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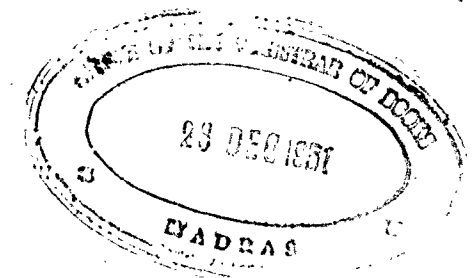


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THE Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

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

OCTOBER 1951

No. 4, Vol. XLIII

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

Thought for the Month

Co-operative Democracy

1. Co-operative organisations must be open to everybody who desires and is able to employ their services, without any discrimination on political, religious or racial grounds.

2. The organisation of co-operatives must be democratic at all levels; that is to say, they must have the right to elect their committees or other governing bodies without any intervention or pressure from outside, and all members of co-operatives must have the same rights and be able to form and express their opinions freely.

3. Co-operative organisations must be completely free and independent and must be able to take up a position with regard to all the problems which affect their own interests, or the general interests, independent of the State and public authorities generally, as well as of private organisations (political parties).

In countries where the right of free association is denied and where any divergent opinions are suppressed, free and independent co-operative organisations cannot exist.

It is only in this way that the co-operative movement can be in a position to fight against oppression in all its forms and for the liberation of all the social groups, and thus contribute to ensuring peace, and in this way only will a real co-operative system based upon mutual self-help materialise.

—The Review of International
Co-operation, Oct. 1950.

Editorial Notes

The Tamilnad Co-operative Conference:

The Eighth Tamil Nad Co-operative Conference was held in Madras on the last two days of last month. Nearly four hundred delegates and numerous visitors and observers attended the Conference and showed an active interest in the proceedings and deliberations. The delegates and others were warmly welcomed by Dr. P. Natesan, M.B., B.S., Chairman of the Reception Committee. The Conference was inaugurated by the Hon'ble the Chief Minister, Madras, and presided over by Sri A. Ramachandram Pillai, President of the Ramnad Co-operative Central Bank. A Cottage Industries Exhibition was also arranged as an adjunct to the Conference. The Exhibition was opened by Sri T. A. Ramalingam Chettiar, B.A., B.L., Member of Parliament, and President of the Madras Provincial Co-operative Bank, Ltd. There were also held as parts of the Conference two sectional conferences—the Urban Banks' Conference which was inaugurated by Sri M. S. Seshachalam Iyer of Tiruvannamalai and the Central Banks' Secretaries Conference presided over by Sri C. R. K. Chetty, Secretary of the Madras Provincial Co-operative Bank, Ltd. Various co-operative problems were discussed at the main and sectional conferences, both the Registrar and non-official co-operators participating in them and resolutions were passed. A part of the proceedings has been published elsewhere in this issue and the remaining part will follow next month.

Three important features make the Conference rather unique among the Co-operative Conferences in Tamil Nad. For one thing this is the first Tamil Nad Co-operative Conference held in the City of Madras. As the Chairman of the Reception Committee observed in his Welcome Address, Madras has been the venue of numerous Conferences of vital importance and interest and has of late been "a centre of pilgrimage" for "numerous votaries of the Movement" from various parts of the Middle and Far East. The holding of their Conference in the City is therefore cherished by the Co-operators in Tamil Nad as a matter of proud privilege.

Secondly, this Conference is unique for the Urban Bank's Session organised as a sectional conference. There have been sectional conferences for weavers' societies, stores and the like along with the Tamil Nad Conferences previously. But, for nearly eighteen years,

EDITORIAL NOTES

as Sri Seshachalam Iyer, who inaugurated the Urban Banks' Session, put it, there has been no urban banks' conference in spite of a good deal of agitation for it. The urban banks play a vital role in the credit movement of the State and as such a separate session for them to consider their own peculiar problems with considerable attention was urgently called for. Thanks to the appreciation of this great need by the Reception Committee, the Conference came off after a lapse of nearly eighteen years and has enabled the urban banks to compare notes and discuss common problems.

By far the most important feature of the Conference consists in the valuable suggestion made by the Hon'ble the Chief Minister. In the course of his Address, he said: "I consider the Conference should go further and give a lead on outstanding co-operative matters. For this purpose, co-operators may be invited to prepare papers on special subjects and formulate plans for new lines of activity sufficiently in advance for being considered at the Conference. The papers will provide the necessary intellectual stimulus and out of the discussions on these papers may be borne new ideas and new lines of activity. I request the Conference to consider this suggestion so that in future Conferences may partake the nature of a Co-operative Seminar."

This is a valuable suggestion indeed. The reading of papers and the chalking out of lines of future action after considerable discussion on the papers read is the main feature of the Economic Conference, Social Workers' Conference and the like. The study of papers which throw suggestions is really thought-stimulating and hence can be usefully adopted even at our Co-operative Conferences. A day may be set apart for the reading of the summaries of papers and on the following day the suggestions given may be discussed and suitable resolutions may be adopted. It is highly desirable that Co-operators, both non-official and official should consider seriously the suggestion made by the Hon'ble the Chief Minister and act so that future co-operative conferences may be of value as occasions for estimating the actual progress made and deciding how further progress can be achieved.

Celebrate the Co-operative Day:

We have pleasure in informing the numerous co-operators and co-operative institutions in our Country that the All-India Co-operative Day comes off on Saturday the 3rd day of November 1951.

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Readers may be aware that the Declaration of the International Co-operative Alliance has already been published in the last issue of this Journal. We publish in this issue the Messages of Prof. Kaji and Sri T. A. Ramalingam Chettiar for Co-operators.

Co-operative Day celebrations, throughout the world, we may reiterate, are occasions for seriousness of purpose, firmness of decision and earnestness of action. The day is celebrated year after year, that Co-operators may time and again be reminded of their great role and responsibility in the building up of socio-economic life of every country. The Day has been celebrated in numerous western countries year after year in a manner, clearly indicative of a mass consciousness of the great need to promote the movement on a more rapid scale.

India too has been celebrating it year after year, but the reports received from various quarters rather indicate a general lack of awakening on a large scale. The Government of India have announced their objective as the establishment of a Co-operative Commonwealth. Such an objective cannot be easily achieved unless the masses are awakened and educated in the principles of Co-operation and initiated into the art of Co-operative endeavour. It is this awakening, this education and this initiation that could be effected in the country at large by the enthusiastic co-operators. The Declaration of the I. C. A. has called on all the members to defend human rights and liberties; to educate the citizens in true democratic endeavour; and to press for united action among nations for the maintenance of peace and security. These are the conditions under which a free and independent Co-operative Movement flourishes. We therefore appeal to Co-operators and Co-operatives that they may rise to the occasion and by means of processions and meetings etc. impress upon the general public the need for promoting co-operative endeavour in the best interests of the individual and the community. We also request that brief reports of the celebrations may be sent to us for publication in this Journal.

Co-operation and Politics:

We learn that vigorous efforts are being made in Tamilnad by some Co-operators to organise and build up a Co-operators' Political Party. Their objective has been stated to be the gaining of entry into the Legislature by contesting the General Elections. They seem to feel that by fighting their way into the Legislature, they would

be able to promote the cause of Co-operation more effectively than at present. This move is probably an echo of the events in West Bengal, where, we learn, a Co-operators' Political Party has recently been organised and set vigorously at work for building up its strength.

It is well known that Co-operation is a socio-economic Movement connected with the devising of ways and means to promote the social and economic well being of the individual and the community. In such a peaceful endeavour, there is ample scope for men of different political views to put forth their best efforts for a common cause. In fact we have in our State, for instance, numerous Co-operators, who, whatever their political leanings sit *together* in earnest for discussing issues bearing on Co-operation. Not only that. There are numerous Government officials and other employees who are eminent co-operators. The first condition of co-operative progress is therefore non-political atmosphere. Co-operation must be dissociated from Politics if it is to have a healthy growth. Why then seek to import into the movement an element which is foreign to it and which would definitely weaken it?

These new constituents of the new political party, are reported to have sought the aid of the major political parties for the backing up of their proposal. We fear that this will surely result in the co-operative politics taking the shape of party politics and in the constituents becoming parts of the huge party political machine.

Addressing the delegates of the Tamil Nad Co-operative Conference on the 29th of September 1951, the Chairman of the Reception Committee said: "Beyond any doubt, the creation of a party like this will be the surest mode of laying the foundation of the inevitable ruin and liquidation of the Movement." We appreciate the timely warning given by the Chairman of the Reception Committee to the Co-operators of the Tamil Nad and of the other regions as well; and we hope that the bulk of the Co-operators share these views. May we appeal to all our brother co-operators that they may keep Co-operation unstained by political colour so that it may continue to progress as a socio-economic movement worthy of the hands that shaped it?

THE ALL INDIA CO-OPERATIVE DAY

3rd November, 1951.

**MESSAGE OF DEWAN BAHADUR PROFESSOR H. L. KAJI, M.A., B.SC.,
I.E.S. (RETIRED), J.P.**

President, The Indian Co-operative Union.

Brother and Sister Co-operators,

I extend to you all cordial greetings on this the All-India Co-operative Day.

The World is in turmoil over two great ideologies—regulated capitalism and well ordered communism. Economic cleavage has led to political antagonism and we are faced with two great power blocks. It is very pleasant to note, that our own country is not wedded to either of these economic ideologies nor to any power block. It stands on a neutral plane carving its own way to safety and progress. The goal our own land has set before itself is that of a Co-operative Commonwealth and co-operation is thus the great ideology that is behind it. The goal cannot be realised by multiplications or extensions. It is the mentality of the people that must change. Nation-wide co-operation may take a long time to be realised. But basic co-operative principles could be adopted by the State and the whole economic structure can be made essentially co-operative in character. The limitation of dividends to share holders and the right of voting conferred on individuals, not on shares, are among the basic conceptions of co-operation which could be placed on the Statute Book, to the great advantage of the economic structure of the country.

Co-operators! It is up to you to make your societies successful to extend their usefulness and scope and ensure that they really yield some tangible improvement in the condition of members. Work with zeal, do not exploit others; but do not allow yourselves to be exploited either. Let everyone concerned get adequate remuneration for the work done, which is the real basis for efficiency. With our workers imbued with the zeal and ideology of co-operation, I have no doubt, the goal of a Co-operative Commonwealth will be within sight, in a short time.

Message

SRI T. A. RAMALINGAM CHETTIAR, B.A., B.L., M.P.,

Vice-President, Indian Co-operative Union.

Co-operators of Madras have on the whole reason to congratulate themselves. They have shown initiative in all lines and have proved to a certain extent the capacity of the movement to undertake wider responsibilities and bigger concerns. While a few years back, the movement in this Province was only a movement for giving credit, it has developed now into a productive and marketing agency as well. Their services in helping the Government to procure and distribute food stuffs and other controlled goods, have been appreciated. While we may congratulate ourselves on what has been done and the progress attained in some fields like handloom weaving which has made very great progress in this Province under the Co-operative System and the establishment of large scale industries like the Sugar Mill and the Spinning Mill which are under construction, these are only the beginnings of a wide scale movement for organising all economic life in the co-operative way. We have to realise our capacity and also our duty in the present setting, wherein equality and social justice have to be obtained all round and the standard of living has to be raised especially in the lower economic strata of the country which can be done only by adopting the method of co-operation. I will appeal to all the co-operators in the State to do their part in educating the people and organising the community on a co-operative basis to avoid the evils of capitalism on the one side and communism on the other.

While there has been a general advance in the co-operative movement in the State, there had been cases of mismanagement and mal-administration in some of the institutions. In some cases they have been glaring. It is regrettable that even good co-operators have been found to support mal-administration in some cases. Cases have been found where officials were appointed as executive officers and the non-official committees left them a free hand and the interests of the members and the committees suffered. Unless members are vigilant and they take responsibility for what the societies are doing, the movement will suffer. It will also be necessary to find non-officials to take charge of the institutions and run them instead of depending on officials to take up the executive posts. The officials as such have no special training or aptitude for undertaking the management of societies and especially to undertake responsibilities for new ventures. Non-officials with aptitude and integrity should come forward to undertake responsibilities and where necessary to get trained for work. This is an aspect of the movement which requires attention of all the workers, both officials and non-officials in the Movement.

I hope the coming year will show greater enthusiasm for stabilizing what have been attained so far and for venturing into new fields of activity so as to attain the object of organising all economic activities on a co-operative basis. I wish all co-operators good luck and god-speed.

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M. P. NACHIMUTHU, B.A., B.L.
President.

JUST OUT.

Agricultural Marketing in India

(With Special reference to Co-operative Marketing)

By Prof : K. R. KULKARNI, M.A.,

Professor of Co-operation, Co-op. Training College, Poona.

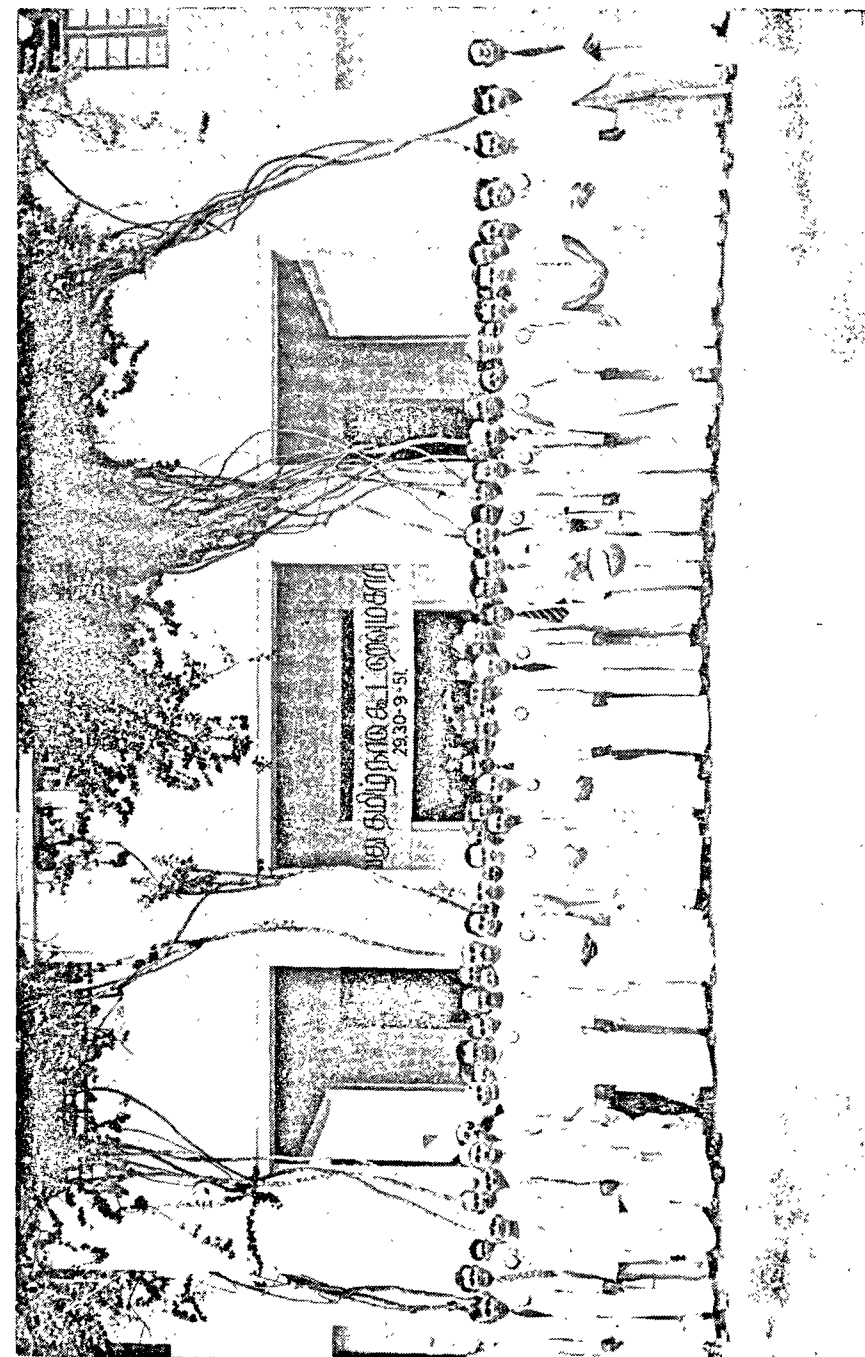
Introduction by Dr : V. K. R. V. Rao; *A Note of Observations* by Dr.
T. G. Shirname Agricultural Marketing Adviser to the Government of India
and a Foreword by Dewan Bahadur Prof. Kaji, President, Indian Co-operative
Union.

The book is the outcome of a strenuous study and practical experience
in the Co-operative Department for several years. The author has explain-
ed in detail the theoretical and practical aspects of the subject. The book is
divided into 2 parts. Part I contains 14 Chapters and deals with the Econo-
mic background, Modern Market Organisation, Market Research, Selling and
Advertising, Transportation, Produce Exchanges, Market Risks, Future
Trading and Hedging, Agricultural Prices etc. and the Second Part contain-
ing 10 Chapters contains Evolution of Markets in India, Fairs, Markets,
Defects in the present systems, Co-operative Marketing in the various
Indian States, Regulated markets in Bombay, a comparison of Marketing
Co-operatives in U.S.A., Denmark and India, the State in relation to Agricul-
tural Marketing. The appendices contain Legislative enactments, Glossary
of Technical terms etc.

Pages 512, Cloth Binding, Price Rs. 20.

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9, Bakehouse Lane, FORT, BOMBAY.

THE VIII TAMILNAD CO-OPERATIVE CONFERENCE, MADRAS
29th & 30th September 1951



Showing Dr. P. Natesan (Chairman, Reception Committee); Sri A. Ramachandram Pillai (President
of the Conference); Sri J. C. Ryan (Registrar of Co-operative Societies, Madras);
and some Reception Committee Members and Delegates

Some Practical Problems in Co-operation*

DR. P. NATESAN, M.B., B.S.,

President, Madras District Co-op. Central Bank, Ltd.

On account of the outstanding progress achieved by this State in the sphere of Co-operation in South East Asia the City of Madras has become a centre of pilgrimage of numerous votaries of the Movement from various parts of the Middle and Far East. It is indeed a great privilege to hold the Tamilnad session this year for the first time in this great City.

City of Madras—Peculiarities of the Institutions

The City of Madras presents certain special features from the point of view of credit activity as contrasted against the other districts. In the unavoidable absence of agricultural operations, there are neither land mortgages nor agricultural loans. Besides the apex institutions which are stationed in the City there are primary institutions which may be classified as follows :

1. Employees Societies ; 2. Scheduled castes societies ; 3. Urban Banks ; 4. Primary stores and Canteens and other societies.

Despite the general impression that the employees' societies are urban in character, I must make it crystal clear that the institutions (e.g., Buckingham Mills, Imperial Chemical Industries, Post and Telegraph Offices, Secretariat, Registrar's Office) in which these employees' societies are organised are mainly concerned in dealing with the requirements of the agriculturists and their institutions.

Progress of Co-operation

Co-operation in the State of Madras has been steadily progressing in various directions during the last quarter of a century, particularly so during the last one decade. To solve the various intricate problems, various conferences have been held under the auspices of the District institutions, Language Federations and State Co-operative Union. This Conference will feel very happy and welcome the news that the Government of India have for the first time permitted the organisation of the Indian Co-operative Congress which will be a combined session of the official Registrars' Conference and the non-official All India Co-operative Conference of the Indian Co-operative Union. This august session will

* Welcome Address delivered by the Chairman of the Reception Committee at the VIII Tamil Nad Co-op. Conference, held in Madras on 28-9-1951.



The Hon'ble the Chief Minister, Madras and some Reception Committee Members and Delegates at the Conference premises.



The Hon'ble the Chief Minister inaugurates the Conference.

be inaugurated by the Hon'ble Sri Pandit Jawaharlal Nehru, Prime Minister of India at Bombay.

Credit Activity

Credit activity forms the most predominant feature of the Movement and financing agricultural operations forms the bulk of the transactions. From a perusal of the statistics available in the annual report of the Registrar of Co-operative societies, it could be seen that during the year 1949-50, nearly nine crores of rupees were outstanding against the members in the whole State. The total credit requirements of the agriculturists is increasing day by day, the total for the whole State being 218 crores of rupees in 1945 out of which the debt to co-operative institutions was only Rs. 2.86 crores working out to about 1.31 per cent. Since then the Movement has registered some progress and the debt of the agriculturists to co-operative institutions increased to 7.13 crores in 1946-47 and 8.57 crores in 1947-48 and about the same till 1949-50. Taking the total debt to be Rs. 218 crores this works out to 3.22 per cent for 1946-47 and about 4 per cent from 1947 to 1950. Thus it could be seen that the Co-operative Movement has just touched the fringe of the problem of the rural credit. None the less, the major portion of our credit activity relates to the direct financing of the agriculturists which is the main occupation of the country. From the figures given above, and comparison of rates of interest of co-operative institutions with that of the village money lender, one could easily imagine the ever growing demand for financial accommodation from co-operative institutions. With a view to augment the resources of the Provincial Co-operative Bank to finance agriculturists, the Reserve Bank has advanced about Rs. 160 lakhs while the Government has guaranteed the Imperial Bank of India to the extent of Rs. 50 lakhs for manure loans.

In the circumstances in which the agriculturist is placed at present, he requires all the three types of loans, namely—short, medium term and long term. The short and long term loans are being met by the financing (Provincial and District) banks and the Land Mortgage Bank respectively. The difficulty in mobilising resources for meeting the medium term loans for the agriculturist will be the duty of this Conference to solve.

Rates of Interest

According to a report published by the Reserve Bank of India recently, we are proud to note that Madras and Bombay are the only two States in the country which offer 6½ per cent to the ultimate borrower through the co-operative institutions while the same institutions in other States like Madhya Bharat, Madhya Pradesh, U.P. and Assam lend at 12 per cent and more. Though it has been a very happy record, the

existing rates outside the Co-operative Movement are almost threatening to break the barriers and force us to revise our rates of interest. The Government of India and the States have raised the rate of interest to 3½ per cent and have issued tax free Treasury Savings Certificates at this rate. On account of this increased rate, the Government Promissory Notes already held by the Institutions have fallen considerably in market value and have necessitated the setting apart of heavy sums year after year from the profit towards the depreciation on these promissory notes. If the District Banks have to counteract this increased Government's rate of interest in long term investments it is only by their integrity and reputation and a sure confidence that they should inspire in the investing public. The cost of working of these banks have increased of late on account of the qualified trained personnel and consequent increased in their salaries and also on account of the ever increasing dearness allowance. As against this the total outstandings of the Central Banks have increased considerably and this increase volume of business is responsible for the maintenance of the increased cost of working in spite of the same rates of interest. Sri R. G. Saraiya, Chairman of the Provincial Co-operative Bank, Bombay in his Address at the recent Bombay State Co-operative Banks Conference says:

"While one is most reluctant to have to suggest that the rate of interest charged to the agriculturist should be raised, one is afraid that before long—sooner rather than later—this problem will have to be faced in the interests of the very existence of central financing agencies."

Urban Banks

A separate session has been organized for the discussion of the problems relating to the Urban Banks. The loans that come under the purview of these institutions are four in category:

- (1) Simple loans on paid up monies; (2) Jewel loans; (3) Surety loans; (4) Mortgage loans.

There is no risk in the first two categories. It is just the reverse in surety loans. The philosophy of the Co-operative Movement is the only strong supporter for this. While this attitude to help the wage earner by giving surety loans is good, it is of the utmost importance to see that the institution and indirectly the share holders do not run any risk on account of the issue of these loans. If there is a monthly savings scheme in every Urban Bank which could stimulate a recurring monthly deposit, the institution can easily rely upon the share capital and the recurring deposit of the member while disbursing a surety loan thereby minimising the risk. So if Urban Banks feel that they should enlarge this aspect of surety loans in their transactions and still maintain a high level of sound functioning the following two aspects have to be borne in mind:

1. Lessening of the risk by raising a recurring saving deposit side by side with the surety loans;
2. Consciousness of the member to repay the instalments.

Mortgage Loans

Most of the Urban Banks are very eager to develop this aspect of the transaction. They are absolutely indispensable in any comprehensive scheme of urban credit in as much as mortgage loans have a definite purpose and function in the borrower's career. For instance one might find capital for starting a business or for constructing a building or for foreign studies. But the tragic aspect of this loan is that it is bound down by Rule VIIIA which prohibits urban banks from lending for more than 3 years. In rare instances, it could be extended to five years under very severe restrictions. It is my very confirmed opinion that no mortgage loan is worth it especially for a middle class man, if it were to be on a 3-year term. This is borne out by the fact that no urban bank which issues 3-year mortgage loan has been successful in this direction. Rule VIII-A is also justifiable on the ground that any institution that has medium term resources cannot invest in long-term loans. To obviate this, I must suggest the scheme that has been worked in the George Town Co-operative Credit Society of which I am the President. The remarkable success of the mortgage loan (long term) is due to the organisation of a monthly savings and a recurring deposit scheme which gives the benefit of saving one rupee a month for eighty four months and entitles the member to get Rs. 102-8-0 in the eighty fifth month. Multiples of one rupee to the extent of even Rs. 200 could be subscribed with the advantage of proportionately increased savings. Working out in a reliable and efficient manner every urban bank could mobilise a heavy seven years resource of a few lakhs which could certainly be invested in 7-year mortgage loans. The George Town Co-operative Credit Society about which mention has been made has to-day about 450 mortgage loans, a feature which could not be seen even in regular house mortgage banks. While on the one hand it encourages thrift in a large number of members, it provides at the same time long term productive mortgage loans for many others. From the Reserve Bank of India publication it could be seen that in spite of the improvement of the loan transactions, this thrift aspect which is the more predominant one has not been well developed in most of the co-operative institutions.

Employees' Institutions

One word about the employees societies. There are about 633 employees societies with about 2 lakhs of members in the State. According to an order the Government have permitted the recovery of the instalments from the salary of the members. This has also been finalised

by providing for the same in the coming Draft Consolidated Bill for Co-operative Societies. When the same is put on the Statute the overdues of the members could be minimised to the lowest level. As it stands there are a few large societies of Central Government Offices where compulsion could not be enforced resulting in an alarmingly high percentage of overdues. The concerned societies are craving for the early piecemeal enactment of this measure. I agree. But may I ask from the point of view of Co-operation whether such a compulsion is synonymous with the sacred principles of voluntary co-operation and whether it is not the duty and devotion of the member to repay his instalments and thus prevent a liquidation or failure of the society? It is more than a quarter of a century since Co-operation was instituted in the State of Madras and if after this experience the members of the same office should try to deplete each other by evading the monthly payments, how could we proudly announce that the Co-operation has made a healthy progress in the State?

Non-Credit Institutions

During the last one decade Co-operation has spread in various directions, other than credit. It is not possible during the limited time at disposal to deal in detail about every type of non-credit activity. I shall mention a few points about certain types of non-credit societies:

1. *Cottage Industries*:—While the monsoon has failed and the wells are absolutely dry, cultivation, beyond any doubt, is impossible. Under the circumstances, the agriculturists who form the major portion of the people in the districts have to be provided some alternative occupation for their living. It has been mentioned only in theory that the cottage industries are an additional occupation for the cultivators. But in this case at least it should serve as an alternative. As it stands cottage industries like weaving, metal work, coir work, leather work, basket and mat weaving are all full time occupations of non-agriculturists. I am yet to see a society consisting mainly of agriculturists engaging themselves in cottage industries as subsidiary occupations in any part of the State. It shall be the duty of this Conference to devise ways and means of promoting this activity among the agriculturists who are on starvation levels in the districts.

2. *Handloom*:—One of the most predominant non-credit activities, but still not flourishing as happily as large credit institutions on account of innumerable obstacles. There are a number of snags and difficulties relating to the durability of cloth, standardisation of specifications, cost of production, quality, colour and texture which the producer has to remove from the standpoint of the consumer. This is a really highly complicated technical problem which I hope the Government will make

efforts to solve through the State Handloom Advisory Committee. Again from the stand point of the producer easy availability of yarn, marketability of his production with a decent margin are factors which baffle him and put him in a perpetual state of starvation. It will be the duty of not only a district institution but of the State and of the Union Government also to study the problem in all its aspects to help the ever starving weaver. Mention must be made and due credit must be given to the efforts of the Societies and the Government to have organised a spinning mill at Guntakal on a co-operative basis, which will remove in part one of the disabilities mentioned above. We hope that this will be an incentive for further progress in this direction.

3. *House Construction* :—The statistics of the population of the country shows an increase of 13 per cent over that of the last decennium and in the City on account of the heavy influx for various reasons, the population has doubled. In proportion to this the construction of living accommodation has not kept pace. The Government and their officers deserve all the congratulation for having organised house construction societies. The scheme is more suitable for the middle and even poor classes of the population. To invest only about 2/5ths of the entire cost of the construction and to live in it for a period of 20 years, and to pay the balance during these 20 years in monthly instalments and to become the owner of the premises at the end of the period is really a marvellous performance of Co-operation. Government must be thanked for diverting their reserves towards the cost of construction.

Co-operation and Government

Though Co-operation is a voluntary independent movement of the public, Government by means of the Co-operative Societies Act has taken over certain statutory duties like audit, inspection, supersession etc. to itself. It has been argued in some quarters that the Registrar is made a kind of heavy father for the Co-operative Movement. The question arises whether in the present stage of infancy of the Co-operative Movement Government should give up its statutory functions and leave the institutions to themselves as in the case of joint stock companies. It will of course be the ideal if the members and their elected comrades rise to the occasion and show a sense of duty. Government will also save to the extent of Rs. 50 lakhs per year which is spent for the organisation and inspection of Co-operative Societies. Co-operative institutions, the democratic type of elections, the free financing of financing institutions are all on a different footing from the organisation of joint stock companies. As it stands at present I feel that the statutory functions of the Government should continue until the general level rises to an appreciable extent.

Co-operation and Politics

Of late a new orientation has dawned on the minds of some of the Co-operators of West Bengal and Tamil Nad has resulted in the idea of organising a Co-operators' Political Party with a view to fight out the ensuing General Elections and to gain entrance into the Legislature to advocate the promotion of Co-operation. I hold unalterable views on the subject. As it stands in this country, Co-operation has been adored by every section of politicians. There are eminent Co-operators amongst Government servants themselves. At any meeting of a Co-operative institution, one could see with pleasure individuals belonging to different schools of opposing conflagration of political thoughts, sitting together in the most co-operative manner and discussing on the merits of the question at issue and coming to healthy conclusions. The sponsors of the Movement go to the extent of even waiting on deputation on major political parties to get nominated under their shelter which will ultimately result in a change from co-operative politics to that of the party to which they have offered themselves. When they have to change their outlook in accordance with the party which adopts them, they have also to oppose tooth and nail other political parties with whom they might have worked in happy union before denominating themselves as party politicians. Beyond any doubt a creation of party like this will be the surest mode of laying the foundation of the inevitable ruin and liquidation of the Movement.

General Principles

Before I conclude I must place before you my strong convictions which are absolutely essential for the progress of Co-operation.

Though it is a fact that Co-operation has progressed far in advance of other countries and other States and though many countries in the Far East look forward to Madras for guidance it is very definite we have not reached the pinnacle. The real basic principles have yet to be understood and practised by the people.

Party politics, petty factions, communalistic attitudes sometimes play a predominant part in the widely spreading co-operative institutions. These should be nipped in the bud, if the institutions are to be of real service. Elections to the management of co-operative institutions should not be made the chief activity in an institution. Personalities who have devoted their time and energy in an unselfish manner must be encouraged and given the longest tenure of office. Election once in three years is provided for in the Act only with a view to remove the lethargic and the undesirables but never contemplated to replace efficient and honest men. It is my earnest appeal to this Conference to make elections as far as possible unopposed, so that honest co-operators may be given the advantage of utilising their energy in building up institutions and

doing service to members instead of wasting away in working for elections.

Another misconception that I should like to very strongly dispel is that co-operative institutions are charitable institutions. A Co-operative society cannot use its share capital or deposits of members for charitable purposes, however laudable they may be. Nor can any member feel that he can conveniently defraud a society of the sum due by him. A member who perpetrates this crime, commits a sin not only against his brothers but also retards the progress of the country.

Another important requisite of the progress of Co-operation is the efficient Directorate. The sincere enthusiasm on the part of the Board of Directors to improve the material status of the society is absolutely essential. Highly placed individuals however honest they may be if lethargic will not be serving the institution usefully.

Last but never least is the integrity of the member of the Board of Management. It is on this factor that the progress of a society depends. Very many painful instances are on record and seen every day where selfishness is responsible for the murder of societies and Co-operation. The unpardonable sinful attitude of dishonesty of a Director will be the example which he will set for his comrades and Dishonesty will march abreast in a very flourishing manner if the President himself commences co-operation in a wrong direction. On the other hand a President of great integrity will be able to infuse terror in others who have wrong tendencies and eventually will rectify even the incorrigibles. A straight and a strict administration is easy and painless and is the real path for success.

I cannot adequately express the nobility with which the Hon'ble the Chief Minister agreed to inaugurate this Conference. I express my gratitude to him and request him to declare this Conference open. I also welcome Sri A. Ramachandram Pillai, B.A., B.L., to preside over this Conference and also request the most prominent Co-operator of South India, Sri T. A. Ramalingam Chettiar, B.A., B.L., M. P. to open the Exhibition.

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

The Co-operative Movement in Tamilnadu*

HON'BLE SRI P. S. KUMARASWAMY RAJAH,
Chief Minister, Madras

Brother Co-operators,

Co-operation is based on the fundamental principle "Union is Strength" and it is this principle that the famous Tamil poet, Barathiar, rightly stressed in his immortal words.

The superiority of the Co-operative system over the other systems of economy is that it retains the freedom of the individual and at the same time encourages joint action. In that way, it seeks to avoid the evils of capitalism on the one hand and communism on the other. It is a democratic institution by itself giving scope for work by EACH FOR ALL AND ALL FOR EACH of its members. Political freedom is but a step to economic uplift. And of the various non-official agencies engaged in the task of economic uplift, Co-operatives have a pre-eminent part to play. They are the finest example of economic democracy in the world. They are the people's organisations, run by the people for the benefit of the people. And the Madras Government have been encouraging the growth of the co-operative institutions in various directions and given them every assistance and encouragement so as to serve the common man.

2. Co-operatives in the Tamilnadu can congratulate themselves on their yet another year of sustained and all-round progress. The target of increasing the number of rural credit co-operatives so as to cover 50 per cent of the villages has been reached in the Tamilnadu for there are now 7,888 agricultural credit societies covering 65 per cent of the villages. I do not think that efforts should be made hereafter to register more societies. Societies already registered should be strengthened. Membership in the rural societies should however be increased as only 17 per cent of the rural population is served by them at present and the target of bringing 80 per cent of the population within the Co-operative fold reached quickly. I am confident that efforts will not be wanting to increase the membership of the rural credit societies and to reach the target before long. It is gratifying that loans to agriculturists increased to Rs. 3.12 crores and the extra credit business done by the rural credit societies amounted to Rs. 1.7 crores. In the sphere of long-term credit also, there has been good progress, the loans issued by the 66 Land Mortgage Banks being Rs. 39.52 lakhs during the year 1949—50. Co-operative wholesale stores and primary stores procured food grains to the extent of nearly Rs. 13 crores and distributed food grains and other articles to the value of Rs. 22 crores during the year 1949—50. The number of looms within the co-operative fold has increased

*Opening Address delivered at the VIII Tamilnadu Co-operative Conference in Madras on 28th Sept. 1951.

to nearly sixty thousand and the production in the weavers' societies amounted to nearly Rs. 1.5 crores. Loans to the building societies marked an increase and 17 rural housing societies have been organised. Ex-servicemen societies are being placed on a better footing. Jaggery manufacturing societies formed for ex-tappers increased in number and 1,319 societies produced jaggery worth Rs. 87.5 lakhs during the present season. The scheme for the development of palmgur industry is worked with particular success in the Tamilnadu and the ex-tappers have shown a keen appreciation of the training given to them in the improved method of production of jaggery. Special attention is being paid to the spread of the Co-operative Movement in the select firkas and almost all the firkas in the Tamilnadu selected for intensive development work are covered by co-operatives of one kind or another. The credit for this impressive record of progress goes to the large body of co-operative workers in the Tamilnadu who have unstintingly placed their services at the disposal of the co-operative organisations and thereby helped them and the Government in putting through successfully the various measures introduced by Government to bring about an improvement in the condition of the people in the villages and in the urban areas. And I take this opportunity to thank them all for their valuable services and for their hearty co-operation with Government.

3. I shall now refer to one or two matters, which are of vital importance to the Movement at the present moment and to which the Conference might devote some thought. First, I wish to refer to the imperative need for increasing the financial resources of Central Co-operative Banks in order that they may shoulder the additional responsibilities and obligations which they are being called upon to perform on account of the expanding and varied activities of the co-operatives. As you are aware, Government are assisting the Madras Provincial Co-operative Bank to raise funds on their guarantee from the Imperial Bank of India. A sum of Rs. 3 crores has been given on Government guarantee to the Madras Provincial Co-operative Bank for financing procurement of food grains in the Madras State and a sum of Rs. 50 lakhs for distribution of chemical, fertilisers and iron and steel. While I recognise that Government should assist the Co-operative organisations in securing the funds required for working the schemes of food procurement and distribution etc. entrusted to them by Government, I would like to emphasise that it is time that the central banks are alive to the necessity of themselves increasing and strengthening their resources so as to meet the growing demands made on them. They should be able to collect more funds locally and should not depend on the Madras Provincial Co-operative Bank for their normal business which is expanding. It is necessary to examine the whole problem now thoroughly so that ways and means of increasing the resources of the Central Banks may be

devised. Effective steps are essential to secure local deposits. Recently the Village Panchayat Boards have been permitted to invest their funds in the Central Banks. I suggest that this Conference may review the question of the terms and conditions under which deposits should be accepted by the financing banks in the present conditions of the money market and advise suitable measures so as to make co-operative banking organisations an attractive source of investment.

In this connection, I would like to pay a tribute of thanks to the Reserve Bank of India on behalf of the Co-operative Banks for the sympathy with which it has been viewing the problems of the co-operative banks. In Tamilnadu, 10 Central Banks have been sanctioned credit limits to the extent of Rs. 125 lakhs by the Reserve Bank of India and the loans are passed on through the Madras Provincial Co-operative Bank. These loans are given at a concessional rate of interest and the Central Banks pass on the benefit of low rate of interest to financing cultivation and marketing of crops. The Reserve Bank has been doing its best to assist the Co-operative Movement to the extent possible within the frame work of the Reserve Bank of India Act and a number of problems relating to rural finance are under its consideration. It has set up a Standing Advisory Committee of Experts to advise it on matters relating to the Co-operative Movement and it is taking steps to conduct a rural credit survey. I welcome the amendment of the Reserve Bank of India Act recently passed which extends the period of accommodation from the Reserve Bank of India for the purpose of financing seasonal agricultural operations and marketing of crops from 9 to 15 months. The increasing activities undertaken by the Co-operative banks and the difficulties experienced by them in securing the required accommodation from the Reserve Bank necessitates further liberalisation of assistance by the Reserve Bank. The Reserve Bank does not give accommodation to the Central Banks against the security of any paper representing medium-term advances, and its assistance in this direction is very essential. Another direction in which the Reserve Bank Act needs to be amended is to permit the Reserve Bank to provide finance to industrial co-operatives and for purposes allied to agriculture like dairying and processing of agricultural products. Of course, these and other matters are already under the consideration of the Reserve Bank of India and I hope it will soon come to suitable decisions so as to actively assist the Co-operative Central Bank in the State with funds needed by them.

What I have said in respect of tapping local deposits in respect of funds required by the Central Banks for normal agricultural operations applies with equal force in respect of funds required by the Land Mortgage Banks in the State. The Madras Central Land Mortgage Bank has for a long time depended on the outside public for investment in its debentures.

In a recent flotation of Rs. 30 lakhs debentures by the Central Land Mortgage Bank, the Central Banks underwrote the series to the extent of Rs. 24 lakhs. They canvassed for investment in debentures from individuals and institutions other than the co-operatives to the extent of Rs. 10.75 lakhs. But for their efforts, this amount and Rs. 6 lakhs from the Reserve Bank would not have been subscribed to the debentures. This reveals that the Central Banks are a potent force to tap savings in the rural areas. I sincerely hope that the Central Banks and Co-operators in the Tamilnadu will continue to popularise investment in the Central Land Mortgage Bank debentures and thus provide the agriculturists the long-term money needed by them at a reasonable rate of interest.

4. Another matter of importance on which I would like the co-operators to bestow their special attention is their participation in schemes of food production. It is not enough if funds alone are provided by co-operatives for agricultural operations. They should actively interest themselves directly in schemes of food production particularly at the present moment when the country is faced with food shortage. Government have entrusted the work of distribution of chemical fertilisers and iron and steel to the co-operatives. And last year societies in Tamilnadu distributed chemical manure to the value of Rs. 74.5 lakhs and iron and steel to the extent of Rs. 4 lakhs. Government have also entrusted the scheme of intensive food cultivation to village co-operatives in 7 select districts and it is proposed to extend the scheme to 8 more districts of which three, viz., South Arcot, Tanjore and Tiruchirapalli will be in Tamilnadu. Under this scheme village co-operatives are to bring fallow lands under cultivation, to undertake distribution of manure and to construct manure pits and do propaganda for the food production measures launched by Government. While appreciable progress has been made by the co-operatives in the distribution of chemical manure and iron and steel, much remains to be done by way of bringing more land under cultivation and intensifying production methods. No doubt, there are difficulties in getting the land required and in bringing such land under cultivation. Government have recently instructed the officers that land should be made available to the societies quickly and have also extended to the members of rural credit societies the same concessions as are available for members of land colonisation societies to bring fallow lands under cultivation. Grants and loans have been provided to enable them to take up cultivation for which a sum of Rs. 12.8 lakhs has been provided. I sincerely trust that workers at the village level will be forthcoming in large numbers to work up the scheme enthusiastically and see that production is appreciably increased in each of the villages.

Co-operatives can aid food production in several other directions. They can do much to improve irrigation facilities by arranging to instal pump sets. Loans are given by rural credit societies upto a maximum of Rs. 3,500 to an individual ryot for the installation of pump sets to improve

well-irrigation and that several ryots have availed themselves of this concession. Co-operative organisations have also purchased tractors and other agricultural machinery and hired them out to members for their agricultural operations. Co-operative marketing organisations and village multipurpose societies can thus function as effective centres of food production and I will greatly appreciate if the Conference will consider in detail measures that may have to be adopted to accelerate food production through co-operative agencies.

A subject allied to food production is Co-operative farming. The Planning Commission of the Government of India have stressed the importance of Co-operative Farming Societies in their immediate programme of rural development. There are different types of co-operative farming beginning from a simple association for certain agricultural operations to highly developed associations under which either land is cultivated on a joint basis or where ownership of land itself disappears and cultivation is undertaken on a collective basis. Of all these, it is the Tenant farming type that has proved popular and offers possibilities of success in the Tamilnadu. Land colonisation societies in Tamilnadu formed for the civilians and for ex-servicemen are working on this model and there are at present 25 land colonisation societies, which have brought nearly 7,120 acres under cultivation mainly with food crops. If immediate and satisfactory results by way of increasing food production are to be achieved, we should proceed with this type of societies instead of making large scale experiments in Collective or Joint Farming, the results of which may be uncertain or slow. Co-operative farming, which respects the individual's right to ownership and to the fruit of his toil and promotes joint action only in respect of certain specific agricultural operations, offers a most practical line of approach in the present time. I trust the co-operators will explore the possibilities of bringing under the plough large blocks of land through the agency of separate land colonisation societies or big co-operative institutions like Co-operative Wholesale Stores and thus make a substantial contribution to increase food production.

5. As I said earlier, cottage industries occupy a very important place in our rural economy. Of all the cottage industries, handloom weaving has succeeded best on a co-operative basis. I understand that Tamilnadu has a proposal to instal a co-operative spinning mill and I hope that it will be carefully considered by the Madras Handloom Weavers' Provincial Co-operative Society. In this connection I must mention that the allotment and distribution of yarn to the various States is made by the Central Government from a common pool and it is necessary that before the proposed spinning mill is installed, the Provincial Handloom Weavers' Co-operative Society gets an assurance from the Central Government that the yarn produced by the Mill will be made available to the member societies by special arrangement. Government are providing assistance by way of

subsidy and staff to cottage industries societies formed for different types of industries and the Registrar has a sum of Rs. 45,600 at his disposal to be given as subsidy to them. Under the Rural Welfare Scheme, 12 Firkas in the Tamilnadu have been selected for the promotion and revival of village industries. Government have been distributing tools free of cost to select artisans and co-operative organisations have taken up the question of distribution of raw materials in these firkas. The work has just commenced and I hope that the co-operative agencies concerned will do their best to help the artisans in the firkas to pursue their industries profitably.

The Government of India as well as the Madras Government are determined to revive and develop the cottage industries and to give them the necessary financial and other aids. It is proposed to bring all the agencies concerned in the development of cottage industries under unified control and management and for this purpose the question of appointing an Additional Director of Industries to be in exclusive charge of Cottage Industries is under the consideration of Government. To support village industries and through them to maintain a given level of employment in the villages, the Planning Commission constituted by the Government of India has suggested in its 5-year plan the establishment of industrial co-operatives. I sincerely hope that the Madras Provincial Co-operative Bank and the District Central Banks will take a keen interest in encouraging the various cottage industries co-operative societies in their areas and I earnestly request the Conference to go into the question in detail and consider as to how best the cottage industries could be helped by the Co-operative Central Banks as well as by Government.

6. As I said at the beginning of my Address, the potentialities of the co-operative method for the economic advancement of any country are indeed great. But, at the same time, it has its own limitations. For it should be remembered that Co-operation cannot be handed to people ready made. It must come from the people themselves and from their own desires and understandings. For this, education and propaganda are necessary. Co-operation has two sides—the business administration and idealistic reorganisation of the people. The Movement therefore requires men who will not only make business succeed but who are inspired by high ideals of the Movement. The men-in charge of the affairs of the co-operatives should be sincere and honest workers imbued with the true co-operative spirit and animated by a zeal to work for the benefit of the others. Next to the honorary workers, the stability of co-operative institutions depends on the efficiency, honesty and loyalty of their paid employees. In the many spheres of specialised activities now brought under the ambit of co-operation, the need for fully qualified and trained employees to attend to the day-to-day administration of the societies is quite obvious. Government have permitted the Central Co-operative Institute to conduct a course of training for the Secretaries and Managers

of Co-operative Institutions. This should be a welcome opportunity for the co-operative organisations to get their employees in the higher posts trained. There is a tendency in certain institutions to prop up inefficient and dishonest employees and to fail to take stern action against them. Several institutions have come to grief for want of timely action against the employees and I would urge on the management of the institutions to maintain the necessary discipline and enforce strictly the service rules and conditions laid down for them. While honorary directors can lay down the policy, its execution has necessarily to be left to the paid employees and the ultimate success of any programme worked by the societies will largely depend on the zeal, enthusiasm and loyalty with which the employees discharge their functions.

7. Lastly let me say a few words about the conference itself. A conference of this kind serves as an occasion for renewing old ties and establishing new ones. It provides an opportunity for the workers to compare notes, pool their experiences and discuss common difficulties. I consider that the Conference should go further and give a lead on outstanding co-operative matters. For this purpose, co-operators may be invited to prepare papers on special subjects and formulate plans for new lines of activity sufficiently in advance for being considered at the Conference. The papers will provide the necessary intellectual stimulus and out of the discussions on these papers may be borne new ideals and new lines of activity. I request the Conference to consider this suggestion so that in future the conferences may partake the nature of a Co-operative Seminar.

8. Gentlemen, we are passing through rapidly changing times. There is a great social and economic awakening on the part of the people and an assertion of their rights and privileges. May I say that there should be an equal realisation of their responsibilities. The Co-operative Movement like any other social or economic movement can succeed best where its workers are fully alive to their duties and responsibilities. Tamilnadu, which has been noted for its sober, sustained and constructive work, will, I am sure produce a true co-operative spirit and promote co-operative consciousness which will radiate throughout the Madras State nay, in the whole of India.

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Urban Banks and their Problems in Madras*

RAO SAHEB M. S. SESHACHALAM IYER,

Secretary, Tiruvannamalai Co-op. Urban Bank, Ltd.

The necessity for the Urban Banks to meet and discuss their problems separately was recognised as early as 1928 when the first Urban Banks' Conference was held in October 1928 at Erode, under the Presidentship of Mr. A. Ranganatha Mudaliar, B.A., B.L., M.L.C under the auspices of the Coimbatore District Audit Union. 97 representatives of Urban Banks were present and a number of resolutions were passed regarding the starting of Audit Unions for Urban Banks and for encouragement of small industries. The Second Urban Banks' Conference was held in the year 1932 at Tiruvannamalai opened by D. N. Strathie Esq., I.C.S., the then Registrar of Co-operative Societies and was presided over by Sri V. Ramadas Pantulu Garu, B.A., B.L., the then President of the Provincial Co-operative Union. The third Conference of Urban Banks was held in the year 1933 at Periakulam Madura Dt. under the Presidentship of Hiralal Lallubai Kaji, M.A., B.Sc., Honorary Secretary of the All-India Co-operative Institute, Bombay and was opened by Sri Rao Bahadur K. Deivasikamani Mudaliar the then Registrar of Co-operative Societies of Madras. In his opening address the Registrar, Mr. Deivasikamani Mudaliar said that in regard to Conference of Urban Banks his own idea was that the representatives of Urban Banks should meet separately at the time of the provincial conferences just as the delegates of Building Societies and Stores Societies meet and discuss their difficulties and also further said that as suggested by Mr. Ramadas Pantulu in his presidential address in the previous year at Tiruvannamalai the several groups of co-operative institutions might form themselves into sectional conferences, each having its own president, deliberating its own problems and arriving at its own conclusions and the provincial conference may meet as usual with a distinguished co-operator as president and as his address is over co-operators may divide themselves into sectional conferences and the Provincial Union could publish all proceedings together. There a number of resolutions were passed and a working committee of 6 urban bank representatives was formed for the purpose of arranging for the next conference for carrying out the resolutions and for doing all such acts necessary for safeguarding and advancing the interest of the urban banks. This committee was not able to function as expected since a rule 25 under the Madras Co-operative Societies Act was passed prohibiting societies which have not as their object in their by-laws the function of convening of conferences to call for such and societies were

* Opening Address delivered at the Urban Bank for Session during the VIII Tamilnad Co-operative Conference on 29-9-1951.

prohibited from contributing donations for such conferences for their expenses. Thus ended the career of the urban banks conferences in the year 1934. The advice of the Registrar was taken and the urban banks were requesting the Provincial Union to arrange for a separate business session of the urban banks during the annual conferences. Recently Sri Palaniappa Mudaliar, the Joint Registrar of Co-operative Societies visited Tiruvannamalai Urban Bank and suggested that since the Urban Banks have their own separate problems to compare notes and to decide issues, they may have a separate business session during the annual conferences like L. M. Banks, Stores and Weavers. This was an incentive for requesting the Tamilnad Federation to arrange for such special session during the annual conferences. We are now glad that the Tamilnad Co-operative Federation has recognised our request and arranged for this special session.

Urban Banks in the early period of the Movement were modelled on the lines of Nidhis. Nidhis were very successfully working in Southern India in those days. In Nidhis there were members who were able to deposit their savings and there were members who were in need of loans to repay them in small instalments. It was the share and loan in the form of the present recurring deposit paying the same at fixed monthly instalments for 45 months and receiving Rs. 50 for each instalment of Re. 1 after 45 months and likewise for each loan of Rs. 50 to be repaid in 45 instalments of Re. 1 each with interest. The first Urban Banks were started at Tirumangalam, Berhampore and Tanjore on this model. Subsequently it was found that adequate share capital was necessary for an Urban Bank. The Act of 1912 allowed the registration of limited liability societies and the Urban Banks were classified among the non-agricultural limited liability societies. An Urban Co-operative Bank is defined as an institution carrying on the business of collecting savings from one set of persons and loaning out the funds so collected to another set of persons at higher rate over the same allowed to deposits. The business in Urban Banks where the safety of the depositors and shareholders is the main concern is to be done on strict business line principles implying a large scale of operation, efficient management, a full time paid staff and a continuity of policy. It should not fully depend upon the honorary service subject to the uncertainties of a democratic election as viewed with the idea that co-operation means pity and soft corner for the borrower. The urban societies which may be really called People's Banks are started to alleviate the condition of urban population especially that of the poor labourer, petty trader and the small industrialist. They are mostly institutions for receiving deposits and lending loans to ordinary members. When compared with the functions of such institutions elsewhere, these deposits and loans are but a fraction of a real work they are engaged in, Peoples Banks of Germany do banking business receiving deposits

extending credit, buying and selling securities and commercial papers and some times making collections for them, mortgages, pledges, ware house receipts, bills of lading, collateral and bankable papers.

Thus we have got plenty of scope for extension of our activities. We are now in a position to be entrusted with the savings of our people in our area with all kinds of deposits and we are lending on personal securities mortgages of immovable properties, deposits, insurance policies, Government Pronotes and on jewels. Of the 1981 non-agricultural societies existing on 30th June 1950 the Urban Banks are only 219. They have about $2\frac{1}{2}$ lakhs of members. They issued loans during this year for Rs. 482 lakhs of which Rs. 407 lakhs were repaid during the year Rs. 436 lakhs were outstanding at the end of the year and Rs. 66 lakhs were overdue which works to 16 per cent which is rather very high for Urban Banks. The share capital was Rs. 96 lakhs, reserve fund Rs. 36 lakhs, and deposits amounted to Rs. 412 lakhs and working capital Rs. 618 lakhs. The cost of management is Rs. $12\frac{3}{4}$ lakhs which works at 2 per cent of the working capital.

In Bombay for the year '46-47 the number of Urban Banks was 126, Share capital Rs. 80 lakhs, Reserve fund and others Rs. 63 lakhs, working capital Rs. 965 lakhs and deposits Rs. 492 lakhs. The cost of management was Rs. 12 lakhs which gives a percentage of 1.2 per cent. Loans due by members Rs. 317 lakhs of which overdue was only Rs. 2.1 lakhs. The percentage of overdues is only 6.8 per cent. The overdues in our Urban Banks are rather very high and it should receive the attention of our Co-operators that overdues in an urban bank is a sign of weakness and should be avoided at any cost. The Registrar of Co-operative Societies in his Administration Report for the year 49-50 has also noted that the Urban Banks have been permitted to enlist the members of the village societies as B. class members for the purpose of borrowing on the pledge of jewels. These jewel loans have now come to play an important part in the economic aspects of the villages. Some years back the economists and social workers decried the Hindu women for uneconomic conduct of going in for gold jewels which was considered to be a dead capital in those times. But those jewels have come to save in a number of depressed families in times of scarcity. Speaking only of the poor people for whom the Co-operative movement is expected to serve, people from remote country parts go to Urban Banks irrespective of their distance from their house with their ear ring, nose screws, or silver bangles for a loan of Rs. 10 or 20 to purchase seeds or manure and to repay the same during harvest. Hundreds of people of villages go in for these loans every day to the nearest Urban Bank especially now on account of acute famine and the continued failure of rains for the last 4 years. The Urban Banks will be well advised to extend their jurisdiction for jewel loans to a whole or part of a that as may be convenient to them

and to serve the villagers in distress by issuing these small loans ungrudgingly though they may not be remunerative and may be a little troublesome and responsible. No other co-operative institution can under take this work since the jewel loans require efficient staff, safe custody of jewels and facilities to apprise them to their proper value and enough of finances. The village societies cannot do it nor a Central Bank which is far away from the villages. This is a real service to the rural population from whom the town derives all its requirements for their wealth maintenance and amenities. Some of our banks have lent many lakhs on jewels on adequate securities and the co-operative lending also means helping the poor people of villages with small loans since otherwise they lose their jewels in the hands of the usurious money lenders.

Urban Banks mostly depend upon their own deposits. The Registrar has stated in his Administration Report for '49-50 that these banks have got 75 per cent of their working capital in the shape of their deposits. He has also reported that the Rural Banking Enquiry Committee considered that Urban Banks situated in Municipalities and Major Panchayats are and would be most suitable for tapping savings in the urban and semi-urban areas and that they have indicated certain subsidies and assistance to be provided to these banks in this behalf. The Registrar also suggested to Government that financial assistance may be given to these banks at least for a period of 5 years towards the cost of management, subject to a minimum of Rs. 300 per bank to enable them to appoint qualified paid secretaries on a salary of Rs. 200 and an accountant on a salary of Rs. 100. He has also suggested that each Urban Bank should invariably have a strong room to keep jewels and other valuables received on pledge and that Government might for this purpose give them subsidy and loan on Rs. 50 : 50 basis and as the purpose of the subsidy is to enable Urban Bank to tap rural and semi urban savings which is of national importance the cost of the proposal might be met by State Government and Central Government on the basis of Rs. 50 : 50. The Urban Banks are indebted to the Registrar of Co-operative Societies for taking up their case with Rural Banking Enquiry Committee of which he was also a member and for this valuable suggestion for the improvement and spreading of the Urban Co-operative Banking activities in rural parts. There are a number of other useful sources to be tapped for financing the Co-operatives. I think, we have some resolutions before us for requesting the Registrar to allow the urban Banks to receive security deposits of both Government contractors and Local bodies and to open accounts on behalf of local boards and panchayats. Devasthanams and Endowments and also to entertain Civil Court deposits. At present Central Banks are authorised to receive security deposits but being far away 75 per cent of them do not go to Central Banks. I think the Registrar who is very particular about getting all available sources tapped will allow the Urban Banks to tap all these sources and increase their deposits.

The borrowing power of an Urban Bank is now ordinarily limited to 8 times the share Capital and Reserve Fund. But in Bombay it is provided that the total amount of loans and deposits should not exceed 8 times its paid up share capital, Reserve fund and Building fund minus its accumulated loss if any. This provision has been relaxed by Provincial Government in the case of banks approved for this purpose by the Registrar to incur liability in excess of 8 times but not more than 12

times the paid up share capital, Reserve Fund etc. It may be said that the Urban Banks may increase their share capital. This is a society of borrowers. The non-borrowing share holders who may subscribe for their share capital will be interested in getting a maximum dividend. An over capitalisation will affect the rate of dividend and disqualified share holders will be a source of trouble. It is therefore necessary that maximum borrowings should be raised to 12 times wherever the Registrar is satisfied with the working of the bank. Urban Banks are satisfactorily improving in Madras and Bombay. The system adopted by Urban Banks in both these Provinces are more less similar. In Bombay also they have non-banking services such as Provident Fund, medical and educational facilities, maintenance of libraries, installation of safe deposit vaults. In view of the difficulties in regard to an equitable distribution of domestic requirements among consumers many of the Urban Banks in Bombay in common with other Co-operative organisations are also permitted to act as authorised ration dealers and wholesale agent for distribution of rationed and controlled articles, the terms and conditions being incorporated in the by-laws and rules framed by Co-operative Department.

The audit of the urban Banks which is another important subject was discussed at all the previous urban bank conferences. It is a function assigned to the Registrar and he is responsible for the same by the statute. But in the present state of a large increase of all kinds of Co-operative Societies it is not possible to have a thorough checking of all accounts by the auditor himself. There are societies running Ration shops issuing thousands of receipts every day, milk supply co-operative societies stores and such other retail dealers issuing numerous receipts and if an auditor is to go through all these chits it could not be satisfactorily done unless he is employed as a full time auditor of such institutions. Hence it is necessary that an internal audit system should be introduced in all such institutions where a full time qualified auditor of a supervisor's grade should be appointed by the institution itself and day to day work is audited then and there. Then a departmental auditor or a private auditor selected from the panel approved by the Registrar may have a test audit and prepare a Balance Sheet in a reasonable time and the cost to be paid by the urban banks will not be very heavy. A similar system seems to be in vogue in Bombay. It is said that apart from annual statutory audit either by departmental auditors or approved professional auditors, urban banks generally arrange for quarterly audit by their own auditors.

Brother Co operators, we are no longer the isolated units that we were before and since we have been allowed the privilege of having a separate session during the conference we can depend upon the help of Tamilnad Federation and Provincial Co-operative Union for taking action on subjects which we may pass in this session in the shape of resolutions.

In conclusion I request the urban banks to take the opportunity of implementing the Registrar's wishes by building ware houses, and strong rooms and spreading of jewel loans to villages and to deserve the subsidies recommended on their behalf.

The VIII Tamilnad Co-operative Conference, Madras 29th and 30th September 1951

A RESUME BY SRI T. NARAYANA PILLAI, B.A., B.L.,
Joint Secretary, Madras State Co-operative Union.

A few members of the Conference felt that the Government is not giving adequate recognition to the Co-operative Movement and utilising the Movement. They wanted to form a separate political party but the conference was not in favour of it. But a resolution was passed requesting all political parties to support Co-operators.

Another important subject discussed was that persons carrying on any avocation cannot be members of a co-operative society having the same avocation as one of the objects of the society. After a heated discussion it was resolved by a majority that any member having the same avocation or business as that of the society should cease to be an office-bearer and that the rules of the co-operative society should be so amended.

It was suggested that the departmental staff should have more of legal training and at least a Law graduate must be made available in every district but the matter was talked over and the resolution was not pressed.

The greatest concern was to tackle the problem of getting more working capital for the Movement. It was resolved that at the next Conference prizes and shields must be given district-war to primary rural societies canvassing the largest deposits to be deposited in the Central Bank. It was resolved that every village society must collect at least Rs. 1,000 for investing as fixed deposit with the Central Bank.

The Conference felt that the Government audit for societies other than provincial societies is conducive to the interests of the Societies but felt that this present audit fees collected by the Government is oppressive. Since servants of the Government department are generally the Executive Officers of the co-operative societies, they regretted that the Government has not taken any steps to separate audit and administration. Though they have accepted the principle even years ago, yet they have not given effect to it.

There were other resolutions requesting the Government to give priority to co-operatives in assignment of lands, allotment of mill cloth, procurement agency etc. In the matter of grow more food campaign, the marketing societies and wholesale stores were requested to buy agri. cultural implements like tractors etc. and give them on lease to the ryots needing them.

Madras Central Land Mortgage Bank Debentures

SRI C. V. SRINIVASACHARIAR, B.A., B.L.,

Chidambaram

I have perused with interest the two articles on "Debentures of the Madras Co-operative Central Land Mortgage Bank" by Messrs. J.C. Ryan and T. A. Ramalingam Chettiar which appeared in the issue of the Madras Journal of Co-operation for July, 1951. I am rather surprised that the well-meant efforts of the Registrar to find funds for the Central Land Mortgage Bank to finance agriculturists at the existing rate of $5\frac{1}{4}$ per cent should have evoked sharp criticism. Mr. Chettiar's arguments merit careful consideration. What I, however, feel is whether, having regard to present conditions and the special needs of our agriculturists at the moment, the policy pursued for tapping funds for the Central Land Mortgage Bank at 3 per cent should be objected to on academic or technical considerations.

In his article on the subject, Mr. Ryan has discussed the objections raised by Mr. Chettiar at the Bankers' Conference. More or less the same points have been raised in Mr. Chettiar's subsequent article also. As one connected for many years with the working of the Co-operative Urban Bank as well as the Land Mortgage Bank in my place, I may be permitted to place my views before the readers of this Journal.

2. Sri Ramalingam Chettiar's first objection is that Rs. 45 lakhs which would have otherwise been available for the Provincial and Central Co-operative Banks for financing their normal requirements were diverted to the Central Land Mortgage Bank thereby depriving them of their legitimate resources and that too at a time when they were themselves in need of funds. Mr. Chettiar has stated that the short term credit movement was itself in need of more and more money and that last year the Provincial Co-operative Bank had to lend out of its own resources Rs. 140 lakhs besides another sum of Rs. 167 lakhs provided by the Reserve Bank of India. It is true that with the impetus given to the expansion of the credit movement by the organisation of new societies, the demands for funds made by the primary societies on the Provincial and Central Co-operative Banks must necessarily be heavier than before. But I believe the Provincial Co-operative Bank and the Registrar should be able to prevail upon the Reserve Bank of India to provide more money if what it has been providing already is not adequate. In the changed conditions after we attained independence, the Reserve Bank has been more sympathetic towards Co-operative Banks and recently, the Reserve Bank of India Act was also amended so as to extend the period of its loans for agricultural operations etc. from 9 to 12 months. In so far as the funds are needed for financing agricultural operations and the marketing of crops, there ought to be no difficulty in getting the Reserve Bank of India to provide moneys in a more

liberal measure. If this could be secured, I do not see how the diversion of the sum of Rs. 45 lakhs to the Central Land Mortgage Bank debentures could really prejudice the short term credit movement. The Registrar has stated in his article that on 30-6-'50 the Central Banks in this State held only 13.5 per cent of their borrowings in trustee securities though, according to the standards laid down by the Reserve Bank of India, they should keep 30 to 40 per cent of their deposits in Government securities so as to strengthen their financial position. With the rapid expansion of the Movement both on the credit and the non-credit side, the transactions of Central Co-operative Banks are increasing enormously and, is it not necessary that these banks should, side by side with their expansion, strengthen their resources position also in accordance with the standards laid down by the Reserve Bank of India? I do not know why Mr. Chettiar has not referred to this point in his article. This partial investment of funds by Co-operative Central Banks in debentures which are guaranteed by Government, will give a certain degree of fluidity to their funds and from a general banking point of view, this is sound.

3. Another point raised by Mr. Chettiar is that Registrar has imposed a loss of about Rs. 3 lakhs on Co-operative Societies while he has been able to save Rs. 1,20,000 to the Central Land Mortgage Bank. What Mr. Chettiar seems to suggest is that Central Banks and societies have lost Rs. 3 lakhs by investing in the Central Land Mortgage Bank debentures at their issue price of Rs. 99-8-0 instead of in Government securities maturing in 1962 which were selling at Rs. 92 per cent. There seems to be some vagueness in respect of this matter both in the article of the Registrar and in that of Mr. Chettiar. The Registrar contends that Central Co-operative Banks purchase the debentures not with a view to sell them subsequently in the market and make a profit, but in order to hold them in their securities portfolio as part of their fluid resources. His point seems to be that there can be no question of loss so long as the debentures are held for their full period of issue and they are redeemed at par on maturity. While this is all right so far as it goes, I may point out that the Registrar has not considered what the position would be if the amount had been invested in Government securities and if these securities were also held over till maturity (that is till the year 1962.) In this event, the banks and societies stand to gain much more. But, to say that they have lost Rs. 3 lakhs, as Mr. Chettiar has said, does not appear to be correct. All that could be said is that the banks and societies would have gained more if they had invested the amounts in Government securities at the prevailing prices instead of in the Central Land Mortgage Bank debentures. If this is admitted, the question then reduces itself to this, viz. whether Co-operative organisations are to utilise their finances only with a view to profits or whether they should lend a helping hand to their sister institutions in need. True to the Co-operative spirit, the banks chose the latter

course and it is this action on their part that has evoked the admiration of the Honourable Chief Minister as will be seen from his speech extracted in the Registrar's article. The short-term and the long-term credit organisations are the two limbs of the co-operative credit movement, and it is in the fitness of things that in a spirit of mutual help, the Co-operative Central Bank should have come to the rescue of the Central Land Mortgage Bank in a period of stress. On this principle, I should think that much of the criticism levelled against the investments will disappear. After all, financial transactions in the co-operative movement are to be motivated not solely by a desire to earn profits but by a desire to help the various limbs of the movement, even if the latter course should not produce as much gain as the former.

4. I look at these investments from another point of view also, viz., the point of view of the agriculturists. Mr. Ramalingam Chettiar has stated that the days of cheap money are passing away and that it does not seem to be a practicable proposition to stick to the original rate of 3 per cent. It is true that interest rates are going up, but is the present time opportune for increasing the lending rate? Agriculture has all through been regarded as a deficit economy and successive committees and commissions have laid stress on the need for providing cheap credit to agriculturists. Post-war conditions have had the effect of raising the price of agricultural produce, but even with the increase in prices in recent years, some consider that agriculture is still not a business proposition. It is argued in support of this view that the cost of cultivation and the cost of living have increased more than proportionately and that, in the result the average agriculturist finds himself where he was before the war. However this may be, the adverse effects on agriculturists brought about by natural factors such as cyclones, floods, continuous failure of monsoons etc cannot be ignored. At a time when the agriculturists are thus hit hard, the question is whether the rate of interest on loans should also be raised. A rise in the interest rate may become inevitable if conditions continue as at present, but is it not the duty of the Co-operative movement, which is composed essentially of agriculturists, to see that the lot of agriculturists is not worsened at least as far as it is possible to do so? Viewed in this light also, I should think that any efforts to raise funds for the Central Land Mortgage Bank debentures by tapping co-operative resources to the extent possible need not be objected to. I wish to take this opportunity to request my brother co-operators both in the urban areas and the rural parts to do their best by tapping funds for the Central Land Mortgage Bank debentures at the present rates from outside investors so as to lessen the burden on Co-operative banks and institutions. If facilities for the grant of loans by co-operatives on the security of these debentures are afforded by enacting suitable provisions in their bylaws as suggested by the Registrar, there can be little difficulty in inducing investors to invest their savings or surplus funds in these debentures. The suggestions of the Registrar in this respect contained in his article deserve the careful consideration of all genuine co-operators. I commend them to my brother co-operators for adoption.

Madras Central Land Mortgage Bank Debentures

SRI O. A. NARAYANASWAMI AIYAR, B.A. B.L.,

Tanjore

The two contributions on this subject in the July issue of your Journal provide food for thought. It cannot be denied that the various types of Co-operative organisations functioning to help the agriculturist either for providing long term requirements or short-term requirements or even for canalising their savings should all coordinate and work to-gether if they are to survive in the midst of capitalistic economy. It should also be admitted that the extent of the help which one section of the Co-operative Movement should render to the other would be circumscribed and regulated by its own requirements and such help or co-operation as is needed would have to be rendered without interfering with their normal requirements. It would certainly upset the balance if the Central Banks invest more than what they could spare in long term debenture-bonds unless they could spare the same out of their reserves or Provident Fund accumulations of the employees or the like. But there must be no harm and on the other hand it might be desirable and necessary that these Central Banks which are in close contact and day to day touch with the agriculturists in rural areas through their primaries should popularise debenture issues of the C.L.M. Bank by a sustained and periodical propaganda to secure the funds required for these debentures. It goes without saying that for this purpose the debentures should be sufficiently attractive and that the interest yield which they offer should compare favourably with that of other securities in the market. In the latest debenture issue, an attempt was made for the first time by the Central Banks through their various agencies to secure subscriptions for these debentures from agriculturists in rural areas and from various institutions. Luckily for us, in Tanjore, a large number of religious institutions were having with them considerable amount of funds set apart by them as reserve and the President of the Hindu Religious Endowment Board had strictly instructed them to endow them in long-term securities. This was a very great help in securing contributions to the debentures in as much as they had with them considerable funds to invest besides what they had already invested in National Savings Certificates, Treasury Bonds and the like. Further, it was also found that amongst discriminating investors in rural areas C.L.M.B. debentures in spite of the lower yield made a special appeal to them by reason of what they described as a double security Government guarantee and the first mortgage of immoveable properties. Out of the one lakh which the Tanjore Central Bank had under-written well-nigh Rs. 65,000 was secured by the various religious institutions in the district and the balance mostly by agriculturists in rural areas. It will thus be seen that without in any way impairing the availability of funds required by the

Central Bank, merely as agency for the C.L.M. Bank the Central Bank was able to secure funds which ultimately would go to benefit the agriculturists in the Province. It seems a desirable and a healthy convention to establish that there should be a close co-operative and mutual help between the various branches of Co-operative activity. But there is one particular aspect of the question that ought to engage the attention of all concerned and that is to secure easy negotiability for the debentures of the C.L.M. Bank. One investor in particular who has been very regular in subscribing for every debenture issue of the C.L.M. Bank, pertinently asked as to why it is that in spite of the sound security and the reputation which the C.L.M.B. enjoys, it has not been possible to get the debentures in the Share Market as easily as the Government Securities. It is rather a difficult question to answer. It is a rather important matter to be considered in all its bearings and measures have to be devised for further popularising the debentures issue as a very convenient source of investment and to secure its easy negotiability. If this is done, it will be much easier for the Central Banks and the various co-operative organisations to act as agents of the C.L.M. Bank, for sale of these debentures and also as the medium for carrying on negotiations in respect of these debentures. It is found that under the Indian Insurance Act 25 per cent of the Life Funds of Insurance Societies which aggregate to huge sums have to be compulsorily invested in Government securities and to that extent Government securities enjoy a special privileged position and create a special demand for the same. As one of the means, it may be worth-while to consider and press the point of view that the Government may be prevailed upon to amend the Act so that at least a portion of the remaining 25 per cent which has to be invested in approved securities may be directed to be invested in the debentures of Land Mortgage Banks as might be approved by the Government, after satisfying themselves of the soundness of the working of such concerns. Of course this is only a mere suggestion intended to secure a larger demand for the debentures. But its further implications and other aspects would have to be considered. Probably it will be more advantageous if the measures necessary for ensuring greater co-ordination between these various Co-operative institutions as also the steps necessary for popularising of the C.L.M. Bank debentures to secure more facilities for negotiating them might be considered at the next Conference of Co-operators.

A Short Note on the Proddatur Labour Contract Society, Ltd., (Cuddapah District.)

The Proddatur Labour Contract Society in the Cuddapah District was registered on 13-2-1950 and was started on its work on 2-5-1950. The object of the Society is to promote the economic interest of its members who are mostly Harijan Labourers by taking contracts from Government, public and private bodies and thus provide adequate and profitable labour to them. The area of operation of the society extends to the whole of the Proddatur Taluk.

The society was started with 27 members with a paid-up share capital of Rs. 1,775. One of the directors of the society deposited a sum of Rs. 8,000 to enable it to commence its work. During 1950-51 the Forest Department gave two coupes in Vonipenta Forest range at concessional rates. It was also granted the cutting of minor forest produce in the same range. There are at present 159 members with a paid-up share capital of Rs. 3,000. For 1951-52 it has been granted the working of the four coupes in Vonipenta range. The work in the society has been considerably increased and it has been sanctioned the loan of services of a Senior Inspector from 1-5-1951 to work as its paid Secretary; it earned a net profit of Rs. 431 for the year 1950-51.

With a view to extend the sphere of its work, labourers of other categories have also been admitted as members. The society has applied to the Highways and Public Works Department and to the District Board for enlistment as a contractor. It is receiving financial assistance from the Cuddapah Central Bank and it has done very useful work in ameliorating the conditions of the Harijan workers by providing adequate labour in working the coupes.

The Madras District Co-operative Central Bank, Ltd.	
52-53, Thambu Chetty Street, Madras 1.	
ESTD. 1930	TELEPHONE NO. 2384.
Authorised Capital	Rs. 10 lakhs.
Working Capital	" 35 "
<i>All kinds of deposits accepted.</i>	
Rates of Interest :—	
Current Deposit	½ % Savings Deposits 2 %
Fixed Deposits :—For 1 year and above 3½ %	
<i>Further particulars can be had from the undersigned :</i>	
B. S. VIJAYAGOPAL, B.A., B. COM. Secretary.	

92582 M-II/49-1. dated 18-9-1949.
68599 N/49-1. Revenue, dated 1-12-1949.
Revenue, L. Dis. A-7488/49, dated 1-8-1950.
68599 N/49-6, Revenue, dated 10-8-1950.
Revenue, Ref. A-3925/50-8, dated 16-10-1950.
68599 N/49-12, Revenue, dated 22-1-1951.
Revenue, Ref. A-3925/50, dated 25-1-1951.

ations have been made to the Government by the
ed in the handloom industry that the industry needed
he matter of levy of sales tax. The Government have
carefully. They consider that some immediate relief
dingly direct that with effect from 15th February
a cloth in this state be taxed under the provisions of
les Tax Act, 1939 at the rate of one and a half pies
mover instead of at the rate of three pies per rupee

ed notification will be published in the Fort St.

APPENDIX.

NOTIFICATION,

he powers conferred by section 6 (1) of the Madras
Act, 1939 (Madras Act IX of 1939), His Excellency the
Governor hereby directs that every dealer in handloom cloth in
this State, with effect on and from 15th day of February
1951, the provisions of the said Act at the rate of one and a
half pie on his turnover of sales of handloom cloth instead
of three pies as at present.

I recommended this resolution to Government.
Government of India announced their intention to purchase
handloom goods in the shape of handloom goods in October 1949
purchase has been made by that Government. One
of the difficulties in the way of implementing this decision is that the
Government is not capable of being extensively produced on
Madras Government have, therefore, requested the
Government to issue necessary instructions to the consuming
departments to dify their specifications of their cloth requirements
and required types of cloth can easily be produced on
Madras Government are concerned, they have decided to
issue for their requirements excepting in a few cases where
handloom cloth would be available.

I recommended this resolution to Government. The
Government of India. Both
at Governments are taking steps to increase the supply
of handloom industry.

M. POOBALARAYAN.
For Registrar.

The Madras State Co-operative Union

ESPLANADE, MADRAS

Proceedings of the Executive Committee Meeting held
on 14th October 1951 at 12 noon.

Members Present: Sri D. Mahalingam Pillai—Chairman
Sri D. Rajaram Reddy
Dr. P. Natesan
Sri T. Narayana Pillai
Sri R. Krishnamurti
Sri N. S. Ramalingam
Sri H. Linga Reddy
Sri M. P. Nachimuthu Mudaliar
Sri N. Satyanarayana
Sri P. Satyanarayana Raju
Sri V. Jaggaraju
Sri M. S. Palaniappa Mudaliar

Sri G. Viswanatham Chetti, Joint Registrar of Co-operative Societies
was also present on invitation.

The following resolutions have been passed :

1. Condolence resolutions on the demise of :

1. Sri S. K. Yegnanarayana Iyer ;
2. Sri K. A. Nachiappa Gounder ;
3. Sri G. Sreeramababu Naidu.

"The Members of the E. C. of the Madras State Co-operative Union
express their sorrow at the sudden demise of (1) Sri S. K. Yegnanarayana
Iyer ; (2) Sri K. A. Nachiappa Gounder ; and G. Sreeramababu Naidu and
place on record the very valuable services rendered by them to the Co-op-
erative Movement in the Province in general and to the State Co-operative
Union in particular.

Resolved to request the President to convey the resolution to the mem-
bers of the bereaved families."

2. Co-operative Training and Education—failed S.S.L.C. candidates
—admission into Co-operative Training Institutes of 1951—52 session—
extension of time from 26-10-50 to 10-7-51—Circular letter issued by
President of this Union dated 27-6-51—ratification of.

"Ratified."

3. Co-operative Training and Education—admission of failed
S.S.L.C. candidates for Co-operative Training—preferential treatment for
Rayalaseema—Notice of resolution given by Sri P. S. Guruva Reddy,
Joint Secretary of the Madras State Co-operative Union dated 16-7-51—
resolutions passed by various Central Banks and wholesale Stores of Rayala-
seema supporting the move of Sri P. S. Guruva Reddy—consideration of.

"Adjourned."

4. Co-op. Congress 1951—Conference of All India Co-operatives and
Registrars—3rd to 6th November 1951—letter dated 12-9-51 from the
Indian Co-op. Union—election of delegates to the Congress—consideration of.

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THE MADRAS JOURNAL OF CO-OPERATION

"The following members have been elected :

Sri B. Venkataratnam Choudary.
 „ D. Mahalingam Pillai.
 „ N. Satyanarayana.
 „ M. S. Palaniappa Mudaliar.
 Dr. P. Natesan.

Allowed 2½ second class fares in all for up and down Journeys plus Ra. 15. per day of stay at Bombay.

5. Co-op. Training and Education—State Co-op. Union examination payment of supervision charges to official lecturers—letter Rc. 101855-51.N. dated 5-8-'51 of the Registrar of Co-op. Societies not according sanction to receive supervision fees by official lecturers—stopping of payment of supervision fees to non-official lecturers also—consideration of.

"No need to pay."

6. Harijan and Backward classes—scholarships—payment of lump-sum subsidy to the Madras State Co-op. Union by Government—request not granted—R. C. 100898-51, N. dated 28-8-1951 of the Registrar of Co-op. Societies—reporting of.

"Recorded."

7. Payment of subsidy of Rs. 15,000, to the Madras State Co-op. Union by Government for film production—proposal of the Registrar of Co-op. Societies not accepted—Endt No. R.C. 151981-50. N. dated 18-7-'51 of the Registrar of Co-op. Societies—reporting of.

"Recorded—Await proposed enactment."

8. Co-op. Training and Education special course of study at Central Co-op. Institute, Madras for training Secretaries, Assistant Secretaries, Managers etc.—Memo No. Rc. 13465-50. N. dated 12-7-1951 of the Registrar of Co-op. Societies and the action taken by the Madras State Co-op. Union—starting of the course by Government—reporting of.

"Recorded."

9. Shops and Establishments Act—general exemption to Co-op. Societies—Letter F. 1. 25860-51 dated 25-7-51 of the Commissioner of Labour negating the proposal of this Union for discussing the subject—reporting of.

"Recorded—To take up the question after the Elections."

10. Mill cloth trade by Co-op. Wholesale Stores—discussion with the Hon'ble the Chief Minister on the subject on 16-7-51—reporting of.

"Recorded."

12. Enhancement of subscription of the Madras Journal of Co-operation from Rs. 6 to Rs. 8 in view of the high cost of printing and paper—consideration of.

"Raise the subscription from Rs. 6 to Rs. 8 from 1st July 1952."

15. Affiliation of Societies.

"Affiliate."

The following Societies have been affiliated :

THE MADRAS STATE CO-OPERATIVE UNION

1. Kalpatti Co-op. Urban Bank, Ltd. Kalpatta. (Malabar Dt.)
2. Multipurpose Co-op. Credit Society Ltd. Palakoderu. (W.G.Dt.)
3. Madura Co-op. Labour Contract Society, Ltd., Madura.
4. S.I.Ry. Employees Co-op. Credit Society, Ltd., Trichinopoly.
5. Madura Sourashtra Co-op. Bank, Ltd., Madura.
6. Co-op. Sale Society, Ltd., Dharapuram (Coimbatore Dt.)
7. Co-op. Stores, Ltd., Kumbla (S. Kanara)
8. Co-op. Stores, Ltd., Pallipalayam (Salem Dt.)
9. Co-op. House Building Society, Ltd., Palamcottah.
10. Krishna Nagar Co-op. Building Society, Ltd. Madura.
11. Velippalayam Co-op. Milk Supply Society, Ltd., Nagapattinam.
12. Co-op. Land Mortgage Bank, Ltd., Karur. (Trichy Dt.)
13. Co-op. Marketing Society, Ltd., Undi. (W.G.Dt.)
14. Co-op. Marketing Society, Ltd., Gollaprolu (E.G.Dt.)
15. Co-op. Union, Ltd., Turaiyur. (Trichy Dt.)
16. Local Co-op. Union Ltd., Sullia (S.Kanara Dt.)

16. Dis-affiliation of Societies.

"Dis-affiliate."

The following societies have been dis-affiliated.

1. Ayakudy Weavers Co-op. Production and Sale Society, Ltd., Ayakudy. (Madura Dt.)
 2. Co-op. Paddy Sale Society, Ltd., Chidambaram (S. Arcot Dt.)
 3. Co-op. Stores, Ltd., Puttur (Chittoor Dt.)
 4. Co-op. Stores, Ltd., Palakod (Salem Dt.)
18. Sri R. Krishnamurti, Treasurer of this Union suggested that the financial resources of the State Co-op. Union be augmented as the present financial position is not sound.

"In view of the amending provision of the Act the subject was adjourned to be considered if necessary after the new Act."

D. MAHALINGAM PILLAI,
 Vice-President and
 Chairman of the Meeting.

Notice to Non-Members.

Sub: Madras Journal of Co-operation—Subscription Rate—Increase of

This is to inform the Non-members of this Union, in view of high cost of printing and paper, the Executive Committee of this Union has been obliged to increase the rate of annual subscription of the **Madras Journal of Co-operation** from Rs. 6 to Rs. 8. This will take effect from Vol. XLIV of the Madras Journal of Co-operation, i. e., from July 1952 onwards. Hence the Non-members are requested to remit the revised rate of subscription from Volume XLIV (1951 July to 1952 June) onwards.

MADRAS,
 15th Oct. 1951.

P. NATESAN, M.B., B.S.,
 General Secretary and Hony. Editor,
 The Madras State Co-op. Union, Madras.

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 Mandlem Rural Multipurpose Co-operative Credit Society, (Kurnool Dt.)

This Society was registered on 9-11-1921 and was started on work on 12-11-1921 as a "Co-operative Credit Society" with the primary object of catering to the credit needs of the members. On the introduction of the scheme of reorganisation of rural credit societies in the Kurnool District on 1-2-1949, the name of the society was changed as "Multipurpose Rural Co-operative Society" and the necessary amendment to by-law No. 1 and the other model multipurpose by-law were adopted and registered. The object of changing the name as above, is to enable the society to undertake multipurpose activities and to cater to the needs of the members, other than credit.

There are 43 members on the rolls of the society with a paid up share capital of Rs. 583. Out of the above 43 members four of them are Harijans. During the year 1950-51, the society borrowed Rs. 600 from the Kurnool District Co-operative Central Bank, Ltd., on 19-4-1951 and disbursed to members three short-term loans amounting to Rs. 600. A sum of Rs. 5,000 was due from members at the beginning of the year under medium-term loans, of which Rs. 1,303 was repaid by the members during the year. The balance outstanding against members at the end of the year was therefore Rs. 4,297 (Rs. 600 under short-term and Rs. 3,697 under medium-term). The members have been punctual in the repayment of their dues to the society and the society in turn is not also in default to the Central Bank. The M. B. P. of the society is Rs. 5,000 and the I. M. B. P. is Rs. 500. The society has invested Rs. 967-5-0 in the Kurnool District Co-operative Central Bank, Ltd., Kurnool towards reserve fund, besides Rs. 500 towards value of shares in the Central Bank. The society has also invested Rs. 50 in the shares of the Kurnool Wholesale Co-operative Stores and Rs. 5 in the shares of the Nandikotkur Co-operative Marketing Society. The society holds Postal National Savings Certificates of the value of Rs. 10. The following multipurpose activities were undertaken by the society.

The society purchased a first aid medicine chest at a cost of Rs. 3 from out of its C G. Fund for free distribution of the medicines to the needy members. 6 members were benefitted by the distribution of the medicines during the month. The society purchased improved strain of mungari cotton seeds valued Rs. 72 from the Agricultural depot, and sold to the members for sowing. With a view to encourage pisciculture to aid the Grow More Food Campaign, the society purchased from the Fisheries Department, 6 doz. fish seedlings and distributed it to the members for rearing them in their irrigation wells. 7 Hundi boxes were distributed to the members of the society and thrift collections to the extent of Rs. 380 were made up, to this date. In connection with the celebration of the Vanamahotsavam by the members of the society, on 1st July 1951, 15 plants were planted on either side of the road leading to the village. In connection with the "Grow More Food" scheme, the society has resolved to purchase a sprayer and necessary pesticides, with a view to prevent destruction of food crops by insects, by hiring it out to the members.

2. Nandamur Multipurpose Co-operative Credit Society (Krishna Dt.)

This society was registered on 20-12-1921 and started on its work on 8-2-1922. This is the 30th year of its working. It changed its name as multipurpose co-operative credit society by suitably amending and getting its by-laws registered on 31-8-50. Its area of operations extends over the villages of Nandamur and Madaka, having a population of 2,500 and 2,000 acres of wet land and 800 acres of dry land under ayacut. The authorised share capital of the society is Rs. 4,000 made up of 4,000 shares of Re. 1 each. There are on date 196 members with a paid up share capital of Rs. 2,243; The maximum credit limit and individual maximum credit limit of the society are Rs. 15,000 and 500 respectively. There is also provision in the by-laws to issue loans not exceeding Rs. 2,000 to each member, on the pledge of produce. During July '51 the society borrowed Rs. 4,000 under cash credit from the Krishna Co-operative Central Bank, Masulipatam, and repaid Rs. 100. A sum of Rs. 29,800 was outstanding to the central bank at the end of July '51. A cash credit accommodation of Rs. 10,000 is sanctioned to the society by the Krishna Co-operative Central Bank, Masulipatam, for 1951-52 for doing non-credit business. The society has got Rs. 766-7-0 under reserve fund and Rs. 2,501-3-0 under bad debts reserve. Rs. 494-12-0 under reserve fund and Rs. 200 are invested in the central bank.

(B) *Non-Credit Activities*.—The society is dealing in chemical manures and iron and steel, besides other controlled commodities such as food grains, sugar etc.

The following transactions indicate the non-credit activities undertaken by the society during the month.

Name of the commodity.	Value of stock as on 1-7-51.	Purchases during the month	Sales during the month.	Stock at the end of the month.	Profit or Loss.
	Rs.	Rs.	Rs.	Rs.	Rs.
1. Rice ...	...	3,349	2,971	866	307
2. Sugar ...	270	...	270	...	...
3. Iron and Steel ...	482	...	469	70	57
4. Manures (Chemical).	848	22,965	1,644	5,889	1,567
5. Cloth ...	84	...	...	84	...

The society is getting a Telugu news paper for the use of its members.

3. U. Mangalam Multipurpose Rural Credit Society, Cuddalore Circle, (South Arcot Dt.)

This society E. 317. U. Mangalam Co-operative Credit Society was registered on 8-12-1919 and started on its work on 17-10-1920.

Its area of operation is limited to 275 U. Mangalam and 271. Kunan-kurichi villages. This society stands affiliated to Viiddachalam Co-operative Supervising Union. This is the 31st year of its working.

At the end of the last year there were 46 members with a paid-up share capital of Rs. 185-4-0. During the year 65 new members were admitted with a paid-up share capital of Rs. 1,220-12-0 thus bringing the total membership to 107 and the paid-up share capital to Rs. 1,406.

During the year it had borrowed a sum of Rs. 12,700 under short-term and Rs. 1,200 under medium-term from the South Arcot Co-operative Central Bank, Ltd., Cuddalore. It had repaid a sum of Rs. 922 under short-term and Rs. 310 under medium-term and Rs. 148-1-0 under interest during the year.

During this year a sum of Rs. 12,700 under short-term and Rs. 1,200 under medium-term were distributed as loans to its members for cultivation purposes.

The society has invested the following amounts in the respective institutions as mentioned below :

i. Reserve Fund in South Arcot Co-op. Central Bank	Rs. 151-0
ii. Share Capital do	do " 750-0
iii. Share Capital do	Stores " 25-0

The society has amended the by-laws suitably to undertake multi-purpose activities. It has undertaken the following activities during the year for the benefit of the villagers.

Name of Article.	Purchases.	Sales.	No. of persons benefited.
	Rs. A. P.	Rs. A. P.	
i. Plough shacks ...	211 4 7	206 14 9	15
ii. Chemical fertilisers...	1,491 7 4	1,415 10 9	26
iii. Sugar ...	830 11 2	838 8 3	44
	2,533 7 1	2,461 1 9	85

The society has been given a cash credit accommodation for Rs. 500 by the South Arcot Co-operative Central Bank, Ltd.

Ever since the inception of the society till the change of management on 19-7-'50 the society was working with little progress and it has not financially strengthened its position inspite of its longstanding career of 31 years of working. The present management is now evincing great care and enthusiasm for the betterment of the society. The society sustained a net loss of Rs. 91-6-0 in previous year. Now it has recouped the loss and has earned a net profit of Rs. 78-0-9 which includes the gross profit of Rs. 27-15-3 earned by the society in multipurpose activities in this year. The society strives its best to deal in handloom and mill goods, crow bars and cart tyres which are useful to the agriculturists.

The Registrar has been pleased to visit the society in June last and to advice the society to construct a godown with 50 per cent Government subsidy and 50 per cent donations from the local people. The directors have promised to collect Rs. 5,000 by way of donations from the public and requested the Registrar to grant Rs. 5,000 as Government subsidy. The collection of donation is being watched. It is hoped that a godown will be constructed in the near future for the benefit of the villagers.

4. The Mallur Multipurpose Co-op. Credit Society, (Salem Dt.)

The Society was registered on 7-1-1912 and started on work on 29-1-1912. Its area of operation is confined to the villages of Mallur, Venkampatti and Komarapalayam. It is affiliated to the Salem Co-op. Supervising Union and to the Salem Co-op. Central Bank.

The society is running the 41st year of its working and is one of the "A" class society in the circle. There are 1,462 houses with a population of 5,242 in its area of operation. The society has on its rolls 479 members with a paid up share capital of Rs. 7,686. There has been a steady progress in the collection of share capital of members especially from the year 1946-47 onward.

It has been able to top fixed deposits locally from members and non-members. On date, the members fixed deposit amounts to Rs. 2,000 while that of non-members to Rs. 3,000. It is encouraging thrift among its members through the introduction of hundi boxes, the amount outstanding being Rs. 371-13-0. The maximum credit limit of the society is Rs. 75,000. The society is enjoying an overdraft of Rs. 5,000 for issue of loans under the post sanction system besides special overdraft of Rs. 1,000 for dealing in chemical fertilisers.

The working capital of the society is over Rs. 61,000. The society owes Rs. 48,550 under loans and overdraft. It has issued short-term loans, medium-term and long-term loans to its members, though bulk of the loans is for short-term. Of the sum of Rs. 53,163 outstanding against the members Rs. 51,624 is under short-term loans. The individual maximum credit limit of the members is Rs. 1,000.

The society has taken to extra credit activities such as construction of village hall-cum-godown, distribution of chemical fertilisers, joint purchase of domestic requirements of the members, besides social and recreational activities. When informal rationing scheme was in force, the society was running ration shops.

The godown was constructed in 1942 at about a cost of Rs. 8,600. It is used for stocking produce and convening the meetings of the society. The society's office is also put up in this godown.

During the current year, it distributed 100 bags of ammonium sulphate valued at Rs. 1,650-14-6. It has on hand a stock of mauures valued at Rs 406. Under the joint purchase and sale system the society purchased handloom goods worth of Rs. 1,000 and distributed it to members. The requirements of the members are assessed by taking indents from the members.

The society has dug a drinking water well at a cost of Rs. 375 from out of its common good fund. This well is accessible to all castes and the water is available all through the year. This is very largely used by the public. The society has a proposal to widen the well, construct a storage tank fitted with public water taps and instal a pump set worked by electricity. The society is also running a reading room. It is subscribing to the Madras Information in tamil and Swadesamitran daily. The reading room is popular and the average attendance per day is 25. The society maintains a first aid box for the benefit of members and non-members.

The society has been working at a profit year after year. It has to its credit a reserve fund of Rs. 7,724.12.0 which is invested in the Central Bank. It has invested Rs. 1,000 in the shares of the Salem Co op. Central Bank, and Rs. 1,410 in other institution.

The President of the society is a very popular figure in the village associated with the society continuously for more than 2 decades. He evinces much interest and enthusiasm in the working of the society.

G.O.'s and Circulars

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

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

R. C. 180806/51-ZI.

Dated 16-9-1951.

Sub:—Housing—Grant of loans to Co-operative Building Society execution of mortgage bond on behalf of minors—instructions.

In the case of Government loans to members of housing societies who belong to Hindu Joint Families, the legal advisers usually stipulate that the applicant should execute the bond on his behalf and on behalf of minor sons, if there are any. This condition is generally incorporated in the proceedings sanctioning the loans. It is now represented that some of the Sub-Registrars are refusing the concession in respect of stamp duty and registration fees when minors join the execution of the mortgage bond on the ground that there is no provision for admitting minors in a co-operative housing society. In the case of Primary Land Mortgage Banks which also give 20-year loans, there is specific provision in the bylaws for the admission of minors through their legal guardians. The Registrar considers that a similar provision is necessary in the bylaws of the housing societies as well.

2. The following addition to the model bylaws of co-operative housing societies is suggested for this purpose: Add the following as the last sentence of bylaw 5 (Model)

"Minors may also be admitted through their legal guardians for the purpose of joining in the execution of bonds or as legal representative of deceased members". Deputy Registrars are requested to communicate this amendment to all housing societies in their charge and register it without further reference to the Registrar. Two copies of the registered amendment should be sent to the Registrar as usual.

3. The Guardian of minors may take a nominal share of Rs. 10. Where the value of a share exceeds Rs. 10, the societies may be instructed to reduce the value of a share to Rs. 10. or even Rs. 5. This will avoid the creation of B class shares and a class of secondary members.

J. C. RYAN,
Registrar.

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

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

Dated, 7-9-1951.

L. 127900/51-S. 2.

Sub:—Civil Supplies—Supply of food grains in derationed areas—Employees of Co-operative Institutions—Classification as Essential Service—Request—Negated—Communicated

The non-official employees of some of the Co-operative Institutions in the derationed areas represented to Government that they might be classified as essential services for purpose of drawing supplies of food grains from fair price shops. Government have refused to comply with the request in their memorandum No. 35146, B/51-3, Food and Agriculture dated 14-8-1951 copy enclosed. Deputy Registrars are requested to communicate these orders to all Co-operative Institutions in the derationed areas for their information.

J. C. RYAN,
Registrar.

THE

Tiruchirapalli District Co-operative Central Bank, Ltd.,

Fort Station Road, Tiruchirapalli.

ESTABLISHED IN 1909

Branch:—KARUR Phone No. 189

Paid up share capital exceeds ... Rs. 2 lakhs
Reserves exceed ... " 8 "
Transactions exceed ... " 1.3 crores

Loans are given mainly to rural population through village co-operative credit societies with in the District. Numerous executive staff are maintained to ensure the soundness of the assets. Investments in this Bank help our national industry agriculture.

Interest allowed on Current Account (upto Rs. 25,000 only)

do	Savings Deposits (upto 5,000 only)	1/2 % P.A.
do	Recurring & Provident Deposits	2 % P.A.
do	Fixed Deposits 6 months	3 % P.A.
do	do 1 Year	3 1/2 % P.A.
do	do 2 Years and above	3 3/4 % P.A.

All banking business transacted. For further particulars apply to:

The Secretary,

The Tiruchirapalli District Co-op. Central Bank, Ltd.,
Fort Station Road, Teppakulam Post, Tiruchirapalli.

T. S. MUTHUKUMARASWAMI PILLAI,
President.

Copy of letter dated 22-7-'51 from the entire Staff of the Tirukoilur Co-op. Urban Bank, through the Secretary, Co-op. Urban Bank, Tirukoilur addressed to Hon'ble Minister for Food, Government of Madras.

We the employees of the Tirukoilur Co-operative Urban Bank have been faithfully serving this institution for over many years and we may rightfully claim that this Bank is one of the Premier Co-operative Banks of the Muffusil in Madras State.

We the staff of the Bank are ten in number and our duties at the Bank command all our time in public work. Our families do require urgently rice supply.

There was a Gazette notification dated 6-4-'48 which appeared to declare that all Bank employees are also essential services. A copy of the note of the Office of the Deputy Registrar of Co-operative Societies, Cuddalore Rc. No. 1023/48 dated 26-4-'48 herewith enclosed would emphasise clearly that our Bank employees are all essential services entitled to rice ration precedence.

After the abolition of informal rationing in this town we have the institution of Fair Price Depot where supplies are given to the Public and to Services. We are entitled as essential services for rice ration just as the staff of the Co-operative Central Bank, Cuddalore. Even the local Panchayat Board menials get rice ration. But we are refused rice on the misguided ground that we are not an important service. The T. S. O. and D. S. O. though approached gave us no remedy.

In any event our needs are urgent and our families suffer greatly for want of rice supply. We humbly request you to direct supply of rice from the fair price depot.

We cannot obtain rice in open market as it is scarce and prices are very high.

We earnestly pray emergent relief in this matter.

Copy of letter Rc. No. 1023/48, dated 26-4-'48 from Deputy Registrar of Co-operative Societies, Cuddalore, addressed to the Secretary, the Tirukoilur Co-operative Urban Bank Ltd., Tirukoilur.

I invite a reference to the notification published at pages 412 and 413 of the *Fort St. George, Gazette* dated 6-4-'48 declaring that the essential services (Maintenance) ordinance will apply to all employees under your Bank. The notification may be made known to one and all of your employees.

(True Copy)

FOOD AND AGRICULTURE DEPARTMENT

Endorsement No. 53155/B 51-1, dated 29th August 1951.

Copy communicated to the Registrar of Co-operative Societies. He is requested to convey the orders of Government Memorandum No. 35149 B-51-3, Food and Agriculture dated 14-8-1951 to all the Co-operative Institutions in the derationed areas for their information.

(True Copy)

Copy of the Memorandum No. 35146 B-51-3, Food and Agriculture dated 14-8-1951.

Sub :—Civil Supplies—Supply of Foodgrains in derationed areas—Employees of Co-operative Institutions—Classification as essential Services—Request—Negatived.

- Ref :—**1. From the President, The Co-operative Central Bank Limited, Vellore No. Rc. A2-3291-50-51, dated 16-5-1951.
2. From the Board of Revenue (Civil Supplies) No. 8849 U4-51-1 Co. dated 9-6-1951.
3. From the Manager, Co-operative Union, Tiruchengode, Petition dated 4-7-1951.
4. From the Registrar of Co-operative Societies, No. Rc 72474-51G. 2, dated 17-7-1951.

The President, the Co-operative Central Bank, Limited, Vellore, and the Manager Co-operative Union, Tiruchengode are informed that the Government regret that their request for the classification of the employees of the Co-operative Institutions as essential services for the purpose of supply of foodgrains in the derationed areas cannot be complied with. The petitioners are informed that all card holders in the derationed areas will however get 2 ounces of rice plus 10 ounces of wheat, milo and or bread according to availability.

(True Copy)

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

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

No. Rc. 146258/51 A.

Dated 10-10-1951.

Sub :—Rural Savings-Drive-Collection of fixed Deposits-for Central Co-operative Banks-Target Rs. 2 Crores—31st December 1951.

At the end of 1947-48, there were 12056 rural credit societies with 8.44 lakhs of members. During 48-49 a drive was instituted at the instance of the Government to organise more rural credit societies and to admit more members in the societies so as to cover 50 per cent of the villages and 30 per cent of the rural population. As a result of this drive, on 30th June 1951 the number of agricultural credit societies rose from 12056 to 16330 and the number of members on their rolls increased from 8.44 lakhs to 13 56 lakhs. In addition, more rural credit societies were encouraged to take up activities other than credit so as to transform themselves into multipurpose societies. On 30th June 1951 there were 10305 credit societies which had undertaken multipurpose activities.

2. An increase in the number of rural credit societies, in their membership and in their additional activities brought about a demand for more credit. The Reserve Bank of India was good enough to respond to the growing needs of the agricultural co-operative credit movement and provided funds in an increasing measure for cultivation expenses and for the marketing of agricultural crops at a concessional rate of 1½ per cent. During 50-51 the total amount of credit limit sanctioned by them to the co-operative central banks in the State through the Madras Provincial Co-operative Bank amounted to 3.20 crores of rupees. Government, too, helped the Movement by standing guarantee to the Imperial Bank which provided the movement with a credit limit of 3 crores of rupees for the procurement of food-grains and an additional 50 lakhs of rupees for the purchase and distribution of chemical manures and agricultural implements.

3. In spite of the additional funds obtained from the Reserve Bank of India and the Imperial Bank of India, agricultural credit societies and agricultural marketing societies require more funds to serve the needs of their members adequately. During 47-48, Rs. 4.43 crores were disbursed as loans to agricultural credit societies by central co-operative banks. During 50-51 the figure rose to Rs. 8.61 crores; and, yet, the demand for credit is increasing and more money should be found for the central co-operative banks to meet this increased demand. This question came up for consideration before the VIII Tamil Nad Co-operative Conference which was held at Madras on the 29th and 30th of September 1951. After reviewing the position and considering the merits of various suggestions, the conference decided that the best course under the existing money market conditions was to fall back on the first principles of co-operation viz., thrift and self help. It was decided that a campaign should be launched to collect savings from the country-side during the months of October and November and put them as Fixed Deposits in the central co-operative banks. It was estimated that if all the 20,000 co-operative societies in the State put their shoulder to the wheel and collected a sum of at least Rs. 1,000 each, the financing banks would command Rs. 2 crores of additional deposits by the 31st December 1951.

4. To attain this objective it is suggested that the committees of central co-operative banks might meet at once and decide on initiating a Rural Savings Drive in their respective areas to collect fixed deposits of not less than Rs. 100 each with the help of their staff and with the help of every co-operative society situated within their jurisdiction. As this will be a special thrift campaign, it is recommended that a special rate of interest should be provided for all these deposits and it may be fixed at 3 per cent per annum. The rate is not high; for, central co-operative banks are now paying this rate of interest or even a little more on their borrowing from the Imperial Bank of India and on their normal borrowings from the Provincial Co-operative Bank. This rate does not also exceed the rate of interest fixed at the Banker's Conference held at Madras under the auspices of the Central Co-operative Banks on 23rd June 1951. The period of deposit should be one year, not more, not less; for, it will be unwise to commit ourselves to this rate of interest for a longer period than one year and uneconomical to allow such a rate for a shorter period than one year. It was suggested that this special kind of deposit might be made with the Central Co-operative Banks by co-operative societies out of their own funds. While it is desirable that primary co-operatives should invest their surplus funds with the central co-operative banks, it is not intended that such investment should be taken into account for purposes of this Rural Savings Drive; for, the objective is to bring more money from outside the co-operative movement into the co-operative movement. It should be the endeavour of all co-operators and the paid staff to mop up savings wherever they are found and bring them into the co-operative central banks. It was also suggested that primary co-operatives might take deposits collected by them into their own account instead of getting the depositors to invest them with the central co-operative banks. It was urged on behalf of this procedure that to the extent to which the primaries raised their own funds, to that extent they would draw less from the central banks. But the objective of this campaign is to have a concerted and co-ordinated drive to pool the savings of the countryside in the co-operative central banks and not in primary co-operatives. There is no objection to primary co-operatives undertaking a drive of a similar kind after 1-1-1952 in their own interest.

5. After the Executive Committee of each Central Co-operative Bank has decided in favour of the Rural Savings' Drive in the manner indicated in the foregoing paragraph, they might insert an advertisement in the English dailies and in the vernacular papers to the following effect :-

RURAL	SAVINGS	DRIVE
Fixed Deposits of not less than Rs. 100, or Multiples thereof, will be accepted till 31st December 1951.		
Period	...	1 year
Rate of interest	...	3 per cent

Apply to :

The Secretary,
Central Co-operative Bank.....

6. A conference of Supervisors might be convened immediately by each Central Co-operative Bank to launch the Rural Savings' Drive. They might be instructed in methods of rousing the enthusiasm of the country side on behalf of this drive and of inspiring confidence into them in investing their funds in the Central Co-operative Bank. They should particularly be told to enlist the influence of the committees of primary societies for the cause and make them feel that it would be an indignity if any committee fails to collect at least Rs. 1000 as Fixed Deposits by 31st December 1951 for the Central Co-operative Bank. In particular, they should engender a pride of achievement among the committee members. Towards this end the central co-operative bank might institute a silver cup or shield which will be given as a trophy to the society which collects the largest amount of Fixed Deposits in the area of the Central Co-operative Bank. It would be desirable to differentiate between urban banks and rural credit societies and institute a separate trophy for each of them; for, it would not be fair to ask a rural credit society to compete for a trophy on equal terms with an urban bank which has probably a better field for collecting savings. This does not mean that the scope for collecting rural savings is meagre. Today, the richer agriculturists, village dealers, village money lenders, local fund contractors etc., have surplus funds in their hands which should not be missed. The village panchayats, too, have enough funds to spare for investment, and, under rule 2(1) of the rules governing investment of Panchayat funds framed under the Madras Village Panchayat Act, of 1950, they have been permitted to invest their funds in central co-operative banks. Co-operators and the paid staff of co-operatives should miss none of these sources. They should interview parties tactfully remembering that investors are influenced to deposit their funds more by personal requests than by other considerations. I am advising Deputy Registrars and their staff to render every assistance to the central co-operative bank in this campaign of promoting thrift in the countryside, and I hope that with our united efforts the target of Rs. 2 crores will be reached on the 31st of December 1951.

7. To review the results achieved in this endeavour it is necessary that information regarding the savings collected should be gathered at Madras. I would therefore, request every central co-operative bank to furnish a report to me in the form given below so as to reach me on the 15th of January 1952.

FORM

1. Rural Savings' Drive : Fixed Deposits of Rs. 100 or multiples thereof ; period one year ; Rate of interest 3% ; Last date for deposits 31—12—1951.
2. Name of the Central Co-operative Bank.
3. Class of society which collected deposits viz. agricultural credit society, Agricultural Marketing Society ; Milk supply society ; co-operative stores, urban banks, etc.
4. Value of deposits collected by the societies and remitted to the central bank with their endorsement.
5. Value of deposits paid into the central co-operative bank by the depositors without the endorsement of co-operative societies.
6. Total collected.

J. C. RYAN,
Registrar.

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

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

For Immediate and Personal Attention.

R.C. No. 146258/51-A.

Dated: 22-10-1951.

Sub :—Rural Savings drive—Collection of fixed deposits for Central Co-operative Banks Instructions.

Ref :—Registrar's Circular R. C. No. 146258/51-A dated 10-10-1951.

The response to the Registrar's Circular to the Central Co-operative Banks for launching the rural savings drive has been enthusiastic and encouraging. Collections have already commenced in some districts.

2. In this connection the Registrar desires to invite the attention of the Central Banks to paragraph 2 of his Circular R. C. 8301/46-A dated 6-9-46, in which the Central Banks were informed that supervisors should not handle cash. The Malabar District Co-operative Central Bank has in the fortnightly progress reports prescribed by it, called for particulars of fixed deposits collected direct by its supervisors. The Bank is requested to revise these instructions and the fortnightly progress report form prescribed by it suitably as supervisors cannot handle cash. On no account should the supervisors or the Departmental staff receive these deposits themselves. Their duty is to find out the persons who can make the deposits in the Central Co-operative Banks, supply them with the relevant information which they may require, provide them with the Fixed Deposit application forms of Central Co-operative Banks, help them in filling up the forms and see that they deposit the amounts into the Central Co-operative Banks direct or in their nearest Transmitting agency societies. Central banks may supply to the Co-operative Societies in their jurisdiction the necessary Fixed Deposit application forms for the depositors use A sample form is enclosed for being printed by the Central

G. O.'S AND CIRCULARS

Co operative Bank and supplied to all its supervisors and affiliated co-operative societies. The Union supervisors, the departmental Inspectors and the societies which canvass the Fixed Deposits should countersign the applications in token of the fact that the particular deposits were canvassed by them.

3. If the depositors so desire, they may remit the amount into the local rural credit society or the local urban bank or any other co-operative society together with the necessary transmission charges. The office bearers of these societies authorised under their bylaws to receive remittances should acknowledge the amounts with the printed receipts usually issued by them for the receipt of all money paid to their society. Particulars as below should be entered on the receipt book in the foil and in the counterfoil.

Received from Sri.....Rs. Rupees (infigures) and (in words) only towards his Rural Savings Fixed Deposits in the Co-operative Central Bank and Rs. towards transmission charges. Fixed Deposit receipts in the form prescribed by the Central Co-operative Bank for the purpose will be sent by that Bank to the depositor direct.

Date :.....

President.
Secretary.

4. Amounts acknowledged by a collecting co-operative society should be entered in the cash book of that society and remitted without delay to the Central Co-operative Bank making a debit entry in the Cash book. Supervisors should see to it that the amounts are not delayed by the society or utilised in its business. This is important because the central bank will allow interest on the Fixed Deposit only from the date when it is credited in its accounts. Auditors should check carefully whether amounts collected in pursuance of the Rural Savings Drive have been properly accounted for.

5. Deputy Registrars and Special Development Officers are requested to see that these instructions are strictly adhered to.

J. C. RYAN,
Registrar.

THE.....DISTRICT CO-OPERATIVE CENTRAL BANK, LTD.
Rural Savings—Fixed Deposit Application.

Place.....

Date.....

To
The Secretary,

The.....District Co-operative

Central Bank Limited.

Sir,

I
We have sent to you by M.O.....
by Cheque
through the.....
Co-operative Society
at.....

the sum of Rs. which please credit as $\frac{\text{my}}{\text{our}}$ Rural
Savings Fixed Deposit in your Bank for one year at 3 per cent interest
per annum.

.....
Counter Signature of the
Supervisor or the Departmental
Officer or the Secretary or
President of the Society who
canvassed the deposit.

.....
Signature of Depositor

.....
Address of Depositor.

Monthly News Page

In pursuance of a resolution of the 8th Tamil Nad Co-operative Conference that a rural savings drive may be launched by Co-operative and a circular of the Registrar of Co-operative Societies giving instructions for implementing the resolution, a conference of the representatives of various Co-operative Societies and Urban Banks of Madras was convened at the office of the Dy. Registrar of Co-operative Societies Madras on Saturday the 20th October 1951. Sri T. V. Ratnam, Dy. Registrar presided. Dr. P. Natesan, M.B. B.S., President of the Madras District Co-operative Central Bank Ltd., was also present at the Conference.

In his introductory remarks Sri Ratnam explained the need for mobilizing further the rural savings for the use of the Co-operative movement. The Co-operative movement is expanding and is offering financial assistance to the agriculturists etc., at low rates of interests. But since the financial demands have grown larger than the resources available the financing banks, in spite of their best efforts, have not been able to meet the requirements in full. The president added that it is the duty of the Co-operative movement to find adequate funds to meet the needs of the members and that an intensive rural savings drive would go a long way to save the situation. He exhorted the Co ops. to take keen interest and see that at least Rs. 1,000 is deposited by every institution as fixed deposit with the Central Bank. He said that this accumulation of capital for the Co-operatives would enable the movement to carry on work without approaching the Govt. for periodical financial assistance. Dr. P. Natesan President of M. D. C. C. Bank also appealed to the members present to strengthen the movement financially, by carrying on the drive enthusiastically. The members expressed zeal and enthusiasm in the matter and some members also spoke appealing for intensive efforts for the purpose. A target of Rs. 2,85,000 was fixed for collection before 31.12.51.

A joint conference of union representatives and bank-inspectors was held at the Salem Dt. Co-op. Cent. Bank on 4-10-51. Sri Krishnamurthy Gounder, President of the Bank presided. The president of the Salem wholesale stores, the Dy. Registrars of Salem and Dharmapuri also attended. The president exhorted the members to carry on the intensive drive for bringing 30% of the population into the Co-operative fold. He also appealed to carry on in accordance with the instructions of the Registrar the rural savings drive recommended by the recent Tamil Nad Co.op. Conference.

A joint conference of weaver's societies of Erode and Salem circles was held on the 17-10-51 in the premises of the Erode Co-operative Urban Bank to consider proposals for the joint marketing of Handloom goods through the Provincial Society's Depot at Erode. Sri M P. Nachimuthu Mudaliar B.A., B.L., presided. The president explained the new scheme for joint marketing. It was unanimously resolved to market 25% of the cloth of the societies through the Erode Depot which is a marketing centre for white cloth of 20s to 40s.

The quarterly conference of Weaver's Societies was held on 17-10-'51 at Erode, the local Dy. Registrar presiding. Representatives of 26 Weavers Societies have attended and the lines of improvements in production and sale were discussed.

The annual general meeting of the Tirupattur Town Co-op. Bank was held on 23.9.'51. Sri Swami Naidu, President of the Bank presided. The annual report for 30-6-'50 was adopted. The bank has earned a net profit of Rs. 8162-11-0 and a dividend of 6½% was declared. The earnest work of the management was greatly appreciated.

A branch of the Tiruchirapally Dt. Co-op. Cent. Bank was opened at Ariyalur on 16-9-'51. At a meeting held Sri T. S. Muthukumaraswami Pillai, President of the Bank welcomed the gathering. The branch was declared open by Sri S. N. Ramalingam Chettiar a leading citizen of the place.

The Madras State Co-operative Union.

379, Netaji Road, Madras.

NOTICE.

To All Member Societies.

All member societies are earnestly requested to remit at as early date as possible the Annual Contribution due to this Union, either by Money Order or by Cheques drawn on the Madras clearing Banks. If they choose to send cheques on mofussil Banks, they will please add the minimum bank commission of annas four to the amount of the cheque.

[Sub: Payment of Annual Contribution to S. C. U.—request of:]

The concerned by-laws of our Union regarding the subscriptions payable to this Union by member societies are given below for information:—

VI (1) Member societies shall pay annual subscriptions as provided below:

- (a) Every Provincial Society shall pay Rs. 100.
- (b) „ Language Federation shall pay Rs. 10.
- (c) „ Local Union shall pay Rs. 5.
- (d) „ Central Bank shall pay Rs. 50.
- (e) „ Central or Dt. Wholesale Stores shall pay Rs. 50.
- (f) „ Primary Land Mortgage Bank, House Building Society and House Mortgage Bank shall pay Rs. 10.
- (g) „ Co-operative Training Institute shall pay Rs. 10.
- (h) „ Urban Bank, Primary Store, Loan and Sale Society shall pay Rs. 5 on its working capital, if below Rs. 1 lakh and Rs. 10, if working capital is below 2 lakhs; and Rs. 15, if working capital is more than 2 lakhs as on the 30th June of the previous year.
- (i) „ Weaver Societies, other Producer Societies and other non-credit societies—as in the case of class (h).

(2) * * *

(3) * * *

(4) The annual subscriptions from member societies shall fall due at the commencement of each co-operative year and be payable not later than the 31st October of the year. They shall be recoverable as debts due to the Union.

In this connection the Union brings to your notice that, as per the by-laws, membership in this Union shall cease by failure to pay the annual contribution for a period of two years consecutively, unless the Executive committee otherwise directs. Hence it is requested that this notice may be treated as urgent and a very early remittance made.

P. NATESAN, M.B., B.S.
General Secretary.

BUSINESS NOTICE.

1. The annual subscription to the "Madras Journal of Co-operation" including postage, is Rs. 6 for India and Rs. 7 for foreign countries, payable strictly in advance. The year begins from July. The price of a single copy of the Journal is 10 annas.

2. The Journal is published at the end of every month.

3. Complaints about the non-receipt of the Journal should reach the Secretary within the 15th of the next month. Otherwise requests for copies will not be attended to.

4. Change of Address should be intimated then and there. Otherwise non-receipt of copies on that account will not be attended to.

5. Subscribers are requested to quote their Subscription Number while writing to this Office.

6. Rates of Advertisement: The charges are strictly payable in advance.

	(For one year)	
	Twelve Issues.	Six Issues.
	Rs.	Rs.
Full page	200	120
Half page	120	70
Quarter page	70	40

(year means 12 months from the month of Commencement of the advertisement)

7. Preparation of blocks, unless they are supplied by advertisers, is charged extra.

All communications should be addressed to:

The General Secretary,

The Madras State Co-operative Union,

379, Netaji Road, Madras.

Telephone: 34519.

Telegram: SAHYOG.

The Provincial Industrial Co-operative Association, Ltd.

9, Bakehouse Lane, Fort, BOMBAY 1.

For the Producer Societies arranges supplies of:—

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

Offers facilities for Marketing:—

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

THE FREE INDIA CO-OPERATORS' AGENCY, Book-Sellers & Publishers, MYLAPORE: MADRAS-4.

Ready for sale:

	Price
1. Recent Banking Development By S. K. Basu, M.A., Ph.D.	Rs. 15/-
2. Cottage Industries of India By V. R. Chitra & V. N. Tekumalla	Rs. 18/-
3. Land Tenures in India	Rs. 2/-
4. Agricultural Economics in India (A report By Prof. A. W. Ashby)	Re. 1/-
5. A Study of Panchayats in Madras By K. Jayaraman, M.A., M.Litt., Dip. Pol. & Pub. Admn.	Rs. 5/-

Postage & V. P. P. Extra.

THE TINNEVELLY DISTRICT CO-OPERATIVE CENTRAL BANK, LTD., VANNARPET: TINNEVELLY

(Estd. 1918)

Authorised Capital	Rs. 4,50,000
Working Capital Exceeds	Rs. 50,00,000
Reserve Fund	Rs. 2,75,000

ALL KINDS OF DEPOSITS ACCEPTED

Rates of Interest: Current Deposit $\frac{1}{2}\%$ Savings Deposit $\frac{1}{2}\%$
Fixed Deposits : For 6 months $\frac{1}{2}\%$: For one year $2\frac{1}{2}\%$
For 2 years and above $2\frac{1}{2}\%$

RECURRING AND PROVIDENT DEPOSITS ARE ALSO ACCEPTED

Apply for further particulars:

Medai Dalavoi Kumaraswami Mudaliar, M.L.C.
President.

*For Life Insurance and to plan
for your future
Let your choice be*

**The South India Co-operative
Insurance Society, Ltd.,**

82-B, Mount Road, Teynampet P.O., Madras 18

An Ideal Co-operative Institution
which enjoys several Unique
Features in its Constitution
and Management

A Purely Policy-holders' Concern
with

SERVICE AS ITS MOTTO.

Stability, Soundness and Economy
are the guiding factors of its
Administration and Management

Supervision and Control by the
Registrar of Co-operative Societies, MADRAS.

Telegrams "COOPFIRE"

Telephone 4361.

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

MADRAS 1.

President :

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

**Transacts Fire Insurance of all
Descriptions and Motor
Vehicle Insurance**

Insure with us and Banish Worry.

For particulars apply to :

P. SHANMUGAM, B.A.,
Secretary.

Post Box No. 1249.

Madras 1.

TELEGRAMS: "CENMORBANK"

TELEPHONE: 8230

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

LUZ, MYLAPORE, MADRAS.

President:

SRI BHOGARAJU VENKATARATNAM,

Authorised Capital	...	Rs. 20 Lakhs.
Paid up Capital	...	Rs. 14,32,300.
Reserves	...	Rs. 25,82,845.

The Bank is the Apex Co-operative Bank for long-term agricultural credit and issues debentures on the security of first mortgages transferred to it by Primary Land Mortgage Banks and its assets.

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

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

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

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

Secretary.