CONTENTS

THIRTY-SECOND INTERNATIONAL CO-OPERATIVE DAY

DECLARATION OF THE I. C. A.

CO-OPERATORS OF THE WORLD:

The time has come to make your voices heard, to impress the world with your actions and, through them, to appeal for Peace and the Dignity of Men.

Men and Women CAN co-operate.

The millions of families united with the International Co-operative Alliance are setting an example of this on every continent of the world.

Men and Women MUST co-operate.

For the only choice today is to be or not to be, to agree with one another or to destroy one another.

Men and Women WANT to co-operate.

All who are concerned for the future of their children, their wives or their husbands, or of the millions of men and women in the world like themselves can only, with all the force they possess, demand peace and declare their hatred of war which divides and destroys mankind.

CO-OPERATORS OF THE WORLD:

May the 32nd international co-operative day be a happy and memorable day for you all You have the power to be, and you are indeed, the builders of a new world. Through you, and by co-operative methods, the brotherhood economy and the brotherhood of the peoples will triumph.

All-India Co-operative Day
Saturday 6th November 1954
Message from Shri R. G. Saraiya, O. B. E., J. P., President, All-India Co-operative Union.

Brother and Sister Co-operators,

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

Last year, I referred to the pride of place given to the Co-operative Movement in the First Five Year Plan by the Planning Commission, It is necessary, to ensure that the hopes raised as to the service which the Co-operative Movement can render in the development of the country are realised. With this end in view, a more detailed plan of Co-operative development all over the country should be drawn up and embodied in the Second Five Year Plan, which is now under consideration. It is therefore necessary for the Co operative organisations all over the country to prepare blue prints and sketches for the developmental work they can do in the Second Five Year Plan in their village, taluka, district or State, as the case may be. It would then be for the State Co-operative Unions and the All India Co operative Union to integrate their plans and submit them to the Planning Commission.

The celebration of the Golden Jubilee of the Indian Co-operative Movement during the current year was marked with considerable enthusiasm. Let each Co-operative worker put forward his best effort so that the Co operative organisations can play a still more important part in the future development of the country. Each co-operator can assist in this by helping in the savings drive and by attracting to the Co-operative institutions savings of the people both in the cities and in the villages. The problem of capital requirements of the State and also of the Co-operative Movement can only be met by each of us contributing our mite to the Savings Movement by exercising self-denial and by investing a part of our savings in co-operative institutions.

Under the able leadership of our Prime Minister, India has set an example of international co-operation and goodwill. The atmosphere of peace and goodwill created by the efforts of our Prime Minister will give our country a very important opportunity to build up its economic strength and prosperity by the co-operative endeavour of us all. Let the Co-operative Movement play a worthy part in this process.

R. G. SARAIYA,
President,
The All India Co-operative Union.

THE

Madras Journal of Co-operatio

EACH FOR ALL AND ALL FOR EACH

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A Thought for the Month

As will be clear from later chapters, we pay special attention to the problem of finance in conditions of a persistently deficit economy. Our main recommendations regarding the structure of agricultural finance must, however, be considerd against the back ground of a general attempt into a state of normal rolvency. Non-solvency might arise from a large variety of reasons, such as the pressure of population, the instability of agricultural prices, of fundamental conditions relating to land tenure. It would not be possible for us to frame our recommendations in relation the repurcussions on the working and structure of the financial system of each of such various factors. We therefore content ourselves with noting at this stage, that financial reconstruction could not be successful, unless all the problems of agricultural economy were tackled as a whole and unless the attempt to raise a sound system of finance was only a part of the general programme of reconstruction.

—Report of the Agricultural Finance Sub-Committee.

Editorial Notes

TENTH TAMIL NADU CO-OPERATIVE CONFERENCE

The Tenth Tamil Nadu Co operative Conference held at Vellore will be fresh in the memories of Tamil Nadu Co-operators, both alike for its splendour and its educative value. Housed in a spacious and architectural Pandal, which shone with an Attic grace, the Conference was a great success. More than 1,500 delegates attended the sessions and took an active interest in the deliberations of the Conference. Initially, there were 78 resolutions before the Subjects Committee: After careful pruning of the Subjects Committee, the number was reduced to 58. The Open Session, further discussed and passed fifty resolutions. The resolutions cover a wide range of interests and some of them pose eminently practical problems. The Conference was of great educative value. It encouraged the Co-operators to think about the basic principles, to discuss the work-a-day problems of the variegated co-operatives and come to decisions of great practical value.

Noticeable Trend

But there was an unmistakable trend, which it is necessary to recall. Nearly 90 per cent of the resolutions, passed at the Conference, looked up to Government for the solution of this or that problem, confronting the Co operatives. That only indicates that Co-operative Movement has to gain more strength, before it qualifies for the comment, 'Self-help, write large'. Dr. E. M. Hough, with her unerring instinct for observation had commented upon this trend as follows:

"An unfortunate effect of the long conditioning of the Co-operative Societies for dependency is the alacrity with which Co-operators turn to the Government as the Giver of Gifts. It is a striking experience to attend a Co-operative Conference and to hear proposed and passed—one Resolution after another requesting, almost demanding—help from the Government in this, that and the other direction, the provision of warehousing and transportation facilities, subventions here and grants in-aid there. Joint borrowing in good faith, of the necessary wherewithal for work and even for subsistence is legitimate, but begging it or even expecting it as a matter of course, takes the undertaking out of the Co-operative category altogether."

Barring the above limitation, which is due perhaps to the basic structural defect of the Co-operative Movement in India, the Conference was in many ways truly a 'Parliament of Man'. Of the many

resolutions, attention was focussed on the rural credit societies, consumer co-operatives, milk supply societies, Co-operative education, service conditions of Co-operative employees and an enquiry into the working of the Co-operative Movement. These are indeed urgent problems calling forth immediate solution. But we shall confine our attention to a few comments on some of the major trends of the conference.

Rural Credit—The Backbone of the Movement

The rural credit societies, verily constitute the base of the Co-operative financial and banking structure and the soundness of co-operative credit structure ultimately depends upon the soundness of the primary societies. There has been no doubt, a spectacular growth of these rural credit co-operatives. But the fact remains, that the agricultural credit societies have not satisfied the requisites of a sound, healthy, dynamic credit system as visualised by the pioneers. The general features of the working of these societies are a very small area of operations and low membership, making many of these societies uneconomic units; inadequate margins owing to the very meagre loan business, poor owned resources and deposits leading to excessive dependence for funds, upon central financing agencies; lack of trained staff and as a result of all these factors, the rural credit co-operatives are not in aposition to promote self-help and thrift to any commendable degree.

Rural Banks—A Wayout

Several suggestions have been made to put the rural credit co-operatives on a sound basis. Experts like Chester Davis, feel that the rate of interest to the ultimate borrower should be raised, so as to ensure a decent margin to the rural credit co-operatives. Twenty-sixth Central Banks Conference recommended that the Supervision Fund be reduced by a quarter percent, so that a margin of 2 per cent may be enjoyed by the village credit societies.

The scarcity of literate agriculturists with any knowledge of account keeping constitutes a real problem in the villages. Even now, the limited popularity of the post-sanction loan system has been, in no small measure due to this dearth of literate workers in the field. The need for paid and efficient workers may be on the increase in future, if more and more societies take up multipurpose work. Thus the idea to have paid workers to man these rural credit societies have been suggested at the Conference. Even now, the Registrar has advised the Central Banks to insist on the employment of a paid clerk, in respect of societies, having a transaction of more than Rs. 50,000 per annum. But all these are only partial attempts at reorganisation of the rural credit set-up. Sri K. Subramaniam Naidu, Registrar of Co-operative Societies, Andhra has a bold plan, with great potentialities; namely the establishment of a rural bank, to serve a group of compact villages, within a radius of 4 or 5 miles. "In fact, rural banks represent a certain process of rationalisation of the rural co-operative credit system more in conformity with the concept of modern banking and an expanding and changing rural economy." The Conference has favoured this proposal and we hope, this plan holds out a new hope for the village credit societies to function effectively in the rural sector.

Consumer Store—The Problem-Co-operative

A good deal of discussion centered round the problem-co-operative, the consumer store. The removal of control and the derationing of food grains ordered in June 1952 affected the volume of business of the consumer co-operative stores in the State. The total sales of the wholesale and primary Stores during 1952-53 were about Rs. 28 crores, as against Rs. 43 crores in the previous year. Evidently, grave concern was expressed about the future of these institutions and representatives of these institutions have come out with a long catalogue of concessions; like exemption from sales-tax, sales to non-members, sales on credit, loans at cheap rates of interest etc. Unlike many other species of co-operative institutions, consumer co-operatives have a wider appeal, as every citizen is a consumer andis certainly interested in getting his requirements, better in quality and is cheaper in price. It is therefore of utmost importance that these institutions are put on a sound basis. But one should pause before one demands such uncooperative concessions like sales to members and sales on credit. That way lies not the solution. Instead, the consumer co-operative should develop business efffciency and compete with the private traders on their own terms. They should foster member-loyalty by offering first rate goods at market prices. In fact, it is member-loyalty that gives moral sustenance to this institution and makes it a decidedly superior form of business organisation. Our consumers' organisations should offer a wide the range of articles for sales. They should cater to a wide variety of consumer tastes and needs. The time is, indeed, opportune to institute a Consumer Research Survey and thus determine the steps to be taken to intensify and foster consumer-interest to these institutions.

Consumer co-operation should venture forth into the field of production as well. Inter-State Co-operative trade is another avenue of great possibility. Development of agency business, may bring an additional revenue to these institutions. In the prevalent small income economy of India, a credit aided cash purchase system, on the model of 'Mutuality Club' may be evolved, both to mitigate the rigours of the cash-purchase system and to enhance the consumer potential of the members.

In the post-war era, there is need for organisational reorientation especially with regard to District Co-operative Wholesale Stores. With the disappearance of controls and rationing, the District Wholesale will have to resume their original functions, *viz.*, wholesale purchase and distribution of the commodities required by their affiliated retail stores. The future line of business of the Co-operative Wholesale Stores lies in the purchase of foodgrains in the open market and sales to primary stores. To perform tnis task, reorganisation of the District Wholesale by a process of amalgamation may be necessary.

"A regional wholesale stores for two or three contiguous districts may command adequate trade and with its large turnover, afford to employ highly paid business managers or Managing Directors; it might be expected to compete with organised private wholesalers on an equal footing; it might be expected to serve the primaries efficiently enough through a number of distribution depots in all the important trade or market centres, within its jurisdiction."

Co-operative Education

Rightly had the Conference emphasised the need for a practical and liberal education of the executives and members of Co-operative Societies. More than in any other sphere, Extension work in Co-operation is indispensable and cannot be deferred any further. Here, there is a very real need for Government aid. The Madras State Co-operative Union has already submitted a workable scheme to the Government and we trust that the Government of India would do well to allot for this constructive work a portion of the funds, set apart for the Five Year Plan Publicity. For, after all, co-operative education, is nothing else, but an education for citizenship.

Functional Fields

Both Sri K. Sitharama Reddiar and Sri B. Bakthavathsalu Naidu had stressed the paramount necessity of entrusting the Co-operatives with the sole responsibility of executing economic programmes. Sri B.B. Naidu has emphasised the need for an integrated credit system. He is of the opinion that even the Takkavi Loans administered by the Revenue, Agricultural and National Extension Departments should be handed over to the Co-operatives. Though this scheme is desirable, it may present a number of practical, administrative proplems for the present. Of late, there are some rural workers, who advocate that Panchayats may be developed as all-purpose institutions covering economic, social, judicial and general development functions. Panchayats can discharge civic and welfare functions efficiently. "But for the actual execution of development plans in a business like manner, however, methodical and economic institutions like co-operatives are the most appropriate agencies." Co-operation is an indispensable instrument of Planning in a democracy. Inspite of demarcation of fields of activity, a wise and purposeful collaboration among rural institutions shall be of great value, in accelerating the pace of economic development and in ushering into existence a just social order.

Co-operative Farming.

Co-operative enterprise has been very shy in the field of farming. Co-operative farming programmes, modelled on the Moshav Ovdim type of settlement in Israel and designed for the self contained community of small farmers may yield fruitful results. The Government of India has set apart Rs. 40 lakhs for promoting experiments in co-operative farming and they are anxious to invite workable schemes from the States. Chief Minister Sri K. Kamaraj Nadar made a special plea to the co-operators to evolve suitable co-operative farming schemes, so that a proper solution for the agrarian problem may be found.

Rural Electrification—A New Approach

Sri A Krishnaswami Vandayar's presidential address was suffused with a rural spirit and practical wisdom. He made a brilliant point. Rural electrification should not merely be utilised for lighting and pump irrigation It should be extended to rationalize and modernize rural industries as well. It is in conformity with the note of efficiency and modernity struck by the International Planning Team on Small Scale Industries. Sri Vandayar has another new proposal. He desires that spinning should not be made a monopoly of the Mills ; instead it should be decentralised and each weaver's

house should be equipped with 10 spindles distributed on a co-operative basis, and these spindles should be operated by electric power. Though a novel idea, it merits close consideration by the Government. It might be interesting to note that the Kanungo Committee's report has favoured the idea of conversion of handlooms into power looms over a period of 15 years. This has raised a fierce controversy.

Co-operative Marketing

Dr. Punjab Rao Deshmuk's speech was a marvel of deep erudition and hopeful counselling. He drew pointed attention to the inadequate progress achieved in the field of marketing. Significantly enough, the fall in agricultural prices and the lifting of controls serve to emphasize the importance of Co-operative Marketing. The chief aim of Co-operative Marketing is to enable the agriculturist to obtain better prices for the produce. "Marketing has become a crucial problem and unless the productive use of credit is reflected in increased surpluses and these surpluses are marketed through organisations controlled by and directed in the growers interests, much of the gains in production would go only to fatten the pockets of middle men. Both production as well as credit have therefore, to be organically linked with marketing, and every endeavour has to be made to strengthen and expand co-operative marketing of agricultural produce, through appropriate federal organisations." The controlled credit scheme, evolved in Madras was a device to integrate production and credit with marketing. It is reported that the scheme was a success, in respect of commercial crops. It is hoped that with de-control, even food crops may offer a profitable field for controlled credit activity. In Madras, during the year 1952-53, the scheme was in operation in 11 districts; 25 marketing societies worked it through 355 rural credit societies ; loans to the extent of Rs. 24 lakhs were issued ; produce to the value of Rs. 37 lakhs were brought to the societies for sale. This scheme has great potentialities, for extended application. No more than credit, however, is marketing an isolated problem nor can co-operative effort alone be expected to solve the many problems of marketing. The development of regulated markets, the construction of a net work of warehouses at all nuclear points of trade in agricultural produce, the successful working of the Agricultural produce Grading and Marking Act are some of the measures essential for the orderly progress of marketing. Encouraging attempts are made in these directions. The most effective scientific marketing calls for a degree of business acumen quite beyond the capacity of an average farmer or artisan. Skilled management is an indispensable requirement for Co-operative Marketing and its provision will increase overheads markedly and therefore demands a vertical combination in co-operative marketing. A pyramidical marketing structure on a State basis is obviously desirable, with separate sections for the major standardised lines. The primary units should affiliate themselves readily and the State Federation, should not become a rival, but a prudent collaborator in a common enterprise. In fine there should be a close federal integration and mutuality of interest should not be lost sight of. If necessary Regional Federations on a commodity basis might be organised, to facilitate the linking of up such federations with the proposed All-India Marketing Federation. Let us hope with Dr. Deshmukh that the creation of the All-India Marketing Board would ensure the grower a fair return for his produce through a net work of primary and State Co-operative Marketing Societies, federating eventually into a Central Co-operative Marketing Organisation, thus promoting Co-operative Marketing on sound and scientific lines, not only on an inter-State basis but also on an international basis.

All-India Co operative Council

More important than his observations on Co-operative Marketing, is his announcement of the constitution of "an All India Co-operative Council to advise the Ministry of Agriculture on all matters pertaining to co-operative improvement in the country." We do hope that he will associate tried co-operative leaders of this State and take their counsel in all matters relating to the formulation of co-operative and agricultural policy. We further hope that he will look up to Madras as the premier State in Co-operation to lead the way.

WE THANK THE GOVERNMENT

We are glad to publish elsewhere the Government order which has liberalised the condition governing State loans to Housing Co-operatives. The Government have raised the individual credit limit to Rs. 10,000 from Rs. 3,000 and also removed existing restriction regarding the income limit of Rs. 400 per mensem for the grant of loans. This is indeed a step in the right direction and has afforded a fresh opportunity for the Housing Co-operatives to get off out of the present impasse, caused by the restrictive limitations of the earlier Government Order of April 1953.

"With a view to encouraging the construction of cheaper houses and restricting the loans to lower middle classes, the Government in

April 1953 ordered that the maximum loan admissible for a house should be Rs. 3,000 and that no person, whose monthly income exceed Rs. 200 would be eligible for a Government loan." Thanks to the efforts of the Madras State Co-operative Union, the Government subsequently raised the income limit of persons eligible for Government loans from Rs. 200 to Rs. 400. Commenting on the regressive and restrictive features of the Government's housing credit policy, we wrote editorially as follows in the July issue of our *Journal*:

"There are a couple of snags in the Government Order explained above. Firstly, the fixation of Rs. 3,000 as the upper credit limit for an individual is unduly regressive, for the cost of even the most economic model of low-cost housing in the Exhibition held at Delhi works out from Rs. 5,000 to Rs. 6,000. Low cost housing credit should at least cover up from 85 per cent to 90 per cent of the total outlay on houses, inclusive of building sites, the remaining amount being collected as initial deposits from the members. Alternatively, a subsidy of 25 per cent supported by a loan of upto 37½ per cent of the cost of house and sites have to be given to the low income group members. This has been the rationale behind low income housing credit programmes. It is clear that the credit limit of Rs. 3,000 does not satisfy even the basic minimum earlier stated.

"Secondly a more fundamental principle is involved in the enunciation of income limits of Rs. 200 or even Rs. 400 for eligibility to housing credit. Should housing credit be confined and limited to lower-middle classes alone? This is a policy question and the Government of Madras will do well to examine and decide the issue without further delay. The provision of cheap housing credit should not merely be confined to the low income groups. It should be extended even to the middle classes. It is heartening indeed to reflect that the Planning Commission has enunciated the principle in categorical terms:—

> "At the same time we think that provision should be made for loans to co-operative building societies of middle class and other low-income groups, who are also in need of financial accommodation, no less than Industrial workers, though they may not be considered eligible for the payment of subsidy".

The Planning Commission has also stressed the necessity of the Central Government taking the initiative in the matter of providing housing credit for low income and middle class groups in the present none-too-enviable position of States' finances.

Under these circumstances, it should not be very difficult for the State Government to scrap its old policy of providing housing credit only to low income groups and to embark upon a full fledged policy of housing credit, thus enabling middle classes to get loans at reasonable rates. This will directly result in a great expansion of Co-operative Housing Movement and indirectly benefit the low income groups by reduced rents due to the plentiful supply of new co-operative houses.

Progressive enhancement of individual credit limit has been a noticeable feature of Government loan policy from the pre-war period upto 1948-49. In pre-war years the Government loans were given upto a limit of Rs. 5,000. In 1937-38, this limit was raised to Rs. 8,000 and in 1948-49 to Rs. 12,000. This raising of the limit was presumably decided upon in view of the steadily raising costs of building materials and labour and the then prevalent loan policy and budgetary position. Building cost has increased from Rs. 8 to Rs. 15 per square foot of plinth area in most places. At this rate, the cost of a low-cost house with a plinth area of 340 square feet (the minimum floor space for a dwelling house of 6 inmates as per the recommendation of the Madras Provincial Housing Committee, shall be Rs. 5,100. The cost of a middle-class house with a plinth area of below 800 and 1,000 square feet shall vary between Rs. 12,000 to Rs. 15,000. There is hardly any sign of a pronounced reversal of this trend in building costs. Thus there is no justification for the reduction of financial accommodation by the Government from Rs. 12,000 to Rs. 3,000. 'As the societies have no other means of raising money, the good work that they have been doing has come practically to a stand still'. Realising this difficulty the Government of Andhra have already taken a step in the right direction by enhancing the individual credit limit from Rs. 3,000 to Rs. 10,000. We urge that the Government of Madras should also liberalise the rules relating to Government loans to Housing Co-operatives and restore the original limit of Rs. 12,000, if not, at least to Rs. 10,000 per individual".

Should the provision of housing credit be arbitrary and regressive? Should it be confined and limited to the lower-middle classes alone? These were the twin problems posed by us and it is heartening indeed

to observe that the Government have given encouraging answers. They have raised the maximum individual credit limit to Rs. 10,000 and thus have provided adequate and progressive housing credit. By removing the restrictive provision regarding the income-limit of Rs. 400 per mensem for eligibility to housing credit, the Government have categorically accepted the principle, 'that housing credit should not be merely be confined to the low-income groups, it should be extended even to the middle classes'. Both are big gains to the Co-operative Housing Movement. We thank the Government for their generous gesture and we trust that Housing Co-operatives shall seize this opportunity not only to forge ahead, by accelerating the tempo of housing activity, but also trim up their organisational apparatus to meet the growing demand for hygienic and cheap houses.

IN MEMORIUM

Death had laid its icy hand on one of the finest flowers of Tamil culture Sri C. Tadulinga Mudaliar. He had lived a full life spread over a three quarters of a century, shedding lustre and cheer all round and upon all those, who came into contact with him. Perhaps the spirit of hospitality and sweet affability was ingrained in his blood. He with his late lamented brother Dr. C. Natesa Mudaliar shared the qualities of warm humanity, tenderness of heart and broad sympathy. Engaging candour and child-like simplicity were his special charms. Small wonder then, that this specialist cum-official, the former Principal of Agricultural College, Coimbatore had naively and placidly metamorphosed himself into a popular and pleasing Mayor of Madras without much ado! Retirement to him meant no withdrawal into a life of contemplation and quietitude. In fact, his was a dynamic retirement. He was a guardian-angel of many worthy causes. Co-operation, too, claimed its share of his quiet and unassuming labours. He was the Treasurer of the Madras State Co-operative Union during 1948-51 and had contributed a good deal towards the cause of Co-operative Education in this State. During the intense post-war years, he piloted the affairs of the Madras Co-operative Milk Supply Union with admirable skill to a safe anchorage. His fine spirit of accommodation, and his excellent gift of seeing the other man's point of view fitted him well for the social tasks, which he had to perform as a public worker. He had always a winning smile, a word of cheer to those, who came to him for succour. It is his warmth of affection, that drew the hapless and the weak towards him. He was never stern; but he was always generous, even to a fault. His was a balanced mind; his voice was one of moderation and urbanity, dispelling all gloom, and all tensions. Alas! the noble soul has flown away into the ethercial spheres to sing like a Nightingale, the raphsodies of Life-Divine.

His heart was pure and simple as a child's
Unbreathed on by the world; in friendship warm,
Confiding, generous, constant; and now
He ranks among the great ones of the earth,
And hath achieved such glory as will last
To future generations — Moultrie.

SPECIAL ARTICLES

Recent Trends in the Co-operative Movement*

Sri A. PALANIAPPA MUDALIAR, M.A.,
Deputy Commissioner of Prohibition, (Amelioration) and Joint Registrar of Co-operative Societies, Madras.

Co-operation – Indispensable Instrument of Planning

The Co-operative Movement in India was introduced in 1904 with the very modest object of relieving rural indebtedness. As time went on, it came to be recognised that co-operation can be applied to all forms of economic activity. It has been tried successfully in a wide range of activities such as production, distribution, marketing, housing, insurance and so on. The memories of the public are fresh with the recent celebrations of the Golden Jubilee of the Co-operative Movement throughout the Indian Union. To-day it is not a mere credit movement but is an economic system by itself with a great moral force. It has been accepted as one of the most important methods of raising the standard of living of the people. In a country like ours where the individual unit is small and where the numbers are large, co-operation naturally affords the best method by which the economics of large scale production or distribution can be secured without at the same time sacrificing individual interest and individual initiative. According to the Planning Commission "the co-operative form of organisation can no longer be treated as only a species within the private sector. It is an indispensable instrument of planned economic action in a democracy."

Madras Has A Place of Pride in Co-operation

Co-operatives in Madras have made great strides of progress in various directions to serve the cause of the common man. Madras occupies a place of pride in the Co-operative Movement in India and has set the pattern of co-operative development for the rest of the country, thanks largely to the great support and encouragement it has received from Government and the vast body of official and non-official workers who have given their time and attention to it. I shall now briefly refer to certain important trends of the Co-operative Movement in Madras during the recent years.

Rural Credit Co-operatives – The Backbone of the Movement

Village credit co-operatives still constitute the backbone of the movement. They have been supplying credit to the agriculturists at

*With the kind permission of the A.I.R., Madras.

a fair rate of interest. Their number as well as their membership and transactions have been increasing. There are at present in the Madras State nearly 10,200 village credit societies with 9 lakhs of members. They issued loans to the extent of nearly Rs. 4 crores in 1953. The societies cover 68 per cent of villages and 20 per cent of the rural population. The village societies are no longer looked upon as mere moneylending institutions. They undertake the supply of domestic, agricultural and industrial requirements of the members. In this way they supplied goods to the extent of nearly Rs. 1 crore during 1953. Village societies have taken up the distribution of chemical manure. They distributed nearly 3000 tons of ammonium sulphate and 300 tons of superphosphate in 1953. They are also harnessed to implement the scheme of increased food production. They encourage the members to use improved seeds, chemical fertilisers and carry on propaganda for the manufacture and use of rural compost. They take fallow land and lease it to members for cultivation. A scheme is under consideration for giving financial assistance to the members who take up such land for cultivation. The rural societies are also utilised as agents for mobilising rural savings. The members of village societies are encouraged to make small savings and put them under homesafe deposit as part of the ameliorative programme connected with prohibition. In this way nearly Rs. 2½ lakhs have been saved. Co-operative societies also undertake several social, educational and recreational activities under the special by-laws adopted by them for the purpose. The village credit societies are thus gradually being transformed from mere money lending institutions into effective centres of economic and social progress. The need of the hour is to reorganise these societies so that they could function as strong economic units employing paid staff to cater to the essential economic needs of the villagers.

Medium-term Credit

Co-operative credit societies have been supplying to their members mostly short term funds. The Reserve Bank of India, too, has been supplying so far only short term funds and in this way it supplied roughly Rs. 2½ crores to the Central Banks through the Madras State Co-operative Bank for seasonal agricultural operations and the marketing of agricultural produce. Recently the Reserve Bank of India Act has been amended enabling the Reserve Bank of India to make medium term loans and advances to State Co-operative Banks for agricultural purposes, repayable on the expiry of

fixed periods not being less than 15 months and not exceeding 5 years. It is expected that the Reserve Bank of India will give to the Madras State Co-operative Bank a sum of about Rs. 40 lakhs and the State Co-operative Bank will make available out of its own funds another sum of Rs. 40 lakhs for the issue of medium-term loans. The loans will be to start with for a period not exceeding 3 years. The Reserve Bank will make the advances to the State Co-operative Bank at 1½ per cent and the ultimate borrowers will be charged 6¼ per cent interest. The medium term loans will be provided for reclamation of lands, building and other land improvements, construction and development of irrigation sources, purchase of live-stock etc.

Long-term Credit

On the side of long term credit a noticeable feature is that more loans are given by the Land Mortgage Bank for land improvement. Increased agricultural production is one of the objectives of the First Five Year Plan, and one of the methods by which this could be facilitated is by the grant of adequate funds for land improvement and production. Land Mortgage Banks have attempted to switch over to productive finance from financing for discharge of prior debts. Out of a total sum of Rs. 46 lakhs issued by the Central Land Mortgage Bank during 1953—1954, a sum of Rs. 5 lakhs was issued for improvement of lands and for installation of pumpsets. Plans for accelerating this line of development in the Central Land Mortgage Bank are under consideration.

Marketing

Co-operatives help their members to market their produce at a favourable price. There are 102 marketing societies in the State. They are roughly at the rate of one for each taluk. Marketing societies handle such of the major agricultural produce as are raised in the locality. For instance the South Kanara Agricultural Marketing Society deals mainly in arecanut, the Malabar Produce and Sale Society in pepper and coffee, the Tirupur Sale Society in cotton, the Salem and Tiruchengode societies in groundnut and so on. They issued loans to the extent of Rs. 65 lakhs on the pledge of produce and sold produce worth Rs. 27 lakhs as owner and Rs. 128 lakhs as agents. They have constructed 78 godowns with the aid of Government loan and subsidy. Marketing societies are given Government subsidy to the extent of Rs. 7500- each, provided an equal amount is spent by them. Marketing of agricultural produce suffered a set back during the war period when the food grains were under control. Now that controls have been removed, marketing societies can be expected to revive their normal business and help the producers to market their produce to the best advantage. The Planning Commission has recommended that the co-operative maketing societies should protect the interests of the growers by affording processing facilities to them. Some of the marketing societies in the State afford such facilities as ginning of cotton, decortication of groundnut etc. but they are not adequate. Proposals for the establishment of gins, decorticators etc. with Government aid in select centres are under consideration. It has been suggested that Regional Marketing Federation on a commodity basis might be organised to facilitate the linking up of such federations with the proposed All India Co-operative Marketing Federation. The Government of India recently set up an All India Co-operative Marketing Board. This Board will be attached to the Central Ministry of Food and Agriculture and function as an advisory body on all matters relating to the development of co-operative marketing of produce. It is expected that this Board will set up Regional Marketing Organisations of producers in order to ensure co-ordination between Central and State bodies and study market trends. It is hoped that the establishment of this All India Marketing Board will go a long way to promote co-operative marketing not only on an inter-state basis but also to establish international co-operative trading. In fact marketing societies have undertaken export of the members produce to foreign countries. They have done business in the export of onions, chillies, palmyrah jaggery, palmyrah fibre and stalks.

Handloom Co-operatives

On the non-agricultural side, the main important development is the expansion of the Weavers Co-operative Movement. The Government of India have recognised that help can be effectively given to the weavers only through the weavers co-operative societies. In Madras, there are about 600 weavers societies with 1.2 lakhs of members. These societies are affiliated to the Madras State Handloom Weavers Co-operative Society, started in 1935. They produce on an average Rs. 40 lakhs worth of goods every month. The Madras State Handloom Weavers Co-operative Society procures yarn at competitive rates for supplying the requirements of its affiliated societies. For the development of handloom industry on a co-operative basis, several schemes are implemented in the State with the aid

of the Government of India Cess Fund. The Madras State Handloom Weavers society has appointed Marketing Officers for procuring goods from primaries and sale through the large number of emporia and retail depots in the State. Four Handloom Cloth Marketing Officers have been appointed one each at Colombo, Singapore, Rangoon and Baghdad for exploring the possibilities of developing the markets for the handloom goods in the Middle and Far Eastern countries. Emporia are proposed to be opened at several more centres like Rangoon. Singapore, Karachi, Aden etc. for stocking goods produced from India.

A Co-operative Spinning Mill is proposed to be established in Tirunelveli District shortly with 16,000 spindles. The yarn produced by it will be supplied to the weavers co-operative societies and the Madras State Handloom Weavers Co-operative Society, who are its members. The mill has been sanctioned a loan of Rs. 10 lakhs by the Government of India from the Cess Fund.

Co-operative Training

The success of the Co-operative Movement largely depends upon the availability of trained personnel. We have 3 Co-operative Training Institutes at Madras, Tanjore and Coimbatore. The mofusil Institutes train the non-official staff for employment in the lower cadre as bank supervisors, inspectors etc. The Central Co-operative Institute, Madras, trains subordinate personnel of the Co-operative Department. Recently the Reserve Bank of India and the Government of India jointly constituted a Central Committee for co-operative training for formulating plans and for organising and directing arrangements in regard to training of personnel in Co-operative Department and co-operative institutions in every state at all levels. The Reserve Bank of India has undertaken the responsibility in regard to the training of higher and intermediate personnel, while the Government of India have undertaken the responsibility for reorganising and strengthening the training facilities available for the subordinate personnel. Expenditure in this connection is to be met out of the provision of Rs. 10 lakhs earmarked for Co-operation in the Five Year Plan. A short term course of training for the higher co-operative personnel is being run by the Reserve Bank of India at the Poona Co-operative College. A Regional Co-operative Training Centre for training Intermediate personnel has recently been opened by the Reserve Bank of India for the southern zone at Madras. Provision has been made for the admission of 45 candidates at this centre. The tuition is free. The monthly stipend of Rs. 50 is given to the trainees during the period of theoretical training and a stipend of Rs. 75 during the period of practical training. The classes commenced in July 1954. The second Regional Co-operative Training Centre is proposed to be opened at Poosa in Bihar for the north zone.

Outlook for the Future

These are some of the main trends of co-operative Development in our State—Immense are the possibilities of the co-operative method—Consequently a place of pride has been given to co-operation in the First Five Year Plan. The Planning Commission has observed that " as an instrument of democratic planning combining initiative, mutual benefit and social purpose, co-operation should be an essential feature of the programme for the implementation of the Five Year Plan at all levels of administration." Co-operatives have thus a very large part to play in the National development plan and hence the need to build them up with sufficient speed and efficiency. The nation is on the move more purposefully than ever before towards a better and abundant life. Vast projects of developments with well defined objectives and carefully prepared time-table of progress are being put into execution. Great social and economic changes are under way affecting the whole life of the community and creating new aspirations and creating new hopes of better and happier world to come. The National Extension Service and the Community Development Projects with their programmes of all round material and moral progress are expected to cover onefourth of the country's village population by 1956. In all these activities the Co-operative Movement has a vital role to play. Indeed our constitution envisages a Co-operative Commonwealth on the basis of a new social order and rightly so; for it is only in a society based on the fundamental principles of co-operation that true economic as well as political democracy becomes possible. And nothing is more essential for the building up of a healthy economic, social and political life in this country than for us to take special care to ensure that the great developments that are taking place today are organised according to the principles of co-operation, that our agricultural and rural industries are increasingly run on co-operative lines and that the average citizen becomes fairly wedded to the noble ideal " each for all and all for each".

Beyond Propaganda: The Study Group Technique

SRI. C. M. JANARTHANAM B.A., B COM.

Co-operation—A Faith

Co-operation is, indeed, a faith. It should sprout in the hearts of men and as Mr. F. L. Brayne says, 'Co-operation is not merely a matter of registers and entrance fees. It begins in the hearts of men and until it begins there, it can never hope to be a success.' As it is clear that most men are not born Co-operators, the problem before us is: How to awaken men to co-operative effort and to train them in co-operative action? What are the methods of propaganda and education used to convert general public to co-operative philosophy and what is the respective value of these methods?

Propaganda *vs* Education

Let us now draw a distinction between Co-operative Propaganda and Education. Propaganda aims at creating the necessary enthusiasm, with a view to recruiting members to the Co-operative fold, but Co-operative Education aims at transforming the very character and the personality of the member and enables him to become an alert, loyal and responsible co-operator. As Georges Lassere forcefully puts it:

'Education is not propaganda. The latter changes the attitude of the people; from being indifferent to Co-operation, they begin to support it. Education goes further and makes active militants out of mere supporters.'

In fine, Propaganda initiates the member into the Co-operative Order; Education fully converts him to the Co-operative Faith.

Obviously, the lasting effects of Propaganda are very limited. It is not well adapted to probe into human minds and to bring sufficiently strong personal incentives to play. 'For in large propaganda meetings eloquence imposes the orators' personal opinion and unburdens the individual minds of the business of thinking. Emotion, enthusiasm, not thinking are the lot of large audiences.' But for the fostering of a real co-operative faith, we need a continuous, intimate and intense educative effort. Therefore propaganda is not suitable for the promotion of new methods of thought and action, for the creation of a team spirit, which is completely voluntary, because it is fully conscious, not only of the advantages, which may be expected or the methods to be applied, but also of the responsibilities to be assumed and the risks, which must be faced in a co-operative organisation.

Tasks of Co-operative Education

'Co-operative Education' as Dr. J. P. Warbasse said, 'is a process, not a result.' Truly co-operative education is a continuous process. It precedes as well as succeeds the formation of a co-operative society. 'Co-operation as we are aware is not merely a way of doing business, but is a way of life, the shape and contents of a new civilization, a new conception of human relationship, a new moral, the road to a new and more juster order of society. All this may be true—but it has no practical value unless it imbues the minds and souls of members with a genuine co-operative spirit.'

To weld a simple folk, deprived of capital, of credit and of business into a co-operative society, to train them in the intricacies of the co-operative business, to infuse in them a spirit of member loyalty and to make them participate in the democratic management of the society is, indeed, no mean task. To perform this task, the members must be equipped with a more intimate knowledge of Co-operation and a stronger co-operative spirit than is necessary for the mere buying of share in the society. Surely this is not the function of propaganda. Here Propaganda comes to an end ; education starts.

Discussion Technique

There also begins another technique, the technique of the small discussion groups. The value of discussion as an inspirer of co-operative values and sustainer of co-operative ideas is immense and profound. Discussion is the mother of thought. Thinking is in fact discussing with oneself. To discuss with one's own peers is also a method of thinking. Now, full and free discussion can only take place within small groups of equals, 'with one aim, one desire and one business.' Hence the educative value of small discussion groups. 'Prospective members might be usefully assembled in modest, informed groups of neighbours and friends, where they can exchange their experience and practical wisdom, where every one can fully explain his difficulties, perhaps have them solved, freely explain his doubts and perpaps have them dispelled, decide whether or not he will enter the society and in the affirmative, prepare himself to enjoy reasonably his rights and fulfil faithfully his duties.'*

*Maurice Colombain : 'Educational Activities towards Members'

Not a New Idea

This idea is nothing new or novel. Let us remember the Equitable Pioneers of Rochdale. Did they not spend over a year in studying and discussing, the problems of their risky undertaking and in preparing for the coming test, even as they collected their meagre capital? And even today, it is by no means uncommon, particularly in Canada and in some States of the United States, that a co-operative society begins operations, only after its members have, for a year, jointly studied its rules in particular and co-operation in general. In New Foundland, where co-operation withstood several strains and stresses, the study group idea is the prime rule of co-operation.

Education precedes the Co-operative

It is wrong strategy to start co-operatives first and then start training the members in co-operative principles. Much of the tardy and stunted growth of the Co-operative Movement, is due mainly to this initial mistake. The Association for the Advancement of Chinese Industrial Co-operatives has carefully avoided this pitfall ; before the formal organisation of a Co-operative, the Association satisfies itself as to the training and education of its future members. On this point, Thailand supplies an example, which is worthy of attention. In that country, people who apply for membership of a co-operative society are compelled to attend educational lectures. Even in India, Diwan Bahadur Sri K. Deivasigamani Mudaliar did not hesitate to recommend six months of propaganda and education before societies were formed. Dr. E. M. Hough considered that 'the urgent problem of member education will remain, until the possession of adequate knowledge of co-operative principles by a certain precentage, say two-third or three-fourths, if not all the prospective members is made a condition of registration of a society.'

Early Experiments

The study group technique maintains and fosters the continuous process of education. Experience has shown that the small study group is the most effective and the least expensive instrument of adult education known. Its key principle is personal participation. Intelligent participation in the operation and in the working of the Co-operative is itself an education. It is conducive to an awakening to economic problems and it brings a more precise knowledge of the co-operative machinery. 'The efficiency of this most elastic method of education by discussion has been amply proven in the old co-operative countires of Europe. It is equally well adopted to countries, whose 'co-operative age' is younger. It spread rapidly in Canada; it has appeared rapidly in Western Australia and in the Latin American Republics. In the United States, it finds expression in the 'neighbourhood' councils and in the 'study and action groups.' In Jamaica, the success of this method has surpassed all expectations and has surprised even sceptics. In the Union of South Africa, the Bantus are in the habit of meeting in small study groups at the houses of members, in the factories and even in trains. Co-operative study circles are not entirely unknown in Asia, as is shown by the scheme to create them in Ceylon, by the first experiments made in Madras in 1940, by the recent experiment of the Provincial Industrial Co-operative Association of Bombay and by the experiment which is being developed under the auspices of the National Co-operatives and Small Business Corporation in the Philippine Republic. But the experiment is well worthy of being made on a considerably wider scale.'

The Contents of Study Group

'The study group is the coming together in a small body, of persons interested in a common problem, in order to acquire knowledge of Co-operative techniques, with a view to find a solution to their problems and to work out a programme of study towards that end.' That defines exactly the scope and function of a Study Group. 'In essence, the Study Group should be a small body. Its very limits protect it from eloquence and serve to keep alive among the members a feeling of comradeship and liberty of expression, which large assemblies do not provide. In such a group, each member can express his ideas and his aspirations, however humble and his contributions to discussion will not be overlooked. From their contacts with the ideas and aspirations of other members, all members will derive benefit, whether immediate or more permanent. Shadowy conceptions take shape, prejudices are smoothed away, and a common idea is generated which precedes and prepares the way for collective action. For the same reason, it is desirable that the study circle should include persons (such as neighbours and friends) who have many opportunities of meeting each other outside the circle or who live similar lives *e.g* work in the same occupations (Agriculturists, fishermen, artists, workers in the same industries, etc.) It is essential that the meetings of the study group should be frequent, once a week if possible, at least once a month. Attendance at such meetings should be made easy by proper timing, (say on the market

day for example). Meetings should be of short duration and they should be rendered attractive by community singing, debates, educational film shows, games and dances, etc. In as much as intelligent participation is education, the problem is to encourage participation. The subjects for study and discussions are to be found in the realities of everyday life. Local problems are discussed. 'The members consider their own requirements and their own peculiar problems possibly in a simple way, but in a practical spirit and with a will to action. Such consideration leads them first to choose, then to study and finally to create the form of organisation, which best meets their own situation.' Thus conceived, such circles are something more than little nuclei of co-operative culture and action, they are also the 'nurseries' where the talents of the future active members and leaders of co-operative societies are reared and developed.'*

Jamaica Model

More than any other country, Jamaica demonstrates how study groups, can not only usher in co-operative enterprise but also sustain and develop the Movement toward purposeful ends. In 1941, D. T. Girvan published a booklet, 'Co-operation for Jamaica: Introductory Notes for Leaders of Study Groups,' which presented a plan for the development of Co-operation in Jamaica. The author clearly stated that before co-operation was extended to rural areas, it was necessary to secure a proper foundation.

"Group consciousness is, generally speaking, absent from thousands of our people; by there may be groups, which will only slowly develop this homogeneity. It is for this reason, that before actual study of co-operation is attempted in rural areas, we should arrange first for a group to be organised or reorganised with a definite programme of study and practical projects, with due provision for recreation. Step by step, self-respect, self-reliance, friendliness and the dignity of achievement will be developed and the members of such a group will quite naturally feel both the desire to study co-operation and confident in themselves when they embark in a co-operative enterprise'."

With these objectives, it was easy for Jamaica to establish a Co-operative Movement with a strong emphasis on education. 'The presence of salary earners called for another approach in towns and

*The Development of the Co-operative Movement in Asia-an I.L.O. Publication.

it was thus made possible to make a study-action approach to Co-operation. In rural areas, groups were recommended to study local conditions in agriculture, housing etc. to train themselves in the philosophy of self-help, helping each other and working for a common cause. The groups were encouraged to start a Savings Union while studying and successively to try their hand at simple co-operative ventures, such as buying tools and other goods in common, owning the tools collectively and so on. That plan and the method suggested were substantially followed over the years. The gradual training approach has been refined and is said to involve four stages; the elementary stage or the Study Group Savings Union stage; the intermediate stage where collective projects (Buying Clubs etc.) are attempted; the advanced or pre-registration stage, 'when the group studies in greater detail money management and the financial aspects of the type of organisation it intends registering, usually a multipurpose co-operative or co-operative marketing society or credit union in the urban districts; (Arthur A. Carney: Educational Techuiques in the Promotion of Co-operative Groups and Societies in Jamaica) and lastly the final stage is that of a Registered Society.*'

Potentials of Study Group

The Jamaica experiment reveals the immense potentialities of the study-group technique. The study-action circle offers a direct method of participation and brings into play the vast reservoir of co-operative energy. Preliminary education may build active members of a society; but more advanced education may create members of a movement. 'During the preliminary and preparatory phase, it has dealt with the improvement of the economic conditions of its members through co-operative means. The preliminary study groups, which have been among prospective members should not break up, when the society is constituted. They should continue with new objects, added experience and other methods; provided that its activity do not lead to any encroachment upon the work and the responsibilities of the committee or board of directors, it may also in a consultative way, deal with the improvement of the co-operative itself; it may collect, clarify and bring forward the wishes and complaints of the Co-operators; such collaboration, when tactfully offered, may be very useful and would be encouraged inside large or rapidly growing societies. The study group may investigate needs newly expressed

*Robert Marier: 'Social Welfare Work in Jamaica.'

and means of providing new services. It can tackle special community problems, such as health, housing, insurance, handicrafts, etc.'

New Scope, New Method

As the study groups develop and when they form a net work, new possibilities and new necessities of organisation arise. Possibilities and methods of organisation will, of course, depend on the degree of literacy, training and experience of the study group members, on the staff, educational materials and facilities available. It may be useful to briefly review some of the devices used in various countries.

Swedish System

As regards general organisation and preparation of the discussions, the Swedish system is probably the best known. The discussions are prepared and guided by preliminary reading (done at home) of books and short pamphlets supplied by the Swedish Co-operative Union. Thus, every member is enabled to take an active part in the discussion on an equal footing. The pamphlets provided by the Co-operative Union to the members of the study groups usually close with a Questionnaire. 'The groups draft their replies and send them to K. F. where they are examined by competent personnel and afterwards returned to the groups free of charge. The papers are not corrected in the ordinary way, but are returned with a number of further questions, on those points which have been overlooked by the group. In this way, the examiner seeks to guide the group towards the accomplishment of an all-round treatment of the subject.'

'Co-operative Study Groups are usually established with the approval of local co-operative societies and are regarded by them as being part of their educational and propaganda activity. The local societies, rather than the study group members generally bear the cost of study materials, while K. F. finances the Central administration. Up-to-date, the Study Department of K.F. has published study guides in approximately 100 different subjects. There are about 2,120 study groups in existence, with a total membership of some 20,000. K.F. regards this membership as being the section of the Movement, that will play the most important role in the future leadership of the Consumers' Movement in Sweden'*

'In Canada, for instance, the so-called Forum is a kind of enlarged study circle. It consists of many more people say, upto 400 or 500. Yet it is not a Conference.'

*J. W. Armes, S.Sc.D: 'Co-operative Sweden To-day'.

'Another way of expanding the action of the study circles has been suggested in Ohio: When study groups are dealing with very general and non-controversial problems concerning the community (public health, for instance), the of results of their discussions could be summarised for local press and radio, for State-wide, even National release.'

Radio Forum

'In Canada, a scheme has been worked out by the Extension Department of Social Education at the University of Quebec, which also makes use of the Radio and also unites a whole net work of study groups in a common work. It is called the 'Radio Forum'. It operates in the following manner. A comprehensive programme has been established. Every week, the study groups receive before hand a bulletin about the subject to be discussed. A studio discussion takes place, which does not exhaust the subject but poses certain problems and throws light upon them. Study groups listen in, then each on its own account and take up the discussion at the point, where the broadcast has left it and try to find the answers to the problems posed. These replies are studied at the centre and commented upon at the beginning of the subsequent broadcast.*

A Pointer

We, in India, are faced with a dilemma. 'Despite the numerical strength and outward manifestations, the Co-operative Movement has not become a force, to be reckoned with because it is not in a position to forge its own sanction by virtue of its inherent strength and capacity to inspire confidence.' The Co-operative Movement to-day embraces 20 per cent of the population and has 138 lakhs of members in its fold. But as Lord Linlithgow pointed out: 'Mere numbers are not a measure of success in Co-operation. Quality is the test and quality is to be measured as much by the extent to which membership improves the general outlook of the individual members, as by any betterments that it may effect in his economic position.' Unless co-operatives are manned by men, who are imbued with co-operative faith, co-operation may not achieve this qualitative transformation. For co-operation, is more a moral re-armament movement, than a mere economic one.

In order to make the faith of the Co-operators flower through wider knowledge and personal thinking and to create honest, self-reliant leaders to direct the movement, the Study Groups may be of

*Maurice Colombain: Educational Activities towards Members.

immense value. Study Groups not only enkindle the spirit of Co-operation. They actually build Leaders. But the launching of the first Study Group is not always an easy matter. It may be asked, whether this Study Group can be of any avail in this land of villages, where poverty stricken and illiterate people form the majority? And again there may be doubts about the permanence and continuity of interest of the Study Groups. True, the organisation of Study Groups is an uphill task. The Study Groups should be designed to be a powerful instrument of adult education. Among illiterate people, the first task of study circle would be the learning of reading and writing. Thus equipped and with the purposeful direction of the Co-operative Union, and the innate practical wisdom of the people, these 'nurseries of co-operation' may train the millions of our small farmers and artisans into a band of enthusiastic Co-operators. Even in the advanced countries, like the Maritime Provinces of Canada, the beginnings were halting and fitful. By patient and consistent endeavour, many hurdles were crossed and difficulties overcome and finally remarkable success was achieved. The first attempts to create study circles in Jamaica were also met with scepticism, but even there, by patient work, the people of Jamaica achieved magnificent results. These are hopeful pointers. The colossal problem of training the members and executives of co-operatives in India need no more be a baffling one. Here is a new weapon to break the age-old inertia. Shall we not press into service this new instrument of Co-operative Education and scale new heights?

Proceedings of the Twenty-Sixth Session of the Central Banks' Conference held at the premises of the Madras State Co-operative Bank, Ltd., on Saturday, 14-8-'54.

The Twenty-Sixth Session of the Central Banks' Conference was held at the premises of the Madras State Co-operative Bank, Ltd., Madras on Saturday, the 14th August 1954, under the chairmanship of Sri C. S. Rathnasabapathi Mudaliar, President of the Coimbatore Dt. Co-operative Central Bank. The Board of Management of the Madras State Co operative Bank availed of the occasion to arrange for the unveiling of the portrait of the late Sri T. A. Ramalingam Chettiar, a former President of the Bank by the Hon'ble Chief Minister of Madras. Besides the delegates to the Conference, there was a large gathering of official and non-official co-operators in the City.

WELCOME ADDRESS

Sri Medai Dalavi Kumaraswami Mudaliar, President of the Madras State Co-operative Bank delivered the following Welcome Address :—

Hon'ble Chief Minister, Brother Co-operators and Friends,

On behalf of the Board of Management of the Madras State Co-operative Bank, I have the honour to extend to the Chief Minister and the distinguished audience present a most hearty welcome. To Sri K. Kamaraj, Chief Minister of Madras, I am specially beholden for accepting our invitation to unveil the portrait of Sri T. A. Ramalingam Chettiar and to inaugurate the Central Banks' Conference thereafter.

The Great Titan

It is my pleasant and pious duty now to remind the audience of our deep debt of gratitude to the great Titan of Tamil Nadu Co-operation, Sri T. A. Ramalingam Chettiar, whose whole life is one glorious epic of selfless dedication to peoples' welfare, more particularly to the cause of Co-operation. His many-sided versatility, his tremendous drive and organisational prowess, his unflinching loyalty to public service, above all his relentless zeal for honesty and integrity had left an indelible impress on the co-operative fabric of this State, nay even India. His influence was felt in every sphere of co-operative activity, whether it be Rural Credit, Stores Movement, Land Mortgage Banks or the Apex Bank.

Builder of two Apex Institutions

He was the acknowledged leader of the non-official co-operators of the Madras State and in numerous capacities, he contributed to the building up of the Co-operative Movement on sound lines. He was a great architect of Co-operation and held responsible offices in several co-operative organizations with distinction. As the President of the two pivotal credit organisations of this State *viz.*, the Madras State Co-operative Bank, and the Madras Co-operative Central Land Mortgage Bank, he formulated basic policies of agrarian credit on sound and scientific principles. As the President of the Madras Co-operative Central Land Mortgage Bank, he was responsible for introducing a simple system of creating Sinking Funds to meet the obligations to debenture-holders of the Bank. He steered the affairs of the Madras State Co-operative Bank with marked ability and thoroughness and raised its business stature and reputation. During his stewardship, between 1941-1951, the Bank registered a striking progress in diverse directions. The deposits swelled from Rs. 240 lakhs on 30-6-1941 to Rs. 436.26 lakhs on 30-6-1951, while advances to Central Banks recorded a phenomenal increase from Rs. 100 lakhs to Rs. 765.25 lakhs during the corresponding periods. With his perfect business instinct, he seized the opportunity of the war-time boom to give a great fillip to the consumers' movement as well as to find a remunerative outlet for the Bank's money, by financing the District Wholesale Stores through the medium of the District Central Banks. Advances to Central Banks for financing procurement operations increased from Rs. 238 lakhs in 1946-47 to Rs. 375.91 lakhs in 1949-50.

Wise Counsellor

And that is not all. In his own native district of Coimbatore, he presided over the destiny of the District Co-operative Central Bank for an uninterrupted period of more than two decades. He served on various Committees on Co-operation, including the Vijayaraghavachari Committee. He brought to bear his deep personal knowledge on the deliberations of such Committees. He was also a member of the Advisory Committee on Rural Credit constituted by the Reserve Bank of India.

Man of Mettle

Co-operation was not his only field. He was a keen Legislator and his parliamentary work was a splendid record of his forceful

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personality. His scholarship in Tamil and his fine aesthetic sense were a marvel indeed! He was a great patriot and was an inspiring Congress Leader. His high sense of duty, his judicious frame of mind and robust commonsense attracted the attention of no less a person than Pandit Nehru, the Prime Minister of India, and his statesmanship qualities were pressed into service in the several Parliamentary Committees of Free India.

"His Atlantean shoulders were fit to bear the weight of mightiest Monarchies"

Sir, indeed I have taken a good slice of your time, and it is my pleasant duty to request our Chief Minister, Sri K. Kamaraj who has just now been returned with overwhelming majority by the people of Gudiyatham Constituency to be the popular and powerful Chief Minister of this State, to unveil the portrait of a National Leader like Sri T. A. Ramalingam Chettiar, who has many disciples amongst us here.

You, Sir, have a rich experience of men and matters and your versatile knowledge of the "Know Hows" of political movements and your practical wisdom will be of great assistance to us, Co-operators. May I request you, Sir, to give us your guidance on this occassion of unveiling the portrait of Shri T. A. Ramalingam Chettiar, to whom all of us had looked for guidance.

Chief Minister Unveils the Portrait

Sri K. Kamaraja Nadar, Chief Minister, then unveiled the portrait of the late Mr. Ramalingam Chettiar. In doing so, he thanked the organisers for having afforded to him an opportunity of associating himself with a gathering of Co-operators and in doing a pleasant function of the kind assigned to him. He paid a glowing tribute to the services of Mr. Chettiar not only in the field of Co-operation but also in other spheres of his activities. He said that during the all-too-brief contact he had with Mr. Chettiar, he found him to be a man of nobility and generous disposition. His services to the Co-operative Movement were too well known to be said in any detail, particularly to an assembly of Co-operators. He could justly be called the Father of Co-operation in Madras. He had worked for many years to popularise the Movement in the country. Whatever work was entrusted to him, he discharged it with rare ability. His contribution to politics was also very great.

Doughty Champion of the South

The Chief Minister said that he had occasion to come into contact with Mr. Chettiar, when he was a member of the Constituent Assembly and later of the Union Parliament. His speeches were listened to with rapt attention even by the Prime Minister. He was a doughty champion of the South, particularly Tamil Nadu. He was a very frank man and his utterances were fearless.

Mr. Chettiar was self-effacing. During the last elections and in the 1946 elections, he requested Mr. Chettiar to stand for the Madras Legislative Assembly, but Mr. Chettiar stoutly refused to do so. The Chief Minister hoped that the portrait would serve as an inspiration to others for self-less public service.

Dr. P. Natesan, Vice-President of the Madras State Co-operative Bank proposed a vote of thanks. The Chief Minister and the Co-operators assembled were entertained to Tea.

PROCEEDINGS OF THE CONFERENCE.

After Tea, Shri Medai Delavai Kumaraswami Mudaliar, President of the Madras State Co-operative Bank requested Sri Kamaraj Nadar, Chief Minister to inaugurate the proceedings of the Conference, and Shri C. S. Ratnasabapathi Mudaliar to preside over the Conference. The House having unanimously agreed to the proposal, Sri C. S. Ratnasabapathi Mudaliar occupied the Chair.

INAUGURAL ADDRESS.

SRI K. KAMARAJA NADAR,

Chief Minister of Madras.

Inaugurating the Conference, Sri K. Kamaraja Nadar, Chief Minister said that he was glad that the Co-operative Movement had taken root in Madras and was growing from strength to strength and leading the rest of the country. He, however, felt that this progress was not enough, and if they could spread the Movement further, they might be able to achieve better results. He suggested that they should devise ways and means of providing credit facilities to the common man, and for improving his economic status. He advised them not to confine their activities to a few lines of business but to extend them to fields hitherto unexplored.

The Chief Minister expressed the view that they would be able to solve capital and labour problems through the Co-operative Movement. In fact, he could think of no better agency to solve the problem. They should also open Research Departments and suggest the various fields where the Movement could be spread to start new industries. He said that they need not be disheartened by the failure of societies here and there. He wished the Conference success and expressed the hope that the deliberations of the Conference under the able guidance of Sri C. S. Ratnasabapathi Mudaliar would help the further progress of the Movement on sound lines.

PRESIDENTIAL ADDRESS

Sri C. S. Ratnasabapathi Mudaliar then delivered his Presidential Address as follows :—

Hon'ble Chief Minister and Brother Co-operators,

It gives me great pleasure to preside over this Bankers' Conference which, except during the years of the II World War, has been meeting almost every year since 1926 under non-official aegis. I deem it a privilege and I thank you. I hope with your assistance and experience the business before the Conference which is heavy enough would be dealt with expeditiously.

The Department has been helping us in our discussions and on this occasion, we are further glad that our Chief Minister should inaugurate the proceedings. It is in the fitness of things that the Hon'ble Sri Kamaraj Nadar has been chosen, as he is much interested in the welfare of villages and villagers. It is a good augury that he is at the helm of affairs of our State at the present juncture when village improvement is in the forefront of our activities. His deep interest and sympathy to uplift the villagers will help us, co-operators, to solve the many thorny problems.

The last Conference met in July 1952, and presumably because of the carving out of a separate State Bank for the Andhra Central Banks in September, 1953, no Conference was held last year. The present Conference is a homogeneous and compact body and the first of the kind, confined as it is to Tamil Nad and West Coast Banks.

Partition and After

The Central Banks of our present State are, I think, older and bigger than the Andhra Central Banks. Most of the Andhra Central Banks being located in delta basins of the Godavari and the Krishna have somewhat different problems from those of our State. While the southern banks were laying emphasis on medium and long term finance, those of the Circars were for short term loans, which had

the first preferential consideration. Consequently, the banks of the southern region were starved to some extent of their much needed medium and long term funds.

Since the Conference met in July 1952, the Madras State Bank which was functioning as the apex bank meeting the short term requirements of the Central Banks of the composite Madras State, has been reconstituted. The assets and liabilities of the Central Banks of the present Andhra State were made over to the Andhra State Co-operative Bank, and the Mysore State Apex Bank has been requested to take over the assets and liabilities of the Bellary Central Bank. The taking-over is not yet complete as the transfer of balance of socities in Bellary District merging into Andhra area is still under negotiation. The deposits of the old Bank remained more or less unaltered, and because the share capital and reserve fund were almost halved, the ratio of owned funds to deposit liabilities was reduced. As this ratio was considered too low for a long established Bank, the Central Banks were called upon to increase their share holdings with the State Bank, which they promptly did. I may also mention, incidentally, that the Coimbatore-Nilgiris Co-operative Central Bank has been bifurcated, and a separate Central Bank has been constituted for the Nilgiris, agreeably to the views of the representatives of that area, having their special problems. It is a credit to co-operatives and co-operators that all those major changes have taken place smoothly and with the goodwill of the separating units. I am sure the newly started institutions will forge ahead prosperously without any repercussions. There are now 16 Co-operative Central Banks in the Residuary State, as against 31 before separation, the total number of societies being reduced to 14,731 from 25,850.

Surplus Problem

Without taking much of your time with my introductory remarks, I shall just touch one or two matters for your earnest consideration before you commence the business on the agenda. It was thought that the Andhra State Co-operative Bank might take some years for repayment of their residuary liability on separation, but with the help of the Reserve Bank and probably as a result of general shrinkage in loan transactions, they have repaid, I understand, all their dues amounting to a crore and a half rupees. The Madras State Bank has therefore to tackle the question of surpluses for the last few months. It was the practice of the State Bank to reject practically all medium and long term loan applications, except those of the

Madras District Bank, and also to ration out available funds to a huge demand for short-term loans. With the decontrol of foodgrains and repayment of dues by the Andhra area, the rationing of funds has ceased spectacularly, and we see a considerable reduction in demand. Probably the new era has synchronised with the collection season and it is yet to be seen how the demand will work up from September onwards.

Medium-Term Loans

The Reserve Bank has also proposed to augment our resources for medium-term loans. It is estimated that besides about Rs. 2.5 crores of credit limits for agricultural operations, our area would be eligible for a further accommodation of half a crore of rupees for medium term advances at the concessional rate of 1½ per cent per annum. But the advance is hedged in with certain conditions and the funds are limited. One of the conditions is that the State Government should guarantee the accommodation to the Reserve Bank and another is that the advance is to be supplemental to outstandings on 30th June 1954. While no such guarantee is required for short-term loan business of about Rs. 2.5 crores, it is somewhat odd that the guarantee should be obligatory for a considerably smaller advance of about half a crore. But as the condition seems to form part of the Reserve Bank Act itself, it will require the representation of all co-operatives to have it amended. And I am hopeful that our Chief Minister will do the needful in this matter of providing full finance for the village agriculturists and artisans by persuading the Reserve Bank through the Union Government to come to our aid.

Co-operative Farming

One thing is, however, certain that the resolutions of the Central Banks' Conference requesting the State Bank to extend the concessional rate of 2½ per cent to all short-term loans irrespective of purposes will be respected and there will hereafter be no taboo of medium and long-term loans. With the opening offered by several community projects and the surpluses in State and Central Banks, the co-operatives should concentrate on expansion of business carefully. Co-operative Joint Farming- to bring the lands in Community Projects under the plough will help the landless peasantry. Bombay and Uttar Pradesh report successful experiments in this direction and in the latest report, the Madras Registrar concludes that Land Colonisation Schemes are better suited to the genius of our people. The Planning Commission's view however, seems to be that the potentialities of such experiments have not been realised and the State

Governments are asked by the Government of India to draw up such schemes with the assurance of resources for meeting the expenses of supervisory and administrative staff for running the farms. A note of warning may also be necessary against indiscriminate expansion. With all the proposals of Government to secure a fair price for agricultural producer, it may not be possible for them to arrest the down-trend in prices, if depression sets in. Co-operatives have been considered by Government as the fittest agency to ameliorate the lot of agriculturists in their planning operations, within the frame work of a Co-operative Welfare State. I am sure that the Central Banks will rise equal to the occasion and fulfil the expectations. Government could also consider the feasibility of co-operatives being entrusted with the takkavi loans as in some other States.

Moratorium Act and its Aftermath

While on this subject, I like to say a word about the Madras Agriculturists' Temporary Debt Relief Act, which is due to expire after this year. The passing of this Act has resulted in the contraction of agricultural credit from outside the Movement and is causing a heavy pressure on co-operative agencies for rural finance in an increasing measure. I request the Government would decide the future of the Act in consultation with the various co-operative institutions concerned.

Must Aid Weavers' Co-ops.

While there is already pressure on the Central Banks for meeting the loan needs of agricultural societies, now the necessity to finance the Weavers' Co-operatives on an increasing measure has come up before us. As a central financing body it should be the duty of every Co-operative Central Bank to meet the requirements of its constituents. The Reserve Bank may have to be approached to allot separate funds to Central Banks at concessional rates of interest for this purpose as is being done for agricultural operations.

Uptrend in Deposits

It is heartening to note from the latest statistics published for the year ending 1953 by the Agricultural Credit Department of the Reserve Bank of India that deposits of Co-operative Banks have shown a greater increase, i.e. Rs. 11 crores against that of Rs. 6 crores recorded by Scheduled Banks and accounted for 11 per cent of total deposits of all types of Banks. Considering that Co-operative Banks cannot offer the inducements that are extended ordinarily by

Commercial Banks, it is an eloquent testimony to the confidence reposed by the depositing public in our institutions.

R.B I's Assistance

The Reserve Bank has started the scheme of inspection of Co-operative Central Banks and I am sure the Central Banks in our area will stand their test for strength, stability and credit-worthiness. It has also assumed the financial responsibility for the training schemes of the 'high' and 'intermediate' personnel to man the various co-operatives with knowledge and efficiency. And Madras with its just reputation as being "the dynamic centre for Co-operation in India" was the first to start the Regional Co-operative Training Centre very recently.

Remittance Facilities

An important service expected of the Banks by the constituents, next to advances, is the collection of bills and the issue of drafts. We have a big network of Co-operative Central and Urban Banks and the Reserve Bank has reduced the rates of commission for remittances on the recommendation of the Rural Banking Enquiry Committee. The Reserve Bank has recently modified the scheme stating that the special rates will apply only to remittances within the State. Still we find that the Co-operative Institutions are not utilising the benefits accruing therefrom for want of an agreed procedure and the appropriation of service charges.

Collection of Bills

The more remunerative side of this business is the collection of bills. What obtains now is, the Bank undertaking collection and the Bank actually realising the amount of bills have their own rates of commission, which are not standardized. Further the type handled by co-operatives is that of small businessmen and the commission earned will be proportionately small. If in such cases, the second agent necessarily involved in our co-operative structure, as distinguished from Commercial Banks' Branch Banking, charges full rates, the total of service charges becomes uneconomical for the business, and besides this the collecting Bank is unable to quote a definite rate. One essential thing required to remedy this situation is an agreement that the second agent should be content with a fixed amount to recover his expenses of administration. The Banker at the place of origin will know his cost and be able to quote a definite rate for his customer.

Drafts

Coming to the question of drafts, the remuneration for the service is lower than collection of bills and it is attendant with risks. Registrar is certainly right in warning that drafts should not be paid without advice of reimbursement. The authenticity of the draft is the essence of the matter and if it is satisfactorily secured, the matter is fairly safe. Here also the two Banks involved should know what they are entitled to for the service. The paying Banker incurs practically no expense and should be content with a small share.

Co-operative Central Banks have no opportunity to handle big business in this line. The business that they could handle is bound to augment the revenue of small units so badly needed. We have fortunately in the State Bank, Mr. C. R. K. Chetty well acquainted with this kind of business handled by Commercial Banks of repute and if we could associate him with two Secretaries of important Central Banks, to evolve a scheme for the consideration of the Board of Management of the State Bank, this recurring question to the Conference could be satisfactorily dealt with.

Rates of Interest

Incidentally, the Central Banks should also consider seriously the question of revising the rates of interest on deposits with a view to absorb the lendable surpluses of the State Bank, and full utilisation of the concession offered by the Reserve Bank, in order that the ultimate borrowers may be benefited to the maximum extent. The State Bank has already started the process. The Central Banks should press home to the State Bank the need for approximating to prewar level of rates provided they also resolve to respect the convention of adjusting their deposit rates to a maximum of the State Bank loan rate in accordance with the repeated resolutions of the earlier Conferences.

These and other matters regarding the spread between the State Bank rate and the rate at which the primaries make the funds available for agriculturists and how the spread is to be shared are coming up before you for consideration. I have only adverted to a few of the several problems requiring our consideration in a random manner and I am sure that this Conference will give a workable and business-like lead to the Central Banks and the State Bank to follow, in regard to all matters touching their welfare.

On behalf of the Co-operators assembled here, I take this opportunity to thank our Registrar Mr. J. C. Ryan, under whose guidance the Movement has gained momentum in our State.

I thank also the President and other Directors of the State Co-operative Bank for the honour they have done me in asking me to preside over this Conference.

After the Presidental Address was over, the Chief Minister left the House.

RESOLUTIONS PASSED AT THE TWENTY-SIXTH SESSION OF THE CENTRAL BANKS' CONFERENCE HELD ON 14-8-'54.

1. Resolved to request the Registrar of Co-operative Societies to partially modify the Circular No. Rc. 37839/51 dated 13-8-1951 permitting the Central Banks to entertain applications for extension from societies not later than 30 days from the due date of the loan. The Conference agrees to the condition that the extended due date should however fall within the Co-operative Year and not later than 15th of June as far as possible.

2. Resolved to request the Government through the Registrar of Co-operative Societies to raise the limits for subsidies and loans for construction of godowns by marketing societies and rural credit societies from Rs. 7,500 and Rs. 5,000 to Rs. 10,000 and Rs. 7,500 respectively.

3. While this Conference is in favour of retaining the present rate of 6¼ per cent to the ultimate borrower in the village credit societies, it is equally of the opinion that the present margin enjoyed by rural credit societies is not adequate and therefore desires that ways and means should be devised for enhancing the margin of rural credit societies from Rs. 1-12-0 per cent to Rs. 2 per cent and therefore in this connection recommends that the contribution by societies to the supervision fund be reduced from 8 annas per cent to 4 annas per cent.

4. This Conference resolves that the proposals for the issue of medium and long term loans contained in Subjects Nos. 9 to 13 on the Agenda of the Conference be referred to the State Co-operative Bank for disposal.

Subjects Nos. 9 to 13 are :

9. The Government be requested to finance the Central Banks for issuing long term loans for five years for installation of pump sets and construction of wells.

10. Resolved to request the State Co-operative Bank to make L.T. funds also available in addition to the M.T. loans already promised both from the R.B.I. funds and the State Bank's own funds for issue of five year loans to primary societies exclusively for purchase and installation of pump sets.

11. The Reserve Bank of India be requested to expedite the financing of Central Banks for three year loans for financing societies requiring medium term loans.

12. The Government, Registrar and the Reserve Bank be requested to give financial accommodation to the State Co-operative Bank for enabling it to give medium term loans to Central Banks at 2½ per cent.

13. Resolved to request the Registrar of Co-operative Societies Madras, to address the Reserve Bank of India to expedite the sanction of medium and long term loans through Madras State Co-operative Bank for financing primary societies.

5. This Conference resolves that in lieu of the rule that the loan and cash credits advanced to weavers societies in a year should be equal to or exceed the volume of finance provided by the Central Banks out of their own resources during the preceding year plus the resources provided from the Cess Fund and in lieu of the rule that in the alternative, the outstandings from weavers' societies to Central Co-operative Banks should be equivalent to these two funds, the Central Banks are requested hereafter to show specifically that they have sanctioned cash credits and loans to weavers' societies in their jurisdiction equivalent to both the funds as far as possible taking into consideration the credit worthiness of the societies.

6. This Conference resolves to request the State Co-operative Bank to permit Central Banks to lodge collateral securities in the shape of bonds of societies once a half year on 31st December and 30th June duly verified by the Department, while the quarterly returns showing the intrinsic value will however continue to be sent.

7. This Conference resolves to request the Registrar and the State Bank to permit Central Banks to recognise unregistered pronotes of rural societies executed in the presence of President, Secretary or Union Director of the Central Bank or such of the

members of the Governing Body of the Union recognised for the purpose by the Executive Committee of the Central Bank.

8. This Conference resolves that the Registrar be requested that 50 per cent of the vacancies in the Junior Inspector's cadre in the Department be reserved for Supervisors of Central Banks in order to better their prospects and give encouragement to non-official workers.

9. With a view to expedite arbitration references and execution proceedings, this Conference resolves to refer the matter to an Expert Committee of The State Co-operative Union for examination and recommendation to the Registrar of Co-operative Societies.

10. This Conference resolves to request the Government through the Registrar of Co-operative Societies to reconsider their G.O. Ms. 282, Industries, Labour and Co-operation, dated 9-2-1954 and to permit the investment of the funds of liquidated societies in Central Banks of the District instead of in sub-treasuries, as heretofore.

11. This Conference resolves that the Savings Deposit account by thrift societies and rural credit societies exclusively for investment of hundi savings collections be treated as special thrift savings deposits and interest allowed on such deposits at 3 per cent per annum.

12. This Conference resolves to request the Government through the Registrar to permit tender and security deposits of Government and Local Board contractors be deposited in Co-operative Central Banks, approved by the Registrar on a permanent basis.

13. This Conference resolves to request the Registrar to issue a circular clarifying that the term "Loans" against deposits includes "Overdrafts" as well.

14. This Conference resolves, in view of the reasons stated by the Nilgiris Central Bank in its proposition, to request the Government through the Registrar to grant a subsidy to the new Central Bank to meet the extra cost iucurred on the additional staff required to work the scheme of frequent and efficient supervision.

15. As the Central Banks have undertaken the responsibility of financing the Weavers' Societies with their own resources and the resources provided by the Handloom Board, they feel that the supervision of Weavers' Societies should also be in their hands. To attain

this end, it is resolved that the Government be requested through the Registrar to transfer such funds or staff to the Central Co-operative Banks to enable them to arrange for their supervision.

Resolved that the supervision of Fishermen Societies financed by the Central Banks be undertaken by the financing Banks concerned by levying supervision fund, just as in the case of primary societies and that the Registrar be requested to agree to this proposal and suggest suitable amendments to the Bylaws of Fishermen Societies.

16. This Conference invites the attention of Central Banks to Section 40 of the Act which may be invoked wherever necessary in the matter of appointment of Manager, as amendment of the Act involves constitutional difficulties.

17. This Conference is of the opinion that the Secretary, singly, or two other officers jointly, may be authorised by the Board or Executive Committee (if such powers have been delegated to the Executive Committee) to operate on the accounts of the Central Banks in preference to the proposal of fixing a limit to the drawing powers singly.

18. This Conference resloves to request the Madras State Co-operative Bank to formulate a scheme whereby the Co-operative Banks will be in a position to issue drafts on each other and also to suggest a uniform scale of commission to be charged for such issue.

19. Resolved that the proposal of Salem Bank to take into account the cost of establishment and the total turnover of the Central Banks in the matter of sanctioning subsidy to the Central Banks instead of sanctioning an uniform subsidy to all Central Banks be referred to the State Bank.

Proceedings of the Tenth Tamil Nadu Co-operative Conference, held on the 3rd and 4th October 1954 at Vellore.

The Tenth Tamil Nadu Co-operative Conference shall always be fresh in the minds of the Co-operators of Tamil Nadu, both alike for its splendour and utility. There was a gaily decorated Pandal, which shone with an Attic grace and which housed the Co-operative brotherhood, which gathered there to attend the Conference. The Agricultural Exhibition and the Co-operative Exhibition added greatly to the charm and educative value of the Conference. A spirit of great enthusiasm and cordiality pervaded the whole conference. On the 3rd October 1954, the Conference opened with a fine and encouraging speech by Sri K. Sitharama Reddiar, who hoisted the Co-operative Flag. Sri B. Bakthavatsalu Nadn delivered a realistic and cordial speech. It was not a mere welcome address. It was, in fact, a critical review of the Co-operative Movement in the State, with wise and hopeful suggestions for its future development. To Sri K. Kamraj Nadar, we are specially beholden for the lucid and laconic speech, he delivered on the occasion of opening the Co-operative Industries Exhibition. The Inaugural Address of Dr. Punjab Rao Deshmuk, Union Minister for Agriculture was indeed a marvel of deep erudition and wise counselling. Inspiringly, he told the Co-operators.

" It is the energy of the millions released through these co-operative institutions that is going to transform the social and economic life of the whole country and convert it from a land of scarcity to one of abundance both in material and moral sense".

The Conference had been fortunate in securing the services of the veteran public worker Sri A. KrishnaswamyVandayar as its President. His speech was suffused with a rural touch and practical wisdom.

Co-operators of Tamil Nadu did not forget their leaders and stalwarts, who had been a source of inspiration aud guidance to them. Sri A. B. Shetty, Minister for Co-operation, unveiled the portrait of Dr. Rajendra Prasad, while Sri J. C. Ryan, Registrar of Co-operative Societies unveiled the portrait of late Sri N. R. Samiappa Mudaliar.

One noteworthy feature of the Conference was the presentation of silver shields to fourteen Central Co-operative Banks, in token of the co-operative fellowship subsisting between the Central Banks and the Tamil Nadu Co-operative Federation. Sri Medai Dalavai Kumaraswami Mudaliar presided over this pleasant and unique function. No

less an important adjunct to the Conference, was the Secretaries Conference, presided over by Sri S. R. Manickam, B.A., C.A.I.I.B. The Conference discussed several problems and resolved to form aDistrict Bank Secretaries Association.

The Conference was of great educative value. It encouraged the co-operators to think about the basic principles of Co-operation, to discuss about the work-a-day problems of the Co-operatives and to come to decisions of great practical value. Several resolutions were passed, bearing on the development of Co-operation in Tamil Nadu.

Thanks to the initiative and hospitality of our host—the District Co-operative Central Bank, Vellore—the Conference was a tremendous and resounding success.

FLAG HOISTING

Mr. K. Sitarama Reddiar

Mr. K. Sitarama Reddiar, President of the South Arcot Co. operative Central Bank, who hoisted the Co-operative Flag, observed that importance had been given to Co-operation in the First Five-Year Plan but it had to be said that the Co-operative Movement had not been made sufficient use of in the Community Project and the National Extension Service schemes. Co-operators should suggest to Government ways and means of utilising the Movement in the Second Five-Year Plan. He was of the opinion that the problem of supplying the essentials of life like food, cloth and houses could be solved only with the use of the Movement. Satisfactory work had not been done in the matter of supplying houses through co-operative efforts. This Conference should request Government to give loans liberally to middle class people to construct houses.

Speaking on the future of the movement, Mr. Reddiar said that it should spread to all villages and that each family should have at least one member in the Movement. This was the time to spread it making use of the facilities afforded by the Reserve Bank. The village societies should supply to the villagers all that they required. Cottage industries should be developed and agricultural produce marketed on co-operative basis.

WELCOME ADDRESS

Sri Bhaktavatsalu Naidu

Mr. B. Bhaktavatsalu Nayudu, Deputy Speaker of the Madras Assembly and President of the North Arcot District Co-operative

Central Bank, welcoming the delegates traced the growth of the Co-operative Movement. He said that the co-operative enterprises had a set-back in 1951–52 due to removal of controls, failure of mosoon and lessening of credit facilities. As a result, new members did not join the movement and no new society was formed. There was now the need, he added, to revitalise the movement and to do that more supervisors were necessary. Central Government should subsidise the expenditure on the head "supervision" to the extent of 50 per cent through the central banks for five years. Community Project and National Extension Service schemes should be undertaken on co-operative lines under Government supervision.

Mr. Bhaktavatsalu Nayudu also stressed that the agricultural produce sales societies should be worked more satisfactorily and that building societies should be formed for villages. Co-operative printing presses were being put up in the district headquarters, and there should be a central printing press to supply materials necessary for printing. A concession in Duty should be allowed on printing machines imported by co-operative bodies.

Speaking on the Five-Year Plan, he observed that the provision of Rs. 5 crores for medium term loan and Rs. 25 crores for long term loan was not adequate when agricultural indebtedness had been estimated at Rs. 2,000 crores. It was not clearly indicated how the Movement would be utilised in the Second Five-Year Plan.

Mr. Nayudu pleaded for giving encouragement to stores and for starting co-operative farming on modern methods. Agriculturists should be induced to take up soap, mat, basket and rope making and also poultry and bee-keeping.

INAUGURAL ADDRESS

Dr. Punjabrao Deshmukh

Brother Co-operators,

I am grateful to you for the honour you have done me in asking me to inaugurate the 10th Tamil Nadu Co-operative Conference. My faith in Co-operation dates much further back than before I ever became officially connected with it. I have found it the only philosophy which makes life meaningful to me and which holds promise for the future of mankind. For, I firmly believe that in its true realisation will lie the final resolution of all conflicts and the attainment of abiding peace both for the individual as well as for all

nations. This cannot be put so, because co-operation means working together differently, which implies the capacity to live and to help live in the full enjoyment of knowledge born of understanding. It is thus in profound amity with the very essence of our religion which teaches us that truth is everywhere and in everything, that giving is part of gaining, that there need be no irreconcilable contradiction between moral righteousness and material prosperity. Co-operation accordingly does not discard totally either capitalism or socialism; it borrows the form of the one and the content of the other and from out of the best in both the worlds creates a new world of harmony and fellowship wherein the individual finds his full personality in mutual service and collective action. By making service and use the basis of individual gain, it removes the cause of divergence between ends and means, between private morals and business ethics, between individual interests and collective welfare.

2. Our country needs such a philosophy and such a course of action now more than ever. We are endeavouring to re-build our whole national edifice on the basis of co-prosperity and social and economic justice. This implies the necessity of planned concerted action in fields which so long had been the domain of warring private interests animated by acquisitive greed. There is to be "great enlargement of the powers of production", but this is to be so arranged as not to lead to the enrichment of the few, but to the welfare of the many. Everyone is to have equal access to work, wealth and leisure; the vast apparatus of political and economic machinery is to function through and in the interests of the common man, the tiller of the land, the small cottage worker, the factory operative, the humble men and women of the village whose interests till now had been uncared for.

3. These small individually weak units are to be brought together into strong cohesive organisations, self-managed and self-regulated, on which will rest the columns and frame-work of free democratic India. It is their needs and desires conveyed to central organs through appropriate federal organisations that would form the content of the national plan, and it is through them that the plan would be put into operation. Thus, by making these small self-governing units the very basis of the political and economic structure, "the origin and the exercise of power," as Dr. Fauquet remarked, "is located at the very origin of needs, and man remains his own master and the organisation his servant". It is the energy of the millions

released through these institutions that is going to transform the social and economic life of the whole country and convert it from a land of scarcity to one of abundance both in material and the moral sense.

4. It is this pressing need which lends a measure of urgency to many of our plans. Time does not allow us to make our decisions slowly and move forward at a leisurely pace. Events all around are moving fast; new values are being created; new forces are being unleashed placing material resources at men's command which, if improperly used, might prove of incalculable harm to the peace and happiness of the world. Ideas are bursting the bounds of old traditions and old modes of expression, and if outlets are not provided for them in forms of undertaking which will make for orderly progress and disciplined action, they will erode into forms of conduct, which might jeopardise the very basis of society. We have, therefore, to take account of these facts and move quickly so that people will have ready to hand institutions and forms of enterprise which would provide them with full means of expressing themselves without undermining the basis of democratic thought and action, on which we pin our hopes of the future.

5. In our own way, we have set afoot vast plans of development in all directions. Active steps are being taken to organise Agriculture on scientific lines, as enjoined by our Constitution, and the whole of rural life is being geared to a higher standard of objectives and attainment through projects depending largely on the effort of the community itself for self-improvement. The structure of agrarian relationship, which had so long hampered progress, is being rapidly altered in the interests of the men and women on the soil. All these are creating new aspirations and generating fresh incentives for moral and material advancement. It is, therefore, o the utmost importance that peoples' institutions should be built up as rapidly as possible, which would afford them the means to secure their economic and social objectives within a measurable period of time.

6. I am very happy to find that Madras in this respect holds an enviable position in the very forefront of the co-operatively advanced States in the country. About 50 years ago the pioneer of Co-operation in this country, Sir Frederick Nicholson, pleaded in his monumental report that the salvation of rural India lies in the organisation of small co-operative societies " where the isolated learn

the value and powers of association; where the ignorant are taught the lessons of business, the reckless learn heedfulness, thrift and prudence; the idle and intemperate return to industry and sobriety; where the prudent, the sobre, the skilful and the well-to-do unite with the poorer and weaker brethren in an association of mutual help and insensible self-development ". Since Sir Frederick Nicholson made his report, in this State, Co-operation has advanced rapidly and has ramified itself into a variety of activities covering almost every economic need.

7. In credit, consumers' stores, milk supply, housing, Madras, together with Bombay, can take justifiable pride in being well in advance of the rest of country. The number, membership and working capital of the Societies in the State have grown considerably, thanks to the prudent management and selfless work of co-operators with long tradition in business integrity, financial rectitude and vigilant supervision, with the sympathetic co-operation of the Government. In the field of credit, with your more than 17,000 agricultural credit primaries, 31 Central Co-operative Banks, with State Co-operative Bank, one of the earliest of such Banks in the field, at the top, the Movement is in an exceedingly strong position. Madras, of all the States, I should say, has endeavoured the most to keep up the self-help nature of the organisation, and your apex and central co-operative banks have managed to maintain their sturdy independence both in securing their necessary finance as well as in the conduct of their business.

8. In many respects, Madras has kept up the precepts of the early preachers of the Movement, in its adherence to unlimited liability (though it is not as strong now as before, yet stronger than any other State) in the principle of one village one society, in the belief that multiplicity of functions might not always be good for the small village co-operative (though in this respect too, it is gradually making concessions to the pressure of general opinion and has started organising multi purpose village societies). Perhaps the strength of the Movement in the State is due not the least to this element of caution displayed by those in charge of it and the determination to hasten slowly in spite of pressures from all directions to accelerate the pace.

9. I cannot but commend in the highest terms the progress so far achieved in the State and the glorious part played by the

unofficial co-operators and the Government in helping to build up the organisation on such a sound and prosperous footing. But I cannot help feeling that a time has come when the Movement has to step more briskly forward in all directions in order to be able to play its full part in the economic and social regeneration of the society.

10. So far, I have said a number of flattering things about the co-operative movement and the co-operators in the State of Madras Unfortunately however, there is another side to this picture also. The number of societies organized in recent years is very large indeed but here also I would like to apply the same test as I mentioned in my recent speech at a meeting of the Executive of the All India Co-operative Union in New Delhi, namely. to what extent has the movement become a live force so as to effect the betterment of the economic life of the people? How many of these 25,850 societies you had on your roll in 1953 are active societies in the sense that the members take a vigorous and intelligent interest in their day-to-day working, and the societies satisfy the major economic needs of the members fully and promptly? What percentage of the requirements of the villagers are actually met by these societies even in the limited field of credit? Are the primaries loyal to the district organisations and do the district organisations give their full custom to the apex institutions?

11. I find from the figures given for the Madras State before its division that deposits from members of primary agricultural credit societies have fallen of late. Perhaps the agriculturists are using a larger part of their own money in their undertaking, and this might in part explain the fall in the total loans issued to members in 1952-53 as compared with the previous two years. Madras has been having a series of years of drought and famine in some districts and this no doubt has affected the repaying capacity of the members and led to an increase in overdues. I am glad, however, that measures are being taken to carry out an intensive examination of loans in indebted societies and to revive dormant unions. I am, however, more concerned with the fall in the number of co-operative marketing societies, the decline in their paid-up share capital and in their total transactions in 1952-53 as compared with the previous two years. This in part might perhaps have been due to the imposition of controls on essential agricultural commodities; but now that controls have been lifted, marketing has become a crucial problem and unless the productive use of credit is reflected in increased surpluses, and these

surpluses are marketed through organisations controlled by and directed in the growers' interests, much of the gains in production would go only to fatten the pockets of middlemen. Both production as well as credit have, therefore, to be organically linked with marketing, and every endeavour has to be made to strengthen and expand Co-operative marketing of agricultural produce through appropriate federal organisations. I am certain that unless marketing Societies, Unions and Federations are put on an efficient basis, much of the good work done on the credit and production side will fail to bear fruit and many of these societies might ultimately come to grief. If credit is to play its full part in assisting and improving production, emphasis on security will have to shift more and more from land to its produce, not merely to ensure effective recoveries of loans, but also to provide incentive to produce more.

12. I have gone into some of these uncheerful aspects of the movement not in a spirit of disparagement-actually I feel that your achievements in most directions are far more than most of the States in India-but solely with a view that we may gird up our loins for more strenuous activity in the years to come. Many of you would probably feel that I am harping too much on the darker side of the movement, and you may even attribute this to insufficient appreciation of the good points and the success achieved by the Movement. This was not my intention either when I addressed the All India Co-operative Union, or at the present moment. The reason why I have taken pains to place the correct picture before all of you, as indeed I said in my Delhi speech, is because I have every desire to build up this Moment as fast as possible. But, it will be worthwhile doing so only if we take care to consolidate our foundations.

13. Before embarking on a vast expansion we must examine the weaknesses from which we suffer. Only then would we avoid the mistakes which we have already committed and have been suffering from and would be able to justify our enthusiasm for rapid progress. I may make my intentions a little clearer. Supposing within a short time I decide upon undertaking the responsibility of Inter-State Co-operative Marketing of foodgrains and other agricultural produce, can I rely upon the primary producer and his co-operatives to deal fair with me so that I would be able to benefit him on the one hand and benefit the consumer on the other? If any scheme or proposal of this nature were to fail because of the usual unscrupulousness to which we are so much accustomed, would there be any hope of our

proceeding further? It was for this reason that I laid so much emphasis on the need of integrity in our dealings and an amount of caution and care that we will have to exercise. Actuated by these large objectives, I have on two occasions indulged in searching our own hearts and laying bare the difficulties and handicaps from which we will suffer. Of all States, I believe, the State of Madras is much more abie to deliver the goods than many others, and I have no doubt what I have said in respect of the Co.operative Movement in the State will go to strengthen it still further and make good the fall that is indispensable in some respects. I may also add that the falling back is not wholly the fault of the co-operatives; the circumstances under which we live also has considerable bearing on them, whether I refer to the Movement in Madras or the whole country. But what I meant, and here also mean to suggest, is that the Movement should at no time try to live and depend upon supports which are of a transitory nature. It is this realisation that I wanted to bring home both in New Delhi and here. Much, no doubt has been done, but very much more still remains to be done to leaven up the teaming millions of this country to anything like the standard of life obtaining in the advanced countries of the world where it is repeatedly being brought to my notice. Co-operation alone has been responsible to add to the country's material prosperity. While entertaining legitimate pride in our achievements already made in spite of many handicaps, we should not allow ourselves to rest on our oars and take it easy in the crucial years ahead.

14. As I stated earlier, on the success of this Movement more than on any other single factor rests the future of this country. It is no good saying to ourselves that co-operative banking cannot deviate from the accepted canons of banking and that so far as this State is concerned the credit side of the movement has covered all the credit-worthy from the banking point of view. If co-operation has only this much role to play and can give only to those who already have, its usefulness would continue to be for ever limited. The whole problem of credit to Agriculture has to be viewed in the context of the overall development needs, and loans have to be geared to the purpose more than to the person who requires credit. It is, therefore, not merely the present credit-worthiness of the borrower but his potential credit-worthiness which in a developing economy, should form the basis of loans.

15. The Government of India are anxious that want of finance should not stand in the way of agricultural improvement, and with

that object in view, have declared their willingness to supplement the resources of your Co-operative banks and State Governments with funds for medium and long term purposes, which are the fields where scarcity is mostly felt. It is also necessary that Co-operation should be manned and directed by persons well-versed in the co-operative ideology and practice, and accordingly the Government of India, in collaboration with the Reserve Bank, have launched a comprehensive programme of co-operative training and education covering the needs of all categories of personnel required to run the Movement.

16. I am also endeavouring to organise an All-India Co-operative Marketing Board to ensure to the grower a fair return for his produce through a network of primary and State Co-operative Marketing Societies federated eventually into a Central Co-operative Marketing Organization. I want to associate co-operative leaders more and more with the formulation of agricultural policy and the administration of national development programmes, and I am, therefore, thinking of forming an All India Co-operative Council to advise me on all matters pertaining to co-operative improvement in the country. In all these, I look to Madras as the premier State in co-operative development to lead the way and to strengthen my hands in the task I have set myself to do.

PRESIDENTIAL ADDRESS

SRI A. KRISHNASWAMY VANDAYAR

Mr. A. Krishnaswami Vandayar, in his address expressed the hope that the All-India Co.operative Union would be the main body that would bring into shape the opinions of co-operators in the country and also be an advisory body to Government. Only when more attention was given to agricultural production, creating of opportunities to villagers to have a subsidiary source of income in the off. season, educating them in modern methods of agriculture and assuring them of a fair price for their farm produce, the dream with which schemes were formulated could be realised. Mr. Vandayar drew special attention to the necessity of supplying electric energy to help villagers to find additional source of income. He was also of the opinion that co-operative movement should try to reestablish the community set-up prevalent in ancient days. He concluded by saying that prosperity of the country depended on agriculture and factory labourers and their prosperity in turn depended upon their co-operative efforts.

CHIEF MINISTER'S ADDRESS

Declaring the Exhibition open, Mr. K. Kamaraj Nadar, Chief Minister, Madras, said that the exhibition would make people understand what co-operation could do. Therefore there was no need for him to say much about Co-operative Movement. Madras State had come for praise more than other States, which looked up to Madras for guidance. If all things could be done on a co-operative basis, there would be no need even for a Government. If there was really a greater spirit of co-operation, there would be less desire in people for power. It could be borne in mind that the basis of success for the movement was mutual confidence and spirit of tolerance.

Mr. Kamaraj added that Dr. Punjabrao Deshmukh had observed that other States were looking up to Madras for guidance. People here therefore should endeavour more and more and in many more directions. The Chief Minister said that they had not been able to spend the entire cess Money given by the Central Government for the benefit of the Handloom weavers, because they had not devised ways for spending it. He was of the opinion that weavers themselves could very well start big factories on a co-operative basis and utilise that unspent amount.

Lastly, Mr. Kamaraj said, there was a talk of co-operative farming nowadays. If the problem of equitable distribution of land could be solved with co-operative farming it would be indeed laudable. Ways and means should be devised to start one or two such farms in each district.

PORTRAITS UNVEILED

Sri A. B. Shetty, Minister for Co-operation, Madras unveiled a portrait of President Rajendra Prasad on the occasicn and Sri J. C. Ryan, Registrar of Co-operative Societies, the portrait of late Sri N. R. Samiappa Mudaliar.

RESOLUTIONS PASSED AT THE TENTH TAMIL NADU CO-OPERATIVE CONFERENCE HELD AT VELLORE ON THE 3RD AND 4TH OCTOBER 1954

1. This Conference expresses its deep sorrow at the desmise of Sri N. R. Samiappa Mudaliar of Tanjore and Sri M. Doraiswami Pillai of Mathurai, the veteran co-operators of Tamil Nadu and resolves to convey its condolences to the members of the bereaved families.

2. Resolved to request the citizens of Tamilnadu to take an active and abiding interest in the Co-operative Movement as it is the only means to further the cause of economic regeneration of the country.

3. With a view to diffuse co-operative knowledge among office bearers of co-operative societies, it is resolved to request the Union Government to take steps to bring into effect the training programme for executives and members of Co-operative Societies by affording necessary aid to State Governments in this behalf.

4. This Conference resolves to request Co-operators to support the Co-operative Periodicals. It further resolves to request the Co-operative Societies to enroll themselves as subscribers for these periodicals.

5. This Conference requests the co-operators to lend their support to the Co-operative Insurance Societies.

6. This Conference resolves to request the Central Government to allot funds from out of the amount of Rs. 25 lakhs earmarked for co-operative propaganda only through the State Co-operative Unions, on the basis of the number of co-operative societies in the respective States.

7. As the Central Co-operative Banks experience considerable difficulty in the matter of maintaining separate ledger accounts according to the purpose of the loans sanctioned to them by the State Co-operative Bank and as it is learnt that the Reserve Bank of India has waived such a condition imposed by it in this respect, it is, therefore, resolved to request the Registrar to cancel his circular in this matter.

8. Resolved to request the Registrar of Co-operative Societies, to amend the circular regarding the classification of Central Banks in the matter of eligibility of Central Banks to be put on A class ; in this behalf, it resolves to recommend to the Registrar, that Central Banks issuing 50 per cent of the loan as short-term and 50 per cent as long-term, instead of the existing provision of 65 per cent and 35 per cent respectively should be made eligible for 'A' classification.

9. This Conference resolves to request the State Co-operative Bank to reduce its rate of interest on loans issued for non-agricultural purposes also to 2½ per cent.

10. It is hereby resolved to request the State Government to afford free educational facilities to the children of weavers, without

any caste distinction upto S.S.L.C. class, in view of the fact that all the weavers are equally backward and poverty stricken.

11. Whereas the Registrar's Circular No. R. C. 19819/54 dated 26-6-54 states that for weavers societies started under the relief scheme, cash credit loans at the rate of Rs. 20 per loom may be sanctioned and whereas some of the Officers and Central Banks hold the view that this circular is applicable even in respect old societies and whereas this rule is detrimental to the transactions of these old societies, this conference requests the Registrar to issue a circular to the concerned officers instructing them to sanction cash credit to these old societies on the basis of their working capital.

12. This Conference resolves to request the Registrar to amend the model by-laws of all co-operative societies including village societies for electing their office-bearers once in three years as is being done in co-operative central banks, stores, unions, etc.

13. This Conference resolves to request the concerned District Co-operative Organisations and Departmental Heads that their correspondence etc., with the urban and rural societies be in Tamil, the mother tongue of Tamil Nadu.

14. This Conference resolves to request the Registrar of Co-operative societies to permit village credit societies to elect their delegates to other institutions for such periods in accordance with the term of office of the office-bearers of the respective institutions.

15. This conference resolves to request the Government to amend the rule re: the imposition of full registration fees for documents exceeding Rs. 5,000 executed by co-operative societies and charge only 50 per cent of fees in respect of registration of such documents.

16. Resolved to request Government to take steps to reduce the rate of interest charged by Land Mortgage Banks to agriculturists to 5½ per cent per annum, as this is the rate fixed for agricultural loans under the Agricultural Debt Relief Act.

17. This conference resolves to recommend to the Madras Central Land Mortgage Bank, that, in respect of mortgage deeds executed by borrowers in Land Mortgage Banks, the condition to include the oil engine proposed to be installed on the land need not be insisted upon in view of the fact that the engine has to be purchased only after disbursement of the loan.

18. As all the Zamin villages have been taken over by Government under the Estates Abolition Act, this conference resolves to request Government to make arrangements for the issue of Land Mortgage Bank loans in these areas either by including them in the jurisdiction of the existing land mortgage banks or by starting new banks.

19. In view of the fact that milk and milk products are essential food articles and that they are readily perishable, this conference resolves to request the Government through the Registrar of Co-operative Societies to permanently exempt co-operative milk supply organisations from the operation of the Madras General Sales Tax Act.

20. This conference resolves to request Government to exempt either partially or completely, all the primary co-operative stores from the operation of the Madras General Sales Tax Act, as is being done in the co-operative milk supply societies.

21. This conference is of opinion, that, in the case of sale of handloom clothes by co-operative stores to members, they may be permitted to allow rebates at the rate of 1½ anna per rupee.

This conference requests that the co-operative stores be given special permission for the sale of handloom clothes to non-members also.

22. As the co-operative stores in the Madras State have done yeoman service to the country and the people during the war years, and as they are in a deplorable state now, this conference resolves to request the Reserve Bank of India through the Registrar to afford necessary help for the development of these institutions by providing separate funds to Co-operative Central Banks for issue of loans at low rate of interest to the stores as is being done in respect of agricultural loans.

23. With a view to improve the working of co-operative stores societies and thereby improve the lot of the people also, this conference resolves to request the Madras Government through the Registrar of Co-operative Societies to arrange through the Reserve Bank for affording separate accommodation to Co-operative Central Banks for sanction of overdrafts to co-operative stores societies so that these societies may be enabled to obtain overdrafts from the Central Banks for their business.

24. As the present maximum scale of Rs. 3,000 for Government loans to members of co-operative building societies is very low, this

conference requests the Madras Government to increase the limit to Rs. 10,000.

25. This conference resolves to reiterate Resolution No, 6 passed at the co-operative conference held at Tanjore on 24 and 25.10-1953 re; the reduction of the rate of Audit Fees from 10 per cent to 5 per cent, as no orders have so far been passed on the subject.

26. This conference resolves that the employees of co-operative institutions who have put in at least 10 years of satisfactory service should be considered eligible for promotions to higher posts. It is further resolved that a transitory bylaw be incorporated in the model bylaws relating to service conditions of employees of co-operative institutions exempting the existing employees from acquiring the necessary qualifications prescribed in them. This conference requests the Registrar to amend the special regulations accordingly.

27. Whereas for half-a.century the co-operative movement had been in existence in this State, and whereas the Townsend Committee and the Vijayaragavachariar's committee were appointed to enquire into the state of the movement and whereas the Movement had acquired a new phase in several respects, in the post-war era, this conference resolves to request the Government to appoint a committee of legal and other experts to enquire into the actual state of affairs of the Movement and to examine the working of the Co-operative Department and to make suitable recommendations.

28. This conference requests all the Co-operative Central Banks to fix the scale of pay of their supervisors, who form the indispensable backbone of the Movement, at not lower than that of the Junior Inspector of co-operative societies.

29. In order that co-operative institutions may benefit by the services of experienced and able non-official co-operative personnel, this conference resolves to request the Registrar and the Minister for Co-operation to alter the retirement age of non-official employees from 55 to 60 years and to issue a circular amending the relevant special regulation. In the meanwhile, although the present age limit is 55 years, if co-operative institutions apply for extension upto 60 years, this conference requests the Registrar to view such cases liberally and permit such extensions.

30. This conference is of opinion that it is better to amalgamate the training of co-operative Supervisors and Government Inspectors so that both these personnel may undergo their training in the

Co-operative Institutes under the management of State Co-operative Union.

31. This conference is of opinon that the present training of co-operative personnel relating to accountants and higher employees, at Intermediate level, now conducted with the aid of the Reserve Bank may be entrusted to the State Co-operative Union and that the training of employees of higher executive ranks may be taken up by the All India Co-operative Union, instead of the Reserve Bank and Government.

32. With a view to enable the villagers to obtain their requirements and market their surpluses, this conference requests the government to start one Rural Bank for every five miles, which will serve as central organisation in the matter of supplying the entire loan requirements of the members.

33. With a view to expand rural credit facilities and enable the villagers to obtain their entire loan requirements only through co-operative societies and to make a start in this regard, this conference resolves that the Reserve Bank and the State Government may collect statistics in one village for each District regarding the loan needs of villagers and arrange to supply their entire loan requirements through co-operative societies as a pilot measure.

34. This conference resolves to request the Government, that with a view to supplying spare parts to the engines and pump sets of villagers and to repair them with the help of trained mechanics, a co-operative workshop society may be established in each district headquarters and necessary financial aid be given to them.

35. This conference is of opinion, that, as the co-operative societies are the best means of improving the economic position of the masses, this work should not be entrusted to the village panchayats and that these panchayats be entrusted with work relating to political, social, judicial and administrative matters only.

36. This conference welcomes the proposal re: the establishment of an All India Co-operative Marketing Organisation for the improvement of co-operative marketing in the country; and that, with a view to develop co-operative marketing societies already established in the several parts of the country and to start new societies the conference resolves to request the Government to provide these societies with all the requisite facilities, in order to enable them to handle

import and export trade of agricultural commodities as well. It further resolves that a central organisation be formed: and such a central institution should be composed of co-operative marketing societies only and that the Central Government should render necessary assistance to it.

37. This conference requests all the co-operative institutions to support co-operative printing presses established in their respective areas in the State.

This Conference requests all the co-operative institutions to place orders for registers, books and forms and other requirements with the co-operative printing presses without the tender system at such rates agreeable to both parties.

It is resolved to request the Madras Government that the printing requirements of the Religious Endowment Commissioner, Temples and Mutts be entrusted to Co-operative Printing Presses only.

38. This Conference requests the co-operators of South India to take efforts for the establishment of a factory for the manufacture of paper in South India as the necessary Bamboo pulp required for the same is available in South India, especially in the North Arcot District.

39. Village Co-operative societies are now mainly advancing short term loans only to their members repayable within one year in view of the fact that facilities for medium and long term loans are not now made available to the central banks by the State Co-operative Bank. These short term loans are not fully beneficial to agriculturists and merchants. This conference therefore requests the Union Government and Reserve Bank to take suitable steps in the matter of issue of medium term loans for periods between 1 and 3 years and long term loans for periods exceeding 3 years but not exceeding 5 years to village societies.

40. This Conference resolves to request Government, that when awards are passed under land acquisition proceedings, the acquisition costs be intimated to societies within three months from the date of passing of the award, and the amount collected from the concerned societies in full settlement.

41. If co-operative insurance organisations invest 25 per cent of their funds in co-operative land mortgage bank debentures only, it will facilitate the availability of long term funds in the respective states for co-operative institutions. This conference therefore resolves

to request the Central Government to make necessary amendment to the Insurance Act in the matter.

42. This conference requests the Registrar and the Government to amend the bylaws of co-operative weavers societies relating to the payment of bonus to members from 25 per cent of the net profits to a limit of 40 per cent of the net profits.

43. Resolved to request the Registrar of Co-operative Societies to amend model bylaw No. 47 of weavers societies so as to enable weaver members to obtain loans upto Rs. 100 from these societies in urgent cases.

44. Resolves to request the Registrar and Government to revise the condition imposed on members of weavers societies under the housing scheme about the remittance of 1/5 of the value of houses and reduce the same to 1/10 of the value.

45. This Conference requests the Government to grant financial aid to village co-operative societies so as to enable them to appoint paid secretaries.

46. This Conference requests the Government to cancel the order, which prohibits the village officers from becoming and continuing as the office bearers of co-operative societies, without the permission of the collector, as it prevents long standing co-operators from taking active part in the movement on account of the fact that they have to hold such posts according to the whims and fancies of local revenue officials.

47. This Conference requests to Central Co-operative Bank to grant medium term loans to Harijan members of co-operative societies on the mortgage of their houses or on personal sureties.

48. Resolved to request the Central Co-operative Banks to refix the period of repayment of medium term loans to Harijan societies as 5 years since the present period of three yearr is very severe and creates hardship to these societies.

49. This Conference requests the Government to cancel the licence fees imposed on co-operative sale societies under section 5 (i) of the Commercial Crops Marketing Act, 1939.

50. With a view to develop co-operative consciousness among members of co-operative societies, the conference resolves to evolve a system of co-operative Identity Cards, which well enable a co-operator to make his purchases in any society in any part of the country, of which he is not a member. This Index card system will promote co-operative fellowship.

Co-operatives Exempted

From all Provisions of Madras Shops and Establishments Act for one more year

In exercise of the powers conferred by section 6 of the Madras Shops and Establishments Act. 1947 (Madras Act XXXVI of 1947), the Governor of Madras hereby exempt, for a further period of one year from 14th October 1954, all societies registered under section 4 of the Madras Co operative Societies Act. 1932 (Madras Act, VI of 1932), from all the provisions of the Act first mentioned, subject to the following condition, namely :—

That the societies in which non-members are employed amend their respective by-laws on the lines of the special by-laws relating to service conditions of persons employed in societies, appended to this notification ; and also include the provisions of Chapters II, III, V and VII of the Madras Shops and Establishments Act, 1947 (Madras Act XXXVI of 1947), in their standing orders and exhibit them in their premises.

2. The order hereby made shall be deemed to have come into force on 14th October 1954.

(Extract of G O.M.S. No. 2874, Industries, Labour and Co-operation, dated, 16th October 1954, from Fort. St. George, Gazette, page No. 1407 dated 27-10-54)

New Housing Credit Policy

Copy of G.O. MS. No. 2876, Department of Industries, Labour and Co-operation dated 16th October 1954.

Housing—Co operative Housing Schemes—State loans—liberalisation of—Orders passed.

Read the Following:

Government Memo No. 63252 BII/52-14, dated 22-4-1953.
Government Memo No. 548295 BII/53-14, dated 18-9-1953.

ORDER :

The Government have reviewed the orders issued in the memo cited regarding the grant of State loans for construction of houses through Co-operative Societies and direct that the existing restriction regarding the income limit of Rs. 400 per mensem for the grant of loans should be removed and that the maximum amount of loan admissible per individual raised from Rs. 3,000 to Rs. 10,000.

(True Copy.)

Endt. No. Rc. 132309/54-Z MADRAS, OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES, DATED 19-10-1954

Copy of G.O. Ms. No. 2876, Industries, Labour and Co-operation dated 16-10-1954 communicated to all Deputy Registrars on general duty and the Special Development Officer, Ramanathapuram.

S. NITHYANANDAM,
For Registrar.

(By order.)

R. CHANDRASEKARAN,
19-10-54.
Superintendent.

Execution of Unregistered Pronotes

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

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

D. Dis. 125003/54-A *Dated*: *16—10—1954.*

Sub:—Co-operative Central Bank—Acceptance of un-registered pronotes of Societies—Execution of pro-notes—Procedure Instructions—Issued.

Ref:—1. Registrar's circular R.C. 10491/38-A, dated 2—10—1939.
2. Registrar's circular D. Dis. 96352/53-A, dated 6—8—1953.

1. In the Registrar's circulars cited, the Central Co-operative Banks were permitted to accept un-registered pro-notes of primary societies for the short-term and medium-term loans granted to them, provided, they were executed in the presence of a Director of the Central Co-operative Bank, representing the societies in his area. Representations were received from certain Co-operative Central Banks, that this procedure worked hard-ship on the societies situated in the interior villages, as it was both expensive and inconvenient. The question came up for consideration at the 26th session of the Conference of Central Co-operative Banks held on 14—8—1954. The conference recorded the following resolution :—

> " This Conference resolves to request the Registrar and the State bank to permit Central banks to recognize un-registered pronotes of rural societies executed in the presence of the President, Secretary, or Union Director of the Central Bank of such of the members of the governing body of the Union recognized for the purpose, by the Executive Committee of the Central Bank."

The Board of management of the Madras State Co-operative bank, at their meeting held on 12th September 1954 accepted the above resolution. The Registrar, therefore, accepts the resolution and in supersession of his previous circulars on the subject, issues the following instructions :—

2. The Central Banks are permitted to accept unregistered pro-notes of societies for both short-term and medium-term loans granted to them, provided :—

(a) they are executed in the presence of the President or the Secretary of the bank ; or

(b) they are executed in the presence of the Director of the Central Bank representing such societies or areas in which the societies are located ; or

(c) they are executed in the presence of such of the members of the governing body of the supervising unions to which the societies concerned are affiliated, as are recognized for the purpose by a resolution of the Executive Committee of the Central Bank.

3. The procedure indicated in paragraph (2) above, should be insisted upon, in all cases of pronotes executed by the societies whether the pro-notes are executed for loans or for overdrafts obtained from the Madras State Co-operative Bank. No pro-notes should

be accepted if it was executed in the presence of a Director of the Bank representing individual share-holders.

4. The permission granted to the central banks to accept un-registered pro-notes of societies if they are executed in the manner indicated in items (b) and (c) of paragraph 2 above, is subject to the adoption of the following safe-guards.

i. While recognizing the members of the governing body of supervising unions, the Executive Committee of the Central Bank should take care to see that they select only those persons who have an intimate knowledge of the panchayatdars or the Directors of the societies in their area. The resolution of the Executive Committee should specify the name of the governing body member of the union, and the names of societies allotted to him for the purpose of getting their pro-notes executed, in his presence and for attesting the same Whenever a member of the governing body of the union, so authorized, ceases to hold office (*viz.* membership in the governing body) the Executive Committee of Central Bank should immediately withdraw the authorisation issued to him and issue a fresh authorisation to his successor under copy to all the societies affiliated to that Union.

ii. The Directors of the Central Bank and the members of the governing body of the supervising unions in whose presence the societies execute their pro-notes, should maintain an up-to-date copy of the specimen signatures of the panchayatdars or Directors of the societies in their area.

iii. The Director or the union governing body member, in whose presence the pro-note is executed, should certify to that effect on the pro-note.

iv. The Secretary of the Central Bank should, on receipt of the pro-note, verify the signatures in the pro-note with the specimen signatures maintained in the bank and counter-sign the pro-notes certifying to their genuineness.

v. The Central Bank should obtain from every borrowing society, a written acknowledgement in the form prescribed in the Registrar's circular D. Dis. 180575/53-A, dated 28-12-1953, for debts outstanding against each pro-note executed by that society in respect of short-term as well as medium-term loans, soon after the 30th June of every year.

J. C. RYAN,
Registrar.

Medium-Term Loans to Ryots

Reserve Bank's Offer of Rs. 5 Crores

The Reserve Bank of India which had so long been advancing short term loans for agricultural purposes, will provide medium-term loans also in future.

The Bank has been enabled to do so by amendment to the Reserve Bank of India Act passed last year.

In terms of the amendment, the Reserve Bank is permitted to advance medium-term loans for fixed periods not less than 15 months and not exceeding five years against securities specified by it. These loans are to be fully guaranteed by the State Governments both as regards the principal and interest and each State Co-operative bank is entitled to get loans not exceeding its owned funds. The amendment has also fixed the total amont of medium-term loans to be made available by the bank at five crores of rupees in all.

In giving effect to the amendment, the Reserve Bank has circularised the procedure to be followed by State Co.operative Banks. According to it, even though medium-term loans are permissible for periods up to five years, as far as possible, three year loans will be encouraged, so that there may be a quick turnover of funds. However, funds for longer periods will also be provided in cases where genuine needs for loans of longer duration are felt.

The circular also mentions the purposes for which medium-term loans would be granted. For the present, they are reclamation of land, bunding and other land improvements, preparation of land for orchards and plantations, minor irrigation works, purchase of livestock, machinery and transport equipment, construction of farm houses and cattle sheds, etc.

The Bank has announced that they will charge the same concessional rate of interest *viz.*, two per cent below the bank rate (which is now 3½ per cent) on these loans as in the case of short-term loans which mature within 15 months. Therefore, the State Co-operative Bank will be able to obtain medium-term advances from the Reserve Bank at one and a half per cent.

Interest Rate

The Bank has specially drawn the attention of the State Governments and the State Co-operative Banks to the need for ensuring that the benefit of the concessional rate of interest passed on to the

agriculturists. Before the Reserve Bank's money reaches the agriculturists it has necessarily to pass through several intermediaries. Considering this, the Bank has suggested that the rate charged to the ultimate borrower should not exceed six and a quarter per cent. Where this is found to be impracticable, the Bank suggests that the margin retained by the apex banks and the central banks should be utilised to strengthen their reserves.

The Reserve Bank's decision follows closely the recommendations made in the Five Year Plan for providing finance to agriculture.

Grant of Rebate by Handloom Co-operatives

Under the Cess Fund scheme worked in this State a rebate of annas 1½ in a rupee is allowed to consumers on their purchases of handloom cloth from weavers co-operative societies and depots run by the Madras State Handloom Weavers Co-operative Society. As a result of representations made by this Government, the Government of India have extended this scheme, as a special case, upto March 31, 1955, to retail sales made by consumers' co-operative societies and approved fair price shops run by private dealers.

In all, 844 co-operative primary stores and 13 co-operative central wholesale stores in this State will work this scheme. They may purchase handloom cloth from weavers' co-operative societies or middlemen or primary producers and sell the cloth to all consumers. Rebate will be restricted to purchase of Rs. 5 and above but below Rs. 50 per day in the case of these societies. The Registrar of Co-operative Societies will be in charge of the scheme.

In addition to these co-operative organisations, private dealers with previous experience in the handloom trade and with a turnover of Rs. 10,000 a year will, on application, be selected by the Collectors for working the scheme. Their shops will be designated as "fair price shops" and a rebate of one anna in the rupee will be paid to consumers on their purchases of handloom cloth of Rs. 5 and more from these shops. These 'fair-price shops' may purchase handloom cloth from weavers' co-operative societies or primary producers or any other middlemen for sale under the scheme. The Collectors will be in charge of the scheme in their Districts and the Director of Industries and Commerce will be the co-ordinating authority.

Co-operative Sugar Factory for North Arcot

At a conference of sugarcane growers of Vellore, Gudiyatam and Tirupattur taluks, a seven-man committee was formed to take steps to organise a co-operative society for starting a sugar factory in this area at an estimated cost of Rs. 70 lakhs.

According to the scheme which was explained by Mr. J. C. Ryan, Registrar of Co-operative Societies, the sugarcane growers will have to contribute Rs. 10 lakhs, the State Government will give a loan of Rs. 10 lakhs, and the Central Government a loan of Rs. 20 lakhs. The remaining Rs. 30 lakhs will have to be raised as loan from the State Co-operative Bank.

Mr. Punjabrao Deshmukh, Union Minister for Agriculture, who participated in the conference, assured the conference that if the people of the area took speedy action, the Central Government would do its part.

Mr. M. Bhaktavatsalam, State Minister for Agriculture, who inaugurated the conference, said that Madras State did not produce even half its requirements of sugar, and hence he commended the present move as timely.

Mr. T. S. Venkataraman, Sugarcane Expert, who presided stressed the need for the people of the State getting industrial minded and urged the sponsors of the scheme to push it through with viguor, because co-operation was the best method by which they could start more industries.

Mr. M. A. Manickavelu Naicker, Revenue Minister, said that the starting of a new factory would not only help sugarcane growers, but also bring revenue to Government. They would extend all possible help when it was done on a co-operative basis, as there would be no room for conflict between capital and labour.

Mr. P. S. Rajagopal Naidu, M.P., convener of the conference, suggested that they might collect the share capital of Rs. 10 lakhs from the growers at the rate of Rs. 200 per acre in two instalments of Rs. 100 each.

The Committee consists of Messrs P. S. Rajagopal Naidu, (Convener), Raja Reddiar, Soundararaja Mudaliar, E. Raghava Mudaliar, M.L.A. Hanumantha Gounder, M.L.A., V. M. Ramaswami Mudaliar, and T. M. Muniswami Naidu.

The Conference passed a resolution appealing to the co-operative and agricultural officers to render all the help necessary in this matter.

Mr. Ryan said that he would depute a departmental officer to aid the Committee in the collection of share-capital.

Milk Training Centre

FAO is organizing a training centre on Milk production, processing, and distribution under tropical and sub-tropical conditions, at the Aarey Milk Colony, Bombay, for the benefit of Governments in the Far East. The Centre will serve in particular as a medium for exchange of information amongst technicians of the participating countries on problems of common interest in the field of milk production, processing and distribution.

The Centre will be conducted by FAO in collaboration and with the assistance of the Government of India for a period of about four weeks beginning in the last week of October this year and will provide a course of study for approximately forty participants. Governments to whom invitations are being sent are being requested to nominate personnel who are top Government officials responsible for developing the dairy industry and management of dairy plants, particularly under tropical conditions.

Mr. D. N. Khurody, Milk Commissioner, Bombay, will act as the Honorary Director of the Centre, while Mr. Ian D. MacRae, who has been in India on an FAO assignment at the Aarey Milk Colony, will be the Associate Director, several specialists from the Headquarters of the organization are expected to take part as lecturers at the Centre.

After the completion of the course at the Centre in Bombay, the trainees will be taken on a study tour to Bangalore, Madras, Calcutta, Bareiliy, Karnal and Delhi, to acquaint them with certain practical aspects of the production, processing and distribution of milk,

Co-operative Development Foundation to Undertake Consumer Research Probe.

Members of the Co-operative Development Foundation meeting here on August 14th approved unanimously of a Consumer Project proposed by a special committee composed of representatives of the Co-operative Union of Canada, Inter-Provincial Co-operatives Limited and the C.D.F.

The project, to be conducted by a qualified research person, will have the following objects.

(a) To set out the methods of reorganisation and operation of existing consumer outlets that will enable them to increase their volume of business.

(b) To list the steps that a farmers' and and or fishermen's supply to co-operative must take in order to enter the consumer field. This will involve an analysis of the market areas involved, i.e. location, potential business volume of the area, competition from other stores, nature of the sources of income of the residents, etc.

(c) To establish guides as to the types and quantity of resources that must be available locally for the successful establishment of a consumer store. This will revolve around such items as capital available from farmers, and or fishermen-potential members and/or other local co-operatives; availability/and suitability of buildings presence of an experienced manager and other staff: and other item necessary to the establishment and operation of a consumer store.

(d) To gather information on co-operative developments with a view to discovering what is the size and nature of the most successful administrative area (i.e. what is the basic administrative unit local store, city (or country) co-op. with branches, regional provincial or national).

(e) To determine the conditions associated with loyal membership, and the practices necessary to maintain member interest in and democratic control, of small and large co-operative associations.

Finances for the undertaking to the amount of $ 200,000 over a two year period will be sought from consumer co-operative wholesales, other interested organizations and individuals.

Extract taken from the "Maritime Co-operator," dated 1—9—54.