	10,893	627767	167.18	119	69,863	24.81
1943-44 ...	10,821	628023	167.16	119	73,391	18.31
1944-45 ...	10,792	637036	189.67	119	83,684	24.81
1945-46 ...	10,877	666387	265.85	119	84,125	41.18
1946-47 ...	10,375	758913	347.16	120	89,768	46.96
1947-48 ...	12,053	343680	440.01	120	97,699	62.33

From the table above we find that there has been a phenomenal growth both in the number of members and societies. The loans issued by the agriculturists credit societies have of course increased from 147.47 lakhs in 1938-39 to 440.01 lakhs in 1947-48 but the loan issued per member has risen from 26t0 52 Rs. It must be noted that the increase is due to rise in the cost of cultivation for which spartom loans are meant. But taking the transactions of the primary land mortgage banks which are more representative of the ryots' prosperity, the figures are revealing. With the increase in the total no. of societies and members the aggregate loans issued during the year has increased from 59.43 lakhs to 62.33 lakhs. But per capita loan has fallen from 126 to 64 Rs. i.e. it has fallen by almost 50 per cent.

The agriculturist has benefited by the rise in prices due to the war boom. His surplus due to wartime prices is not an illusion; it is real. Here a note of warning must be struck. Of course it is true that the

surplus is not equally shared by all classes of ryots where as the bigger landlords had larger surpluses, the surplus of an average ryot in Madras is negligible. But his is only a passing phenomenon. From the report published by Dr. B. V. Narayana Swamy Naidu on Rural indebtedness in our province we find that the wages rose from 200 to 300 per cent; for instance in East Godavari District it rose from 0-7-4 to Rs. 1-3-0 in the case of a male and from 0-5-2 to 0-13-4 in the case of a female. The cost of agricultural requirements also rose. For instance, the prices of a pair of bullocks rose from Rs. 150 to 900. Similarly there was a rise of 3 to 7 times in the prices of fertilisers and implements. The living expenses also rose to 210 per cent Consequently while the big landlord owning 25 to 50 acres received some surplus income those having below 25 acres did not fare well.

TABLE*

	Percentage of debt in 1939	Share of rural class.	Increase (+) decrease (−)	Percentage Increase + decrease − in per capita debt.
Big Land lords ..	14.4	10.8	− 3.6	− 39.9
Medium Land holders ..	43.5	41.0	− 2.5	− 24.6
Petty land holders ..	25 8	38.7	+ 2.9	− 12.0
Tenant class ...	5.4	7.0	+ 1.6	− 4.0
Landless Labour ...	1.4	2.5	+ 1.1	+45.6

Table above shows that the big, medium landholders availed of the opportunity afforded by wartime boom and the indebtedness is reduced considerably by 1945. With the wider windfall incomes to these substantial farmers and together with rise in land values, enabled them to liquidate much of their debts. But the small scale agriculturist who had very little to sell reaped no benefit. His position was worsened by rise in cost of cultivation and by general rise in the cost of living.

Conclusion: The total agricultural indebtedness increased considerably from 1930-39. It decreased somewhat from 1939 to 1945; the lowest ebb was touched in the year end of 1943. Since the general level of prices rose by 4 times the prewar level. the cost of living rose and the present debt may be estimated to be in the neighbourhood of Rs. 1,000 crores. The wartime boom has helped to get the debt reduced from 1,800 to Rs. 1,000 crores.

Only substantial big and middle class land-holders have succeded in liquidating the debts while that of lower classes, who form majority group have increased considerably since 1945.

Remedies.

In a predominantly agricultural country like India, peasants form the back bone of national economy; "the lesson of universal agrarian history from

*Dr. B. V. Narayanaswamy Naidu's Report. on Rural Indebtedness in Madras.

Rome to Scotland is that an essential of agriculture is credit. Neither the condition of the country nor the nature of land tenures nor the position of agriculture affects the one great fact that the agriculturists must borrow "(Nicholson). Before the economic depression improvements were made by Government in the civil law with a view to reduce the exploitation by the money lenders of ignorant agricultruist, by educating the ryot to take a business like view of borrowing by remission of land revenue, the Government tried to avoid farmers from unnecessary debts. The Government prevented wholesale alienation of the land from the agriculturist to the money lenders. The Government provided both short and long time credits by passing of the Co-operative Credit Societies Act in 1904. But the economic depression of 1929 seriously affected the repaying capacity of the ryot, prices fell and the real burden of debt increased. Laws were enacted during 1930-40 to lessen the debt burden of the agriculturists with the following three objectives. The provision of relief to agriculturist by (1) scalingdown standing debt (2) regulation of money lending business and creation of credit societies (3) safeguarding the interest of the person and property of the debtor against exploitation of the creditor. To give immediate relief to the debt ridden agriculturist the following laws were enacted. (1) *Moratorium Laws.* (2) Measure to reduce the burden of interest liabilities (3) measures to scale down the principal of the debt and arrange easy methods of repayment.

With the above objectives in view let us study the various legislative enactments passed by the different provincial governments in India and analyse how far they were successful in this end.

Moratorium Laws.

The economic depression of 1929 and the consequent fall in prices of agricultural produce crippled the agriculturists. Taking advantage of this situation, the money lenders resorted to courts. There was a danger of lands being sold at very low prices to the creditors. To check the rush of creditors to the law courts to stop immediate execution of decrees for sale of lands and to render immediate relief to the agriculturists moratoriam laws were passed in various provinces. In United Provinces Temporary Regulation of Executions Act 1934 was enacted to stay the executions of decrees against judgment debtors. In 1937 the congress government in the province passed Temporary Postponement of the Execution of Decrees Act. Similarly in Bombay Temporary Relief for Small Holders Act in 1938 was passed. In 1937 Madras Government brought forward a similar bill but it had to be shelved due to widespread criticism. Agriculturists Relief Act was passed where all the executions taken by courts between 1st October, 1937 and 22nd March 1938 were held invalid and have their debts revalued and revised. All sales of land in execution of decrees were set aside.

Laws to Reduce the Incidence of Interest Liabilities

The Agriculturist Relief Act of United Provinces in 1934 enacted that rom 1st January 1930 to a later date fixed by government the rate of nterest charged on debts could exceed a certain percentage and the excess paid under interest was credited to the principal account. C. P. and Berar Relief of Indebtedness Act of 1938 authorised relief courts to re-open all the transactions made 12 years before and ordered to calculate nterest at 7 per cent on secure debts and 10 per cent on unsecured debts. The Madras Agriculturists Relief Act, 1938 looked at this question as Predepression and post depression debts. All the arrears of interest incurred by Agriculturists before October 1937 and outstanding on October 1937 were cancelled. The Act made it imperative that the rate of nterest on loans contracted between October, 1932 and October, 1937 shall not exceed 5 per cent simple interest. For the debts incurred after 22nd of March, 1938, interest charge should not be more than 6½ per cent.

Bombay Agriculturists Debtors Relief Act of 1939 authorised debt relief boards to calculate interest upto 12 per cent on debts contracted before first January 1931 and the interest so calculated and due was to be reduced by 40 per cent. In all the above debt relief acts enacted by various provincial governments, "the principle of Damdupat" was observed, *i.e* a debtor need not pay anything further, if he has already paid twice the principle of the loan or paid interest over and above the principal amount.

Debt Conciliation Boards

Through the medium of the above boards the government tried to effect a voluntary agreement as a compromise between the creditor and the debtor to scale down some portion of the debt. The Central Banking Enquiry Committee, 1931 recommended the provision for such machinary. Central provinces gave the lead and passed C. P. Debt Conciliation Act of 1933 and other provinces like Punjab, Bengal, Assam and Sind followed. The object of these boards is to scale down the debt of the debtor with the voluntary consent of the creditor by persuasion and reason, this debt conciliation machinery has met with some success. In C. P. agricultural debt has been scaled down from 5.63 crores to 2.93 crores. In Punjab a remission of 7 annas in a rupee was effected.

Compulsory Saving of Provincial Loan

Madras gave the lead by passing the Agriculturists Relief Act of 1938. The claims of the creditors for the debts before 1st October, 1932 were drastically cut down and all arrears of interest outstanding on 1st October, 1937 were wiped out. By 1941 debts from 652 lakhs were scaled down to 346 lakhs. The Bombay Agriculturists debtors debt relief Act of 1939 and C. P. and Berar Relief of Indebtedness Act aimed at scaling down agriculturists debt by compulsion.

Long Term Measures to Reduce the Burden of Debt.

By the operation of principal of terminable mortgage U. P. Punjab and Bengal enacted that the land of the Mortgage should be returned to him after a lapse of 15 years whether he has paid his debt in full or not. Governments of visited provinces passed laws enabling courts to fix a fair price for the land. Some provinces amended the Insolvency Act to enable the Agriculturist declare himself insolvant if he cannot repay even the scaled down debt. If any permanent and lasting benefit is to be effected to the Indian agriculturist the only way it could be done is to provide credit for him through some rural financing agency. The Co-operative credit movement has touched the best of the problem. Only 9 per cent of the rural credit is provided by the Co-operative societies and still the money lender rules the rural part as money lender-cum-trader. We are told that the total agricultural debt in the province in 1948 was about 218 crores. The debt owed to co-operative institutions was only a few crores working out to only 4 per cent. His activities had to be regularised and regulated by the state since he forms an economic unit in the rural financing system. All money lenders should register themselves and obtain licenses for performing this aspec of business Punjab, C. P., and Birar, Bengal have passed various laws. To check the evil practices of the money lender some provinces like Punjab, Accounts were prescribed to be maintained compulsorily.

Conclusion

"All schemes of debt relief and other legislative enactments are only paliatives." They do not remove root causes of large means of unproductive, debt which saps the vitality of the Indian ryot, i.e. insufficiency of income, improvident and improductive expenditure, ignoranee and unscrupulous practices of the money lenders. To effect a lasting cure for this chronic disease of agricultural indebtedness the ryot has to be educated "for better farming, better business, and better living."

GOVERNMENT OF MADRAS.

DEVELOPMENT DEPARTMENT.

Memorandum No. 102653 M. I/50-1 dated 26-10-1950.

Sub:—Textiles-Mill Cloth-Loyal Mills Cloth-Supply to Co-operatives.
Ref:—From the Directors of Controlled Commodities letter No. R. C. C. 4-128663/50 dated, 7-10-1950.

In memo No. 45000 M. I/50-1 dated 12-7-1950* as amplified subsequently the Government have permitted the Co-operative Primary Stores, Employee Stores, Credit Societies etc., to make their own arrangements to obtain cloth either direct from the Buckingham and Carnatic and Mettur Mills or through the Wholesalers of the respective mills. They now permit the above types of Co-operative Societies to obain Loyal Mills cloth either direct from the mills or through their wholesalers.

(True Copy)

OFFICE OF THE REGISTRAR OF
Endt. R. C. No. 166573/49-S.III CO-OPERATIVE SOCIETIES, MADRAS.
Dated, 21-11-'50.

Copy communicated to all Co-operative Wholesale Stores, West Godavary Marketing Federation, Triplicane Urban Co-operative Society, Pudukottah Central Co-operative Cloth Depot in continuation of Registrar's endorsement R. C. 166573/49-S. III dated, 12-10-50.

G. VISWANATHAN,
For Registrar.

*For Govt. Memo No. 45000 M. 1/50, dated 12-7-'50 please see the July '50 issue of this Journal.

G.O.'s and Circulars

Memorandum of the Registrar of Co-operative Societies, Madras

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

R.C. No. 141584/50-B. *Dated 14-11-1950.*

Sub:—Act and Rules—Petition filed by Sri Vasu Nair, expelled member of the Kollengode Producers Cum Consumers Co-operative Society Malabar district—Scope of Section 51 of the Madras Co-operative Societies Act—Decision of the High Court.

A copy of the judgment of the High Court, Madras in Civil Miscellaneous Petitions No. 6730 and 7779 of 1950 is herewith communicated to all the Deputy Registrars and Special Development Officers. It may be seen from the judgment that a dispute regarding the expulsion of a member by the general body of a co-operative society under its bylaws is a matter touching the business of a registered society and as such comes within the scope of Section 51 of Madras Co-operative Societies Act and will have to be disposed of under the said Act. The Deputy Registrars and Special Development Officers are requested to note this important decision.

J. C. RYAN,
Registrar.

IN THE HIGH COURT OF JUDICATURE AT MADRAS,

Thursday, the Thirty-first day of August.

One thousand nine hundred and fifty.

PRESENT

The Hon'ble Mr. P. V. Rajamannar, Chief Justice,

AND

The Hon'ble Mr. Justice Viswanatha Sastri.

Civil Miscellaneous Petitions Nos. 6730 and 7779 of 1950.

V. Vasu Nair. Petitioner in all the Petitions.

1. The State of Madras represented by the Secretary, Development Department, Fort. St. George, Madras.
2. The Producer-cum-Consumer Co-operative Society, Kollangode No. F. 1201 by its President R. Vasu Menon.

Respondents in all the petitions.

C. M. P. No. 6730 of 1950.

Petition praying that in the circumstances stated in the affidavit filed there with the High Court will be pleased to issue a writ of Certiorari calling for the records and quash the order of the Government of Madras dated 7-6-1950 in G. O. No. 2288 of 1950.

C. M. P. No 7779 of 1950.

Petition praying that in the circumstances stated in the affidavit filed with C. M. P. No 6730 of 1950 on the file of the High Court, the High Court will be pleased to issue directions to the 1st Respondent to order the Registrar of Producer cum-consumer Societies of Malabar viz. the Collector of Malabar to restore and hear the petition of the petitioner dated 3-12-49 disposed of by him on 17-1-1950.

These petitions coming on for hearing, upon perusing the petitions and the affidavit filed in C. M. P. No. 6730 of 1950 on the file of the High Court and the *interim* orders of the High Court dated 11-8-1950 and made on the C. M. P. Numbers 6730 and 6731 of 1950 on the file of the High Court and the counter-affidavits filed there in and upon hearing the arguments of Mr. M. K. Nambiar, Advocate for the petitioner in all the three petitions and of the Government Pleader on behalf of the first respondent and of Messrs. D. A Krishna Variar and P. V. Raman, Advocates for the 2nd Respondent, in all the petitions, the Court made the following order.

ORDER.

(Order of Court pronounced by the Hon'ble the Chief Justice).

Though C. M. P. No. 6730 of 1950 is for the issue of *a writ of certiorari* to call for the records and quash the order of the Government of Madras in G. O. No. 2288 dated 7th June 1950, it is clear from the facts which will be set out hereafter that the most appropriate remedy to which the petitioner will be entitled is a *writ* in the nature of a *mandamus* directing the Registrar of Co-operative Societies, Malabar, to proceed to decide the dispute which was referred to him for decision, namely whether the petitioner before us was rightly expelled by the Society from membership (C. M. P. 7779 of 1950.)

It is unnecessary to state in great detail the facts which led up to this dispute. The petitioner had filed a suit challanging the validity of the election of certain persons as directors of the society. He failed both in the suit and in the appeal which he filed against the decree dismissing his suit. It was after the disposal of the appeal that the society, at its meeting held on the 29th October 1949, by a resolution, purported to expel the petitioner from membership as he had dragged the socieiy unnecessarily into Court. This resolution was passed in the exercise of the power conferred on the society by by-law No. 35, the material part of which runs as follows:

> " If a member deceived the society in any way or if his general conduct is such as to " render his removal necessary in the interests of the society to expel such member. . . . . . A member who drives the society to Court to recover the money due from him shall for that reason to be expelled from membership."

Thereupon the petitioner moved the Registrar of Co-operative Societies under section 51 of the Madras Co-operative Societies Act, 1932 for a decision as to the validity of his expulsion. Section 51 of the Madras Co-operative Societies Act, 1932 so far as it is material, runs thus:

> "51(1) If any dispute touching the business of a registered society (other than a dispute regarding disciplinary section taken by the society or its committee against a paid servant of the society arises.........
>
> (*b*) between a member, past member or persons claiming through a member, past member or deceased member and the society, its committee or any officer, agent or servant of the society such dispute shall be referred to the Registrar for decision."

The Registrar held that the dispute raised by the petitioner did not come within the scope of section 51 of the Act and therefore dismissed the petition. There was an appeal to the Government but the Government refused to interfere.

It cannot be denied, and the learned Government pleader who appeared for the Registrar admitted, that there is a dispute between the petitioner who was a member of the society and the society. The dispute concerns the expulsion of the petitioner from membership of the society. The only question that falls for decision is whether this dispute can be said to be a dispute "touching the business of a registered society" within the meaning of the section. Neither side has been able to bring to our notice any decided authority directly on the point. From the language of the section taken as a whole it appears to us that a dispute relating to the expulsion of a member from a society is a dispute "touching the business of the society." Section 51 (1) clause (*c*) ***inter alia*** refers to a dispute between the society and its officer, agent or servant. In the opening words of section 51, sub-section (1) there is an exception made as regards a dispute regarding disciplinary action taken by the Society or its committee against a paid servant of the society. Such a dispute is taken out of the operation of the section. The obvious inference is that but for special provision excepting such a dispute it would fall within that category namely of a dispute between the society and its servant, touching the business of the society.

We fail to see how a dispute raised by one of the members of the society against an action of the society taken at a meeting of the general body of the society in the exercise of a power conferred by one of the Society's byelaws cannot be said to be a dispute touching the business of the society. On the day when the resolution was passed expelling the petitioner from membership admittedly this matter of expulsion was one of the items of business on the aganda of the meeting. We do not think it extravagant to hold that the expulsion of an undesirable member is also a

part of the business of the society. If so any dispute relating to such an expulsion would be a dispute touching the business of the Society.

The learned Government Pleader cited to us certain decisions of the Calcutta High Court in which a rule corresponding to section 51 of the Act was considered. In Ramendranath Mukherji V. Balurghat Central Co-operative a preference share-holder of a co-operative society sued the society for a declaration that the resolution passed at a special general meeting, the effect of which was that all preference shares were compulsorily taken from their holders and vested in the society, was *ultra vires* and illegal and for an injunction to restrain the society from acting on it. It was held that the byelaws did not authorise compulsory expropriation of any members holding shares in the society. An objection was raised that the jurisdiction of the Civil Court was excluded by rule 22 of the rules framed by the Government of Bengal under section 43, clause 1 of the Co-operative Societies Act. That rule was as follows:

> "Any dispute touching the business of a registered society between members or past members of the society, or persons claiming through a member or past member, or between a member or past member or persons so claiming and the committee or any officer, shall be referred in writing to the registrar."

It may be noticed in passing that this rule does not cover the case of a dispute between a member and the Society as such. In fact that was part of the argument of counsel that the dispute was between a member and the society and therefore the dispute was not covered by the rule. The learned judges, Rankin C. J. overruled the objection and held that rule 22 did not cover the dispute raised by the plaintiff in the suit. They understood the dispute to be a dispute as regards the constitution of the society. The learned Chief Justice observed:

> "I cannot regard a question whether the plaintiff is or is not a shareholder, whether the society's new constitution is valid or invalid, whether it is, in effect, of the mixed or pure type as a mere dispute between members or between a member and a officer touching the business of the society."

The decision in this case had not application whatever to the facts before us. This ruling was followed by another division Bench in *Barisal Co-operative Central Bank* V. Beey Bhusan (2) which related to a claim by a legal representative of a deceased shareholder to obtain a transfer of the shares in his names. The learned Judges held that the jurisdiction of the Civil Court is not excluded in respect of such a claim. In their opinion the application by the legal representative could not be considered to be an application for membership; nor did it relate to any business incidental to the management of the society. They therefore held that it was not a matter which should have been referred to the Registrar *In Hara Dayal*

Nag V. Chandpur Central Co-operative Bank Limited, a preference shareholder of a co-operative bank sued for a declaration that a resolution passed at an extraordinary general meeting of the shareholders reseinding a previous resolution for payment of dividend passed at the annual general meeting was ultra vires. *Mukherjea J* held that the suit was not barred by rule 22 of the rules framed by the A. I. R. 1934 Cal. 537. (3) I. L. R. (1938) 2 Cal. 144. Bengal Government under the co-operative societies Act. The learned Judge followed the two prior decisions already mentioned. He was prepared to hold the payment of dividend may be a part of the business of the Board of Directors but that was a consequential relief and the main relief sought was a declaration that the constitution of the Board itself was illegal and that it had no authority to function or call an extraordinary general meeting of the shareholders and that the resolution passed at the meeting was itself ultra vires. Such a dispute the learned judge found, was not a dispute between a member and the committee touching the business of the society. He relied on the fact that the clauses which set out the duties of the Board of Directors did not cover a matter of this character. As the dispute related to the constitution of the board of management itself, it was not a matter withdrawn from the court by rule 22. It will be noticed that the *ratio decidendi* of the three cases above mentioned cannot apply to the case before us. Here what the petitioner complains is against the action of the society, an action which is sought to be justified by byelaw 35 of the society. Undoubtedly that byelaw gives to the society the right to expel a member by a resolution passed at a meeting of the general body. The only question is whether the power so conferred was rightly exercised by the society. This matter is, in our opinion, clearly, a dispute touching the business of a registered society within the meaning of section 51 of the Co-operative Societies Act. The Registrar of Co operative Societies erred in declining to exercise a jurisdiction which was vested in him under that section to decide the dispute raised by the petitioner. An order must issue from this court directing him to take up the petition filed by the petitioner and decide the dispute referred to him.

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

SRI K. SUBRAHMANYAM NAYUDU, M.A.

Registrar,

R. C.No. 53829/50. Z. 1 — *Dated, 16th November 1950.*

Sub: - Housing—State loans to Co-operative Building Socieites—Encumbrance certificate—obtaining of—procedure instructions—issued.

The present practice in regard to the obtaining of encumbrance certificates by members of co-operative housing societies is to apply for two encumbrance certificates one for 12 years prior to the date of loan application and the other for the period from the date of the first encum brance certificate to the date of the registration of the Assignment deed by

the society. It is possible for a borrower to execute a mortgage bond in favour of a third party before he mortgages the house and site to the society and get it registered within 4 months, subsequent to the mortgage to the society such a transaction, permissible under the registration laws will not be disclosed in the second encumbrance certificate obtained by the society soon after the registration of the assignment deed. In order to safeguard the interests of Government, that is considered necessary that a third encumbrance certificate should be obtained for a period of 4 months from the date of execution of the assignment cum mortgage bond so as to disclose any prior dated encumbrance registered subsequent to the execution of the mortgage bond by the member. Such a practice is followed in the Land Mortgage Banks.

The third encumbrance certificate should be called for on the expiry of 4 months from the date of registration of the assignment cum mortgage deed and examined. The drawal of the first or the subsequent instalments of the Government loan need not be held up till the third encumbrance certificate is produced. However, the final instalment of the Government loans should be drawn only after the third encumbrance certificate is produced. As more than 4 months usually lapse between the drawal of the first and the last instalments, the above procedure will not impose any additional difficulties upon the disbursement of the Government loan.

3. If the third encumbrance certificate discloses any prior encumbrance, the last instalment should be withheld and prompt action taken to close the loan and to realise the amounts already advanced. This may not be difficult, since the value of the work done upto any stage plus the cost of the site should always provide a 25% margin over the Government loans advanced up to that stage. The risk can still further be minimised by insisting on the member to utilise the share capital loan and the amount to be contributed from his own resources on the construction of the house *before* the Government loan is disbursed. If a borrower wilfully deceives the society, he will be liable for criminal prosecution on the basis of his declaration in the mortgage bond that "the property is not subject to any mortgage charges, lein, or encumbrances whatsoever in favour of any person or persons".

4. Deputy Registrars are requested to adhere to these instructions strictly and to see that the third encumbrance certificate is obtained in all cases in future.

G, VISWANATHAM,

For Registrar.

A copy of G. O. Press 4371, dated 31-10-1950 from Development Department, Government of Madras.

ABSTRACT.

Audit—Co-operative Society—Fees—Rates Revised.

Read the following:—

G. O. No. 2884 Development, dated 18th November 1938.
G. O. No. 5059 Development, dated 27th November 1944.
Letter from the Registrar of Co-operative Societies No. 79699-49-L. dated 10th April 1950.
Letter from the Registrar of Co-operative Societies No. 79699-49-L. dated 25th June 1950.
Letter from the Registrar of Co-operative Societies No. 79699-49-L. dated 8th September 1950.

ORDER:

In the Government Orders read above the Government fixed the rates of fees for the audit of Co-operative Societies liable to pay audit fees under the rules. Since then additional staff has been sanctioned for concurrent audit, the scale of pay of Junior Inspectors has been increased and both Junior and Senior Inspectors have been sanctioned dearness and house rent allowances. All this has resulted in an increase in the incidence of cost to the Government on account of the audit staff and a revision of rates of audit fees has become necessary as the policy of the Government is that the cost of the staff employed on the audit of co-operative societies which are liable to pay audit fees should as far as possible be covered by the fees collected from them.

2. His Excellency the Governor of Madras however accepts the Registrar's proposal that the rates of audit fee may be calculated on the basis of actual cost of the staff excluding leave salary and pensionary contribution and directs that the rates of audit fee fixed in the Government Orders read above be increased as follows:—

	Fees to be charged per diem. Rs.	A.	P.
Central Banks ...	7	0	0
Urban Banks with a working capital of Rs. 1 lakh and over ...	7	0	0
Societies (Other than Central and Urban Banks) whose working capital or the value of whose purchases, sales or articles or goods produced as the case may be in the Co-operative year is Rs. 1 lakh or over ...	7	0	0
Urban Banks with a working capital of less than Rs. 1 lakh and other types of societies liable to pay fees under the rules ...	5	4	0

This order will take effect from the Co-operative year 1949-1950.

(True copy)

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES, MADRAS,
Dated, 19-11-1950.

Endt. No. 79699/49 L.

Copy communicated.

K. MUTHUKRISHNAN,
For Registrar.

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

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

Rc. No. 44724/50-Q. *Dated, 1-12-50.*

Sub: Bifurcation—Bifurcation of Nellore District into 2 Deputy Registrars Circles.

Ref: G. O. Ms. No. 2969 Development Department dated 31-7-'50.

The Deputy Registrars and the Special Development Officers are informed that Government have sanctioned the bifurcation of the Nellore District into 2 Co-operative Circles with the following jurisdiction:—

Nellore South Circle: Area covered by the taluks of Nellore, Gudur, Rapur, Ilurpet and Venkatagiri and the portion of the Atmakur taluk south of the Pennar river.

Nellore North Circle: Area covered by the taluks of Kovur, Kavali, Udayagiri, Kandakur, Kanigiri, Darsi, Podili and the portion of the Atmakur taluk north of the Pennar.

Nellore will be the Headquarters for both the circles. The ameliorative staff working under the Special Development Officer will work under the respective Deputy Registrars. The bifurcation will take effect from 15-12-50. The Special Development Officer Nellore, will take charge as Deputy Registrar Nellore (North) on that date.

K. SUBRAHMANYAM,
Registrar.

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

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

R. C. No. 150670/50-D-1. *Dated, 15-12-1950.*

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

(By order)

A. M. SUNDARAM,
Manager.

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