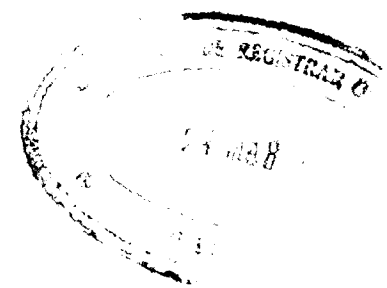


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The Madras Journal of Co-operation



HONY. EDITOR :

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

ASSOCIATE EDITOR :

VISWANATHAN TEKUMALLA,

M. A., B. ED., F. R. ECON. S. (LONDON)

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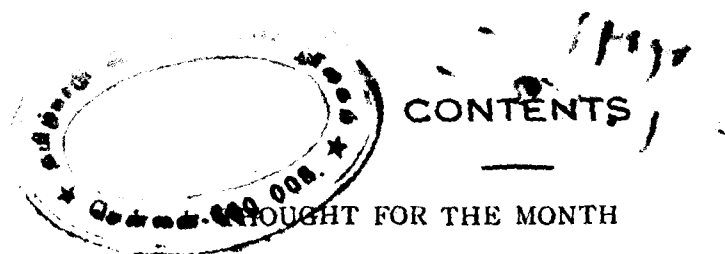
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THE Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

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

DECEMBER 1951

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Thought for the Month FRENCH THRIFT.

Perhaps two outstanding traits of the French people—thrift and the haunting desire (almost an obsession) for economic security—may be a heritage from hard and bitter pre-revolutionary days. It may be that the French hatred of waste and extravagance grew out of the resentment of the under-privileged Third Estate at the spectacular extravagance of the old French Court. Or it may be partly due to the innate craving for measure in all things, which is so characteristically French. Whatever its origin, French thrift is no empty word. The housewife adjusts her budget to a hair. She needs no inducement to prolong the life of a threadbare garment. There is no art of preparing left-overs in French cookery. There are no left-overs. Salvage is an ingrained habit... the sheet of brown paper, the string that tied a parcel... has not everything its use? Characteristically, the French poke fun at this hoarding instinct. How many times one hears the story of the odds and ends of string kept carefully in a box labelled "Worthless bits of string"!

But the stranger in France makes a mistake if he sets down French thrift as avarice. In the average household, this careful habit of saving is by no means thrift-for-thrift's sake. The household save for something. Its members avoid squandering wasteful centimes in order that some day they may make an expenditure that counts—it may be anything from a holiday meal at a restaurant or a winter overcoat to the children's schooling or the bit of land and the little house in the country that is the dream of every French working man; they save for a secure old age.

The World's Peoples and How They Live.

Editorial Notes

Co-operative Supervising Unions.

During the recent years many co-operative institutions celebrated their Silver Jubilee and of them a good number are local Co-operative Supervising Unions. Only recently the Co-operative Supervising Union at Tiruvannamalai in North Arcot District—an institution of thirty-six years' standing—celebrated its Silver Jubilee. We publish in this issue an address delivered by Sri A. Palaniappa Mudaliar, Joint Registrar of Co-operative Societies, on the occasion of the inauguration of the function.

Co-operative Supervising Unions in this State are old institutions, many of them having come into being as early as 1910 when with the growth in the number of societies and their volume of business, the need for an agency other than Government was found necessary to supervise the societies. The Central Banks could not themselves supervise effectively the numerous societies scattered all over the district. The Unions therefore functioned as effective links between the Central Banks and the primary credit institutions. For some years their growth was fostered. Even the Townsend Committee on Co-operation of 1927—28 expressed their opinion that the work of supervision of societies should be vested in the Unions.

Obviously of such vital importance in rural credit co-operation, these institutions might be expected to have had a progressive life and career during the past decades. As Sri Palaniappa Mudaliar observed even at the outset in his address the record of progress of these institutions in this State has not been uniform. While many a Supervising Union has a good record of active work and progressive importance, there have been also a very large number of them dwindling into insignificance and dormancy. Several causes contributed to this deterioration of the Unions. For one thing some of the Central Banks considered them unnecessary and insisted on their abolition and the vesting of the supervision of the societies in the Central Banks themselves. Secondly the Unions themselves, almost entirely dependent on the Central Banks for their finance, were not strong enough to fight for their survival. Thirdly they were torn by their own internal dissensions and party factions in many cases. The cumulative effect of all these factors has been that in certain districts like Nellore and Kurnool, almost all the local Supervising Unions have been defunct for some years.

Thanks to the new scheme of rural credit co-operation recently launched on a State-wide basis, an opportunity has now come up for the Unions to play their role in co-operation. The State is now to be covered with a net work of rural credit co-operatives and the Government have given subsidies to the Central Banks for expansion work. There is also the scheme of intensive food production, under which village co-operatives are expected to undertake distribution

of chemical fertilisers, iron and steel agricultural implements and to encourage members to dig manure pits and manufacture compost out of farm yard rubbish, etc. Thirdly, in pursuance of a resolution of the 8th Tamil Nad Co-operative Conference, the Government have launched a rural savings drive whereby all co-operative institutions will have to be induced to put forth efforts to obtain at least Rs. 1,000 each by way of fixed deposit for an year so that the Movement may have adequate capital within itself to meet its own requirements. In all such schemes education and propaganda in the country-side must play their full part if the villagers are to be drawn into the schemes. It is here that the local Co-operative Supervising Unions can play a very useful role. They can act as centres for the dissemination of knowledge. They can tender advice to the agriculturists on all matters relating to rural development. They can supervise the work of the societies and control or even check indiscretion on the part of the societies around them. In short they can be made to function as agencies through which the Central Banks can direct the rural development scheme of the village societies.

Some suggestions have been made to remodel the Unions in accordance with the new conditions in which they will have to function. For instance it has been suggested that one or two local leaders who have leisure and interest in public work may be co-opted to the governing body of the Union. The Union representatives of very good societies should be selected to the governing body of the Union. Also the jurisdiction of the Union should be reduced to manageable size so that its supervision and influence may be really effective. These are helpful suggestions; but the real value and usefulness of the Unions lie in the measure of confidence that is reposed in them by the Central Banks and the primaries and the sense of responsibility that is felt by the Union members in their work.

At present there is a genuine need for the resuscitation of the Supervising Unions and pressing them into service for rural development. Already in districts like North Arcot the matter had received much attention and more Unions are coming into existence. We also learn that even in Nellore district where several Unions have been defunct, earnest efforts have been made with considerable success to set some of them into activity.

We earnestly appeal to rural co-operatives and co-operative leaders to avail of this opportunity and to put forth their best endeavours so that the entire State may ere long be covered with a net work of Supervising Unions—every one of them applying itself actively to its work.

The Future of the Handloom

We publish in this issue an article on the handloom industry contributed by the Business Manager of the Madras State Handloom

Weavers' Co-operative Society. The author has described in an interesting and impressive manner the condition of the handloom industry and the various handicaps which have prevented the weaver from being a prosperous artisan. He has also mentioned the role which co-operation played in the industry; and has endeavoured to show how the movement can help the weaver further in his trade.

While it is true that the Co-operative Movement has benefited the weaver, it cannot probably be denied that the benefit has not been commensurate with the amount of co-operative effort put forth, on account of the vast change in the textile economy in India and abroad. The procurement of raw material and the sale of his product are still problems to the weaver. He has to fight on two fronts both the supplier of yarn and the consumer of his product. For in the matter of yarn supply, he has not only to manage to obtain yarn from the mills but has also to hold his own traditional domain of production against the mills whose covetous eyes have been on it for some years past. Again in the matter of disposal of cloth he has the hard task of finding in the home market buyers from among the people whose textile tastes are changing and whose main consideration is the relative lowness in price.

In these circumstances how is the handloom industry to survive? And how can co-operation save the handloom weaver? The answer to these questions lies in how the Co-operative Movement can provide him with yarn and other raw materials and how it can help him to dispose of his products.

In respect of yarn supply the organisation of Co-operative spinning mills has been stressed time and again as the trump card of the Movement. Thanks to the efforts of the weavers' co-operatives in this State, a Co-operative Spinning Mill may ere long come into the field of yarn production. News is to hand that the Hon'ble the Prime Minister of India has just laid the foundation stone of the proposed Co-operative Spinning Mill at Guntakal and the Mill is expected to start working in 1953 with 11,000 spindles. This has roused considerable enthusiasm among the weavers and there are requests for starting Co-operative Spinning Mills in Tamil Nad and elsewhere. A few such mills in some parts of this State will not only help to meet to some extent the requirements of some weavers but will also help to bring down the yarn prices considerably. Though the weaver to-day has no immediate benefit, it is possible that in a few years the supply of yarn may not be a problem to him.

The problem of marketing his cloth is probably tougher than that of yarn supply. In addition to the weaving mill, there is a new entrant in the field, namely the powerloom. Powerloom weaving is as much a cottage industry as handloom weaving with an additional advantage in the lower costs of production. As Sri Gnanasambandam

observed in his article one can rightly expect such products in powerloom cottage industry to be much cheaper than handloom products and equal to the quality and price of the products of mills. At the same time the foreign markets are rapidly dwindling due to foreign competition. For instance it has been stated that from January-August 1950 to January-August 1951, the percentage of Ceylon's imports of Indian goods declined from 14.65 to 12.27 while the imports from U.K. increased from 17.86 to 20.81 and from Japan from 2.90 to 5.07. It is said that India which was Ceylon's biggest supplier before the War now occupies only a third place in Ceylon's trade.

Of the many suggestions made for building up and maintaining the home and foreign cloth markets, the most important seems to be "standardisation." Speaking at the Madras State Handloom Co-operative last month the Hon'ble Sri Hare Krishna Menon, Minister for Industries at the Centre, stated that the future of the handloom industry would depend on its ability to attain "standardisation." He expressed the opinion that the largest part of handloom production should consist in highly standardised goods, if they should have a demand. He was quite diffident about the future of the handloom if it chose to confine itself to the production of artistic varieties largely since the demand for them could never be large. Referring to the State of Orissa he mentioned that the demand there was only for standardised utility goods. He also stated that the Defence and other departments of the Government of India would not be able to purchase handloom cloth unless it conforms strictly to the specifications laid down.

Thus a very great stress seems to be laid by the Government on the production of utility varieties on handlooms. There also appears to be an over-emphasis on standardisations. While it is important to have *standardisation in quality*, we should guard ourselves against standardisation which may lead to dead uniformity which is a feature of mill production. If it is such standardisation that is suggested in handloom goods, then we are sure that the powerloom will soon eclipse the handlooms by supplying standardised cloth at low prices. It is this danger that has been pointed out in his article by the Business Manager. He proceeds to suggest that the handloom weaver in his counter part still exists to produce cloth with artistic designs, rich borders and multi-colour weave with more than one shuttle and continues his job un-affected in his fields of production. He thus stresses the need for protecting the handloom by training the weaver in methods of producing richness and variety in colour and design on his short warps so that it may not be possible even for the powerloom to compete with him. We feel that this method would go a long way towards saving the weaver in the present situation and commend this policy to the weavers' societies and to the Government for adoption in the best interests of our age-old cottage industry.

EDITORIAL NOTES

A Triumph for the Co-operative Movement:

It is with the greatest pleasure that we learn that Sri T. A. Ramalingam Chettiar, B.A., B.L., President of the Madras State Co-operative Bank, has been returned unopposed to House of the People. He is probably the only candidate that has that unique honour. Sri Ramalingam Chettiar has done immense service to the Co-operative Movement and the Village Panchayat Movement for some decades and is now the accredited leader of the two movements in South India. He has also been connected with numerous Committees appointed both by the Central Government and the Government of Madras. He was one of the Constitution Makers of India in the Constituent Assembly and at present he is a sitting Member of Parliament. During his long period of public service, he has devoted his best attention to the Co-operative Movement. His return to the House of the People is a fitting recognition of his great service. Co-operators in our State and elsewhere will feel his unique honour as a triumph for the Co-operative Movement. On behalf of the numerous Co-operators and Co-operatives in Madras State we offer our sincere felicitations to Sri T. A. Ramalingam Chettiar.

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Sri T. A. Ramalingam Chettiar, President, Madras State Co-operative Bank is welcomed by its Staff at Madras Central on his arrival after unopposed return to the House of the People. By his side is Dr. P. Natesan, General Secretary, M. S. Co-op. Union.



H. E. The Maharaja of Bhavnagar, Governor of Madras, addressing on the occasion of opening the Venkateswaram Co-operative Colony on 14.7.1951

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Handloom Industry in Retrospect

SRI W. GNANA SAMBANDAM, B.A., CERT. A.I.I.B.,
Business Manager, Madras State Handloom Weavers' Co-operative Society Ltd.

The Handloom Industry is the mainstay of more than 10 million people in this country and nearly 2 million people in this State are solely dependent upon it. According to the Fact Finding Committee's Report of 1945 there are 4,95,943 looms in this State which is allotted with 26.05% of the yarn intended for handlooms from out of the common pool. This accounts for the importance of this State. In spite of powerful competition from the mills, the industry is able to survive on account of the skill of the artisans who could cater to the varied tastes of the consuming public.

(2) This State is not producing sufficient cloth through the mills but a large quantity is allotted from the mills outside the State and mainly from Bombay and Ahmedabad. A good portion of the requirements is met from the handloom which caters to the demand of the middle and the labouring classes. Those accustomed to handloom cloth cannot go without it for ceremonial occasions. There is besides a constant demand for the products of this industry by our women folk for the multi-coloured designs in sarees produced by the weavers in their cottage homes. A small portion of the cloth requirements is also met by the production of khadi which is subsidised and well protected by the State Government under the Khadi Control Order, but its supply is not reckoned as an important factor in the textile consumption of this State.

(3) There are three categories of handloom weavers. An independent weaver finds his own capital, procures raw material by his own ability and disposes of the finished goods in the local shandies or weekly market. The second type is a weaver dependent upon the master weaver who is a small capitalist to whom he is linked in destiny. The master weaver is obliged to supply yarn, provide capital, and take back the finished goods for disposal. He keeps the workers in his grip giving them the minimum wages. He is thus a powerful intermediary between the producer and the consumer carrying on a lucrative trade. The other category comes under the co-operative societies, formed in all important weaving centres, where weavers take yarn, convert it into cloth according to patterns and specifications fixed by the society and take wages. The

goods so produced are marketed by the societies themselves. In this State on date 1,90,415 looms have joined the co-operative societies, working in as many as 989 villages and towns spread over the entire State and presently accounting for nearly one-third of the handlooms. In addition to the above classes of weavers, there are handloom factories established in certain important weaving centres, where groups of workers are put under a common roof for manufacture of heavy fabrics and special varieties. These factories come under the purview of the Factories Act and the labourers are paid the minimum of Rs. 2 per working day. A few such factories are also established by the Madras State Handloom Weavers' Co-operative Society Limited mainly to train up weavers in production of special varieties.

(4) (a) Those who are employed in the industry have several problems to face, the main being procurement of raw material, viz. mill yarn, capital for purchasing yarn and market for disposal of goods so produced. The handlooms in this State have therefore to depend entirely on the mills for the supply of their yarn and the latter are often reluctant to supply yarn in counts and quantities required by the handlooms. There has been a free market for yarn in the past; but with the introduction of controls, restrictions have been imposed on the production, distribution and price of yarn, with the result the handloom weaver is forced to take his yarn at a particular rate in quantities available and in counts offered by the dealer to whom he is linked, in spite of the fact that this State produces yarn of good quality in required counts adequate to meet the demands of the handlooms. This is one of the reasons for the handloom cloth not coming to a standard. This control becomes rigorous when there is scarcity of yarn and it is relaxed when there is plenty. The scarcity arises for several reasons, the main being the demand for cloth in the country and the export policy followed by the Government. It has been the experience of this industry that when there is plenty of yarn available there will be no demand for handloom cloth and with the scarcity of yarn the demand becomes acute. In other words the prosperity of this industry depends upon the availability of the mill cloth for civilian consumption and when the mills are otherwise busy in switching on production either for export or for other purposes and the civilian requirements starved, there is boom in the handloom industry. Consequently there is rush and those who take to it cannot get adequate raw material to cope up with demand. The cry then starts in the industry for more yarn.

But if the situation is otherwise, with plenty of mill cloth in the market followed by plentiful supply of yarn, it unfortunately cannot produce more on account of slump.

(b) The income by way of wages next determines the prosperity of the weavers. During times of scarcity of cloth, the weaver gets more weaving wages for less work and during slump period the weaver is to satisfy himself with the minimum wages. Even that is denied at times because of the stagnation of textiles in the market. There is one category of weavers who flourish on the export market. They produce such varieties like lungies, saris, Madras Handkerchiefs and Motto, largely sent to Ceylon, Indonesia, Burma, West Africa and other Far Eastern countries. The demand for these products is almost constant, unless there is a change in the foreign policy of this country or restrictions imposed by importing countries. As the demand for cloth for civilian consumption increases, the prices of cloth for export also go up proportionately.

(c) Regarding marketing there is nothing like an organisation which has established itself for dealing in handloom cloth exclusively except the cloth produced for the export market which is in the hands of some shippers and exporters who have agencies abroad or in some cases monopolised by patent for the productions in this country for sale outside. The handloom weaver himself takes it to a local weekly shandy to part his goods to a petty trader who works his fortune between him and the consumer. The dealers in handlooms do not generally make purchases for immediate sale, but make such purchases during lean months to hoard up for better prices during seasonal demands, as handloom cloth in this State has only seasonal demand on occasions like Deepavali, Pongal and marriage functions.

(5) These handicaps necessitated provincial organisations of the type of the Madras State Handloom Weavers' Co-operative Society Limited, which is a federated unit of the 989 weavers co-operative societies functioning both in the villages and in urban areas. It has taken up the procurement of yarn from the mills and is supplying it to societies. This yarn in turn is made available to the societies with a small margin of profit to cover transport, handling, overhead charges etc. The Society's price of yarn is the same whether sold in the vicinity of the Mills or transferred 800 miles off to meet the demands of a distant consumer. Presently due to introduction of control of yarn the society gets 36 per cent of the allotments of

yarn made to the State for supply to its looms. It is also given some preference by way of extra yarn of 20 per cent over the quota fixed for an ordinary weaver, because of the restriction that the weavers taking the yarn from co-operative societies should produce it into cloth on wages paid by society and return the finished goods to it, against the opportunities open for individuals not joining the society who take the maximum benefit out of the production into cloth. This is at times an incentive for a weaver to join the co-operative as he gets more yarn, but the more important consideration is that as he joins a co-operative society, he can shake off his responsibility of marketing the cloth produced by him and he is also assured of the supply of yarn, for which he need not go in quest of the dealers nor he is required to provide himself with sufficient capital to purchase it. He is also given wages much higher than the rates obtaining locally, as master weavers are not compelled either by law or by equity to give adequate wages to their employees. There is, besides, the advantage of the weaver getting work from the society even during periods of depression, as the business of the society is not suspended on account of slump in the market, but only he may be paid lesser wages and will not be driven out of profession. These are the advantages which outweigh with a weaver joining a co-operative society as against the one who is outside. But these by themselves are not sufficient, as this industry cannot ensure continuous prosperity to their members even though they could come under co-operative organisation.

(6) (a) Co-operation further helps standardisation of productions. No two weavers left to themselves could produce a cloth alike. But a society with 200 weavers can insist on production of a particular variety of cloth to conform to a given specification, which the local weavers are accustomed to. This is a standard by itself which enables the society not only to get a better price but also to execute any bulk order. The State Handloom Society helps the primary weavers' co-operative societies by purchasing a portion of their production, and arranging to market it by proper publicity and advertisement in the 108 depots opened throughout the length and breadth of the State and also outside centres like Calcutta, Hyderabad, Secunderabad, Bangalore, Colombo, Trivandrum etc. In marketing the goods produced by the societies, the State Handloom Society cannot have any large margin of profit except what is absolutely necessary to keep the concern going. As the State Society has an

obligation to provide a living wage to a weaver who produces the cloth, to allow a small margin of profit to the society which arranges for production through its weaver members, to pay for establishment, insurance, transport etc., for each emporium or depot where the stocks are exhibited for sale, and also to face the competition not only from the Mills but also from other dealers who sell spurious varieties not known for the fastness of colour or for durability, the marketing is still a problem. Ordinarily the cloth produced in a co-operative society is known for its quality with a guarantee for its specifications and colour. The consumer purchases it with some confidence which he may not have when paying for similar product released by other producers. There are of course certain established producers in handlooms in this State whose products noted for quality and durability are similarly sold. A member of a co-operative weavers' society has another benefit namely the annual return for his labour in the form of bonus at the end of each year as soon as the profits are declared. To enable primary societies to pay such bonus to members, the State Society in turn pays bonus proportionate to the purchases of yarn and supply of cloth made by them.

(b) The State Handloom Society functioning for the last 16 years is thus able to bring out an organisation to collect within its fold nearly 30 per cent of the handlooms in the State and to account for the production through its societies of cloth worth nearly Rs. 9. 2 crores. Its Business Statement for the year 1950-51 shows the following figures:

Purchases of yarn	...	Rs. 512 lakhs
Sales of yarn	...	„ 510 „
Purchases of cloth	...	„ 151 „
Sales of cloth	...	„ 159 „

It has built up a reserve of Rs. 50.4 lakhs with its Share Capital of Rs. 4.2 lakhs to-day. It is able to manage the above business without depending much on external help with only a small accommodation of Rs. 20 lakhs from the Madras Provincial Co-operative Bank, the rest of the finances being provided by hypothecation of its own assets.

(7) The problem for this industry is whether it will survive. Its survival depends upon several factors. First, the handloom industry is dependent upon the mill industry, which always looks

upon it as a competitor with suspicion and makes the supply of raw materials required by it only as a last resort. Is it possible for the handloom weavers to produce their own yarn? The economics of hand spinning do not suggest that the production of its own yarn by the handlooms is feasible. By working with one spindle at the charka or improved spinning wheel, one cannot expect to produce more than 2 hanks of yarn per day costing about Rs. 0-8-0 against its ex-mill price of Rs. 0-3-6. As the raw material itself is so costly, it is uneconomic for a handloom weaver to think of producing his own yarn even as a spare time occupation. The problem therefore arises whether there could be a sufficient number of mills organised on cottage industry basis with permission to produce adequate quantity of yarn for diversion to the handlooms exclusively. There is a suggestion of importing Japanese spinning unit with 1,200 spindles to be worked on cottage industry basis and the economics of production of yarn on this plant is said to, be equal to, if not more advantageous than, the production by large scale industry. Even this venture costs about Rs. 1½ lakhs initial outlay for each unit. Though its prospects are not assured, it is worth experimenting to supplement the requirements of handlooms, provided also the Government exclude these productions from the common pool and also lift the control with reference to supply of cotton. The next experiment is formation of mills on co-operative basis and this State is proud of sponsoring one with 11,000 spindles under the auspices of the Society at Guntakal to supplement the requirements of yarn. There is another proposal to have a similar mill for the southern districts of the State. Though some schools of thought are pessimistic about the future of such mills, more of this kind may be sponsored on co-operative basis, if these are permitted to use the yarn so produced exclusively to feed the handlooms.

(8) The problem of procuring the raw material may be fairly solved, but still there is the problem of competing with the mill cloth. That problem arises and will continue to be acute as long as there is no standardisation. Handloom cloths to-day in the market as released by several producers do not conform to any specification or standard, but handloom cloth produced by the co-operative societies conforms to certain standard for each society and all societies cannot easily subscribe to one standard in producing a single variety. But standardisation is evolved in exportable varieties like lungies, saris and Madras Handkerchiefs because such productions are not only backed up by demand but also provide sufficient incentive to

the weaver to take it on account of better wages. In this age of machinery and competition from well organised heavy industries like mills, this industry subsists merely by working on pit looms with fly shuttles or frame looms with more than 2 treadles or on semi-automatic looms with a slightly larger output. Experiments are being made now for producing cloth in power looms worked out on cottage industry basis. The problem for these power looms is to get long sized warps, which mills are reluctant to supply, particularly when the power loom installed on cottage industry basis is a promising competitor. The working of power looms on cottage industry basis will no doubt accelerate production, if accompanied by a supply of sufficient quantity of yarn by owning small spinning plants run on cottage industry basis or through co-operative mills run for supply of yarn exclusively to the handlooms.

(9) The introduction of power loom on cottage industry basis cannot altogether eliminate the frame looms or the pit looms now popular in the State for production of certain varieties which are the monopoly of the handlooms. But on the other hand the power looms on cottage industry basis can eliminate waste and help to produce goods cheaply. By use of long warp the wastage in weaving and pilfering at every stage of processing can be kept as low as possible. It helps to increase the production ten-fold and reduces the weaving cost to a fourth. The varieties produced can conform to specifications and width. In such varieties like gada, dhoties, sheetings and other materials which are largely the products of Mills, the handlooms have to face severe competition. One can rightly expect such products in power loom on cottage industry to be much cheaper than the handlooms and equal to the quality and price of the product of mills. But the handloom weaver as its counter part still exists to produce cloth with artistic designs, rich borders and multi-colour involving weave with more than one shuttle and continues his job unaffected in his fields of production. Hence it is that the handloom industry in its orientation can compromise itself with the power loom organised on cottage industry basis, whereby the cloth produced would be made cheaper and those employed in the industry also earn better wages to live on against competition. A decision should be taken in the near future as this industry is a source of anxiety to this State and also to the Centre.

Co-operative Supervising Unions in Madras State*

SRI A. PALANIAPPA MUDALIAR, M. A.,

Dy. Commissioner of Prohibition and Joint Regr. of Co-op. Soc., Madras,
Brother Co-operators.

It is rarely indeed that Co-operative Supervising Unions celebrate their Silver Jubilee. The Tiruvannamalai Co-operative Supervising Union is now over 36 years old having been established in 1914. It was started with 25 primary societies affiliated to it in the taluks of Chengam and Tiruvannamalai. Now its activities are confined to Tiruvannamalai taluk alone and still the number of societies is 60 of which 55 are agricultural credit societies and 5 urban societies and others. It is a matter for gratification that the Union has chosen to celebrate its Silver Jubilee and I consider that such celebration is of great value. For it serves as an occasion to take stock of the progress of the institution over a period of years and to give fresh life to the institution concerned. It also serves as a reminder of the real purpose for which the institution stands and the service it seeks to render to the people. Mr. Seshachalam Iyer and the successive Governing Body members of the Union deserve to be congratulated on the successful working of the Union for nearly four decades. Some of the special features in its working deserve mention. First, besides organising societies for the supply of credit, the Union has from the beginning interested itself in the promotion of non-credit co-operatives. It has also encouraged the growth of co-operative societies among shoemakers, wood cutters, cattle owners, etc. It has helped Harijans to acquire house sites on a co-operative basis. Secondly, it is a great testimony to the good work of the Union that no loan recommended by it proved bad to the financing Bank. Thirdly, the success of the Union is in no small measure due to the untiring efforts of Mr. Seshachalam Iyer, who has been associated with it as its President or Secretary ever since its inception till now.

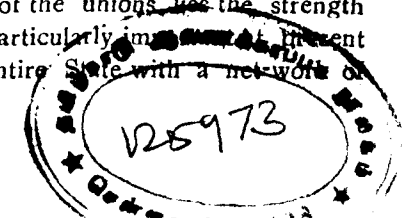
The record of progress of the Co-operative Supervising Unions in the Madras State has not been uniform. Their origin dates back to the year 1910. The need for the formation of supervising unions arose out of the fact that with the growth in the number of societies and volume of business, the need for an agency other than Government was found necessary to supervise the societies. Just as members of individual societies obtained credit by their mutual confidence and control, so too societies might be able by combination with one another to attain similar increase of confidence and credit. It was also found impossible for a Central Bank

*Address delivered on the occasion of the Silver Jubilee Celebrations of the Tiruvannamalai Co-operative Supervising Union Ltd., on 2nd September 1951.

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to supervise effectively the numerous societies scattered over a large area in a district. For these reasons the unions came into existence and their development was fostered. Side by side, the earlier Central Banks, such as the Madura-Ramnad Co-operative Central Bank and others, had among their definite objects the supervision of affiliated societies. The two systems of supervision by central banks and by supervising unions developed side by side. The Townsend Committee (1927-28) was of the opinion that the function of supervision of societies should be vested with the unions and not with the central banks. And although a very large number of unions were not working efficiently, they considered that it was largely a question of funds and have made several recommendations to strengthen the unions, chief among which were the formation of district cadre of supervisors to provide greater security of tenure, and vesting greater powers with the unions, in respect of their affiliated societies. District federations came into existence later but within less than 3 or 4 years of their existence, they were considered to be a fifth wheel to the coach and were abolished. With the abolition of the Federations, the work of coordination and control of the unions was taken over by the central banks. The present arrangement is that the supervision of societies is carried on by the unions in areas where they exist, assisted and controlled by central banks. Central banks have organised administrative sections or committees of supervision in charge of executive officers. On 30th June 1950, there were 259 supervising unions with 798 supervisors attending to the supervision of rural credit societies and 10,861 societies were affiliated to them for supervision.

In this connection, I may refer in some detail to the present position of the supervising unions. There is a tendency in some quarters to belittle the importance and utility of the supervising unions. Some of the central banks considered them unnecessary institutions and were insisting on their abolition and vesting the supervision of societies with the banks themselves. But there is also much to be said in favour of the supervising unions. The arrangement of mutual supervision of societies by themselves through the local unions has been well-conceived and it is essentially co-operative in character. The central banks with a wide jurisdiction are not fitted to undertake the entire supervision work. Unions provide the ideal institutions for ensuring the effective mutual supervision of the societies. They constitute an important link between the central banks and primary societies and will be of valuable assistance to the central banks. Besides supplying local knowledge of societies, they can help the banks in the work of expansion and rectification of societies and in the dissemination of co-operative knowledge among the members of the societies. In the strength of the unions lies the strength of the central banks. The question is particularly important at present when an attempt is made to cover the entire State with a network of co-operatives.



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With the introduction of the scheme of reorganisation and expansion of rural co-operative societies, there has been an increase not only in the number of rural credit societies but also in their activities and volume of transactions. The percentage of villages covered by co-operative societies has risen from 44 on 1-2-1949 to 66 on 30-6-1951 and the percentage of the population served from 10 to 18. The societies also undertake activities other than credit and they have done business to the extent of Rs. 246.24 lakhs during the year 1950-1951. The question of effective supervision of the co-operatives has, therefore, become more important. It is no longer possible for the local supervising unions to supervise effectively all the societies in a taluk. The scheme for the expansion of rural credit societies must necessarily lead to the organisation of more unions. The area of the union should be compact enough to ensure mutual knowledge of the working and the needs of the affiliated societies. The organisation of new unions and strengthening of the existing unions will have generally to follow the principles that in each supervising union there are at least one supervisor and 20 affiliated societies. Under the scheme of reorganisation of rural credit societies, the central banks have been requested to appoint additional staff of supervisors so as to ensure that not more than 20 societies are entrusted to each supervisor and Government sanctioned a subsidy of Rs. 2.18 lakhs towards the cost of 249 additional supervisors during the year 1951-1952. Government have also entrusted the scheme of intensive food production through village societies in seven select districts and it is proposed to extend the scheme to eight more districts. Under this scheme, the village co-operatives are expected to undertake distribution of chemical fertilisers, iron and steel and agricultural implements and to encourage members to dig manure pits and manufacture compost out of farm yard rubbish and manure. Societies are encouraged to give advances to the members for the purchase of pump sets to improve well irrigation. They are also expected to bring fallow lands under cultivation wherever they are made available to them. They are to do propaganda in the various measures of food production launched by Government. Appreciable progress has been made in the direction of distribution of chemical fertilisers and iron and steel and in the manufacture of rural compost. Here also the unions can play an important part in bringing together the representatives of rural societies at general meetings as frequently as possible with a view to discuss common problems and implement the scheme successfully. Supervising unions which are composed of societies serve as a suitable non-official agency to implement the schemes for the expansion of credit societies and introduction of multipurpose activities. They will also serve to interest non-official organisations in the food production measures launched by Government. The question of strengthening the existing supervising unions and starting new ones is therefore greater than ever before and this question is under the consideration

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of the central banks. In the North Arcot District, I understand that 6 more supervising unions are proposed to be formed. I am sure the central banks will address themselves to this task in the near future and thus tap local leadership and talent which is so essential not only for the sound and efficient working of the primary societies but for the promotion of the various schemes launched by Government for general rural progress.

Several suggestions have been made from time to time for improving the working of the unions. Some of the suggestions are that the union representatives of very good societies should be selected to the governing body of the unions. Provision should be made for co-option of one or two local men with leisure and disposition to do public work. It is necessary to repose greater confidence in the unions and increase the measure of local influence over the societies affiliated to them. Supervisors should be entrusted with a manageable number of societies and should be kept in a union for not more than 3 or 4 years. The president or secretary of the union should be at the union headquarters. The unions should be so arranged that each of them serves a manageable area. Necessary financial help should be given to the good unions. There is no reason why live supervising unions should not prove to be of greater service to the movement where conditions are suitable as they are one of the most promising ways to increase co-operative knowledge among members of societies and to give them a wider co-operative outlook. Apart from their present duties, unions can be centres of co-operative education and enlightenment if they choose to be and provide a medium for an exchange of thought and notes of the new co-operative experiments which may be tried in future and for the dissemination of co-operative knowledge. The success of the unions, however, ultimately depends upon the men at the helm of its affairs. They should be such as have a right to teach or criticise others by virtue of the superior position of their societies. As one of the former Registrars observed, the supervising union system is an excellent one, in fact, the best possible, if only suitable men are available to work it. He said, "It is impossible to over-estimate the great good done by the old-fashioned union president, the man who knew the needs and character of every member in the area and who has been universally respected. But if such a man is not forthcoming, if union office bearers are themselves defaulters, if they take *benami* loans and commissions, then I would have very little hesitation in dissolving them and entrusting the supervision to the bank. I believe that in the absence of the local gentlemen of outstanding personality and integrity, supervision by the creditor-bank has a better chance of success".

Debentures of the Central Land Mortgage Bank

by Sri N. SATYANARAYANA,

President of The Alamuru Co-op., Land Mortgage Bank Ltd, Alamuru.

In the July issue of the Madras Journal of Co-operation, two interesting articles appeared, one from the pen of the non-official leader of the Co-operative Movement, Sri T. A. Ramalingam Chettiar, President of the Madras Provincial Bank and the other from the pen of Sri J. C. Ryan, Registrar of Co-operative Societies, Madras on the question of investment in the debentures of the Madras Co-operative Central Land Mortgage Bank Ltd., at 3 per cent and the Co-operative Central Banks and other Co-operative institutions subscribing to these debentures. As a co-operator connected with the movement for over a quarter of a century and in touch with the short-term and the long term movements in some degree, I feel it my duty to appeal to the Co-operators to view the matter with the idea of how best to serve the movement and agriculturists who are the ultimate beneficiaries of the movement. The pride of achievement of the movement in our state is that it has been able to bring down the interest rates in the rural parts and cheap money is made available to agriculturists for both short-term and long-term.

If we study the history of the long term movement in the last 20 years, it will be seen that from the beginning the co-operators and Government examined the possibilities of the short term co-operative movement investing its funds in the debentures of the Madras Co-operative Central Land Mortgage Bank, of course, without endangering its own position. In the early years Government ordered that Co-operative Central Banks, the Madras Provincial Co-operative Bank, the local boards and the Hindu Religious Endowments may invest their funds in the debentures upto certain specified limits and thus help the agriculturists to get long term finance at cheap rates of interest. The Co-operative Banks were instructed to invest their reserves and surplus funds in the debentures and thus in the early stages the long term movement was helped to issue long term loans to agriculturists. At the same time the Land Mortgage Banks were enjoined to explore the possibilities of taking over debts due to the Co-operative societies to afford facilities to agriculturists to spread over their repayments and wipe off their debts.

A survey of debts of Rural Co-operative Credit Societies in the area of operations of the Land Mortgage Banks in East Godavary and Tanjore Districts was made as early as 1932, when Sri M. Ramachandra Rao was the President of the Central Land Mortgage Bank and it was found after scrutiny that less than 5 per cent of the loans in the Primary Co-operative Societies can be transferred to the Primary Land Mortgage Bank. Even

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now this process is going on and Land Mortgage Banks are clearing off debts due to Co-operative Societies along with other debts by grant of 20-year loans and thus helping the agriculturists. The Alamuru Co-operative Land Mortgage Bank sanctioned loans to the agriculturists in its area of operations from the beginning of the year i.e., from 1-7-51 upto the end of September '51 for the quarter ending, a sum of Rs. 75,000-. Out of this amount a sum of Rs. 25 000 was paid to the members for the discharge of debts of Primary Credit Societies and the local co-operative Rural Bank. This shows that one third of the amount sanctioned as loans by the Alamuru Primary Land Mortgage Bank to its members is returning to the Primary Credit Societies for the redemption of their debts. In this connection, I may mention also that I raised a sum of Rs. 25,000 from the local public and from the Alamuru Co-operative Rural Bank to purchase Debentures of the 46th series of the Madras Central Land Mortgage Bank at 3 per cent interest with the issue price of Rs. 99-8-0. Out of the Rs. 25,000 the Alamuru Co-operative Rural Bank alone contributed a sum of Rs. 10,000 out of its special reserves already created which shall have to be invested outside the operations of the Bank by statute. Although the Alamuru Co-operative Rural Bank gave away Rs. 10,000 out of its own funds for the purchase of debentures, it received a sum of Rs. 20,000 from the Alamuru Co-operative Land Mortgage Bank for the discharge of their debts by the members who are members of both the institutions. Whenever instalments are due by the members of the Alamuru Co-operative Rural Bank, to the Alamuru Co-operative Land Mortgage Bank, the Rural Bank is sanctioning Loans promptly and paying off the instalment amounts to the Alamuru Co-operative Land Mortgage Bank and the amounts are collected from the members in due course after harvest. Thus there is reciprocity or linking up of transactions between the primary Societies and Primary Land Mortgage Bank in the area. So the benefit of such investment by the short-term co-operative movement was mutual and has worked, I venture to say, to the advantage of both the wings of the co-operative movement.

As regards interest rates the Central Land Mortgage Bank has always tried to issue debentures at competitive rates practically comparable to the Government of India loans. In thus raising the funds, the Co-operative Banks and other statutory bodies have helped a great deal. Sri Ramalingam Chettiar as President of the Madras Co-operative Central Land Mortgage Bank from 1936-1942 was greatly responsible for bringing down the rate of interest to the ultimate borrower to the low rate of 5 per cent. I may mention here that I worked with him as a Director in the Central Land Mortgage Bank during this period. It was he who in 1936 began the issue of debentures at 3 per cent (departing from the previous practice of issuing debentures at 3½ per cent) and was responsible for raising debentures to the tune of over Rs. 100 lakhs.

Unfortunately in 1938, Government ordered raising of the margin between the borrowing and lending rates from 2 per cent. The margin kept till April 1938 was $2\frac{1}{2}$ per cent. Again in 1939, this margin had to be raised to 3 per cent. Sri Ramalingam Chettiar strongly protested against raising the margin to these higher levels as it meant a higher rate of interest to the agriculturist borrower. During the early war years, it became necessary for the bank to raise its rate on debentures to $3\frac{1}{2}$ per cent which entailed raising the rate to the agriculturist borrower to $6\frac{1}{2}$ per cent. This was a phenomenon which Mr. Ramalingam Chettiar as an old co-operator, friend and benefactor of agriculturists could not reconcile himself to. In July 1942 when the Central Land Mortgage Bank had to raise debentures for Rs. 20 lakhs Mr. Ramalingam Chettiar requested the Madras Provincial Co-operative Bank to help the long term movement by agreeing to take debentures at 3 per cent to the extent necessary. He addressed the Madras Provincial Co-operative Bank telling them that it should ordinarily be the duty of that Bank to find all the money required by the movement though not as a dogmatic rule, but to the extent possible and that this reduction in the rate of interest is necessary, as the rate of interest charged on long-term loans should be brought down from $6\frac{1}{2}$ per cent. There was a splendid response to his lead and Co-operative institutions including the Provincial Bank subscribed to the extent of 75 per cent of the series. When the Central Land Mortgage Bank floated this series of debentures in 1942, the 3 per cent 1963-65 Government of India loan was quoting at 93 and $3\frac{1}{2}$ per cent irredeemable paper was quoting at 92. Mr. Chettiar tried his level best to co-ordinate the activities of the short-term and long-term credit to mutual advantage as he was a very influential and co-ordinating member in both the Provincial institutions. This happy co-operation of both the institutions was possible as Mr. Chettiar was the connecting link of both the institutions.

Mr. Chettiar stated the fact that when the Central Land Mortgage Bank floated its debentures at 99-8-0, Government securities were quoting at 92. He was obviously referring to the 3 per cent conversion loan, which is irredeemable and quoting at 92-14-0 per cent. Irredeemable Government paper always quotes less than dated Government loans and when comparison is to be made with dated debentures, dated Government loans should be taken. It is not my point that when the Central Land Mortgage Bank issued its 3 per cent debentures at 99-8-0, similar Government loans were selling at that rate. There is no doubt that Government loans were quoting low. My object in referring to them is to mention that the short-term co-operative movement has always helped in securing funds for debentures at lower rate as far as possible to help the agriculturists irrespective of whether that advantage occurred to this institution or that institution and for the benefit of the co-operative movement in general. This is what I understand as the real meaning of co-operative brotherhood. We belong

to the same family of Co-operators. The several units of the co-operative movement must be linked up to the mutual benefit of one and all. The different Co-operative institutions in the movement at least must work up to the ideal of each for all and all for each. This ideal must be worked only by mutual co-operation and co-ordination of institutions on a voluntary basis for the mutual advantage of all.

The Provincial Co-operative Bank has become now a days the financing centre for all activities of co-operative credit and non credit. Hitherto the Provincial Co-operative Bank was financing only the Primary Societies for all the credit needs of the agriculturists and it has taken up the additional burden of financing for procurement, for consumer goods, such as controlled articles, for weavers' societies and other co-operative activities such as cottage industries, so there is really a dearth of money to finance its own clientele.

Hitherto, the Provincial Bank was sanctioning loans to the Primary Societies prior to 1930 even for intermediary and long term loans up to 10 years through Central Banks. The Townsend Committee strictly prohibited sanctioning of long term loans for more than 3 years and 5 years in extra-ordinary cases. Primary Societies had to curtail their long term transactions of 10 years and even intermediary loans from 3 to 5 years. Now they have to depend entirely on the Provincial Bank for short term loans for one year duration only. But the Primary Land Mortgage Banks have taken up the sanction of long term loans throughout the Presidency and to this extent, the Primary Societies and the Provincial Bank are relieved from the burden of sanctioning intermediary and long term loans which was their legitimate work till 1930.

It is but natural that Central Land Mortgage Bank looks to the Provincial Co-operative Bank for its support to raise long term money at a lower rate of interest for financing agriculturists, as they are discharging the short term debts of the members of the Primary Societies also out of this long term money. The ultimate object of the Central Land Mortgage Bank is to lower the interest rate to the ultimate borrowers who may be members of Primary Credit Institutions or Primary Land Mortgage Banks. The Central Land Mortgage Bank cannot issue loans at a lower rate of interest, if the rate of interest it has to pay on debentures is high. Under the order of the Government, it has to maintain a specific margin between its borrowing and lending rates. After maintaining this margin, it is impossible for the Central Land Mortgage Bank to sanction loans to the ultimate borrower at 5 per cent unless it floats debentures at 2 per cent. It is really a matter of helping the agriculturists in general for whose benefit the co-operative movement as a whole exists.

It is true that Co-operative Banks have been benefited by a slightly better yield, if they chose to invest in Government securities in preference

to the co-operative debentures. We are all aware of the heavy depreciation that Bank had to provide for in the last few years. The 8 per cent Conversion Loan referred to above was selling at 106 per cent at the time of its issue in 1946. Now it is selling at less than 93 which means a depreciation of 13 per cent in five years. Other Government securities have also depreciated. The General Body of the Madras Provincial Co-operative Bank which met on 31.10.51 had to provide a sum of Rs. 1,25,000 as recommended by the Executive from the other Reserves of the Bank to the Depreciation Reserve of the Government securities which stand at 221 lakhs. The General Body further approved the suggestion of the Executive to direct a sum of Rs. 1,50,000 from the Building Fund and Rs. 25,000 from the Suspense Reserve for the Depreciation Reserve. The total depreciation Reserve of Government securities will come to Rs. 5,25,000. The Madras Provincial Co-operative Bank has all along been giving dividend at 9 per cent. Now it has to reduce the dividend to share holders to 7 per cent, as it has to provide large sums of money for Depreciation Reserve of Government securities. Although the depreciation of Government paper need not alarm us and cause any anxiety, as it is only a book loss and not a real loss, there is a sum of Rs. 3.7 lakhs sealed Reserve in depreciation. After the maturity of the bonds, the total amount can be realised. Having regard to this factor, non-speculative investments, like the debentures of the Central Land Mortgage Bank backed by good security and Government guarantee ought to command at least from co-operators better appreciation and patronage.

The Reserve Bank of India have been advising Commercial Banks as well as Co-operative Banks to increase their portfolio of investments in gilt-edged securities like Government securities and Trustee securities to the extent of 30 to 40 per cent of their deposits. Our Co-operative Banks had invested only to the extent of 13.5 per cent of their deposits and so there was need for them to make further investments. The Madras Provincial Co-operative Bank invested a sum of Rs. 221 lakhs in Government securities and a sum of Rs. 18 lakhs in the debentures of the Central Land Mortgage Bank. This works out only at 7½ per cent. It was, therefore a case of choice of investment. When in 1942 the Madras Provincial Co-operative Bank proposed to invest a substantial amount in the debentures, the then Registrar objected to it on the ground that it may mean interlocking of funds. I was present at the Board meeting when Mr. Chettiar put the straight question whether it was the intention of the Registrar that a co-operative institution like the Madras Provincial Co-operative Bank should not prefer investment within the movement and to the delight of all of us the Registrar yielded on the point and permitted the investment.

In this connection, I would like to mention that when loans for specified local purposes were floated there would be more local enthusiasm. When Government loans are floated, it is not always for the benefit of a particular locality. But where it is specified that the proceeds will be utilised for the benefit of a particular locality, there would always be better response. The success of the loan floated by the Madras Government in 1950 is an instance in point. The Government required a sum of Rs. 1 crore for Manimuthar Project and the people of the locality subscribed to the extent of Rs. 123 lakhs for the purpose while for the remaining Rs. 8 crores the Government had to do a good deal of canvassing

and make underwriting arrangements. It is therefore a case of the Co-operative institutions showing some local patriotism in investing in the debentures of the Central Land Mortgage Bank moneys which they necessarily had to invest.

There is dearth of money now in the open market at lower rates of interest. Even the Government loans are floated at 3½ per cent in various states. The Centre as well as the States require now large sums of money for all their development schemes. Local capital may not be adequate. The Central Government is looking for other countries to finance all the schemes of the National Planning Committee. At this critical juncture, it is the bounden duty of the co-operators to find money not only in the open market but also from philanthropic institutions and generous hearted capitalists to finance the agriculturists for all their needs, both short-term and long-term.

Sri Vinobha Bhave has now set an example to one and all. By personal influence and disinterested work, he could secure lands not in hundreds but thousands of acres from the rich people for the benefit of the poor and the landless. Can we not co-operators take example from him and go about in the country side and collect the savings of the rich and the poor at moderate rates of interest to finance the agricultural industry which is the mainstay of the country? We do not want any charity. But we want cheap money to pay the agriculturists to raise cheap food for one and all. This object can be achieved only when we can get money at cheaper rate of interest to finance agriculture which cannot thrive at high rates of interest. What is wanted is the individual initiative and continuous devotion of those who by virtue of their position in the movement and education should lead the movement and find money from all sources. Co-operation is not a mercenary movement. It has a mission to fulfil and a message to deliver.

I congratulate the co-operators of Tamilnad Co operative Conference of 30th September exhorting the Panchayats of each society to collect at least Rs. 1,000 as deposit to finance their members. There are 20 thousand Co-operative Societies in the Province. If the Panchayat in every society collect Rs. 1,000 each, two crores of additional capital will flow into the movement. If the 30 lakhs of our members enrolled to-day in the movement in our State contributed only Rs. 1 a month out of their savings, the short term as well as long-term needs of our members for the season, can be easily financed without outside help. We have developed all along in the movement, cheap credit but not compulsory savings. It must be the endeavour of earnest co-operators to pool the savings of our members and strengthen the movement by organising thrift campaigns. There are in every village men intelligent and capable to administer the movement and direct the institutions. We have to rope in these men of missionary zeal into the movement and bring success to our cause. Co-operation is the only hope to revitalise the agricultural industry by helping the farmer through cheap credit and savings. If co-operation fails in this cause, there will fail the best hope of Rural India.

The South India Co-operative Insurance Society Limited, Madras*

Brother Co-operators and Friends,

I am glad to report that the upward trend in new business production has been maintained. The business introduced in 1950 is of the order of Rs. 1,08,00,000 which registers a slight increase over the figure for 1949. The amount of business written in 1950 is more than 8 lacs over the corresponding figure for the previous year. The interest yield in 1950 has been maintained at the same level as in the previous year, i.e., at about 3.5 per cent. The Life Fund at the end of 1949 stood at Rs. 64,35,532-12-7. The addition in 1950 to the Life Fund was Rs. 12,92,246. If the amount of Rs. 1,25,910-2-0 which had to be carried to the investment depreciation fund is also taken into account, it is clear that the addition to our reserves from out of the renewal premiums received in the year under review was about 88.5 per cent. This represents a substantial addition to our reserves; the Life Fund at the conclusion of the year stands at Rs. 77,27,778-9-11. An investigation into the mortality experience in the year 1950 has also revealed very satisfactory results.

The steady maintenance of the interest yield at the rate of about 3.5 per cent coupled with the improvement in the incidence of mortality assures the Society of a very sound position at the next valuation. This assurance is further reinforced by the circumstance that the Board of Management has been able to effect reduction in the renewal expense ratio also from 16.19 per cent (for the year 1949) to 15.59 per cent. The significance of this reduction in renewal expense ratio will be better appreciated if it is realised that this reduction was possible in spite of increased expenditure on account of enhanced Dearness Allowance and revision in the salaries of members of the Staff.

The Society has also made appreciable progress in popularising Co-operative Insurance in States other than Madras. In the current year, i.e., in 1951, the Board of Management has succeeded in tapping new resources in Bihar and the United Provinces.

It would not be inappropriate to strike a valedictory note in this address speaking as I do when the term of membership of the Directors is drawing to a close. Having joined the Board of Management early in 1943 when the affairs of the Society were at the lowest ebb, I feel, I can look back with satisfaction on the progress achieved since 1943. In 1942 the total new business reached the very low level of about 9 lacs. The

*Presidential Speech of Sri V. Parthasarathy, B.A., B.L., President of the Society at the Annual General Body Meeting held on 9th December 1951.

THE SOUTH INDIA CO-OP. INSURANCE SOCIETY, LTD., MADRAS

renewal expense ratio for 1942 was 18 per cent and the Life Fund as on 31st December 1942 stood at the level of Rs. 12,90,434-1-7. One cannot fail to be impressed by the rapid strides made by the Society since 1943. The present position of the Society in the general Insurance World and the potentialities for future development and expansion make me convinced that the Society had attained a position of firmness and stability.

In the struggle for survival and for a stable existence the Society had to relegate to the background some of the main objectives for the achievement of which it was founded. The justification for a separate existence as a Co-operative concern will be judged by the adherence to and by the practice of the ideals set before this Society by the founders. The main function of a Co-operative Insurance concern must be to bring insurance to the door step of the masses in the rural areas through Co-operative Organisations. That should be our main function and distinctive technique. The low level of per capita insurance in our Country and the comparatively larger income realised by the agricultural classes in recent years make it incumbent on the Indian Insurance business to concentrate attention in the rural areas. This has to be achieved by the creation and training of a better type of insurance sales-men than were available hitherto. In this new role which Indian Insurance has to play, Co-operative Insurance should take a pre-eminent place. It is my conviction that in order to minimise the cost of insurance it is absolutely necessary to utilise the vast net work of Co-operative Societies to popularise Co-operative Insurance and to procure new business through the instrumentality of Co-operative Societies. Unless our Society is able to make a headway in this direction it would not have justified its existence. The time is now ripe when we should exert ourselves to put into operation these fundamental tenets of Co-operative Insurance. Till now it has been a period of struggle to achieve a place of stability and respectability in the Indian Insurance World. That unassailable position having been won, it is upto us now to prove what Co-operative Insurance in its best form can achieve. I trust that the Madras Provincial Co-operative Union, the leading sister co-operative institution and the department of co-operation in Madras, would join hands with us in realising our objective. I am also confident that co-operators, both official and non-official in other States would collaborate with us in the task ahead. I am also looking forward to an increased measure of collaboration with Co-operative Insurance Societies at Bombay and Hyderabad. Our Society and the other two Societies that are mentioned have for some time been considering ways and measures to work in union for the furtherance of the Co-operative Insurance. An increased or accelerated effort of the three Societies working hand in hand would yield results

which cannot be achieved by the three Societies functioning separately as distinct and unconnected units.

I must place on record my gratitude to the Members of the Board and the members of staff for the excellent work achieved by the Society in the year under review. I would, however, be failing in my duty if I do not mention things which need immediate attention. The staff are now called upon to tackle work of a magnitude and of an intricate nature that render reinforcement to their ranks absolutely necessary. In the sphere of statistical and actuarial work we are lagging behind for want of technical personnel. The reinforcement of the members of staff was not possible by reason of the fact that all available funds had to be diverted for meeting the claims, for enhanced salaries and allowances of the existing members of the staff. I have to point out that for the Society to function at the requisite level of efficiency it is necessary to indent on the services of persons specially qualified to deal with statistical and actuarial problems. The Directors have therefore to take up this question at the earliest moment.

I thank all the members of the field staff and the special agents, chief agents and ordinary agents, of the Society for their co-operation and for the excellent work that they had turned out during the year under review. I am also deeply thankful to the Registrar and other members of the Department for their unfailing and ready help, whenever it was sought. I must also record my thanks to the members of the local Board in Bihar, for their good will and for the unstinted support they are giving to our Society. Finally my thanks are due to the Co-operators, both official and non-official in the United Provinces.

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Madras 2

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 Thogarchedu Multipurpose Rural Co-operative Credit Society (Kurnool District.)

The village Thogarchedu is situated at a distance of about 5 miles from Nandyal and has a population of about 2,800. A co-operative credit society was registered for the village on 22-12-1944 and it was started on its work on 23-2-1945 with 13 members and a paid up share capital of Rs. 13 only. The number of members has now risen to 53 and the share capital to Rs. 1,262.

The society is affiliated to the Kurnool District Co-operative Central Bank Ltd. Kurnool. The society has also taken shares in the Kurnool Wholesale Co-operative Stores and Nandyal Marketing Co-operative Society. The total investments of the society by way of shares in the above three co-operative institutions amount to Rs. 175. With the introduction of the scheme of reorganisation of rural co-operative credit societies, the society got its name changed as "Thogarchedu multipurpose rural co-operative credit society" on 5-4-1950, and also adopted the bylaws relating to multipurpose activities on 6-10-1950.

As per the provision contained in the subsidiary bylaw under bylaw No. 2 of the society, it took up the joint purchase and distribution of kerosene, foodgrains etc. The society was recognised as a retail dealer for kerosene for that village and was issued a kerosene permit on 20-11-1949 by the Revenue Divisional Officer, Nandyal. The society has also obtained a food grains license (License No. 138/50 dated 25-9-50). Security deposit of Rs. 100 was remitted by the society as required under the rules. The society has been recognised as an authorised dealer for the purchase and distribution of food grains. The non-credit transactions made so far by the society are given below:—

Name of the commodity.	Quantity purchased.	Cost price.		
		Rs.	A.	P.
Paddy	... 58 bags	1,166	3	5
Cholam	... 49 bags	1,042	5	0
Semolina		70	15	0
Sugar	... 24 bags and 1 Maund	2,383	15	3
Wheat	... 44 bags	2,030	9	8
Rice	... 73½ "	2,923	1	10
Kerosene oil	.. 214½ tins	1,261	10	9
		10,879	6	4

The total sale proceeds of the commodities amounted to Rs. 11,250-11-10. There is a balance of stock worth Rs. 620 now on hand.

The society is maintaining a clerk on Rs. 30 per mensem and is paying a rent of Rs. 5 p.m. for the room in which the retail fair price shop is kept.

In pursuance of the bylaws of the society providing for social and recreational activities, the society has remitted Rs. 4-8-0 towards subscription for the Madras Information for two years (November 1950 to October 1952) and full use of the journal is being made by the members when they meet at the reading circles. The society recently took up the free distribution of first aid medicines and purchased two first aid medicine chests at a cost of Rs. 6-1-9. This amount was paid from the Common Good Fund of the society.

The society borrowed Rs. 6,928-11-0 from the Kurnool District Co-operative Central Bank Ltd., Kurnool and repaid Rs. 6,888 leaving a balance of Rs. 540-11-0. The society proposes to purchase a sprayer for the benefit of the members, to whom it will be hired on a nominal rent, to enable them to protect the food crops from insects. The society also proposes to take up distribution of mill cloth.

2. The Saptur Multipurpose Co-operative Credit Society, (Madura District.)

This Society was registered on 19-12-1913 and started on work on 19-1-1914 with a paid up share capital of Rs. 100 and 50 members. The society's maximum borrowing power was Rs. 10,000 and the individual maximum borrowing power was Rs. 500. The society has made a steady progress and the number of members is 177 with a paid up share capital of Rs. 3,614 and the maximum borrowing power of the society has been increased to Rs. 40,000 as on this date.

The society has been converted into a multipurpose society on 6-3-50 by amending its bylaws for undertaking multipurpose activities. Some of the activities undertaken by the society for the benefit of the villagers are given below.

The society was allotted a ration shop on 1-7-50 and it supplied food grains to the villagers very satisfactorily.

The society has earned a profit of Rs. 20 under this item of work.

2. The society has now been appointed as a retail dealer for sugar and has been issued a license from May 1951. The villagers are very much benefited by the proper supply of sugar by this society. A profit of Rs. 24-4-0 has been earned by the society under this head.

3. The society distributed chemical fertilisers and oil cakes to its members to the value of Rs. 780. The Central Bank sanctioned an amount of Rs. 780 as short-term loan to the members of this society for this purpose.

4. The society has amended its bylaws for the installation of pump sets and has arranged for the purchase of pump sets to five of its members at Rs. 3,500 each. A long term loan of Rs. 17,500 has been sanctioned to this society for this purpose by the Madura District Central Co-operative Bank.

5. The society has introduced small saving scheme among the villagers. 22 hundi boxes have been distributed to the members and savings are being effected through hundi boxes.

6. The society has proposed to purchase a D.D.T. sprayer at a cost of Rs. 175 by meeting half of the cost out of its common good fund and has applied for a grant to meet the other half from the Collector's Discretionary grant. The society has applied for the sanction of Rs. 50 from the District Amelioration Fund for the purchase of equipment for the volley ball court. This has been recommended, to the central bank for sanction.

The Panchayatdars of the Society are very enthusiastic in undertaking the various activities of the society. The society is working satisfactorily. The society has got Rs. 4,109-9-0 under Reserve fund and Rs. 111-13-0 in Common Good Fund. A cash credit loan of Rs. 1,000 has been sanctioned by the Madura District Central Co-operative Bank for the purchase and distribution of manure, sugar etc. This society is really functioning as a multipurpose co-operative society helping the members in their rural activities.

3. The Munnal Multipurpose Co-operative Society, North Arcot District.

This society was registered on 9-11-1923 and started on its work on 3-12-1923. The area of operation of the society covers Munnal Village and its hamlet, Narasingapuram. The society is affiliated to the Arkonam Taluk Co-operative Supervising Union and the Vellore Co-operative Central Bank Limited, Vellore.

There are 249 Members on its rolls with a paid up share capital of Rs. 4,580. The society celebrated membership week from 3rd to 10th October 1951 and admitted 36 new members. The maximum credit limit of the society is Rs. 50,000 and the individual maximum borrowing limit is Rs. 1,000 for ordinary loans. The society has amended its bylaw 42 providing for the issue of loans up to twice the nominal credit limit for cultivation expenses in special cases and also upto Rs. 3,500 for the installation of pump sets and oil engines.

The society borrowed Rs. 41,400 from the Central Bank after 1-7-1950 up till now and the outstanding under these loans on date amounts to Rs. 33,184. There are no overdues to Central Bank. The society has issued pump set loans to the extent of Rs. 24,500 to 9 members and all these members have installed the machines. A sum of Rs. 38,515 is outstanding against members loans on date. The following are the investments made by the society.

1. Shares in Co-operative Central Bank Limited, Vellore Rs. 600.
2. Reserve Fund invested in Central Bank Limited, Vellore Rs. 1961.
3. National Savings Certificate Rs. 25.

The Society purchased mill and handloom cloths for Rs. 505-9-7 and sold for Rs. 554-10-4. After the derationing in rural parts, this society has been entrusted with the running of a fair price shop. It is running the fair price shop from 5-4-1951. The volume of business turned out by the society is as follows.

Name of Commodity.	Quantity		Value.		
	Bags.	M.M.	Rs.	A.	P.
1. Rice	277	46	10,153	12	6
2. Sugar	13	..	1404	0	0
3. Milo	526	...	17,752	8	0
4. Wheat	196	10	12,496	6	5

The society is distributing food grains to 1000 ration card holders within the area of the society. The society has employed one clerk and measurer for the fair price shop. It earned a gross profit of Rs 486-10-0 in 1950-1951 in running the fair price shop and it earned a net profit of Rs 589-6-0 for the year 1950-1951 on all its transactions.

The society is at a distance of 2½ miles from Munnel Railway Station and 10 miles from Arkonam. The Panchayatdars are taking keen interest in running the society and the Secretary is a graduate.

4. The Sri Venugopala Multipurpose Co-operative Credit Society, (Krishna District.)

This society was registered on 13-11-1919 and started on its work on 17-12-1919 with 35 members and a share capital of Rs. 955. The area of operations of the society extends to Vurtur and Iyyanapudi villages besides Bhatlapenumarru. The population of these villages included in the area of operation of the society is 6,700.

The society got its bylaws amended converting it into a multipurpose credit society on 26-1-51. There are at present 398 members with a paid up share capital of Rs. 14,168. The maximum credit limit of the society is Rs. 1,25,000 and the individual credit limit is Rs. 2,000. The society has invested Reserve fund of Rs. 8,750. It has yet to invest a sum of Rs. 680-4-0. It has taken shares of Rs. 3,500 in the Krishna Co-operative Central Bank, Ltd., and of Rs. 100 in the Krishna District Co-operative Central Stores. A sum of Rs. 63,648-6-0 was outstanding under loans to the Krishna Co-operative Central Bank on 31-10-51 of which Rs. 14,584 was overdue. A sum of Rs. 88,877 was outstanding against members upto the end of 31-10-51 of which Rs. 16,483 was overdue.

The society opened homesafe deposits since 1949 and a sum of Rs. 114 was collected by the end of June, 1951. This amount was converted as fixed deposits. Rs. 65 was collected as home safe deposits from 1-7-51 to 31-10-51. The society received Rs. 11,805 from members and Rs. 11,295 from non-members as fixed deposits. The profit earned by the society during the year 1949-50 was Rs. 1,511.

The society obtained a licence for dealing in chemical manures on 20-7-51, but did not conduct business in this season. The society did business in mill cloth and earned a profit of Rs. 630 for the year 1948. Subsequently there were no profits in this regard. The society was recently permitted to deal in sugar, the transactions of which are given below:—

Commodity.	Purchases for October.	Sales for October.	Stocks as on 31-10-51.
Sugar.	95 maunds worth Rs. 1104-10-0.	1 Md. 1 Viss. 1-8-3.	93 Maunds. 7 visses.

The society is also a regular subscriber for the Journal 'Sahakaram', which is published in Telugu by the Andhra Provincial Co-operative Union Rajahmundry.

Letter to the Editor

SIR,

Sub-Rule No. XXVII-B. Security to be furnished by the paid employees of Societies.

The security demanded from the non official Co-operative employees in cash or mortgage of unencumbered immovable property wholly belonging to the employee the property being valued at fifty per cent of the market value, or fidelity guarantee policy or personal security for twice the amount prescribed as cash or mortgage security. In the case of some class of societies personal security is not accepted. The employees of the Land Mortgage Banks are required to furnish cash and unencumbered immovable property or fidelity guarantee policy.

Most of the employees, not in a position to pay cash, are forced to go in for a fidelity guarantee policy. The minimum premium charged by the Co-operative Fire and General Insurance Society is Rs. 7-8-0 per annum and this is a tax on the non-official co-operative employee whose salary is meagre. I request that the fidelity guarantee policy of the employees may be at the expense of the society as is the case in Credit Union Societies in the province of Manitoba in Canada.

Section 55(2) of the Act Respecting Credit Union Societies in Manitoba reads, "The security shall be given and maintained at the expense of the society, and shall be by guarantee bond or policy of guarantee, in a form approved by the minister, of an incorporated company empowered to give or issue guarantee bonds or policies of guarantee for the integrity of and faithful accounting by, public officers."

K. VENKATAIAH NAIDU, B.A.,
Secretary, Rajampet Co-op. Town Bank Ltd.

JUST OUT.

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 explained 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 Economic 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 containing 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 Agricultural Marketing. The appendices contain Legislative enactments, Glossary of Technical terms etc.

Pages 512, Cloth Binding, Price Rs. 20.

Published by: The Co-operators' Book Depot,
9, Bakehouse Lane, FORT, BOMBAY.

International Co-op. Day—Celebrations in the Districts.

Yemmiganur Weavers' Co-operative Society, Ltd., Bellary District.

The Yemmiganur Weavers' Co-operative Society, celebrated the International Co-operative Day and the All India Co-operative Day on Saturday the 3rd November 1951. Sri M. Somappa, President of the Society presiding. There was a large gathering of officials and non-officials. Sri K. S. Ramachandrappa, B.A., and Sri B. Gururajao (President of Local Co-operative Stores) spoke about the Co-operative Movement and the part played by the Movement in establishing international peace. Sri Somappa emphasised the need for character and loyalty among the members of any institution. The Messages of the Leaders and the Declaration of the I.C.A. were read and adopted.

South Arcot District Co-operative Central Bank, Ltd., Cuddalore.

The Central Bank celebrated the Day in the Bank premises Sri K. Chakravarti, District Judge presiding. There was a very large gathering. Sri Lakshminarayana Reddiar, President of the Co-operative Stores hoisted the Co-operative Flag and Sri Sitarama Reddiar, President of the Bank welcomed the Co-operators. Sri Dharanidharan, Secretary of the Bank read the Messages and Declaration which were then adopted. Sri K. Bhashyam, Deputy Registrar and Sri T. K. Narayanaswami Naidu also spoke about Co-operative methods. Sri Kanakasabai Pillai, M.P., Vice-President of the Bank proposed vote of thanks.

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D. N. Dorisamy,
Secretary.

A. Ramachandran, B.A., B.L.
President.

Sarvodaya Exhibition at Gopannapalem, W. Godavari District—Participation by the Co-operative Department

A Sarvodaya Exhibition organised by the Rural Welfare Committee of the Denduluru Intensive Select Firka was held at Gopannapalem during Gandhi Jayanti Week in October 1951. The object of the Exhibition was to demonstrate to the public the various activities undertaken by the Government through their several Departments.

All Nation Building Departments participated in the Exhibition. The Co-operative Department of Madras also opened a stall there.

Select societies engaged in cottage industries etc. such as the Eluru Weavers Society, The Ellore Women Cottage Industries Society and the Penugonda Hardware Co-operative Society exhibited their articles in separate stalls. The exhibits, particularly those of the Penugonda Hardware Society were very much appreciated by the visitors.

In the Stall opened by the Department samples of palm-gur and a model set of palm-gur equipment and also fancy articles made from the several parts of the palmyrah palm were exhibited. There were also 8 picture posters relating to the palm jaggery and a map of the Dendulur Firka showing the multipurpose societies in the firka. Palm gur instructors explained to the visitors the various improved processes in jaggery manufacture. Some literature on Prohibition and ameliorative activities were freely distributed and booklets on palm-gur were sold. The Exhibition Committee awarded an album for the exhibits of the Department's stall as a prize.

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in India Today**

Annual Turnover Exceeds 10 Lakhs

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A Note on The Coral Mills Workers' Co-operative Stores, Ltd., Tuticorin.

Started on 3-4-1940, the Stores is running the 12th year of its working. It is intended to cater to the needs of the 4,500 and odd workers in the Coral Mills, Tuticorin and the population served by the Stores works out to about 1/5 of the population of Tuticorin. Its membership as on 30-6-'51 is 4,254 and the paid up share capital is Rs. 98,606.

The Stores is financed by the Madura Mills Co. Ltd., which is also giving them monthly subsidy of Rs. 3,000 besides a special subsidy of Rs. 10,000 which goes to meet the rebate allowed to the members on their purchase of piece-goods from the Stores during festive occasions such as Deepavali, Christmas and Ramzan.

The turnover of the Stores is about Rs. 20 lakhs in the year 1950-51 which is the peak year of its working. The Stores is charging only a moderate profit of half an anna in the Rupee. (The net profits for the year come to Rs. 43,738-1-0) The sales to members are chiefly on credit recoverable from their monthly salaries through the Madura Mills.

The Stores deals in rations, cloth, provisions including oil, firewood, and brass vessels. The Stores purchases its requirements mainly from co-operative institutions and rarely from private dealers. It imports its requirements of pulses in bulk direct from trade centres such as Bombay, Hyderabad, Madras etc.

The Manager of the Madura Mills is the President of the Stores, a nominee. Another nominee of the Tuticorin Mill Labour Union is the Secretary. The other 5 directors are workers duly elected.

There are more than 50 members in the establishment of the Stores of whom the Manager is a departmental Senior Inspector.

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Telegram: SAHYOG.

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The Periyakulam Co-op. Stores Ltd., (Mathurai Dt.)

The Periyakulam Co-operative Stores Ltd., Mathurai District was registered on 10-12-1919 and started work on 8-2-1920. After steady working it ceased working for some time and was revived on 24-8-1939.

As on 30-6-'51 the Stores had a membership of 603 with a paid up share capital of Rs. 10,375.

The Stores is a wholesaler in food grains as also a procurement agent from 1944. It is a retail dealer in mill cloth and handloom cloth ever since licensing began. It holds a licence for import and distribution of sugar from 9-1-1951. It is also a distributor of fertilisers and iron and steel goods.

The sales during 1950-51 amounted to Rs. 7,72,057. In 1949-50 the Stores earned a gross profit of Rs. 13,951-4-0 and a net profit of Rs. 4174.

The Stores has a Reserve Fund Rs. 20,604 and Procurement Business Reserve Rs. 66,913. Out of the Reserve Fund Rs. 4,880 is invested in National Savings Certificates. At present it has a Building Fund of Rs. 2,758. The Stores has applied for permission to the Registrar to invest Rs. 40,000 from general funds in a building.

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 Hon'y Editor,
The Madras State Co-op. Union, Madras.

Co-op. Jaggery Production and Sale in Palghat (Malabar)

In the Palghat Taluk in the Malabar District a scheme of marketing of palm jaggery produced by the members of palm jaggery manufacturing co-operative societies through the Palghat sale society was introduced in 1950. Under this scheme 25 palm jaggery manufacturing co-operative societies in the area have joined the sale society as members. The sale society rented 3 godowns at important market centres and rail heads viz., Palghat, Parli and Vadavannur. The palm jaggery manufacturing co-operative societies in area transported their produce to the depots to which they were attached. In the depots auction sales were conducted on all the days in the week except Sundays and public holidays in the presence of the representatives of the respective jaggery manufacturing co-operative societies. The sale society charges a commission of 3 pies per rupee on the sale proceeds and pays the balance to the palm jaggery societies concerned.

During the palmyrah season for 1950-51, the sale society marketed palm jaggery to the extent of 1,15,120 maunds of palm jaggery to the value of Rs. 7,46,947. By this system of sale, the ordinary variety of palm jaggery was sold at an average price of Rs. 6-8-0 per maund, whereas it fetched only Rs. 4-14-0 per maund prior to the introduction of this system. The superior varieties of palm jaggery were sold at an average price of Rs. 8-1-0 per maund. The society earned a commission of Rs. 11,219. This system of sale has assured a steady market for the jaggery produced by the members of the palm jaggery manufacturing co-operative societies who are now in a position to devote their attention to the production side of the industry and increase their output. Above all, certain middlemen who were exploiting the ex-toddy tappers and who were knocking away the cream of the trade, have been eliminated.

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

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Extracts

I

WHAT ARE THE ROCHDALE PRINCIPLES ?

Occasionally the question is asked : "If co-operation is all it is claimed to be, why should some co-operatives fail?" Aside from recognizing the fact that the proportion of failures in co-operative enterprise is notably less than in private business, the answer is that in not a few cases co-operative societies have failed because they do not follow true co-operative principles. On the other hand, societies which have rigidly adhered to what are known as the Rochdale Principles of Co-operation have invariably prospered. It is important, then to know what those principles are.

In the year 1844 the Rochdale Pioneers drafted a code of rules for the government of their newly organized society. There was nothing remarkably new or original about any of these rules: they were taken largely from the by-laws of other co-operative societies. As it happened, however, the particular combination of rules adopted by the Rochdale Pioneers proved to be so perfect and flawless that the experience of more than a hundred years has not suggested any material changes. These Rochdale principles are now accepted as the decalogue of the consumers' co-operative movement in all parts of the world.

The fundamental principles of the Rochdale system of co operation, as defined by the National Co-operative Authority in Great Britain, are four, namely :

1. Open Membership

The essential feature of these principles is a recognition of the universal brotherhood of all human beings as consumers. Membership is open to all who are in sympathy with the movement, regardless of race, creed, sex or station. To ensure the practical application of this principle the membership fee should not be unduly high.

2. Democratic Control

The rules of every true co-operative society provide that every member shall have one vote and no more on every question irrespective of his capital holdings or the amount of his trading, and that there shall be no voting by proxy. Thus it is possible to prevent the domination of the society by any group or clique and to ensure that the affairs of the society will at all times be conducted in the interests of the membership as a whole.

3. Elimination of Profit by Dividend on Purchases

This is a radical and unique departure from the private profit system, and it undoubtedly constitutes the most distinctive feature of the Rochdale plan. Goods are sold at current market prices, and after all expenses are paid and provision made for reserves, educational work, etc., the remaining net gain (or what is called in capitalistic parlance "net profit") is returned to the members in proportions to each one's purchases. In other words the net

gain is considered as an overcharge on the price of goods when the purchase was made and this overcharge is returned to the member-customers in the form of a rebate at the end of a certain trading period. In co-operative enterprise, therefore, profit is unknown.

4. Limited Interest on Capital

Interest is the wages of capital, and since a certain amount to capital is necessary to facilitate business, it is only fair that a reasonable rate of interest should be paid thereon. It must be remembered, however, that an unnecessary amount of capital is a useless liability. In co-operative enterprise, interest on capital is regarded as operating expenses, like rent, insurance, wages etc. The rate of interest is, therefore fixed or limited, usually in keeping with the rate paid on safe securities in the territory in which the society operates.

It is considered opinion of the Co-operative Authority that the application of the foregoing Rochdale Principles of Co-operation are essential in any consumers' distributive society. The inference is that a society not governed by these four principles cannot be regarded as being of a true co-operative character.

Some Rochdale Methods

In addition to the four principles outlined above, the Rochdale Pioneers in their system of co-operation adopted the following methods of action :

- a. Political and religious freedom
- b. Cash trading
- c. Promotion of education
- d. Co-operation among co-operatives

While these methods of action are not regarded as essential features of co-operation they were employed by the Rochdale Pioneers and have been followed by the most successful co-operatives down to the present day. The freedom of every individual to vote as he pleases and practise his religion without question is a fundamental principle of democracy and is therefore inherent in co-operation. Cash trading may be interpreted broadly. It must be recognized however, that when credit is given to the extent of having to provide for bad or doubtful debts, the local, honest member is made to pay for the careless, dishonest one. This practice is grossly unfair and should not be tolerated in a co-operative society. As education is the life-blood of co-operation it is only reasonable that provision should be made for the spread of knowledge among the members. A co-operative society without an enlightened membership cannot endure. Hence an effective educational programme should be a regular part of every society's activities. When co-operatives combine their strength by co-operation they can enter the fields of wholesale trading and manufacturing.

II

THE ROCHDALE PIONEERS

The forties of the past century in England was a time of business depression, economic distress and despair affecting factory workers particularly and small farmers. The farmers were underpaid and overworked and for the latter there was no government relief or assistance.

One of the groups hard hit by these adverse conditions was the flannel weavers in the little mill town of Rochdale, on the outskirts of Manchester, England. Despairing of their plight, they struck for higher pay in 1843. The strike failed. As a result, those who had led the walkout found themselves blacklisted, while the others received a reduction in pay.

Those unemployed flannel weavers found themselves in a poverty-stricken condition, with their credit at the shops quickly exhausted. They spent long hours discussing some means of improving their economic situation. Regularly, a number of them came together in a reading room, where they talked and argued. Out of these discussions emerged the resolve to go into business for themselves.

They determined on this step because in those days the shopkeeper was as critical a problem as his relation to the employer. The little he was able to buy from time to time had more often than not to be bought on credit, with the result that he was never out of debt. Small quantities and long credit meant high prices. Along with these went business methods that were just a little short of repulsive.

So the weavers set up "The Rochdale Society of Equitable Pioneers," consisting of twenty-seven men and one woman. The members were to raise capital in shares of one pound each, with the ambitious objective of establishing a store, providing themselves with better houses, giving work to the unemployed in manufacturing and farming, and as soon as practicable "establishing a self-supporting home colony of united interests." They thus determined on a wide programme of self-help.

It was obvious that the business would have to be conducted on a strictly cash basis and to the advantage of the credit-giver. How could they meet the competition of lower prices offered elsewhere as a bait?

In the earlier attempts at a co-operative store, the profits or savings were divided in ratio to investment. The benefits from patronage did not accrue to the patron but to the investing share-holders. It was Charles Howarth, a young warper in a cotton mill, who hit upon the plan of dividing the savings on purchases in proportion to the trade of each member. He suggested that the investor receive only a moderate rate of interest on his investment and that net savings be turned back to the customer in proportion to his custom. This would be a defence against competition and an incentive to patronage.

THE MADRAS JOURNAL OF CO-OPERATION

The process of collecting the necessary capital was slow and painful. It took the twenty-eight nearly a year to accumulate \$140, collected at the rate of 4 cents each a week and later 6 cents, by a committee of volunteers. This sum they considered sufficient to commence operations. An old unused storeroom on a street called Toad Lane was rented at a cost of \$50 a year. Fixtures and sundries required \$20, leaving only \$70 to spend for a few items of groceries.

On the night of December 21, 1844, the shutters were removed from the store to shouts of derision from street urchins and the merriment of onlookers. The meagre stock consisted of sugar, oatmeal, flour, butter, tea, and candles. Samuel Ashworth acted as the unpaid, volunteer clerk on two nights a week. The beginning was certainly not auspicious, for the Pioneers had been required to pay higher prices for their small quantities, and therefore had to charge higher retail prices than their competitors. Moreover, the ridicule, bribes, tips, and lowered prices of their competitors made it difficult to hold the loyalty of the patrons.

But the loyal members stayed with their store. At the end of three months it was possible to pay ashworth for his labour, and keep shop open for six days a week. Slowly the counters were filled with goods of different sorts. The store grew as if it had with in it the seed of some miraculous growth. By the end of the first year the membership had grown to seventy four, the capital to \$900. One can imagine the joy in the members' hearts when the first annual report revealed that \$3,500 had passed across the counter, with a net saving of \$110.

Three years later the membership in the Rochdale Society of Equitable Pioneers totalled 2,000 families, and the capital of \$75,000. Today the association thus founded at Rochdale has a membership of over 50,000 and a capital of over three million dollars and has returned over twenty-five million dollars in patronage dividends. This movement is rapidly becoming one of the biggest movements of modern times. Already many millions of members in a large number of countries do at least part of their buying in the co-operative way as established by these Rochdale Pioneers.

(The Maritime Co-operator, Canada)

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 $1\frac{1}{2}\%$
Fixed Deposits : For 6 months $1\frac{1}{2}\%$ For one year $2\frac{1}{2}\%$
 For 2 years and above $2\frac{3}{4}\%$

RECURRING AND PROVIDENT DEPOSITS ARE ALSO ACCEPTED

Apply for further particulars :
Medai Dalavoi Kumaraswami Mudalliar, M.L.C.
President.

The Alamuru Co-operative Land Mortgage Bank, Ltd.

Opening of the New Building 16-12-'51.

The Opening function of the new building of the Alamuru Co-operative Land Mortgage Bank was held on 16-12-51 in the Bank premises under the presidentship of the Hon'ble Sri Kala Venkatarao Garu, Minister for Public Health. The function began with vedic prayers by Sri Vadhri Suryanarayana Avadhani. Sri J. C. Ryan, Registrar of Co-operative Societies, Madras hoisted the Co-operative Flag on the new building. In the course of his speech he stated that it is an achievement for a primary Land Mortgage Bank to have its own building after 20 years of service out of its own funds. Alamuru Land Mortgage Bank was started earlier than the Central Co-operative Land Mortgage Bank and floated its own debentures under the able guidance of its president Sri N. Satyanarayana. It is quite fitting that a long standing institution like the Bank should have its own building. He appealed to the ryots in the area not to merely borrow from the bank but place their surplus earnings and savings during this boom period so that the Movement may be able to find its own finance among its own members without seeking external aid and thus attain the realisation of the fundamental principle of Co-operation namely, self help and mutual help.

Sri B. Venkataratnam, President of the Central Co-operative Land Mortgage Bank while declaring the building open paid a compliment to the achievement of the Alamuru Land Mortgage Bank in redeeming the debts of the agriculturists of the locality in the depression period and helping them in the improvement of the land in sanctioning loans for agricultural development to agriculturists and particularly to the small farmers.

Addresses were presented to the Hon'ble Minister on behalf of the Alamuru Village Panchayat, Alamuru Weavers' Co-operative Society and other local co-operative institutions. The Board of Directors of the weavers' society presented a life size portrait of Sri N. Satyanarayana, the founder—president of the society to be unveiled in the Bank premises on the occasion. The Hon'ble Minister gave a sympathetic reply to all the addresses and addressed the gathering on the achievement of Co-operation in the country not only for the redemption of debts of the agriculturists but for alleviating the sufferings of the poor in multitarious activities of the co-operatives. 2000 Ryots of neighbouring villages attended the function, including the officials and non-official co-operators of the district. The Hon'ble Sri Kala Venkatarao Garu exhorted the ryots not to be carried away by the communistic slogans but produce more for the country by Co-operative Farming and market the same through the Co-operative Marketing for equi-distribution. He complimented the Weavers' society for the presenting of the portrait of Sri Satyanarayana, for he is a pioneer of the Co-operative Movement not only in this district but in the whole country by his selfless devotion to the cause of co-operation. His services to the Alamuru Multipurpose Co-operative Society and the Alamuru Co-operative Land Mortgage Bank will stand as monuments of his constructive work.

Sri N. Satyanarayana proposed a vote of thanks to the Hon'ble Minister and other guests.

G.O.'s and Circulars

Copy of G.O. Ms. No. 4839 from Public Works Department dated 28-11-51.

Buildings—Co-operative House Building Societies—Preparation of layout plans and estimates—Scrutiny by Public Works and Highways Department subordinates and officers—Levy of fees—Instructions issued.

Read :—From the Registrar of Co-operative Societies, No. 29090/49, Z-1 dated 25-3-49.

From the Board of Revenue No. L. Dis. B. 11867/49, dated 31-5-51.

From the Chief Engineer, P.W.D. (General) Telephonic Message No. 930-G/49-10 dated 3-10-51.

ORDER :—

The Government have examined in consultation with the Board of Revenue and the Chief Engineers the proposals of the Registrar of Co-operative Societies for the preparation of plans and estimates for the building works of the Co-operative house building societies by the minor irrigation and District Board overseers and the Public Works and Highways Department staff. There are no District Board overseers. The Board of Revenue considers that it will not be possible for minor irrigation overseers to take up this work. The Government agree with this view. They also accept the recommendation of the Chief Engineer, Public Works Department (General) and Chief Engineer (Highways), that the staff of the Public Works and Highways Departments may be permitted to prepare plans and estimates for the members of the Co-operative house building societies on payment of remuneration, provided it can be done without prejudice to their normal work and subject to the following conditions :—

1. The Public Works Department and Highways Officers who attend to this work should have put in a service of at least three years in the Department.

2. The Supervisors and Overseers of the Departments may prepare plans and estimates for the works; plans and estimates for works exceeding Rs. 5,000 in cost, will be scrutinised and countersigned by the Assistant Engineer or the Executive Engineer or Divisional Engineer (Highways) as the case may be, as indicated in the tabular statement in condition (3) below.

3. The total remuneration towards the fees for preparing and/or scrutinising and countersigning the plans and estimates for a work shall be one per cent of the estimated cost subject to a minimum of Rs. 24. One third of the remuneration collected will be credited to the Government and the remaining two-thirds shared equally by the subordinate preparing the plans and estimates, and the authority scrutinising and countersigning them, as indicated below.

Estimated cost of work	Authority empowered to prepare and/or to countersign the plans and estimates	Details of remuneration to the Officers concerned	Remarks
(2)	(1)	(3)	(4)
1 Upto Rs. 5,000.	Supervisor or Overseer	2/3% of estimated cost to supervisor or overseer	In all these cases the plans and estimates will be prepared by the Supervisor or Overseer.

G.O.'S AND CIRCULARS

2 Above Rs. 5,000 and not exceeding Rs. 15,000. Assistant Engineer

1/3 per cent of estimated cost to Assistant Engineer and 1/3 per cent to supervisor or overseer

3 Above Rs. 15,000 Executive Engineer, P.W.D. or Divisional Engineer (Highways).

1/3 per cent of estimated cost to Supervisor or Overseer 1/3 per cent to Executive Engineer P.W.D. or Divisional Engineer (Highways)

The Assistant Engineer, Executive Engineer P.W.D. or the Divisional Engineer (Highways) will countersign the plans and estimates.

4. The total remuneration earned by any departmental officer on this account in any calendar month should not exceed 25 per cent of the total emoluments of the officer for the month concerned.

5. The permission of the immediate superior officer shall be obtained in each case. In the case of a work the estimated cost of which is likely to exceed Rs. 80,000, the Executive Engineer, Public Works Department, or the Divisional Engineer (Highways) will obtain the specific permission of the Chief Engineer, Public Works Department (General) or Chief Engineer (Highways) as the case may be, before undertaking to prepare the plans and estimates.

6. A list of plans and estimates prepared showing the remuneration received and the amount credited to the Government shall be submitted every month to the Superintending Engineers concerned through the immediate superior officer for information and record.

The Co-operative House Building Societies should also submit through the Deputy Registrar of Co-operative Societies to the Superintending Engineers concerned a monthly list showing the plans and estimates got prepared by them and the remuneration paid to the individual officers. The Superintending Engineers should see that no officer abuses the concession given.

7. The Government stationery shall not be used for the purpose and the work shall not be attended to during official working hours.

8. The orders in paragraph 1 above will be in force for a period of two years in the first instance.

(True Copy)

End. No. 142960/51 Z-1

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES, MADRAS,
Dated 10-12-51.

Copy of G.O. Ms. No. 4839 dated 28-11-51 of the Public Works Department communicated to all Deputy Registrars and Special Development Officers. They are requested to bring this to the notice of all housing societies in their charge.

2. The attention of Deputy Registrars is drawn to paragraph 6 of the G.O. and they are requested to furnish the information to the Superintending Engineers concerned.

J. C. RYAN,
Registrar.

List of Societies Registered

S. No.	Name of the Society with full postal address.	District.
July 1951.		
1.	The Imperial Chemical Industries (India) Ltd, Employees Co-operative Society, Ltd., c/o The Imperial Chemical Industries (India) Ltd., Springhaven Road, (South) Harbour, Madras ...	Madras.
2.	Koyampalli Weavers Co-operative Society, Ltd., Koyampalli ...	Trichinopoly.
August and September 1951.		
3.	National College High Employees Co-operative Society ...	"
4.	Urumu Danalakshmi Vidyyam High School Employees Co-operative Society ...	"
5.	Mettupalayam Co-operative Stores, Ltd., Mettupalayam ...	"
6.	Thalavai Multipurpose Co-operative Credit Society ...	"
7.	Vayalur Multipurpose Co-operative Credit Society, ...	"
8.	The Musiri Firka Cottage Industries Co-operative Federation, ...	"
August 1951.		
9.	The Urur Fishermens Co-operative Credit Society, Ururkuppam, Adayar, P. O. Madras.	"
September 1951.		
10.	Sri Laxmi Kulla Weavers Co-operative Production and Sale Society, Ltd., Kulla, Ramachandrapuram Taluq ...	E. Godavari.
October 1951.		
11.	Pithapuram Co-operative Milk Supply Society, Ltd., Pithapuram ...	E. Godavari.
12.	Sri Bhavanarushi Weavers Co-operative Production and Sale Society, Ltd., Kotipalli, Ramachandrapuram Taluq ...	"
13.	The Sri Kannapiran Mills Co-operative Stores, Ltd., Sirunnapalayam P. O. ...	Coimbatore.
14.	The Annur Co-operative Rural House Society, Ltd., Annur, P. O. ...	"
15.	The Narayanaswamy Garden Inland Fisherman's Co-operative Society Ltd., Narayanaswamy Garden, Adayar, P. O. Madras ...	Madras.
16.	The Government Syed Muthuza High School Students Co-operative Stores Ltd, Teppakulam P. O. Trichinopoly ...	Trichy Dt.
17.	Thaluthalai Multipurpose Co-operative Society, Thaluthalai village, Arumbavor. P. O. Perambalur Taluq ...	"
18.	Mangudi Multipurpose Co-operative Credit Society, Chalapuram. P. O. Sankarankoil Taluq ...	Tinnevelly.

LIST OF SOCIETIES REGISTERED

S. No.	Name of the Society with full postal address.	District.
19.	Iraipuran Pattarburam Multipurpose Co-operative Credit Society, Pattarburam P. O. Nanguneri Taluq ...	Tinnevelly.
20.	Thalaiyuthu Multipurpose Co-operative Credit Society, Thalaiyuthu P. O. Tinnevelly Taluq.	"
21.	Paliyapattu Multipurpose Co-operative Society Tiruvannamalai P. O. Chengam Taluq ...	"
22.	Govindapuram A. D. C. S. Vaniyambadi P. O. Tirupattur Taluq ...	N. Arcot.
23.	Sankatankundil Multipurpose Co-operative society, Murugathampoondi. P. O. Cheyyar Taluq ...	"
24.	Nellimedu multipurpose co-operative society, Naidumaugalam. P. O. Tiruvannamalai Taluq.	"
25.	Malaiveppankuttai Multipurpose Co-operative Credit Society, Malaiveppankuttai. P. O. Namakkal Taluq ...	Salem Dt.
26.	Kadirmangalam Weavers Co-operative Production and Sale Society, Ltd., Kadirmangalam. P. O. Kumbakonam Taluq ...	Tanjore Dt.

Announcement.

The First Madras Co-operative Housing Societies Conference.

Since it has been represented to us that the convening of the Conference before the General Election's will cause inconvenience to some who desire to participate in the Conference, it has been decided to hold the Conference in the second fortnight of March 1952. The exact date and the programme will be announced in due course.

Madras, }
26-12-51.

P. NATESAN, M.B., B.S.
General Secretary,
Madras State Co-operative Union.

The George Town Co-operative Credit Society, Ltd., No. 8512
29, Krishnappa Naicken Agraharam Street, G. T. Madras.
(REGISTERED IN 1923.)

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

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

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

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



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WEAVERS' CO-OPERATIVE SOCIETY LIMITED.

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

MADRAS 1.

President:

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

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Descriptions and Motor
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Insure with us and Banish Worry.

For particulars apply to:

P. SHANMUGAM, B.A.,
Secretary.

Post Box No. 1249.

Madras 1.

TELEGRAMS: "CENMORBANK"

TELEPHONE: 8230

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

LUZ, MYLAPORE, MADRAS.

President:

SRI BHOGARAJU 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-'51.

Liabilities.		Assets.	
	Rs.		Rs.
Paid up Share capital.	17,84,700	Cash on hand & balance with Banks.	80,908
Reserve and other Funds	... 28,61,242	Loans to Primary Banks	... 4,35,77,979
Debentures	.. 5,08,77,100	Sinking Fund Investments	... 81,37,780
Deposits, Loans and Overdrafts	... 10,08,275	Other Investments	... 46,65,859
Sundry Liabilities	... 3,57,122	Sundry Assets	... 7,36,118
Profit	... 3,60,205		
Total Rs.	... 5,71,98,644	Total Rs.	... 5,71,98,644

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

Secretary