

THE
Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

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

MARCH 1954

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Thought for the Month

Ten Commandments of Co-operation :

1. Value Service above Self.
2. Take a Human View of Life.
3. Encourage Self-help and Mutual help.
4. Know your Neighbours Well.
5. Urge Honest Dealings.
6. Manage your Society yourselves.
7. Actively Participate in your Society's Work.
8. Loyally Protect your Society.
9. Live Economically and Save.
10. Always Believe in Co-operation.

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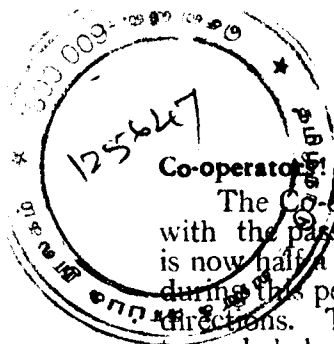
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Editorial Notes

Co-operators Celebrate the Golden Jubilee!

The Co-operative Movement in India was introduced in 1904 with the passing of the Co-operative Societies Act of 1904. It is now half a century since the Movement came into being and during this period it has registered appreciable progress in various directions. There is little doubt that it has gone a long way towards helping the man of limited means and promoting in him thrift and self-help. It is therefore the sacred duty of every Co-operator and his institution to celebrate the Golden Jubilee of the Movement.

The Golden Jubilee in Madras State is to be celebrated as part of the Nation-wide celebrations in the Easter week of April this year, i.e. from 18th to 24th April 1954. In Madras City, however, it will be celebrated from the 17th to 19th April 1954 with a three-day programme. A mass enlightenment campaign in various parts of the State is an essential part of the celebration. Co-operators will find published elsewhere in this issue a circular stating broadly the lines of celebrations for the Madras State. The programme is to consist of processions, meetings, entertainments, exhibitions, etc.

We have been celebrating year after year the All India Co-operative Day reaffirming the faith in the Co-operative Movement. Now this celebration of the Jubilee coming after 50 years of solid work must indeed be a matter of much greater importance. With a view to enable the Co-operatives to celebrate the occasion well, the Registrar has issued a circular to Co-operatives permitting them to meet the expenditure for the celebration from the General Funds.

In the City of Madras the celebrations will be held under the joint auspices of the Co-operative institutions in the City. There will be processions, meetings, entertainments and exhibitions as the daily features of the celebration. It is proposed to bring out on the 17th April 1954 a Special Supplement in English and Tamil containing a brief history of the progress of the Movement in various directions in the State over a half century.

Madras has earned a name in the country for its co-operative development and as such it behoves all Co-operators and Co-operative institutions to celebrate the Golden Jubilee in a manner which would befit the status attained by our State in the Co-operative Movement. We appeal to Co-operators and Co-operatives to celebrate the Jubilee in an unique manner and send brief reports of the celebrations for publication in the Journal.

The Pilot Scheme for Financing Rural Co-operatives

It has been increasingly felt during the recent years by the Co-operators and Co-operative institutions that for satisfying the

EDITORIAL NOTES

rural credit needs of the villagers and at the same time promoting the Movement, ways and means should be devised to enable the rural credit societies to meet all the credit needs of all the members in the village so that the members may not be obliged to go to the money-lenders for a part of their credit requirements. This problem came up before the 28th Madras State Co-operative Conference held in December 1952 and after thorough discussion on the issues involved, the following resolution was passed:

"This Conference resolves to request each of the Central Banks to select one or more village agricultural credit societies affiliated to it and provide all the short and medium term financial requirements of the select societies after admitting all eligible agriculturists in the area of operation of such societies as members as a pilot measure and watch the results. This Conference further resolves to request the Reserve Bank of India to provide the necessary finances for the purpose to all such Central Banks which take up the new Scheme."

In pursuance of the resolution, the Madras State Co-operative Union requested the Registrar of Co-operative Societies to issue orders permitting the promotion of this line of activity by Central Banks and also to recommend to the Reserve Bank of India, the provision of necessary finances for the purpose. The Registrar accordingly moved the Reserve Bank of India in the matter. The Reserve Bank favoured the proposal and communicated its views as follows:

"Provision of financial assistance for the execution of pilot scheme for 'full finances':—

"This question of primary credit societies providing 'full finances' to agriculturists in any particular area with the aid of funds from a Financing Bank financing in that area appears laudable. This is a matter which concerns primarily the credit societies and Central Bank. You will appreciate that the extent to which the Reserve Bank finances could be made available depends upon other vital considerations, such as the financial position and working of the Bank concerned, its maximum borrowing power, management, etc. Even so, the Reserve Bank has already been advancing large amounts to Central Co-operative Banks in Madras. If on the merits of the case the Central Bank deserves enhanced financial accommodation from the Reserve Bank, we will favourably consider its application."

The Madras State Co-operative Union appealed to the Central Banks to try the experiment in select villages and report the results. A number of enquiries have since been received at the Union for the details relating to the Scheme. Sri M.S. Palaniappa

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Mudaliar, Joint Secretary of the Tamil Nad Co-operative Federation of Coimbatore and Sponsor of the Scheme, furnished the details for the information of the various institutions interested in it. The Scheme in detail is published elsewhere in this issue.

The object of the Scheme is to reorganise the rural credit structure through Co-operatives and provide full rural finance to farmers so that they may make their occupation economical and may live happily. This Scheme envisages the expenditure of Rs. 3 to 5 lakhs for every Co-operative Central Bank. A Pilot Scheme Committee is to be constituted at every Central Bank to run the Scheme. A preliminary survey is to be conducted in the area where the Scheme is to be worked and necessary amendments to the bye-laws are to be made with a view to enable the Scheme to be properly executed. Provision is to be made as far as possible for the inclusion of all classes of villagers, since the object of the Scheme is to make even the poorest man credit-worthy at a certain stage. The Central Bank is to meet the entire requirements in finance of the select societies and watch the progress by periodical inspection, supervision, and audit and by other safeguards. The Scheme is to be worked for 3 years and the results are to be watched so that an extension of time could be arranged if the benefits are appreciable.

It is commonly known that the greatest snag in the promotion of Co-operative Movement in the country is the slow dispensation of credit and the partial coverage of the real needs of the farmers by the Co-operatives. It is generally felt that the future of the Co-operative Movement lies in its being able to play the money-lenders and the social-worker in its institutional capacity. The Pilot Scheme purports to lever up the entire life of the villager and help him to stand on his own legs and mould himself into a full-blown citizen.

We invite the views of Co-operators and Economists on the Pilot Scheme published so that necessary modifications could be effected before giving it a trial.

Foreign Experts and our Problems:

India is in a period of transition in its national life. The grand Five Year Plan, the Community Development Programme, and on the top of it the National Extension Service have been in operation for some time and crores of rupees from our national resources as well as of foreign aid are being spent in an all-out effort to raise the level of the life of the Indian.

It has been part of our national programmes to invite foreign experts to study first-hand our problems and advise us on how best to remove snags or clear the hurdles.

It was in connection with such a mission that the International Team of Experts on Village and Small scale Industries of

the Ford Foundation visited India recently. The Co-operators of South India had the privilege of meeting Dr. Raymond W. Miller, Co-operative Expert with the Ford Foundation in February this year, at an informal conference held under the auspices of the Madras State Co-operative Union when a number of important subjects bearing on Co-operation and Cottage Industries were discussed. The purport of the discussion has already been published in the February Number of this Journal. Our readers may be aware that in the course of the discussion, Dr. Miller said that the Team would shortly submit their Report to the Government of India for consideration and necessary action. We understand that the Report has since been submitted and that it may receive the consideration of the Government.

There appears among certain sections of the public a tendency to decry the service of the foreign Experts and to declare that they have not told us anything new but have mentioned only points familiar to us. It is rather unfair to belittle the importance of a finding of an Expert simply because it is not a matter beyond our ken; for it may be that the Expert has based his findings on a knowledge of similar conditions obtaining elsewhere or it may be that he has opened our eyes to a matter which on account of its familiarity might not have caught our eye as a vital point.

The Team seem to be quite alive to those trends of the popular opinions. Dr. Miller himself clearly indicated the Team's position in his recent note to the Madras State Co-operative Union. He wrote:

"Foreigners such as we cannot ever expect to write a programme for another country, as people living there know their own needs much better than we can ever understand them. However, we have found in America that quite often a man from another country would come and be able to provoke discussion out of which we make progress. Such was the case with Mr. Plunkett, the great Irishman, who came and advised the American Government that rural life was the basis of American prosperity and that America would never become great until their farmers became prosperous. From this began our Co-operatives and Extension Service." We appreciate this candour with which Dr. Miller presented the range of the Team's usefulness.

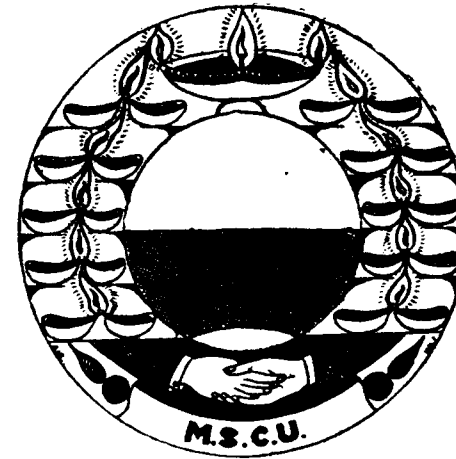
Two points emerge from this note of Dr. Miller: For one thing he has made it clear that foreigners could not be expected to write a programme of development for other countries better than the people themselves. Secondly nevertheless a foreigner who might visit as a consultant might open the eyes of the people to a vital point which, being of common place interest, might not have caught the eye of the people, as a vital factor of the nation's life and economy. Dr. Miller's reference to the advice of Plunkett

GOLDEN JUBILEE

OF

The Co-operative Movement in Madras State

Sunday 18th April to Saturday 24th April 1954



CELEBRATIONS IN MADRAS CITY

at S.I.A.A. Grounds, Park Town, Madras.

Saturday 17th to Monday 19th April 1954.

CO-OPERATORS! CELEBRATE UNIQUELY!

(For Posters, Badges, Flags, Pamphlets apply to Madras State Co-op. Union)

that the rural life was the basis of American prosperity, reminds us of the advice which Dr. Miller gave to the farmers in India to use the bullock in our agricultural and industrial economy as draught animal, a fertiliser and so on, in preference to the expensive machine. Dr. Miller seemed to indicate that he did not view the problems of India through western spectacles but looked at them from the point of view of one who had known the economic life of the people of other countries which are like India. We expect that the Report of the International Team on Co-operatives will be a statement of the practical way of solving all problems in accordance with our resources. Co operators eagerly await the publication of the Report by the Government of India so that they may try to implement the recommendations to the extent practicable as early as possible.

Requiescat in Peace — The Late Sri R. Suryanarayana Rao

It is with the deepest grief that we announce the sad demise on Thursday the 11th March 1964 of Sri R. Suryanarayana Rao in Madras, after a brief illness, at the age of 59. Sri Suryanarayana Rao graduated from the Madras Christian College and served for sometime as a School Master at Kurnool. Later he joined the Servants of India Society of which he was a member for over 25 years. He was a keen student of Economics and Politics. He was connected with the work of Rayalaseema Development Board for a long time.

To Co-operators he was known closely as one associated with the movement for about 15 years. He was connected with the Madras Provincial (now State) Co-operative Union as the Editor of the Madras Journal of Co operation for 8 years since 1941, in which capacity he made a real contribution to the progress of the Co-operative Movement on proper lines by his bold constructive criticism.

Sri Suryanarayana Rao was also a keen politician and educationist. He was connected with the great leaders like Sri T.R. Venkatarama Sastri and Sri N. Gopala Iyengar. He was for some years a member of the Madras Legislative Council and was known in the legislature for his study and knowledge of various problems relating to the social and economic life. As an educationist he interested himself in educational progress and the welfare of those in the teaching profession.

Co-operators in Madras State have lost in him a great Scholar and constructive critic. May his soul rest in peace!



SRI R. SURYANARAYANA RAO

Born 1898

[Died 11-3-1964.]

**The Madras State Co-operative Union,
ESPLANADE, MADRAS.**

P. NATESAN, M.B., B.S.,
General Secretary,
R.C. No. 42-2/53-54.

MADRAS,
11th March 1954.

CIRCULAR.

Sub:—Golden Jubilee of the Co-operative Movement, April 1954—celebration.

The Co-operative Movement in India was introduced in 1904 with the passing of the Co-operative Credit Societies Act of 1904. It is now half-a-century since the Movement came into being and during this half century the Movement has registered considerable progress in various directions. There is little doubt that it has gone a long way towards helping the man of limited means and promoting in him thrift and self-help. It is therefore the duty of every co-operator and Co-op. Institution to celebrate the Golden Jubilee of the Movement. The All India Co-op. Union has suggested the celebration of the Jubilee during the Easter Week i.e., 18th to 24th April 1954 throughout India.

The Executive Committee of this Union at its meeting held on 18-2-1954 considered this matter and resolved that the Co-op. Institutions and the Officers of the Co-op. Department throughout the State should be circularised to the effect that the Golden Jubilee may be celebrated in our State on the dates fixed by the All India Co-op. Union in accordance with the programme drawn up by the All India Co-op. Union as far as possible. We append the programme drawn up by the All India Co-op. Union for the celebration of the Jubilee.

We have been celebrating year after year the All India Co-operative Day and re-affirming the faith in the Movement on the occasion. Now this celebration of the Jubilee coming after Fifty Years of solid work must indeed be a matter of much greater importance. We therefore appeal to you to celebrate the Golden Jubilee in a fitting manner following as far as possible the programme of the All India Co-op. Union. A brief report of the celebrations may be sent to this Office for publication in the Journal. Kindly acknowledge receipt of this Circular.

P. NATESAN,
General Secretary.

Programme drawn up by The All India Co-operative Union.

1. A meeting to be held on the 18th of April 1954, where a Declaration of Affirmation in Co-operative Ideology should be read, and should be passed as a resolution.

2. It is decided to concentrate on the fundamental principle of the Co-op. Movement during the week. The principle of thrift is selected for the purpose this time. Hence, you are requested to advise societies in your State to carry on propaganda during the week among the members, to persuade them to make savings on a voluntary basis. It is suggested that a Prize may be awarded by the State Government or the State Co-op. Union to the Primary Credit Society which gives the best performance in this matter.

3. An Exhibition of the products of Co-op. Societies, Farming and Industrial, may be organised at suitable centres in the State.

4. Every society is to be requested to prepare a history of it, especially giving details of Honorary workers, who have worked for the establishment and growth of the society. A history of the Co-op. Movement in the State may also be compiled.

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5. Magazines in Co-operation, published in the State, may be requested to issue Special Numbers on the occasion.

6. Essay competition on a selected Co-op. subject may be arranged.

7. Co-op. Flag may be unfurled ceremoniously at the meeting suggested in item No. 1 (Flags of different varieties are available at the office of the All India Co-op. Union, Raopura, Baroda.)

8. Co-op. Songs should be sung in the Meeting. (Records of such songs are available at the office of the All India Co-op. Union, Raopura, Baroda.)

9. Attractive posters and suitable charts may be prepared and displayed prominently during the week.

**GOLDEN JUBILEE
OF THE**

CO-OPERATIVE MOVEMENT IN INDIA.

18th April 1954.

**Affirmation from Shri R. G. Saraiya, O.B.E., J.P.,
President, All-India Co-operative Union.**

While the spirit of Co-operation has existed in India throughout recorded history and a reference to team-work or Co-operative endeavour is found in the Vedas, the Co-operative Movement in its present legal form was introduced in India with the passing of the Co-operative Credit Societies Act in the year 1904. The first 50 years of the Co-operative Movement thus founded will be completed in March this year, and let each Co-operative Society and each Co-operative worker celebrate the Golden Jubilee of the Co-operative Movement this year and thus re-affirm the faith in the Co-operative Movement.

Let each Co-operative worker in the country dedicate himself to the service of the Co-operative Movement and of the country through the Co-operative Movement. The history of the next 50 years of the Co-operative Movement in Independent India should be written in letters of gold, and the Co-operative Movement should make rapid strides in order to build up a Co-operative Commonwealth in the country.

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

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

R. C. 18698/54 Q.

Dated 24-3-1954.

Sub: Co-operation — Co-operative Movement — Golden Jubilee — Celebration of—

Co-operators are aware that the Golden Jubilee of the Co-operative Movement in India falls during the third week of April 1954. It is now 50 years since the Co-operative Movement was introduced in the Madras State and the movement has been making steady progress all these years; and to-day it occupies a place of pride in the Indian Union. Started as a credit movement, it has covered several fields of economic activity catering to the economic needs of the people in the Urban and Rural areas in a variety of ways. The Registrar therefore desires that all co-operative institutions in the State should celebrate the Golden Jubilee in a most fitting manner and makes the following suggestions.

2. The celebrations in the City of Madras will be in charge of the Madras State Co-operative Union. All the Co-operative Institutions in the city will participate in the celebrations. It is proposed to celebrate the

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Scheme Committee to run the scheme. This Committee is to supervise the scheme and give the necessary instructions in the matter of administration of the Society selected for the scheme. The Committee should consist of one member from the Executive Committee and one member from the Supervision Committee, (if any) of the Co-operative Central Bank, the local Deputy Registrar, a representative of the Madras State Co-operative Union and the local Bank Director from the Co-operative Union, to which the rural Co-operative Credit Society selected by the Sub-Committee for running the scheme, is affiliated. This Pilot Scheme Committee shall be a sort of liaison between the Society and the Executive Committee of the Bank, which is solely responsible in the matter of finance, etc. The Executive Committee of the Bank is the sole authority to sanction the loans to the Society upon the recommendation of this Pilot Scheme Committee.

Selection of Society.

One village Society shall be selected in the area of each Co-operative Central Bank. The selection shall be by the Pilot Scheme Committee. But this is subject to the approval of the Executive Committee of the Central Bank concerned. The lands of the selected village should be, for a large part, either river-fed or tank-fed or well-irrigated. Such a village should not have come under the famine relief scheme during the past decade or now be in any Community Project area. The village should have a Co-operative Credit Society of at least 15 years' standing with men of enough administrative experience at its head as President and/or Secretary. The local Co-operative Land Mortgage Bank and the Marketing Society should have their jurisdiction over such a village to meet the long term needs and look to the marketing facilities of the agriculturists.

The Co-operative Central Bank should lend free of cost for one year one of its senior Bank Inspectors or Supervisors of at least 10 years' experience to the Co-operative Society. He should work as Manager of the Society under the guidance of the Panchayatdars of the Society and the instructions of the Pilot Scheme Committee.

Survey.

The Bank Inspector should conduct a survey of the area with the help of the villagers and prepare statistics relating to the following:—

1. A list agriculturists of the area, which will include agricultural landlords, agricultural tenants, agricultural labourers and artisans;
2. Their land holdings with Survey numbers, extent and value;
3. Their other holdings such as houses, cattle, etc., with value;

A PILOT SCHEME TO PROVIDE FULL RURAL FINANCE

4. Their liabilities to Co-operative Society as well as to others under mortgage and under ordinary promote;
5. Their annual income from lands as well as other sources;
6. Their annual expenses for cultivation;
7. Their other annual expenses.
8. Their approximate loan commitments.
9. The general level of social life of the village with reference to their temperance and thrift habits and party politics and local leadership; and
10. The extent to which the area of operations should be extended to make the Society effective in its usefulness and then gather the same kind of information about the agriculturists that will thus come into the Society under such extension.

The above statistical data may be prepared on the model of the property statements prepared in rural Co-operative Credit Societies. With the above information gathered it will be possible to assess the financial requirements of the agriculturists of the area.

By-Law Amendments.

Certain by-law amendments have to be made in the selected Society for the purpose of working the scheme. For example the amendments to by-laws relating to extending or adjusting the area of operations, paid-up share capital, maximum borrowing limit, individual maximum borrowing limit, and issue of group loans have to be carried out on the basis of the information gathered by the Bank Inspector during his Survey. Elasticity has to be given regarding the by-law relating to the maximum borrowing limit. No rigid and fast rule need be followed in the matter. As most of the loans are to be advanced on property security or on the surety or propertied members, the entire financial need of members can be met by the Society with safety. The Panchayat of the Society should not be 5 members as it is now. It must be broad-based in view of the heavy financial responsibility which the Society has to undertake and the increase in the number of members who have to be admitted anew. I suggest the strength of the Panchayat be increased to 9. The by-laws relating to its constitution, meetings, etc., have to be altered suitably so as to enable convening of frequent Panchayat Meetings.

Management and Working

The administration and management should vest with the Panchayat of 9 members. The Society will function under the supervision of the Pilot Scheme Committee, whose instructions must be carried out through the Manager appointed by the Bank. The admission of members, sanction of loans, etc., has to be attended to by the

Golden Jubilee for 3 days from the 17th to the 19th of April. On each of these days, prominent persons will be invited to speak on co-operation. The meetings will be followed by entertainments to impress on the public the value and advantages of the co-operative movement. It is also proposed to have an Exhibition during these days and prominent co-operative institutions in the city and in the mofussil will be invited to participate in it. Processions will be arranged from different parts of the City. The premises of the co-operative institutions in the City will be arranged to be illuminated on these days. The Madras State Co-operative Union proposes to bring out a special Number of its Journal in connection with the Golden Jubilee. It is also proposed to request the Dailies in Madras to bring out a Special Supplement on one of these days. The celebrations in Madras are proposed to be held in an open place where large number of people can gather. To make these arrangements, the Madras State Co-operative Union has constituted a Committee consisting of the representatives of the State Co-operative and other big Co-operative Institutions in the Madras City. The Madras State Co-operative Bank has contributed a sum of Rs. 8,000 from its general funds and the other institutions in the City will also contribute. It is expected that as a result of these celebrations, the public will be made aware of the activities of the co-operative societies and the benefits the Movement has conferred on the people. The celebrations will also serve to enlist the support of the public in the expansion of the co-operative movement in the State.

3. The Registrar desires that in the districts also, celebrations should be made on a really grand scale. The District Central Banks may take the initiative in the matter and constitute a committee to be in charge of celebrations. The Committee may consist of the President of the Central Co-operative Bank, President of the Central Co-operative Stores and representatives of other prominent institutions at the Headquarters. The Deputy Registrars in the districts may also be invited to attend the committee meetings. The committee may arrange for the celebration at the district headquarters as well as for the celebrations by all the societies throughout the district. The celebrations may take place on one of the three days or on all the days and may be done on the lines proposed to be done at Madras. For this purpose the Central Bank may contribute a sum not exceeding Rs. 500 from its general funds. The Central Stores may be requested to contribute a like amount, namely Rs. 500 each. Urban banks at the headquarters may contribute according to their working capital — say Rs. 50 if the working capital is one lakh and less, Rs. 100 if it is 2 lakhs and less, Rs. 150 if it is 3 lakhs and less, and Rs. 200 in the case of banks whose working capital exceeds 3 lakhs. The maximum that may be contributed by an urban bank may be limited to Rs. 200. Other societies like weavers' societies, primary stores may contribute a sum not exceeding Rs. 25 each. The celebrations in centres other than the headquarters of the district may be arranged to be done by the respective institutions individually or by the societies at one centre joining for the purpose. Rural credit societies may be requested to celebrate the occasion and to spend not more than Rs. 25 each. The societies may celebrate the Jubilee by arranging for illumination of buildings, holding of public meetings, entertainments, etc.

4. The Central Banks are requested to make early arrangements for the celebrations and to intimate to the Registrar by the end of this month, the arrangements made by them to celebrate the Jubilee.

J. C. RYAN,
Registrar.

SPECIAL ARTICLE

A Pilot Scheme to Provide Full Rural Finance

SRI M. S. PALANIAPPA MUDALIAR, B.A.,

Secretary, The Tamil Nadu Co-operative Federation, Coimbatore &
Executive Committee Member, Madras State Co-operative Union.

A Pilot Scheme for the provision of full finance to rural co-operatives by the Reserve Bank of India, so as to integrate the agricultural credit structure of the Country :—

Object.

The Five Year Plan envisages the grant of short, medium and long term loans to agriculturists through Co-operative Societies and Government agencies to the tune of Rs. 100 crores, Rs. 25 crores and Rs. 5 crores respectively per annum. At present the financial needs of agriculturists are met by several agencies such as Co-operative Societies, moneylenders, and merchants, and supplemented by inter-lending between agriculturists as hand loans and promissory notes of in kind. They are exploited by money lenders, merchants, quasi-merchants and others. They are unable to develop their agricultural operations on account of heavy interest charges on sums borrowed and want of finance at proper times. It is therefore necessary to reorganise the rural credit structure through Co-operatives which solely occupy a noteworthy place in the agricultural economy in many States. It is more so in the Madras State. The provision of full rural finance through Co-operative Societies will certainly provide the agriculturists with more opportunities to make their lives happy and their agriculture frugal. It is with this object in view that this scheme is proposed. It is a sort of Pilot Scheme. It is to be introduced, to begin with, in one rural Co-operative Society for each Central Co-operative Bank's area in our State, the Reserve Bank of India undertaking the responsibility for the full finance of such a Society. The implications and results of the working of the Scheme for about 3 years can be expected to give sufficient data, ideas, and statistics on requirements of agricultural finance of our country.

Reserve Bank's Commitment.

The commitment of the Reserve Bank of India on this account for our Madras State may not exceed about Rs. 50 lakhs. It is based on my calculations at the rate of Rs. 3 to 5 lakhs for a Co-operative Central Bank. There are 15 Co-operative Central Banks in our State. The amount of Rs. 50 lakhs is a rough estimate and I expect that this will be supplementary to the finance available to the Society as share capital and deposits.

Constitution of Pilot Scheme Committee.

I may suggest here that each Co-operative Central Bank may be asked to constitute a special sub-committee called the P.S.C.

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Panchayat in close co-operation with the Manager, taking the advice of the Pilot Scheme Committee every now and then. The required staff have to be appointed as and when necessary, and they are to be properly trained to take up the work of the Society when the Bank Manager has to leave the Society.

From the statistics gathered, there may be the following categories of persons, viz., (1) those who have properties but no debts, (2) those who have neither property nor debt, (3) those who have properties and also debts and (4) those who have no properties but only debts.

All credit worthy persons who are in a position to give security should be advanced loans by the Society on the security of properties. They should be admitted in the Society if they are not enrolled already. Their entire financial requirements of medium and short-term must be met by the Society. But there may be persons like agricultural tenants, artisans, etc., who may not have property, but whose financial needs have to be met by the Society. Such persons should be asked to join in groups with other members having properties and joint or group loans be advanced to them on joint responsibility of these members. The maximum borrowing limit of such group members should be fixed by the Society's Panchayat in secret ballot. There will be no bar on property owners joining these groups and helping the other members of the group in their borrowings to meet their credit requirements. Those persons who are indebted outside but only to a reasonable extent and who can be helped by the Land mortgage bank in clearing their prior debts in full should be asked to borrow from the Land Mortgage Bank for clearing their long term dues. The Society should lend to them for convert short and medium term agricultural expenses on the second mortgage of their properties already mortgaged to the Land Mortgage Bank—the approval of the Land Mortgage Bank must be obtained for such loans — or on mortgage of other unencumbered properties, if available. But there may be persons to whom the Land Mortgage Bank cannot lend enough money required to wipe off their outstanding debts in full. Such persons will have to be advised by the Pilot Scheme Committee to dispose of such portion of their properties as may be necessary for clearing a part of their prior debts and the Society should then finance them for their agricultural expenses after clearing their debts by a loan from the Land Mortgage Bank. For persons who are indebted outside but who do not have properties, neither the Land Mortgage Bank nor the village Society can help. But they can join in groups as detailed above in the Society and obtain the loans for their agricultural operations. Members will require loans for their medium term needs. The Society should also give all such loans. When it is a question of enrolment of the entire agricultural community of the area in the rural co-operative society, some members may

A PILOT SCHEME TO PROVIDE FULL RURAL FINANCE

raise objection to their joining the Society on account of the fear of unlimited liability. The Manager and the Pilot Scheme Committee shall deal with them suitably. The Manager and the Pilot Scheme Committee will have to arrange for the group membership, admission of the members of the Society in the Land Mortgage Bank, arrange for their loans and do such other things as are necessary for the proper working of the scheme.

The Co-operative Central Bank, with the aid of the Reserve Bank through the Apex Bank, should meet the entire short and medium term loan needs of the Society so that no member should be allowed to look to private finance for his credit requirements. Alongside of the borrowings from the Central Co-operative Bank through the Reserve Bank, the Society should develop its financial resources through tapping local deposits. The thrift habit of members must be developed, by allowing the opening of savings and current deposits. As there may not be any outlet in the village for private lenders on account of the Society lending the entire needs of the villagers, there are good prospects for the Society to obtain their deposits. Further, the effect of the recent Madras Agricultural Debt Relief Act will be such that rural societies can gather local deposits, if they make sustained efforts in the matter. But the rate of interest offered by Societies on fixed deposits must be equal to the rate at which the Bank lends to Societies so that the high rate of interest may be an inducement to depositors to invest in the Society. Fairly high rates of 3 per cent and $1\frac{1}{2}$ per cent should be offered for Savings and Current deposits. Year after year, the borrowings of a member must be decreasing and the money requirements of a Society similarly decreasing. So also year after year, the deposits in the Society must be increasing and its over-all borrowing should be decreasing.

The question of staffing of Society will naturally arise. The Bank Inspector-Manager cannot continue to serve in the Society for all time. He may be there for a period of one year or two or at the most the full 3 years. I suggest that young educated men with a flair for public service from fairly rich families must be selected and given Co-operative training and they must be appointed as Managers of these Societies on decent pay when the Bank Inspector is withdrawn. They may also be given practical training, when the Bank Inspector is in charge. Then only these societies will be in safe hands and the agriculturists will be enabled to get all their requirements of loans, and multi-purpose activities like joint purchase, joint sale, crop loans, etc., developed in the Societies.

The following procedure may be adopted in the matter of loans. The Central Bank may endorse the bond of the Society to the State Bank, and the State Bank in turn endorse the promote of the Central Bank to the Reserve Bank and obtain the necessary financial accommodation. The interest rate charged by the several agencies

must be the same as is prevailing at present for loans relating to agricultural operations. For these loans the Reserve Bank should charge $1\frac{1}{2}$ per cent interest to State Bank, the State Bank in its turn should charge $2\frac{1}{2}$ per cent to the Central Bank and the Central Bank has to lend at $3\frac{1}{2}$ per cent interest to the Society. The rate of interest to be charged by the Society to the ultimate borrower should not exceed $6\frac{1}{2}$ per cent but it may be $6\frac{1}{2}$ per cent to be in line with market conditions now prevailing.

For at least one full year, the Bank Inspector will be in the Society at the cost of the Central Bank. He may even be continued if the Bank so desires at the cost of the Society afterwards, or a local trained Manager may be appointed in his place by the Society in consultation with the financing Bank. The expense incurred by the Central Bank in this matter is worth its value, considering the benefits that are to be derived from the scheme by the villagers and the opportunity afforded to obtaining detailed statistics relating to agricultural finance for future guidance. The Manager of such a Society should preferably be continued as a Bank employee at the cost of the Society even after the 3 years.

Within about 3 years after introducing the scheme, it will be possible to estimate in a way the total credit facilities that may be needed for each Central Bank to provide the needs of agriculturists in its area of operations on the basis of the experience gained in the selected Society.

Since the entire financial needs of the agriculturists are met by the Co-operative Society, the villagers are freed from the clutches of moneylenders and other traders. This will lead to the betterment of their economic conditions which will ultimately result in an increase in the saving habit of the members. Further, the members can freely develop joint purchase and joint sale activities through the Society and in course of time, I foresee a complete change in the outlook of the village community.

Supervision and Audit.

The selected Society should be subject to constant supervision and inspection by the Central Bank and the Co-operative Department. The audit, both concurrent and final, must be attended to in time and the shortcomings in accounting and working rectified then and there. This is ensured by having the Deputy Registrar on the Pilot Scheme Committee.

Other Safeguards.

As the transactions of such a Society will be enormous, in the selection of Societies consideration will have to be given to the financial status and literary standard of both the President and Secretary of the Society. It will also be necessary to get the bonds

executed by at least six members of the Panchayat and the Manager for all loan advances to the Society by the Bank. During the period of Reserve Bank's assistance to the Society, a major portion of the net profits of the Society, i. e., 40 per cent must be carried to build up Reserve Fund, 20 per cent to Bad Debts Reserve and 10 per cent to Building Fund. The margin of $2\frac{1}{2}$ per cent interest available to the Society will greatly help in the earlier years in accumulating the reserves. An officer of the Reserve Bank of India should be deputed by the Bank to visit the Societies working under the Scheme at the end of each year. He should make a detailed inspection of the Society and give suggestions for further improvement in the working.

Review.

At the end of every Co-operative year, the State Union should review the progress achieved in this direction by all the Societies coming under the Scheme and send to the Reserve Bank its report and recommendations.

This Pilot Scheme is to be run for 3 years and further enlarging its scope and utility to more Societies can be gauged from the results obtained and benefits accrued at the end of the period. When extended, the commitments to the Reserve Bank may increase and so the extension of the Scheme to more and more Societies will come gradually.

I welcome any suggestion for altering or amending any portion of my scheme from any quarter. My only wish is that the Scheme should be tried for the benefit of the country's agriculture; and I thank the Madras State Co-operative Union and the Reserve Bank of India for having given due consideration to my resolution on the subject.

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WEAVERS' CO-OPS:

Foreign Markets for Handloom Goods

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

Registrar of Co-operative Societies, Madras

1. The handloom industry has been flourishing in India for many centuries. Before foreign mill-cloth penetrated into the country and before Indian weaving mills pushed their goods into the Indian market, handloom cloth alone clothed the men and women of our country. Millions of handloom weavers lived on the earnings of handloom industry which was their sole occupation. Thousands supplemented their normal income by plying this industry. Now, as a result of competition from the mills, widespread unemployment among the handloom weavers is staring the country in the face. A natural solution to this problem is the elimination of mill-competition by curtailing the import of foreign cloth and by limiting the sphere of production of indigenous mills to certain specified varieties. Hence, our Chief Minister, Sri C. Rajagopalachari, demanded that coloured sarees and bordered dothies should be reserved for the handloom industry, and several other states joined the campaign. To a certain extent the Government of India have conceded the demand. Whether it should be met in full is being considered by the Textile Committee appointed by the Government of India. But this does not mean that the foreign markets for handloom goods should not be explored or developed. The Fact Finding Committee whose report was published in 1942 observed that the Indian handloom fabrics had established markets in South and West Africa as well as in the Middle East and South East Asian Countries. It estimated that about 25 to 50 millions of yards of handloom cloth, chiefly lungies and kailees went out of the country during the pre-war years. After the war, one should have expected that the exports of handloom cloth should have increased. But the following figures do not justify these expectations ;—

Year	•	Millions of yards of handloom cloth exported.
1949	...	50.7
1950	...	41.15
1951	...	38.59
1952	...	53.89
1953 (6 months)	...	29.07

2. Our exports of handloom cloth have not progressed owing to various reasons. During the war, we lost some of our markets abroad on account of enemy occupation or on account of difficulties of transport. When we endeavoured to regain them after the war other difficulties arose. Some of the importing countries lacked exchange facilities. Others were anxious to develop the handloom industry themselves as a promising line for providing employment for their unemployed. Burma, for instance, which imported large quantities of lungis from India

devoted attention to promoting indigenous manufacture of *lungis* and banned the import of cloth which could be made on Burmese handlooms. Indonesia, which used to purchase our *Palayakkot Lungis* banned their imports into the country for lack of foreign exchange. Ceylon, which was our biggest market accounting for over 50 per cent of our handloom exports, imposed two restrictions. To import one handloom towel the importer had to purchase five locally made towels. To import 4 Sarongs one Sarong had to be purchased in Ceylon. In South and West Africa, which used to import Madras Handkerchiefs, the "patent" system which gives the privilege of imports only to local firms registered under the Patent Act, was already restricting our exports to these countries. After the war, cheap supplies of an imitation variety of our Madras Handkerchiefs from the mills in the United Kingdom added a fresh handicap.

3. The Government of India were not slow to find ways and means of over-coming these obstacles on the way of export of handloom cloth. Their Trade Commissioners did their best to lower the tariff walls in some of these countries and generally to improve our exports to them. In Ceylon, for instance, the restriction against imports of sarongs from India has been relaxed so as to permit the import of 25 sarongs against the purchase of one local sarong. But, far and away the best step forward which the Government of India have taken to promote the export of Indian handloom goods is the introduction of a scheme for export through the Madras State Handloom Weavers' Co-operative Society, Limited. The Government of India have sanctioned a sum Rs. 2,87,000 for a year to this State Society, which has contributed another sum of Rs. 63,000 towards this scheme. Four Regional Marketing Officers have been selected by the Government of India and appointed by the Madras State Handloom Weavers' Co-operative Society, Limited at Colombo, Singapore, Rangoon and Bagdad. It will be their responsibility to explore and expand the handloom cloth markets in Ceylon, Malaya, Thailand, Indonesia, Pakistan, Arabia, Iraq and Egypt. They will open emporia at Colombo, Singapore, Rangoon, Bangkok, Chittagong, Karachi, Aden and other places. These emporia will conduct retail trade in handloom goods of not only the primary weavers' co-operative societies which are affiliated to the Madras State Handloom Weavers' Co-operative Society Limited, but also with goods produced by other Weavers' Co-operative Societies all over India as well as goods supplied by traders in handloom cloth from any part of India. The Marketing Officers will also canvass bulk orders in the countries allotted to them and book them with the Madras State Handloom Weavers' Co-operative Society Limited. In the light of experience gained the scheme is likely to be extended for a further period to be worked either by the Madras State Handloom Weavers' Co-operative Society, Limited, or by a separate organisation if one can be formed.

4. The import restrictions in Burma do not apply to varieties like towels, bed spreads and furnishing fabrics. Gada cloth is also in demand there. Penang and Singapore are chiefly importing *Lungis*, some part of which is consumed in Malaya while the rest is being re-exported to Thailand, Borneo, etc. Some quantities of bed-spreads, towels and furnishing fabrics are also in demand in Singapore and Penang. Investigations made in these countries showed that the main handicap was that many dealers did not know of the different types of handloom cloth produced in India. It was not that they could not get the information that they wanted through the Government of India representatives; but it was rather that they were not interested in doing so. It is to cure this malady that the scheme of marketing officers was introduced. It is believed that if the importers in the foreign countries to which these officers have been deputed are approached, and approached in the proper manner, bulk orders for Indian handloom goods can be secured with profit.

5. But the success of the scheme depends on repressing a desire on the part of the Indian exporter to become rich quick. Such a desire has brought disaster in the past. There have been cases where profits of 50 per cent and more were made on exports to Ceylon. There have been cases too where handloom products marked 6 yards measured only 4½ yards on arrival in Ceylon. There were complaints from Penang where Dothies marked two yards were found to measure only 1½ yards. In some cases, such goods were held up by the Customs authorities on the ground that wrong declarations had been given about the measurements. In many cases such consignments dried up further orders for goods from India. A more general complaint has always been that goods booked to order were seldom in conformity with samples on which the goods were booked. The Madras State Handloom Weavers' Co-operative Society, Limited will, therefore, have to be punctilious about quality and measurement. Goods arriving in the foreign countries will have to be stamped with its seal as a guarantee that they will be of approved specifications.

6. A fruitful method of establishing good standards is to gain control over production. Such a control is capable of being enforced through the co-operative organisation. The 564 primary co-operative weavers societies affiliated to the Madras State Handloom Weavers' Co-operative Society, Limited, get their supplies of yarn from the State Society. This ensures the quality of yarn used in production. The State Society has its own dye-houses and technical supervisors. These ensure fast colours and correct sizes and picks and ends. The wages given for the manufacture of handloom cloth are regulated periodically by district conferences of weavers' co-operatives held by Deputy Registrars of Co-operative Societies. This ensures that prices are

not swelled by wages being fixed beyond those obtaining in the industry as a whole in the district. The profits of the primary weavers' society and the State Handloom Weavers' Co-operative Society, Limited, are determined from time to time at a percentage of the cost of production by the directors of the State Handloom Weavers' Co-operative Society, Limited, some of whom are Government officers. This helps to keep under check the usual greed for profits in order to safeguard the well-being of the handloom industry. The bonus on wages earned, which is given in primary weavers' co-operative societies every year from their net profits, acts as a further check on loading prices for an immediate gain and ensures larger production during the year with larger returns at the end of the year. It is in consideration of all these advantages, which the co-operative organisation commands, that the Government of India have laid it down as their policy that handloom weavers should be encouraged to join the co-operative organisation in larger numbers. It is for this purpose they have provided interest-free loans to impecunious weavers for joining and subscribing to the shares in primary weavers' co-operative societies all over India. It is for this purpose, again, that the Government of India have requested these States in which the weavers' co-operative societies have been functioning as mere suppliers of yarn to transform themselves into productive units, where the yarn supplied will be brought back in the form of handloom cloth in return for wages disbursed. Statewide co-operative weavers' organisations into which the primary units are federated will have to provide the technical staff to ensure that the goods manufactured by the primary units are according to specifications.

7. It is not pretended that the co-operative organisation will eventually embrace every handloom weaver in the country. Individual enterprises, partnership and Joint Stock organisations etc., cannot be eliminated altogether. Where they function satisfactorily and guarantee good standards and honest trade they can certainly flourish. Indeed, for the well being of the co-operative organisation itself competition from them will provide the necessary stimulus to maintain efficiency at a high level. Nevertheless, if international trade in handloom cloth is to be developed in the interests of the handloom weavers, it is necessary that a co-operative organisation which has already proved its worth and earned the privilege of State-aid in foreign export should be given the monopoly of export trade. How this monopoly of export trade should actually be given will have to be considered now. Whether it should be given in the form of export duty on all handloom goods which are not exported through the Madras State Handloom Weavers' Co-operative Society, Limited; whether it should be given in the form of trade agreements executed with foreign countries on behalf of exports made by this Society;

whether it should be given as bounties for the exports of this Society either in cash or by way of reimbursing the transport charges, insurance charges, etc., these are matters which now call for determination. It may not be necessary that this special treatment to the Madras State Handloom Weavers' Co-operative Society, Limited, should be given for all time. A period of five years to begin with might suffice to open up a few new foreign markets and to develop the existing ones. When such a result has been secured and when the non-co-operative weavers have organised themselves under other exporters of repute the privileges may be extended to these others. The first need is to acquire foreign markets.

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Handloom Weaving in Madras*

Sri A. PALANIAPPA MUDALIAR, M.A.,

Jt. Regr. of Co-op. Societies and Dy. Commissioner of Prohibition, (Amelioration), Madras.

In a recent message which the Chief Minister of Madras sent on the occasion of the opening of the Cooperative Spinning Mills of Guntakal, he observed as follows: "I cannot forget that the problem now is of disposal of cloth and may everyone help in that to his utmost." The All India handloom Week is being celebrated as part of a general plan launched by Government—both the Central and the State Governments—for the development of the handloom industry which will enable it to occupy its rightful place in the industrial economy of the country. The celebrations will serve to focus the attention of the public on the problems now facing this age-long industry and the urgent necessity of rehabilitating it. They will serve to make an appeal to the public to give greater encouragement to it and to enlist the sympathy and support of the vast body of consumers for this industry. They will help to popularise the handloom goods and make people more "handloom minded." I am sure the tempo created by celebrations like this will pave the way for the successful implementation of various schemes on hand for the development of the industry, for a wider diffusion of handloom goods produced and for the ultimate economic improvement of the large body of weavers engaged in the industry.

2. Next to agriculture, the handloom industry in India occupies the most important place in our country's economy, providing as it does, employment to a very large section of the people. No other industry in our country embraces within its fold as many millions of people as the handloom industry does. In fact, one person in every 12 among us is dependent on the handloom for sustenance. It is the oldest and most extensive rural industry in India. According to an estimate made in 1946, the total number of weavers employed in this industry was over 2.4 millions and of population depending in this industry was nearly 10 millions. The percentage of handloom production of the total annual production of cotton cloth was 31.2 during 1938-39. The other important features of the industry are (a) the range of production is larger and more diversified than what the mills can produce (b) many thousands of weavers are without an alternative source of occupation (c) the industry can be carried on without the need for a large working capital; all its operations can be performed at home by the members of a family and its market is at hand.

* Speech delivered on the occasion of inaugurating the Handloom Week at Mangalore, South Kanara Dt.

HANDLOOM WEAVING IN MADRAS

It is an eloquent testimony to its inherent vitality that in spite of vicissitudes and keen competition of textile mills, the handloom industry still supplies about 30 per cent of the total cloth consumed in India. Through successive periods of toil and turmoil in its history, the industry has shown a remarkable toughness and endurance and weathered many a storm with a fortitude, often subsisting on the lowest wage margins. Even now there are far more people employed in handloom weaving than in all the organised industries in the country. This aspect of the industry and the urgent need to protect the handloom weavers and preserve their innate vitality cannot be over-emphasised by any economist or administrator. The problem is not merely economic but also social.

3. Out of about 5½ lakhs of looms in the Residuary Madras State, roughly one fifth (i.e.) 1.09 lakhs have been enlisted in the co-operative fold. They are members of weavers' societies spread throughout the state. On the formation of the Andhra State, the Madras State Handloom Weavers' Society was bifurcated and the reconstituted Madras State Handloom Weavers' Society consists at present of 530 weavers' co-operative societies. There are 539 weavers' co-operative societies in the State with a membership of 1.11 lakhs and share capital of Re. 66.28 lakhs. Their reserve fund amounted to Rs. 70.01 lakhs, and working capital to 248.37 lakhs. Their purchases and sales during 1952-53 were Rs. 237.07 lakhs and Rs. 340.17 lakhs respectively. They paid Rs. 79.88 lakhs as wages. The State Handloom Weavers' Co-operative Society with its 56 depots and many yarn distribution centres, dye factories and modern weaving factories and technical men assists co-operative handlooms in varied directions through its plans of co-ordination and development, improved production, marketing etc. and endeavours to serve to the maximum the large body of weavers in the co-operative fold.

4. Governments both at the Centre and in the State have during recent years realised the seriousness of the problem of weavers and sought to protect them and preserve the inherent vitality of the industry. The acute depression which occurred from April 1952 in the textile trade all over the country occasioned partly by a fall in the purchasing power of the people has equally affected the handloom industry. Accumulation of stocks of handloom cloth and a rather acute unemployment among the weavers have generally been the result. The situation called for an intense and concentrated effort. It was about this time in October, '52 that the present All India Handloom Board was constituted by the Government of India. It was realised that the distress among weavers was due primarily to lack of organisation of this industry and the lack of adequate facilities for marketing handloom fabrics. The main problems facing the industry are

inadequate supply of yarn, competition from the mill industry, loss of export markets, lack of technical assistance and research on a large scale, and finally lack of organisation. It is not necessary for me to deal even in a superficial way with the measures which the Government of India and the State Governments have taken and are taking to help the industry and to place it beyond reach of recurring shocks of depression or put off any possible conflict with textile mills. I shall today refer only to the schemes designed for the development of the industry and financed out of the "cess fund". These schemes are of great significance for the development of the handloom industry. Under the Khadi and Other Handloom Industries Development (additional Excise due on cloth) Act 1953, provision was made to levy and collect an additional duty of excise at 3 pies per yard on cloth made or held in stock in factories on or after 15th February '53 for the purpose of developing khadi and other handloom industries and for promoting the sale of khadi and other handloom cloth. It has been estimated that the handloom fund of over 6 crores could thus be created and out of it a sum of Rs. 4 crores has been ear-marked for the development of this industry. Handloom schemes costing about 284 lakhs out of the 4 crores earmarked for the development of the handlooms in the country have been sanctioned by the Central Government during 1953-54. The share of the Madras State is 90.56 lakhs. Schemes for another Rs. 10 lakhs are under the consideration of the Government of India. The main schemes so far as Madras is concerned are as follows :—

Scheme No. 1. It has been proposed to bring within the co-operative fold 33,100 new weavers by providing interest free advances to them to enable them to pay their share capital and join weavers' co-operative societies. It has also been proposed to pay an advance not exceeding Rs. 18-12 0 to a weaver joining a new society and an advance not exceeding Rs. 25 to a weaver joining the existing societies towards his share capital. Government have sanctioned Rs. 6 lakhs towards this scheme. They have also provided Rs. 25 lakhs to the Madras State Co-operative Bank to enable it to provide working capital to weavers' societies which admit these new weavers. 29 Senior Inspectors have been posted for work connected with the enlistment of these looms within the co-operative fold. Government have since sanctioned 24 more Senior Inspectors for the work. The total amount sanctioned by the Government of India under the scheme is Rs. 34.28 lakhs. This is the first step taken towards bringing the bulk of the handloom weavers within the co-operative fold so that they may get the maximum benefit out of their toil.

Scheme No. II.—To tackle marketing, several measures are proposed to be taken under this scheme. It has been proposed to

open 175 depots in rural, semi-urban and urban areas in the State besides the existing 56 depots of the Madras State Handloom Weavers' Co-operative Society, so that a large net work of selling units for handloom cloth may be established and the scope of sale of such cloth may be widened. The State has been divided into 6 regions under the jurisdiction of 6 marketing officers of the grade of Deputy Registrars so that intensive procurement of handloom cloth from the primary weavers societies might be effected, and quicker supply of the required quantity be made to the large number of selling units of the State Society. 6 Central depots in charge of Co-operative Sub-Registrars are also sought to be established. The scheme contemplates the purchase of 6 motor vans to function as mobile shops-cum-publicity media so that the message may be taken into the interior parts of the State. Publicity is also contemplated by putting neon signs at railway junctions, taluk headquarters etc. The total cost involved in all these scheme, is Rs. 9.90 lakhs.

Scheme No. III.—The scheme relates to the improvement of the method and quality of production of handloom cloth. It envisages

- (a) setting up of standardisation committees,
- (b) supply of standard reeds,
- (c) supply of devices to regulate picks,
- (d) conversion of throw shuttle looms into fly shuttle looms
- (e) starting of dye-houses
- (f) award of prizes for best designs
- (g) establishment of pattern making factories
- (h) supply of pedal looms to societies
- (i) supply of ready made warps and
- (j) appointment of technical assistants for stamping cloth.

Rs. 3.05 lakhs have been sanctioned for this purpose. These schemes are calculated to improve the quality of the handloom cloth so that it may compare favourably with that of the mill cloth.

Scheme No. IV.—*Cushioning of sales of handloom cloth.*—To tackle the question of marketing and to enable the handloom weavers to dispose of the accumulated stocks, Government of India sanctioned a subsidy of Rs. 33.10 lakhs for giving a rebate on retail sales of such cloth. Government have since passed orders placing at the disposal of the Registrar a sum of Rs. 16 lakhs for the purpose of sanction of subsidy to weavers' and other co-operative institutions, which have undertaken clearance sales under the subsidy scheme. The first clearance sale was in force till 28-2-54. The societies gave a rebate on all retail sales of cloth within a "sale range" of Rs. 5 and Rs. 50 at Rs. 0-1-6 per rupee. The second clearance is now on for the duration of this week.

Scheme No. V.—The difficulty felt by the handloom weaver in the co-operative fold to obtain his yarn requirements of the required counts at reasonable price is sought to be solved partially by the establishment of a co-operative spinning mill comprising the State Handloom Weavers' Co-operative Society and weavers' co-operative societies. A co-operative spinning mill is proposed to be established at Tirunelveli with an authorised share capital of Rs. 45 lakhs. A sum of Rs. 28 lakhs has already been collected as share capital. Under the cess fund scheme a loan of Rs. 10 lakhs has been sanctioned to the State Government to enable it to lend the same to the State Handloom Weavers' Co-operative Society for setting up a co-operative spinning mill. The purchase of the buildings of Sri Murugan Textiles, Tirunelveli by the South India Co-operative Spinning Mills is under consideration.

Scheme No. VI.—The scheme also contemplates the sanction of working capital to the State Handloom Weavers' Co-operative Society to the extent of Rs. 1.40 lakhs and reorganisation of the Government Textile Institute with a view to provide facilities for research.

In all these schemes it is clear that there is a special emphasis on the co-operative organisation of weavers, for it is the hope of the Handloom Board that within the next 5 years it will be possible to bring within the co-operative fold a substantial number of the handloom weavers to whom will be given the bulk of the amount earmarked for the development of the Industry.

The question of reservation of fields of production between the textile mills and the handloom has evoked a good deal of controversy. Both the large scale textile mills and the cottage handloom industry are necessary for our country's economy. The situation calls for a suitable and happy adjustment of the interests of both. The Government of India were pleased to reserve the production of certain varieties exclusively for the handlooms such as (1) sarees with borders of certain width (2) Dhoties with certain specified borders (3) Lungies etc. They also restricted the production of dhoties by cotton textile mills to 60 per cent of their average monthly production for 1951-52 with effect from 1-12-52. The Chief Minister of the Madras State suggested the reservation of bordered dhoties and coloured sarees exclusively for handlooms. It is hoped that the Cotton Textile Enquiry Committee constituted by the Government of India will go into the question and make suitable recommendations in the matter.

On the marketing side, the All India Handloom Board has obtained the sanction of the Government of India for the implementation of two important schemes to be administered by the Board itself, which will go a long way towards helping the handloom industry. The first is the internal marketing scheme. An

Organisation called the Central Marketing Organisation has already been set up with headquarters at Madras. This organisation will have branches at Madras, Bombay, Nagpur, Gwalior, Banaras and Calcutta. The functions of this organisation will be to study and explore markets for handloom cloth, to keep the industry informed of the requirements of the consumer, to standardise production, to conduct publicity and propaganda and to correlate the activities of the States. The Board has also approved in principle a scheme for setting up an All India Handloom Co-operative Society whose main function will be to improve the markets for handloom fabrics both within and outside the country.

The second scheme is the external marketing scheme. This scheme envisages the appointment of four Handloom Cloth Marketing Officers to be posted at Singapore, Rangoon, Colombo and Baghdad and to set up sales emporia in several foreign countries. These officers will be mainly concerned with developing the existing markets and exploring fresh markets for Indian handloom cloth. The officers have been selected already and are expected to be in position very soon. The total cost of the scheme is Rs. 3.5 lakhs which is met partly by the Madras State Handloom Weavers' Co-operative Society and partly by the Government of India in the proportion of 63,000: 2,87,000. Four Handloom Cloth Marketing Officers have already been selected and the establishment of 7 emporia at Colombo, Bangkok, Singapore, Rangoon, Chittagong, Karachi and Aden is being finalised. When this scheme is actually implemented, it is expected that a large volume of foreign trade will be captured by the handloom industry in India.

Conclusion.—I may state that a new era is being ushered in for the Handloom. With a large body of workers engaged in the development of the industry on a co-operative basis, with the sympathy and support which the Central and State Governments have been extending to the industry and with the successful implementation of the several measures contemplated, one can certainly hope that the handloom industry will take its rightful place in the country's economy. May I therefore appeal to everyone of you, to give a helping hand to the weavers? The Message of Handloom should be carried to all corners of the country—And the best way of doing it is through bringing the weavers into the co-operative fold, and making the weavers' co-operative organisations efficient and effective centres of production of handloom cloth. Further more every citizen can help the industry in his capacity as consumer of handloom goods. May all of us unite and do our little bit in the cause of this ancient industry in our land.

Handloom Fabric—A Short Resume

(Note issued by the All-India Handloom Board)

The History of the Handloom Industry in India broadly falls under three periods :

- (i) Up to the 18th Century—the golden age ;
- (ii) The fluctuating fortunes till 1922 ; and
- (iii) The steep downward fall after the deceptive improvement immediately succeeding the first World War.

Period I—The Golden Era.

It is a generally accepted concept that India is the birth place of cotton manufactures. There is considerable evidence to show that cotton fabrics were in existence and in use in India from very ancient times. Passages in the Vedas and in the writings of foreign travellers who happened to traverse the length and breadth of India of early times as well as the recent excavations of Mohenjodaro amply establish this. The reputation of the Dacca muslin was indeed world-wide and the superbly excellent texture of this fabric set the peoples in all lands marvelling at the deftness of the craftsmen who wove it. It was, however, not merely in the art of weaving that the reputation of Indian craftsmen became universal. Dyeing in various attractive shades had also been specialised to such an extent that Indian fabrics by their rainbow brilliance dazzled the world.

The handloom industry, during the early days, enjoyed the patronage of kings and the rulers of the land. Mainly a hereditary occupation, the zealously guarded art of fine and pictorial weaving was handed down from father to son in a host of families of artisans mostly dependent on weaving as the means of livelihood. Specialisation of particular fabrics was the exclusive preserve of some of these families. Princes in India patronised handloom cloth and muslins and chintz woven by Indian craftsmen on handlooms were in great demand in Egypt, Greece, Rome, Persia, Arabia and Ethiopia. The industry was in a very prosperous state and India practically enjoyed a monopoly in cotton manufactures. This was the position obtaining till the beginning of the 19th Century.

Period II—Fluctuating Fortunes.

We now come to the second stage. With the coming in of the machine age and the introduction of the spinning jenny and the powerloom during the early part of the 19th Century, the Indian handloom products began to lose their world-wide monopoly. Imports of cotton textiles such as coatings and shiftings increased rapidly during the latter half of the century. Moreover, the speedier mode of transport made available by the invention of the steam engine and the shortening of the voyages between European countries and India by the opening of the Suez Canal enabled the countries abroad to flood Indian markets with mill-made textiles. Meanwhile, the advent of the machine necessitated the handloom industry learning to adjust itself to the altered circumstances and switch over to the use of mill-made yarn in place of the hitherto widely used hand-spun one. These various factors quickly conspired to sound the death

HANDLOOM FABRICS—A SHORT RESUME

knell of Indian excellence and mastery in the cotton world and the handloom weaver in India found himself in a tragic plight.

The lack of patronage from Courts, the change in the habit of dressing by the upper classes in India who took to Western modes of dress and the demoralising effect of a class of small entrepreneurs, who began controlling the handloom industry in many areas gave a further set back to the prosperity of the weaver. In spite of these severe handicaps, handloom cloth strove valiantly for sometime to survive and succeeded in re-establishing itself in a limited sphere mainly due to the preference shown by Indian ladies for the multicoloured and artistic fabrics produced by the handloom weaver.

Many spinning mills sprang up in the country towards the close of the 19th Century, but during the early stages, the interests of handlooms and mills remained complementary. The fiscal policy of the Government during that period—subjecting foreign mill cloth to import duty and the indigenous mill production to excise duty—coupled with the Swadeshi Movement further helped to protect the handloom industry. Technical improvements such as the fly-shuttle and the re-adjustment of the handloom industry enabled it for the time being not only to survive but also to maintain and even to expand its markets. Again, the World War I imparted a fresh spurt of prosperity to handlooms in that it automatically abated the flow of foreign cloth and further limited local competition from the indigenous mill industry. Though yarn was in short supply, the active efforts of the newly started Departments of Industries in various Provinces helped to popularise wider use of fly-shuttle looms, and with the improved winding and warping processes, handlooms really got going again. This prosperity, however, was short-lived.

Period III—Collapse and Rehabilitation.

The post-war period witnessed the rapid expansion of the textile mill industry in India and vigorous inroads were made into the hitherto special preserves of handlooms. Mills began production of fabrics like coloured sarees which were exclusively being woven on handlooms from time immemorial. The output of mills increased considerably, and with comparable varieties of mill-made fabrics being made available to suit the needs and cater to the tastes of habitual users of handloom fabrics, the handloom industry had to face a very severe competition. The situation was further aggravated by the levy of import duty on yarn in 1922, the abolition of excise duty on indigenous mill cloth, and the newly started 'Khadi Movement'. The last straw was the general depression following on the heels of the World Economic Crisis of 1929-30 which finally flattened out the handloom industry. The markets for handloom fabrics dwindled and the prices declined so sharply that the average income of the weaver was reduced to a pittance.

A crisis of such dimensions naturally evoked the sympathy of Government and an Industries Conference was called for at Simla in 1933. The outcome was that grants-in-aid to the handloom industry for approved schemes on marketing, improvement of designs, etc., were decided to be given by the Government of India. For a period of twelve years from 1934-35, a sum of Rs. 5 lakhs was annually distributed to the State Governments for the said purposes by the Central Government. These grants-in-aid, however, by themselves could not to any appreciable

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extent resuscitate the industry. Accordingly, in December 1940, the Government of India had again to convene a Conference of representatives of Handloom and Mill Industry and certain Provincial Governments, but nothing much could be done at that Conference owing to serious lack of reliable data on many important aspects of the industry.

A Fact Finding Committee was constituted early in 1941 to investigate the problems of the handloom industry, the lines on which it could be reorganised, the possibilities of demarcating for it a special field of production etc. The Committee toured the country extensively examining various State Government representatives and handlooms and mills interests and submitted its report in 1942. The chief recommendation of the Committee was the establishment of an All India Handloom Board to provide for the supply of raw materials, arrange for marketing of handloom goods and to carry out research. In pursuance of the Committee's recommendations, the Government of India constituted the first All India Handloom Board in 1945 and this continued to function till 1947. Meantime, with the introduction of statutory control over the production of cotton textile mills in India, it was provided that certain minimum quantities of yarn should be made available by mills for consumption by handlooms and other consumers of yarn. Simultaneously, restrictions were also imposed on the expansion of powerlooms in mills and factories.

The All India Handloom Board made several recommendations, the more important among them being—

- (i) That 25 to 50 per cent of the new spindles installed by mills under the post-war expansion scheme should be left uncovered by looms in order to ensure augmentation of yarn supplies to handlooms.
- (ii) Establishment of a Central Marketing Organisation.
- (iii) Appointment of Marketing Officers, inland and over-seas, to study market conditions and popularise handloom goods.
- (iv) Opening of a research institute.

The Board ceased to function after 1947 and the problems facing the handloom weaver accordingly remained unresolved.

The Standing Handloom Committee set up in 1948 by the Government of India under the Cottage Industries Board, however, managed to obtain further financial assistance from Government for the Handloom Industry. A Handloom Development Fund was created with a sum of Rs. 10 lakhs for giving grants for the implementation of approved schemes for development of the handloom industry. An addition of a further sum of Rs. 5 lakhs to the Fund was made in 1950. The Committee also recommended to Government the reservation of certain varieties of cloth production for the handloom industry, and early in 1950, a Government Notification was issued reserving among other varieties the following important items:

- (1) Coloured Sarees.
- (2) Sarongs, Lungies and Gamchas.
- (3) Honey-comb towels.
- (4) Gauze, Bandage and Jacksonett Cloth.

HANDLOOM FABRIC—A SHORT RESUME

Government, on the recommendation of the Committee, also decided to give preference to handloom fabrics in respect of purchases of cotton textiles against its requirements. These measures coupled with the then prevalent cloth shortage in the country again revived the demand for handloom cloth. In addition to hereditary weavers, many others took to weaving of cloth on handlooms resulting in a substantial increase in the number of handlooms. Commensurate with the increase in loomage, the output of handloom cloth, however, did not show a corresponding increase and this was chiefly due to yarn shortage.

The year 1952 again saw a period of severe slump resulting in poor off-take of cloth by consumers and consequent heavy accumulation of mill and handloom fabrics. Wide spread unemployment and under-employment amongst handloom weavers was inevitable and this led to agitation in many parts of the country. The situation in many States was so acute that the Government of India took the following steps for rehabilitating the handloom industry:—

(i) The Constitution of an All India Handloom Board with comprehensive functions.

(ii) Imposition of an excise duty on mill cloth for developing Khadi and other handloom industries and promoting the sale of their products.

(iii) Restricting mills from manufacturing dhoties in excess of 60 per cent of their packing in that variety during the 12 months ending March 1952, and also prohibiting them from piece-dyeing sarees.

The Government of India have earmarked a portion of the additional excise duty levied on mill cloth—popularly known as the Handloom Khadi cess—for giving grants or loans for financing activities necessary for developing the handloom industry. Loans or grants may be sanctioned among other things for the following purposes:—

(i) To ensure a steady supply of suitable yarn to the handloom industry and to hold stocks where necessary.

(ii) To establish marketing organisations inland and over-seas.

(iii) To promote research, improvement of designs, etc., and better technique of production.

(iv) Training of personnel, arranging for improved equipment, prescribing standards of quality and to establish machinery to maintain such standards.

(v) To encourage co-operative effort among handloom weavers.

A Central Marketing Organisation has also been set up by Government or the development of the internal markets. A scheme for the expansion of the export trade has also been approved and four Handloom Marketing Officers will be stationed one each at Bagdad, Ceylon, Rangoon and Singapore. Emporia are also proposed to be started at Aden, Karachi, Chittagong, Rangoon, Bangkok, Ceylon and Singapore. In addition, schemes have been sanctioned for various States providing for bringing handloom weavers into the co-operative fold, financing of weaving by co-operative societies, subsidising sales of handloom goods to consumers by co-operative societies and State Government depots, measures for

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standardising production and improvement in technique, organising inter-State marketing and expansion of sales organisation within the States thus ensuring reduction in the cost of marketing.

Government have also appointed a Textile Enquiry Committee to examine in detail the question of rightful apportionment of the field of textile production in India, among handlooms, powerlooms and mills and it is expected that the Committee's deliberations will yield forth a helpful review in the near future.

The cumulative efforts of the Government of India and the State Governments concerned will, it is expected, go a long way towards rehabilitating the handloom industry and reestablishing the handloom weaver as one of the architects of the economic prosperity of the country.

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THE CO-OPERATORS' BOOK DEPOT,
9, Bakehouse Lane, Fort, BOMBAY.

Preserve Handloom Industry

(Note issued by the All-India Handloom Board)

The Five Year Plan has given the top-most priority for the stepping up of the economic progress of the country. To achieve this objective, it is necessary that the production of essential goods for domestic requirements is increased and unemployment as well as under-employment of large sections of the population is obviated. Increased production by itself cannot, however, bring in prosperity as it is also equally necessary that the masses should have sufficient purchasing power to buy and make use of what is produced. This can be made possible only when these who are without work are gainfully employed and the unemployed are given sufficient opportunities to better their conditions.

Is it possible to achieve this end by mere industrial development? It is common knowledge that India's economy is in the main linked to agriculture. Industrial development alone cannot accordingly reach us to the goal. A large proportion of the population can, however, find gainful employment in the Agriculture and Cottage Industries sectors. Agriculture provides employment to a very large proportion of the people in the country but the pressure on land is stated to be greater than it can sustain. It will no doubt become possible in the coming years, with the fruition of the major and minor irrigation schemes started under the Five Year Plan, to find employment for a larger proportion of our rural population. The field of Cottage Industry, however, has vast and immediate possibilities of providing useful employment to a large number of people both in urban and rural areas.

The handloom industry is the largest cottage industry in India and ranks in importance next only to agriculture, in that after agriculture it provides employment to the largest number of people. There were about 20 lakhs of handlooms in the country in 1940 and of this, 72 per cent were employed on cotton. Since then, more handlooms have been installed to meet the increasing demand for cloth owing to its scarcity during the late phase of the Second World War and the post-war period. It is estimated that at present, there are about 28 lakhs of handlooms in the country, out of which about 21 lakhs are engaged on cotton weaving. About 21 lakhs of weavers are accordingly employed directly on these looms and the bulk of them are full time workers. According to the Fact Finding Committee appointed by the Government of India in 1941, the number of auxiliary workers is one and a half times the number of handloom weavers. Nearly 70 lakhs of people including the weavers, therefore, earn their living from the handloom industry. The handloom weaver though proverbially poor is unfortunately blessed with too large a family. On an average, each weaver or worker has to support a family of 8 persons. Thus, over 14 million people are dependent on the handloom industry, which occupies a very important place in the economy of the country. The industry is alive and has been progressing, in spite of the several difficulties it has had to encounter. The weavers and even their dependents are mostly skilled workers who have kept alive this industry from time immemorial. They have learnt handloom weaving under the system of family apprenticeship, and their workmanship now and in the past has earned world-wide reputation. They are, therefore, an asset to the Nation.

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During 1938-39, the total output of handloom cloth amounted to 1,700 million yards. This was nearly a third of the quantity of cloth consumed in the country. Even though the production of handloom cloth has in the recent years declined to about 1,000 million yards valued at about Rs. 75 to Rs. 80 crores per annum it still meets 25 per cent of the cloth requirements of our country. The industry's potentiality is great and it helps the country to earn foreign exchange. During the year 1949, the export of handloom cloth amounted to 50 million yards. In 1952, however, it declined to 80 million yards owing to several causes including restrictions imposed by some foreign countries on imports of textiles. Thanks to the keen interest evinced by State and Central Governments, the exports of handloom cloth are steadily increasing and during the year 1953 it was nearly 62 million yards.

A very large number of the weavers and workers are at present unemployed or under-unemployed owing to the slump in the commodity markets and the increasing competition from mill cloth. Even those who are sticking on to the profession are struggling hard for existence as with an average earning of Rs. 15 to Rs. 20 per month the weaver finds it impossible to find even one square meal a day for himself and his dependants. In the circumstances many weavers have taken to beggary.

We cannot be silent spectators to the economic degradation of the weavers and their workers, who form nearly 1/20th of the population of the country. The penury of such a large section of the population becomes a heavy burden on the State. The Government of India and the State Governments are giving all possible financial and other assistance to the handloom weavers for rehabilitating them in the handloom industry and to carry on their hereditary occupation. The Government of India enacted the Khadi and Other Handloom Industries Development Act, 1953, under which an additional excise duty is levied on cloth produced by the textile industry. A substantial portion of the proceeds from the levy are utilised for the development of the Handloom Industry. A sum of Rs. 4 crores was made available for this purpose during the year 1953-1954. The Government of India have also reserved certain lines of production to the handlooms like coloured sarees, besides restricting the production of dhories by mills. The extent to which the Central and State Governments can help is, however, strictly limited. It is accordingly left to the people to voluntarily extend help to their brethren in the industry by purchasing only handloom goods against their cloth requirements. This alone can solve the problem of finding employment to the workers of the industry and prevent them from joining the ranks of destitutes.

Since alternative occupation cannot be found for them, it is essential that these honest and skilled workers should be given all assistance to pursue their occupation in a decent way befitting a self-respecting citizen of India. Their occupation is also the main stay of many towns and numerous villages. It is for these reasons also that we should buy handloom cloth with a view to creating an environment for the handloom industry to thrive and arrest the tendency for an unequal distribution of purchasing power, which is one of the main causes of India's poverty.

To-day the handloom products are not so costly as is often assumed. The handloom weaver does not require large capital. His running expenses are small and he is content with a small margin of profit which could give

PRESERVE HANDLOOM INDUSTRY

him the bare necessities of life. Consequently, he has not the same difficulty which is experienced by others to bring down the cost of production of the cloth which he weaves. The price of handloom goods in certain varieties is perhaps slightly higher but this is due to the special quality of the cloth. Handloom cloth is, however, more durable and it is thus cheaper in the long run. It is, therefore, economical to buy handloom cloth and no wonder discriminating Indian women still prefer handloom cloth.

Handloom weaving shows technical superiority in coloured fabrics with complicated and artistic designs and cloth of striped and check pattern. The Industry has displayed a surprising degree of vitality and can adapt itself to new lines of production and to changing sartorial tastes of the consumers. If you live near a handloom weaving centre, you could get a weaver to understand your special requirements and obtain cloth designed exclusively to your choice. In view of these special advantages, when you buy handloom cloth you buy to help yourself and get your money's worth. Above all you will be contributing to the solution of a human problem, namely, providing employment to the handloom weaver who is in distress. It is no small satisfaction to feel, while clothing yourself, that you may be helping a destitute weaver with work to stand on his feet, and are helping to preserve an industry which is the proud heritage of India.

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All India Handloom Week Celebration in the Madras City.

The All India Handloom Board decided that an All India Handloom Week should be celebrated throughout the country to spotlight the plight of the handloom industry and the need on the part of the public to help the handloom weavers by purchasing their products and suggested that it might be celebrated during the week from 7-8-54 to 13-8-54. The Government were pleased to sanction Rs. 5,450 as grant for giving a subsidy of Rs. 10 to each of the 545 weavers' societies in the State to enable them to hire carts for taking handloom goods for sale. They also sanctioned another sum of Rs. 5,000 for meeting expenditure connected with the preparation of publicity material like posters, placards, etc., and the conduct of meetings, dramas etc., relating to the handloom industry. The Registrar permitted weavers' societies which celebrated the Week to utilise Rs. 25 each from their general funds and another sum of Rs. 25 from Common Good Fund subject to provision in the by-law, besides the sum of Rs. 10 sanctioned by Government. The Deputy Registrars made elaborate arrangements to celebrate the week in a fitting manner. In Madras City, the celebrations were in the hands of the Madras State Handloom Weavers' Co-operative Society. This Society organised an exhibition during the "week", of handloom products produced by weavers' co-operative societies and others. Ministers of States Government, and prominent gentlemen gave lectures on each of the seven days during the Week, on several aspects of the handloom industry. House to house propaganda and sales of handloom cloth were conducted and processions were taken out in connection with the week. The handloom exhibition organised by the State society was opened on 7-8-54 by the Textile Commissioner to the Government of India.

On the sixth day of the "week" viz. the 12th March, the Chief Minister presided over the Celebrations. Sri M. P. Nachimuthu Mudaliar, President of the Madras State Handloom Weavers' Co-operative Society welcomed those present on the occasion. Dr. U. Krishna Rao, Minister for Industries exhorted the people to take a pledge to buy only handloom cloth in the future. Sri J. C. Ryan, Registrar of Co-operative Societies traced the history of the Co-operative weavers' movement since the early years of this Century and said that in 1905, a year after the co-operative movement was started in the Madras State, the first weavers' society was formed at Kancheepuram, but it took ten more years, before a second one could be started and in the next 20 years, only another 50 societies could be started. A central weavers' society for the whole State was formed in 1935. He pointed out that thanks to the generous assistance rendered by the Government of India from the Handloom Development Fund, this society gave subsidies to the primary weavers' co-operative societies to the extent of about Rs. 10 lakhs to enable them to meet their establishment and other expenditure. The progress in the Weavers' Co-operative Movement was good after Independence was achieved by the Country. The weavers' co-operative societies reached a remarkable altitude during the years 1950-51 and 1951-52. During each of these years, they sold more than Rs. 10 crores worth of goods. The Government have now sanctioned

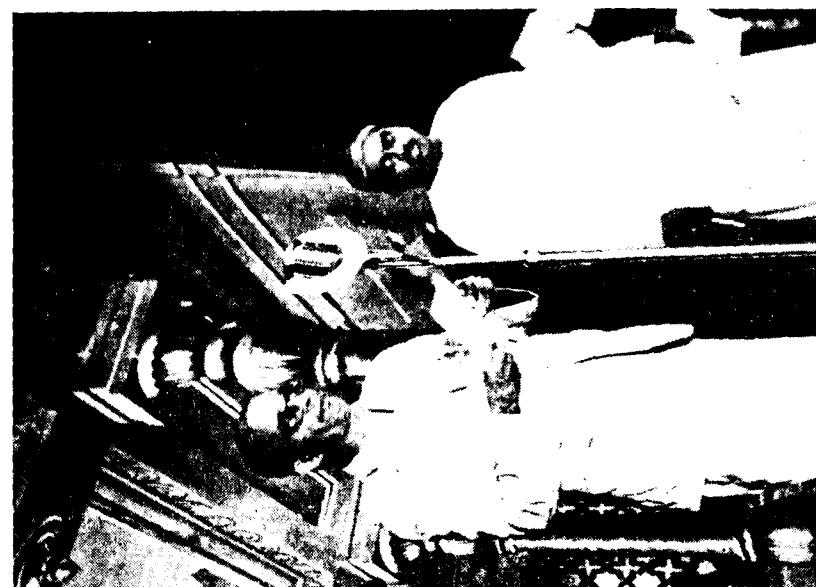
HANDLOOM WEEK CELEBRATIONS IN MADRAS CITY

(Organised by The Madras State Handloom Weavers' Co-operative Society, Ltd.)

7-8-1954 to 13-8-1954



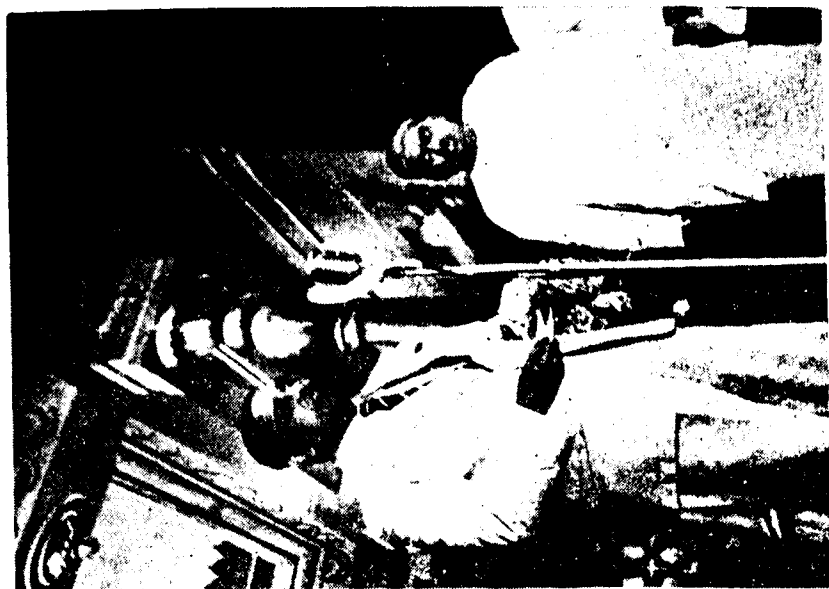
1. THE HON'BLE SRI C. RAJAGOPALACHARI,
Chief Minister of Madras addressing the gathering.



2. THE HON'BLE. DR. U. KRISHNA RAO,
Minister for Co-operation, Madras,
addressing the gathering.
(Next to him is Sri M. P. Nachimuthu Mudaliar, President
of the Madras State Handloom Weavers' Co-operative Society Ltd.)

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Laying of Foundation Stone by

THE HON'BLE DR. U. KRISHNA RAO,
(Minister for Co-operation, Madras, on 10.2.1954)



3. SRI J. C. RYAN,
Registrar of Co-operative Societies, Madras, addressing the
gathering.



ALL INDIA HANDLOOM WEEK CELEBRATION IN MADRAS

several Schemes for the amelioration of the handloom industry to be financed from the five crores of rupees collected in the Handloom Development Fund. These schemes related, he said, to the enlistment of new weavers in the co-operative fold, opening of rural, central and interState markets, running of mobile publicity-cum-sale shops, improvement of technique and conduct of research in handloom weaving, etc. One of the Schemes viz. sanction of subsidy to enable the grant of rebate to retail purchasers of handloom cloth is intended to stimulate the market for handloom cloth, which is the greatest problem of the handloom industry to-day. The first clearance sale under this Scheme was conducted by the Madras State Handloom Weavers' Co-operative Society, the Weavers' Co-operative Societies, Primary Stores, Employees Societies, Cottage Industrial Societies and Multipurpose Societies till 28-2-54. The Second Sale was held during the Handloom Week from 7-3-54 to 18-3-54. The Third Sale has commenced from 14-3-54 and will be in force till 5-5-54. The Registrar exhorted the audience to take advantage of the rebate scheme and purchase only handloom goods.

"Dream Woven" a drama in English by Sri Lobo Prabhu, Secretary to Government, Department of Industries, Labour and Co-operation was then staged. It depicted the bleak future facing three generations of a Weavers' family in the present crisis and of the artistic yearnings and the love of colours of the grand daughter. This drama was followed by the "Handloom Dance" by Travancore Sisters. Both the drama and the dance were very much appreciated.

The Chief Minister then addressed the gathering and exhorted them to take a pledge to purchase handloom goods only, as it is their duty to help a large section of the people engaged in the Industry.

The Vice-President of the Society proposed a vote of thanks, after which the celebrations for the day came to a close.

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

A Note on the Marudur Co-operative Agricultural Colonisation Society (for Civilians), Thiruchirapalli Dt.

SRI K. V. SRINIVASA IYENGAR,
President of the Society.

The Society was registered on the 22nd August 1949 and started on the 5th September 1949. There are 58 members as on date with a paid-up share capital of Rs. 4,690. The headquarters of the Society is Marudur village in Kulitalai Taluk in Tiruchirapalli District. Three land-owners of Marudur village offered an extent of 881 acres and 44 cents of lands belonging to them on lease to the Colonisation Society for a period of twenty years. After setting apart 11 acres and 44 cents for house sites and other common purposes such as thrashing floor, canals, roads, etc. 870 acres were parcelled out into economic holdings of about ten acres and leased to the colonists. The entire extent of lands in the colony were reclaimed. Out of 870 acres set apart for cultivation, 111 acres and 55 cents were converted into wet lands. 860 acres and 18 cents were leased to 82 colonists and 4 land-owners and cultivation is being carried on in these lands.

Of the 58 members in the Society 11 are 'A' Class Members and 47 are 'B' Class Members. Of the 47 'B' Class Members there are at least 20 landless labourers who had absolutely no status before.

The Government had lent the services of one Agricultural Demonstrator and one Co-operative Senior Inspector to the Society. An attempt was made in the first year of the working of the Society for joint cultivation of sugarcane crop in twenty-acres. Joint ploughing and planting was done and individual members were asked to water and take care of the plants. The Government Servants, lent to the Society, wanted to have an upper hand and never consulted the President of the Society even for policies or for daily work. Large advances were made to the tenants and steps were not taken to see whether the advances made are spent on the lands. Supervision was slack. So, the Society was put to a loss of about Rs. 10,000 in the first year. In the sugarcane joint plantation although one tenant owning one acre in the joint cultivation got Rs. 1,500 after deducting the expenses, the other 19 acres were ruined for want of watering etc., and no income was derived from these lands.

After some time the post of Agricultural Demonstrator was abolished and a Co-operative Sub-Registrar was appointed as the Secretary of the Society.

The landless tenants decamped with whatever advances received from the Society and Government and the tenantry was demoralised. So, a new set of tenants were brought in and as they were afraid of the experience of the first set of colonists, large concessions were given to them and some of the bye-laws of the Society were made a dead letter. The chief items are the electric current charges and depreciation of machineries to be charged to the tenants. There is only one set of six

A NOTE ON MARUDUR CO-OP. AGRICULTURAL COLONISATION SOCIETY.

tenants who took the lands on lease, agreed to pay the electric current charges in addition to the lease amounts fixed to them. From the other colonists electric current charges are not collected. They are not also paying the depreciation charges for the machineries.

The landlords to save the Society and make it a practical proposition, agreed for a temporary period to have the system of money rent and pay for all the charges including all the charges to be paid by the tenants such as electric current charges etc.

Owing to the reasons mentioned above the Society is working at a loss year after year and there is a deficit of Rs. 10,000 (Rupees ten thousand) in the Society at present.

The present working of the Society even now, in spite of all the sacrifices of the landlords by foregoing not only their yearly income they had, before the formation of the Society, is not satisfactory. The Society cannot make both ends meet from the present income as the income is not sufficient to meet all the expenses of the Society. This is largely due to the following causes :—

(1) Not providing a definite share to the land-owners and for the working expenses of the Society from out of the income of the Society.

(2) Unusual delay in expanding the area of irrigation due to the delay of other departments.

(3) Except 28 acres all the remaining lands are cultivated by pump irrigation. The electric current charges for agriculture are increased from nine pies per unit to one anna, in addition to a surcharge 10 per cent on the electric current charges incurred.

(4) It is my opinion that some of the bye-laws may be changed and the Society might be so organized that it must be an example to the other societies to be formed.

Our peasantry are not used to money rent and they must be educated for a long time before they adopt this method. The tenants in these parts are not accustomed with money rent but they are used to share the produce. So, I would suggest that for a stable society the crops produce might be shared by the colonists, Society, and the landlords. 'A' Class members (land-owners) must pay for land improvements, Government kists, etc. The Society must pay for irrigation expenses, depreciation charges and also for establishment charges. The tenants must pay for cultivation charges. This is a thing which an Indian tenant understands and we must work on these lines. Of course, there may be some deficit in the first few years. When the entire extent of colony lands are brought under wet cultivation, the Society would not only pay itself and will have a very good reserve which can be used for the amelioration of the tenants. Till it is accomplished the following concession may be given to run the Society successfully.

(1) The Government should bear the entire establishment charges of the Society or a subsidy of Rs. 2,000 for every year may be given to the Society by the Government for a period of five years more from this date.

(2) Water tax for the colony lands may be waived at least for a period of five years as it is done in other societies.

(4) The Society has applied to the Public Works Department to grant permission to take water from the High Level Channel to irrigate the entire colony lands. It is pending with the P. W. D. for more than three years. Hence extension of irrigation is not possible. Speedy action may be taken to grant permission to the Society.

(5) The Government have guaranteed to the Tiruchirapalli District Co-operative Central Bank for a period of five years, the repayment by the Society of loans up to Rs. 40,000 which the Society may borrow from the Bank every year for financing agricultural operations. The Society has applied to the Tiruchirapalli District Co-operative Central Bank to sanction an overdraft loan of Rs. 20,000 and the Deputy Registrar to recommend the sanction of the loan but the Central Bank refused to sanction the loan. The Central Bank may be instructed to sanction the loan to the Society.

(6) The Society proposes to exchange some of the colony lands with those of the outsiders in the colony for taking channels, roads etc. For this purpose permission from the Government has to be obtained and it takes years together to get the sanction and excavate the channels. In such cases the concerned Deputy Registrar may be authorised to issue orders.

(7) The Society has to submit proposals for land acquisition for the lands required for the channels roads, etc. It takes many years to get the sanction.

In such cases emergent acquisition may be ordered and lands may be ordered to be placed in the possession of the Society within a month or two.

(8) The Agricultural Department should depute somebody to advise the members of the Society about suitable crops to be cultivated in each season. When new systems other than the local rotation of crops are introduced the Agricultural Department should induce the tenants to cultivate the same by subsidising the new rotation of crop. The Agricultural Department and Industries Department must give preference to the Society for sending their tractors, bull dozers, rotavators and other agricultural implements etc., and boring sets if wanted and the Government must give concessions in the rates of charges for implements hired from the Departments.

(9) Three gifts of Agricultural machineries such as bull dozers, tractors, rotavators with trailers would be a great advantage as these implements induce tenants to adopt themselves for joint cultivation.

(10) Adjoining the colony lands about 1,000 acres are available for cultivation if improved methods of cultivation are introduced. The land owners will also be persuaded to become the members of the Society.

(11) The Society can introduce agricultural marketing, some cottage industries suitable for the place and co-operative education. As for co-operative propaganda, the best propaganda will be the results of the achievements of the Society.

Co-operative Movement at Virudhunagar*

By Sri V. V. RAMASWAMY

President, Virudhunagar Co-op. Milk Supply Society, Ltd.,

Unless one's heart and soul are pure, it will be a difficult task for a co-operator to evade the allurements that come, rather are placed in his way. If I am correct, I think, Credit Societies were formed and fostered in the pre-war era. A departmental person goes and gets hold of a few people and tells them, (as in my case) that it is a public service to have a Co-operative Society. These "friends" consent and subscribe a certain sum for capital. The Society is formed and registered on the spot. Invariably the most influential and dependable man of the locality is chosen as the President as well as Treasurer.

In those days rural credit was available to the people from other local sources and so there was paucity of people joining these societies. Moreover the Presidents of those days were conservative-minded and extra-careful in lending transactions. Borrowing and leadings were necessarily limited. Time rolled on. Post-war effects, various governmental legislations and restrictions tended towards the shrinkage of private lending sector and increase in the interest rate. Consequently people were forced to realise the benefit of Co-operation. Moreover the war gave an impetus to the Co-operative Movement. It gave birth to a number of Stores and other Institutions in each district. These became the favoured children fostered by the Government. Naturally people became attached to them and nurtured their growth. But one thing—it gave a terrible time to the Registrar and his sorely tired team of subordinate officials. Our versatile Registrar, Mr. Ryan, has successfully weathered the storm. His indefatigable work and far-sighted policies have firmly settled the movement in our Madras State which has rightfully earned the foremost place in the whole of India.

Let me revert. The formation of so many Co-operatives during the war, brought in to the fold a number of people drawn from different walks of life. The present Virudhunagar Co-operative Urban Bank was only a small Credit Society started in 1919. The work of the same was so limited that its existence was not known to people at large. I remember that during the end of the first World War it undertook to stock and distribute rice supplied by the official channels. I remember with humble pride that I served as a volunteer in the distribution scheme then, which experience has stood me in good stead during the second war. Let posterity judge it. After that special work was over, the Society again became dormant and the authorities decided to wind it up. At that time, if I remember aright, Mr. Bhupathi, the then Assistant Registrar somehow spotted me and lured me into the net and made me a member, in 1930; and in a few months, I became the President, which position I still hold, thanks to the confidence reposed in me by the generous share-holders. The Credit Society was changed into the Urban Bank. In passing, I may mention that a noteworthy feature of the Bank was a daily deposit of Rs. 250 made mostly by the lower middle class people. It was the only

*Extracts from Welcome Speech of Sri V. V. Ramaswamy given on the occasion of the laying of the Foundation Stone of New Building by The Hon'ble Dr. U. Krishna Rao for the Virudhunagar Co-op. Milk Society Ltd. on 10-2-1954.

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society registered under the Co-operative Act, working here, till the outbreak of the war in 1939. The Virudhunagar Co-operative Stores was the first product of the war, started on 17-10-1939. Then other institutions followed. I have been responsible for starting the various co-operatives and the general public, from the very start, have showered their patronage and confidence on all of them. I am still permitted to take active part in each of them.

There are about 12 Co-operatives of different denominations in this town with a total membership of roughly 6,264 and a paid-up Share Capital of Rs. 1,70,024, and a reserve of Rs. 1,77,652, all safely invested according to the by-laws.

When I joined the movement, I found the Co-operative field was the only arena where people met on equal terms; caste and creed barriers were broken away, sex difference forgotten, politics eschewed; and mutual self-help was the motto. The moment you clasp the hand of another member you feel you are both co-operators and nothing else. But with the growth of nationalism and acute party-politics, the approach to the Co-operative ideal by members, who came in later periods, began to narrow down. Though well known political bias has not yet shrouded this noble movement, power politics are a source of great danger for the future. The worried but firm Registrar has foreseen this new potent peril and is ruthlessly but commendably arresting its seeds of growth. May his efforts be continued and may Co-operation live long!

A Credit Society or an Urban Bank is an institution intended for the ordinary people. It helps its members to have all the facilities. Whoever a person may be and whatever his status his transaction depends upon the good-will of the Agent running a Scheduled Bank and more often upon the way in which political strings are pulled by the bosses of that Bank, perched at a distance. It is not so in the case of a Co-operative Bank. Any person can go direct to that Society and get his work done sweetly. A Co-operative employee cannot but be a man imbued with the spirit of service. He cannot expect anything for him from the client. Any client can easily get accommodation according to his means, provided that the by-laws are satisfied. Those who have no access to big banks are welcomed and invited to become members and enjoy all the facilities obtaining here. Terms are easy and interest cheap. By having transactions with a Co-operative Bank one realises that it is his own bank and feels proud of the fact. Judiciously and honestly conducted, Credit Societies are the only sources of credit, truly beneficial to the people of the middle and lower classes. If, instead of committees and propaganda, which devour bags and bags of money, Government see it sensible to provide cheap and quick finance through these Societies, they will earn the gratitude of the well-meaning people who are ready to work and produce, but suffer for want of finance at the proper time.

With the advent of Stores, people have realised the benefit of being members of such institutions. There is no cheating in price or weight; quality is assured. You can indent upon, for any requirement and a store will get it from anywhere. Loyalty pays you in equitable dividends and handsome rebates. The store societies are acting as deterrents upon malpractices of private channels of trade. Nowadays it is the fashion for any individual trader to put on a board calling his jumble a "Meenakshi

CO-OPERATIVE MOVEMENT AT VIRUDHUNAGAR

Store" or "Netaji Stores" in order to entice unwary buyers. But there will be no registration number. Even otherwise, I do believe that the game is seen through by our discerning people particularly women folk.

The Weavers' Co-operative Production and Sale Society has been able to work well and satisfy the needs of the members even during the worst period of the industry. However, you know better about the present position as the Minister in charge of Industry. The main problem is marketing. We welcome the latest move to have small societies with limited number of members, entirely managed by the weaving members. The present non-weaving members will be only too glad to clear out giving place to the actual workers.

The Co-operative Building Society was working well, but its expansion has been crippled owing to the limiting of the maximum loan to Rs. 3,000. In this town, this amount cannot fetch a site required for a house to be built according to the rules. The maximum must be raised to Rs. 15,000 and then only the demand for new construction can be met. Increase in the family members and break up of families, thanks to central tax laws, are causing much stress upon living space. Any new house constructed by a person irrespective of his status will tend to ease the situation. This aspect should be considered.

The Co-operative Agricultural Improvement Society was started to prevent the sale of Municipal compost to any single individual or private agency. At the beginning it was a hard job to make the ryots compost-minded. Now it is the other way. The demand is greater than the supply or rather production. With the advent of the present astute and tactful Municipal Commissioner, the Council has become commercial minded a bit and raised the cost price a little. As against him the zeal of the Secretary is to be tried. During the control period the Society did its work faithfully in the matter of distribution of iron and steel, fertilisers etc. This Society is, I assure you, capable of handling any distribution work that may be entrusted to it by the Government. The ryots have taken to it kindly and are enthusiastic about the expansion of their institution.

I was one of those who had doubts about the success of the Ladies' Cottage Industries Society when I was asked to induce the ladies of this town to start such a Society. Any way it was started. It went beyond my expectations. The enthusiastic directors are well-placed persons and yet being experts in small handicrafts have done remarkable service in inculcating on the minds of an appreciable proportion of the women-folk that self-help is the best help. The products of this Society have been exhibited in local and nearby exhibitions and also provincial exhibition held in Rameswaram and Madras and obtained encomiums. You will see them yourself in the evening. So I stop here, after venturing a request on their behalf. They require a full time cutting and sewing instructor preferably a woman-expert whose pay is to be subsidised not by this society of slender resources. Then they will be in a position to increase the number of learning members and thus the productions of the Society.

All these Co-operative institutions based on noble ideals with a vast scope of patronage, present a pleasant picture. But the picture has its own enticement and temptation. Without expenditure, without much

propaganda and with a little assertiveness any one can enter and capture the administration of these bodies. Men frustrated in other activities get asylums in these. There is a lot of money handled easily and influence is great by tactful patronage. These tempt some human elements and woe to the bodies coming under their sway! There was a race and competition in organising new Societies during the Control period. (Fortunately many have become moribund and are awaiting formal extinction, due to the lifting of the controls). It was a tough battle for a local subordinate officer to refuse a new organisation, even though he may be on invulnerable ground. I was asked to take part in the opening ceremony of a new Store in a village. At first I declined. Then finding the uneasiness of the Deputy Registrar I consented to attend because my presence was required to give a non-party colour to the function. On reaching the village I saw the position and in an aside asked the other "friend" "why all this". He replied that those village fellows wanted it and added "If I don't get them this, they will assess me below you". The poor Deputy Registrar who overheard the talk put on a bland smile. Will you believe me, Sir, this Society did not last for more than a year? When I happened to meet a gentleman in the grace of the then Government, he was buoyantly explaining to a small coterie about the malpractices obtaining in a Society whose Secretary was a co-worker of his in public life. When I drew his attention to the fact that the money dissipated in unsecured loans was public money, he coolly retorted "what is this, when compared with the wastage of the Government—these people also form a part of the public—what is the harm in their enjoying these funds?"

Sir, you will be much disturbed, and it will pain the Joint Registrar who is by your side, if I enumerate more such instances. But the strong action of the Department and the alert public awareness are acting as checks against such influences getting into the fold. Still I would like if you allow me Sir, to suggest that the one thing that Fort St. George should be guarded against is this: An impression still prevails that any one in the molassil who claims to know certain Ministers or has some pulling power can get things done as it pleases him, irrespective of the justice or legality involved. This should go. Otherwise all exertions of the departmental staff will be nullified.

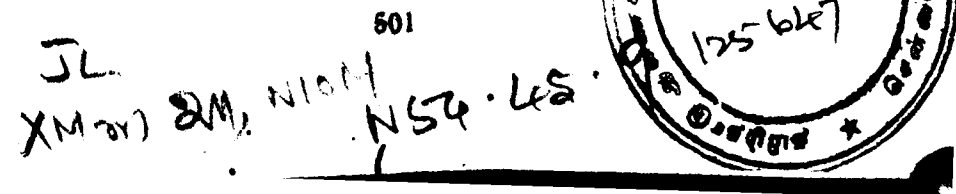
Though I am tired, my faith in the movement has not abated. I am convinced that by the co-operative methods and co-operating channels alone, so many of our production and distributing problems can be solved. Though the number of members brought under the fold is not as big as one may expect, the vastness of its influence is great and it is an abiding one. If people find that the Management is in good hands, they do not worry about enrolling themselves as members; yet they are loyal and in some cases more loyal than the members on the roll, in having all their transactions with the Society. So, with all my deference to the high principles of our beloved Registrar, I venture to assert that it is not possible and may be unadvisable to restrict the sales to members alone. When I was asked to organise the Virudhunagar Co-operative Stores in 1939, I undertook it on condition that we must be allowed to sell to all irrespective of membership. I did not want to see an institution based on noble ideals, becoming a class by itself. Whatever may be the conditions that obtain in foreign countries, where statistics are readily obtainable, where production and distribution

can be properly regulated and where exports and imports can be easily controlled, with a highly educated society, I fear we are still to educate our public and bring them up. So restriction of sales will not only retard the growth of the institution but will tend to make it lose the patronage of the general public. The element which by the spread of co-operative movement one desired to exterminate will rise up and flourish. People who have some public service to their credit, or a tradition, men who have their own means of livelihood, workers who do not seek any return for their service and those who need not blush for a blemish; let them come forward and lend a helping hand in furthering this great nation-building movement and then you will see that our people are really co-operative minded, though they do not want to be recorded as such. The extensiveness and the loyalty of the consuming people count more than the number on the rolls.

Any bad element can be eliminated according to law. Though not in strict practice, it is still there as a deterrent warning. The rate of dividend is eternally fixed and a lion's share of the profit is taken away as reserve fund which is in safe custody. To meet the instructions of the inspecting officers we need to employ more hands than may seem warranted and a large slice is taken away by the establishment. (I don't grudge this. I would rather employ more men and keep them engaged in useful service). Then where will the urge come from to make or increase the profit? At any rate we are not profit-minded; we are service-minded. Moreover there are checks and counter-checks, which need more efficiency, I admit. My esteemed colleagues have become co-operative-minded more than I and they have branded me as a departmental person—all because I always insist upon departmental officers for new organisations and those which require detailed attention; and since I welcome and encourage frequent inspections. Whatever may be the enthusiasm and zeal of honorary social workers like us, one cannot expect us to devote full attention and be responsible for every possible error that may be committed by the menials. We have nothing to gain but every thing to lose!

Some of the legislations may be laudable in their objects, but no one can deny the fact that rural credit facility has shrunk very much. So the present demand of the village people in this part of the division is for the establishment of a Land Mortgage Bank. I am not able to cope with the demand from the Urban Bank. I fear to approach the Registrar for permission to organise a Land Mortgage Bank, because I know he will rightly refuse it since the greatest part of the area is still unsurveyed, being petty zamindari lands. These holdings have been taken over by the State and so I urge the Government to take up and finish the survey, giving it a top-priority. I am only suggesting a channel for the good use of the money that may be available in the exchequer. It will be a great relief and may prove a good source of help for the agriculturists.

One word about the Milk Society. This is the Society of which I am really proud. In this Society alone the members, most of whom are women, actually attend the General Body Meetings and take active part in the deliberations of the meeting. Oh, what a training it has given me in conducting meetings! The ladies putting on innocent looks, calmly hearing what you utter, then slowly raising their heads, one by one begin to put forth questions and argue their view points. The President's patience



will be tried to the breaking point, yet he should be all smiles and should not lose his temper. In the matter of fixing the price of the milk purchased by the Society and in fixing the percentage of bonus, they will be fighting to the last. The admirable difference from the men directors of other Institutions is that these members are very considerate towards the employees (who toil day and night) and readily acquiesce in the directions of the departmental officers. Further, without murmur, they agree to any scheme of thrift beneficial to them. When the question of thrift fund was considered, I suggested that half an anna per rupee of the cost of milk be deducted, they rose up and said "one anna". This thrift fund amounts to an average annual accumulation of Rs. 20,000. I was staggered; I slowly put forth the suggestion that this considerable amount be invested in Government Promissory Notes. It will be safe and useful to the Government and also will yield good interest. If necessity arises we can get easy loans on pledging them. But the ladies were alert and at once rejected my plea. However, how reasonably sweet they were in agreeing to my proposal that they must get refund of their share of thrift fund in kinds such as clothes, household articles and even jewels (which kind they themselves asked for) and cash only in case of dire necessity. I have watched how the women are manning the affairs of the Ladies Cottage Industries Society, and with my experience so far gained in this Milk Society I propose to leave it to be entirely managed by the lady members from the next period. I do not know how they will react to my suggestion. Whatever it may be, I would commend to the management of other brother institutions, to make room step by step for ladies and eventually leave the Co-operative Movement in the hands of our sisters and daughters who are eminently fitted for this job of service.

I have been fortunate in having as my colleagues on the various directorates, people of high character, astute business acumen, shrewd financial foresight and ruthless administrative impartiality; and in particular the ladies are all human kindness endowed with a sense of good service. The employees have all been loyal and adaptable to circumstances. We are conscious of our short comings and even failings. But never have we swerved from the path of true Co-operation. Even after my retirement Co-operation will be my life-breath.

The Madras District Co-operative Central Bank, Ltd.	
13/14, Mukkur Nallamuthu Chetty Street, Madras-1.	
ESTD. 1980	TELEPHONE NO. 2884.
Authorised Capital	Rs. 10 lakhs.
Working Capital	46
All kinds of deposits accepted.	
Rates of Interest :—	
Current Deposits	3 %
Savings Deposits	2 %
Fixed Deposits For—: 6 ms.	3½ %
For 1 yr.	3¾ %
For 2 yrs.	3½ %
Further particulars can be had from the undersigned:	
B. S. VUATAGOPAL, B.A., B. COM.	
Secretary.	

Virudhunagar Co-operative Milk Supply Society, Ltd., Virudhunagar

The Virudhunagar Co-operative Milk Supply Society was registered on 24-8-46 and started functioning on 2-5-46. It was a time when there was scarcity for milk in this town, not to speak of its quality. The society was started with only 82 members with a paid up share capital of Rs. 1,585. It has now in its roll 921 members as on 31-1-54 with a paid up share capital of Rs. 12,000, the majority of the members being women. The area of the operation of the society was confined to the Municipal limits and villages within a radius of 5 miles.

The total production of milk as on date comes to 1,000 Madras Measures per day, the target fixed by the Department being only 700 Madras Measures per day. The milking is done at 7 depots of the society situated in prominent places to suit the convenience of the milking members. One of these depots is at Palavanatham, a village 5 miles from this town. The Society supplies milk to all the medical institutions and other public institutions like College, Hostels etc. Milk is supplied in separate sealed cans to all well-to-do people. The society has 7 depots for sales of milk to the public, besides seven house delivery boys for distribution of milk at the doors of the customers.

The Society advances loans to its members for the purchase of milch animals and the purchase of fodder. During the past 7 years a sum of Rs. 1,77,000 has been advanced. These advances are recovered in weekly instalments from out of the milk bills due to the members leaving a portion for the maintenance of animals and for the upkeep of the family. Unlike most of such societies the bulk of these advances i.e. Rs. 1,65,200 out of Rs. 1,77,000 is out of Society's own funds. The rate of interest charged for these loans is only 8½ per cent. Besides loans, the society undertakes the bulk purchase of cattle fodder and distributes it among the members at cheap prices. By now fodder worth of Rs. 72,000 has been distributed in the above manner. The society also takes due care of the milch animals of its members. In the year 1953, the society conducted a cattle show and distributed prizes for the best animals. Medical aid for the milch animals of the members is also given free of cost. The Vet. Assistant Surgeon and the Dairy Assistant periodically inspect the milch animals and give necessary advice for the proper maintenance of the animals. Apart from the loans, the cheap fodder, the free medical aid and the dividend at the maximum rate on the share capital, the Society sets apart a major portion of its annual net profits for distribution among members as rebate on the production of milk. Rs. 41,878 has by now been distributed as bonus alone. This has created a sense of loyalty to the society among its members. The society is also maintaining two stud bulls one Sindhi and the other Delhi Murrah.

As a novel experiment the society started a canteen in the year 1949 to arrest the surplus milk by conversion into Palgowa and milk products. The experiment proved to be a success and the canteen has earned a

THE MADRAS JOURNAL OF CO-OPERATION

name in the town. A branch of this canteen is working in the local college premises, for the refreshment of the students. It is proposed to start early a milk bar in the heart of the town.

The office of the society and the various milk depots are now housed in rented buildings and the need for an owned building was being felt very often. The society therefore purchased a site in the year 1958, for Rs. 7,175. It proposes to build a pucca building on it, the foundation stone for which has now been laid by the Hon'ble Minister for Co-operation.

By keeping a few milch animals and selling the produce to the society the members supplement their meagre income of their families. The members are now subscribing to a savings fund at the rate of one anna for every rupee worth of milk supplied by them. The total subscriptions to this fund during the past nine months alone amounts to Rs. 16,050 which is one of the greatest achievements of the society.

As for its finances, the total reserves to the credit of the society on 31-12-58 amounts to Rs. 27,689-10-0 as against a paid up share capital of Rs. 12,000. It has invested Rs. 15,000 in the Madras State Loan, Rs. 7,400 in the Post Office National Savings Certificates and Rs. 16,500 in various other modes. The financial position of the society is sound. It is hoped that it will grow further as the years pass.

The management of the society is entrusted to a Board of Directors consisting of 11 members elected for a period of two years. In the board there are 4 women directors, who are enthusiastic in the affairs of the society.

The society has earned a net profit of Rs. 24,257-4-0 for the year 1952-58.

G.Os. & CIRCULARS

G.Os. and Circulars

Memorandum of the Registrar of Co-operative Societies, Madras-5.

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

No. RC. 196097/58-A.

Dated, 16-3-1954.

Sub:—Co-operative Central Banks and Societies—Special bylaws relating to service conditions of employees—Amendment to the model—prescribed.

Ref:—1 G.O. Ms. 4482 Development dated 29-9-53, communicated in the Registrar's endorsement No. 168054/53 S. iii dated 19-10-1953.

2. Registrar's circular RC. 196701/58 z. iii dated 6-1-54.

The attention of the Deputy Registrars is drawn to the G.O. communicated in the Registrar's endorsement first cited. They are informed that the exemption given in the G.O. applies only to societies in which non-members are employed. Societies which do not employ non-members automatically go out of the purview of the Madras Shops and Establishment Act and therefore there is no question of exemption in their cases. Some of the existing model special bylaws relating to the service conditions of employees of co-operative central banks and other societies concerned (vide the special bylaws printed on pages 257-260 and 593-596 of the Madras Co-operative Manual Volume III 1952 Edition) require modifications in the light of the above G.O. The model special bylaws have therefore been suitably amended. The amendments are indicated in annexures I and II appended with this Memorandum.

2. According to the G.O. cited, the societies should also include the provisions of Chapters II, III, V and VII of the Madras Shops and Establishments Act 1947 in their regulations (standing orders) and exhibit them in their premises—The model regulations, to be adopted for this purpose are given in annexure III. They should be adopted by the Board of Directors of the societies and a copy should be exhibited in the premises of the societies.

3. The Deputy Registrars are requested to see that the amended special bylaws and model regulations are adopted by the central banks and the societies concerned in their jurisdiction *at a very early date*. They may themselves register the amendments to special bylaws and approve the regulations, without further reference to the Registrar, provided they conform to the model. Two copies of the special bylaws as registered by them and two copies of the regulations as approved by them should be submitted to the Registrar at an early date.

J. C. RYAN,
Registrar.

ANNEXURE—No. I.

Model Special Bylaws relating to the Service conditions of Employees of Co-operative Central Banks as amended in accordance with G.O. Ms. 4482 Development dated 29—9—58.

Substitute the following for the existing model special by law No. 6:—

(i):—A person appointed to any post in the bank's service shall ordinarily be on probation for a total period of one year on the completion of which period he shall be confirmed in the post if his work and conduct have been satisfactory.

(a) It shall be competent for the appointing authority to terminate the services of the employee before the expiry of six months of his service, if his work or conduct have not been satisfactory. No appeal shall lie against an order terminating the probation of an employee during this period.

(b) It shall be competent for the appointing authority to terminate the services of the employee during the subsequent six months of his probation and also during his regular service provided that the authority shall not dispense with the services of a person except for reasonable cause and without giving such person at least one month's notice or wages in lieu of such notice provided also that such notice shall not be necessary when the services of such a person are dispensed with on a charge of misconduct and supported by satisfactory evidence recorded in an enquiry held for the purpose.

(ii) The person so discharged shall have the right of appeal to such authority and within such time as may be prescribed either on the ground that there was no reasonable cause for dispensing with his services or on the ground that he had not been guilty of misconduct as held by the employer or the appointing authority. The period in this case shall be 30 days from the date of receipt of the order of the employer.

(iii) The decision of the appellate authority shall be final and binding on both the employer and the person employed.

Substitute the following for the existing model special by law No. 8:—

(i) Every employee of the bank shall be entitled to casual leave not exceeding 12 days in a year.

(ii) Every employee of the bank shall be entitled to privilege or ordinary or earned leave of 12 days for every 12 months of service provided that such leave may be accumulated upto the maximum period of 2 months.

(iii) Every employee of the bank shall also be entitled to sick leave on any reasonable ground upto 18 days for every 12 months of service.

(iv) The secretary shall be the authority competent to sanction casual leave to the other employees of the bank and the President shall be the authority competent to sanction casual leave to the secretary and privilege leave to all the employees including the secretary. No employee shall claim leave as a matter of right; but shall be entitled to leave before the lapse of the leave accumulated upto the limit.

(v) If a person entitled to leave is discharged from service before he has been allowed the leave or if having applied for and been refused leave he quits his employment before he has been allowed the leave, the bank or the appointing authority shall grant him leave which is to his credit or pay him the amount of salary equal to the leave to his credit contemplated in clause 8 (ii).

Substitute the following for the existing model special by-law 13 (b):—

(i) No fine shall be imposed on any person employed until he has been given an opportunity of showing cause against the fine or otherwise then in accordance with such procedure as may be prescribed for the imposition of fine. Every order awarding the punishment shall be communicated to the employee concerned in writing stating the reason on which the punishment has been awarded.

(ii) The total amount of fine which may be imposed in any month on any person employed shall not exceed an amount equal to half an anna in the rupee of his pay and allowances in respect of that month.

(iii) No fine imposed on any person employed shall be recovered from him after the expiry of 60 days from the day on which it is imposed.

(iv) All fines and all realisations thereof shall be recorded in a register to be kept by the institution separately for the purpose and all such realisations shall be applied only to such purposes as are beneficial to the persons employed in the establishment of that institution.

Add the following as special by-law No. 20 after the existing model special by-law No. 19.

20. The Board of Management shall have power from time to time to make subsidiary by-laws not inconsistent with these by-laws or Act VI of 1932 and the rules framed thereunder for the conduct of the business of the institution. A copy of such bylaws shall be furnished to the Registrar of Co-operative Societies for information.

ANNEXURE No. II

Model special by-laws relating to the service conditions of employees of societies other than Central Banks (except Co-operative House Construction Societies and Land Mortgage Banks) as amended in accordance with G. O. No. 4482 Development Dated 29—9—58.

(1) Substitute the following for the existing model special by-law No. 6

(i) A person appointed to any post in the society's services shall ordinarily be on probation for a total period of one year on the completion of which period he shall be confirmed in the post if his work and conduct have been satisfactory.

(a) It shall be competent for the appointing authority to terminate the services of the employee before the expiry of six months of his service, if his work or conduct have not been satisfactory. No appeal shall lie against an order terminating the probation of an employee during this period.

(b) It shall be competent for the appointing authority to terminate the services of the employee during the subsequent six months of

his probation and also during his regular service provided that the authority shall not dispense with the services of a person, except for reasonable cause and without given such person at least one month's notice or wages in lieu of such notice, provided also, however, that such notice shall not be necessary when the services of such a person are dispensed with on a charge of misconduct and supported by satisfactory evidence recorded in an enquiry held for the purpose.

(ii) The person so discharged shall have the right of appeal to such authority and within such time as may be prescribed either on the ground that there was no reasonable cause for dispensing with his services or on the ground that he had not been guilty of misconduct as held by the employer or the appointing authority. This period in this case shall be 30 days from the date of receipt of the order of the employer.

(iii) The decision of the appellate authority shall be final and binding on both the employer and the person employed.

(2) *Substitute the following for the existing model special by-law No. 8*

(i) Every employee of the society shall be entitled to casual leave not exceeding 12 days in a year.

(ii) Every employee of the society shall be entitled to privilege leave or ordinary or earned leave of 12 days for every 12 months of service provided that such leave may be accumulated upto the maximum period of 2 months.

(iii) Every employee of the society shall also be entitled to sick leave on any reasonable ground upto 18 days for every 12 months of service.

(iv) The Secretary shall be the authority competent to sanction casual leave to the other employees of the society and the President shall be the authority competent to sanction casual leave to the secretary and privilege leave to all the employees including the secretary. No employee shall claim leave as a matter of right; but shall be entitled to leave before the lapse of the leave accumulated upto the limit.

(v) If a person entitled to leave is discharged from service before he has been allowed the leave or if having applied for and been refused the leave he quits his employment before he has been allowed the leave the employer or the appointing authority shall grant him leave which is to his credit or pay him the amount of salary equal to the leave to his credit contemplated in clause 8 (ii)

3. *Substitute the following for the existing model special by-laws No. 13 (c):—*

(c) No fine shall be imposed on any person employed until he has been given an opportunity of showing cause against the fine or otherwise than in accordance with such procedure as may be prescribed for the imposition of fine. Every order awarding the punishment shall be communicated to the employee concerned in writing stating the reasons on which the punishment has been awarded.

(d) The total amount of fine which may be imposed in any month on any person employed shall not exceed an amount equal to half an anna in the rupee of his pay and allowances in respect of that month,

(e) No fine imposed on any person employed shall be recovered from him after the expiry of 60 days from the day on which it is imposed.

(f) All fines and all realisations thereof shall be recorded in a register to be kept by the institution separately for the purpose and all such realisations shall be applied only to such purposes as are beneficial to the persons employed in the establishment of that institution.

4. *Renumber the existing model special by-law 13 (d) and 13 (e) as 13 (g) and 13 (h)*

5. *Add the following as special by-law No. 20.*

The Board of management shall have power from time to time to make subsidiary by-laws not inconsistent with these by-laws or Act VI of 1982 and the rules framed thereunder for conduct of the business of the institution. A copy of such by-laws shall be furnished to the Registrar of Co-operative Societies for information.

ANNEXURE III.

Model Regulations framed under special by-law No. 20 relating to the service conditions of employees:—

1. No employee of the society shall be required or allowed to work for more than 8 hours in a day and 48 hours in a week provided he may be allowed to work in excess of the above limits subject to the payment of over-time wages if the period of work including over-time work does not exceed 10 hours in any day and in the aggregate 54 hours in any week.

2. No employee shall be required to work for more than 4 hours in any day unless he has had an interval of rest of at least one hour.

3. Every employee shall be allowed in each week a holiday of whole day with pay, provided that nothing in this clause shall apply to any person whose total period of employment in the week including any days spent on authorized leave is less than six days.

4. It shall be the duty of the secretary to see that the office premises where the employees work are properly ventilated and sufficiently lighted and are kept in a state of cleanliness and to ensure that adequate precautions are taken against fire.

5. Employees shall be paid wages or salaries on the last working day of the month. No wage period shall exceed one month. Where the services of an employee are terminated, wages earned by him shall be paid before the expiry of the second working day from the date of termination of his services.

6. Wages for over-time work shall be twice the ordinary rate of wages.

7. Deductions which may be made from wages shall be in accordance with the relevant provisions of Chapter VII of the Madras Shops and Establishment Act 1947 as amended from time to time.

THE MADRAS JOURNAL OF CO-OPERATION

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

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

Registrar.

R.C. No. 38904/54-D1.

Dated, 17-3-1954.

Sri A. Hirudayaswamy, B.A., has this day forenoon assumed charge of the Office of the Joint Registrar for Weavers' Societies, Madras. All D.Os, and confidential correspondence intended for the Joint Registrar (Weavers), Madras should be addressed to him by name.

J. C. RYAN,
Registrar.

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

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

Rc. No. 55056/53-B.

Dated: 5-3-1954.

Sub:—Co operative Societies—Agricultural Credit Societies—Loans for the purchase of pump sets—Draft agreements pledging the pump sets and the immovable property—instructions.

Ref:—1. Registrar's circular No. 168063/49-BI, dated 18-2-1950. And 20-9-1950.

2. Registrar's circular No. 35281/51-BI, dated 10-11-1952.

In the Registrar's circulars first cited, rural credit societies and urban Banks were permitted to amend their bylaws providing for the issue of special loans upto Rs. 3,500 per member on the mortgage of immoveable property for the purchase and installation of pump sets. In the circular second cited, three sets of agreements Indentures Forms I to III drawn up in consultation with the Government Pleader, Madras were communicated to the Deputy Registrars and they were requested to see that the agreements were obtained in all cases where special loans for the purchase of pump sets were sanctioned. It is represented that the registration of these agreements causes a great hardship and that the societies have to incur heavy expenditure by way of registration fees. There is some force in the point that the registration of the documents involves extra cost. The Registrar has examined the question whether the documents pledging the pump sets and conveying the pledge to the Central Bank should be registered in view of the expenditure involved. He considers that it will be sufficient if the Central Banks obtain pro-notes from the Panchayatadars of the societies, as in the case of other loans, when they sanction special loans and that the societies get indenture in form No. I from the members duly registered before disbursing the loans. The registration of the indentures in Form No. II and III prescribed in the circular second cited need not be insisted upon. The Banks should, however, satisfy themselves that the members to whom loans were advanced, have purchased, the pump sets within a reasonable time and that they are in working condition. This work should be attended to by the Central Bank Supervisors and their reports should be scrutinised by the Secretary and filed with the loan sanctioned order.

J. C. RYAN,
Registrar.

G.O.S. AND CIRCULARS

Copy of G.O. Ms. No. 495, Department of Industries, Labour and Co-operation, dated 27th February 1954.

ABSTRACT.

Housing—Co-operative Housing Societies—State loans—Title deeds relating to sites—Scrutiny by Government Pleaders—Orders passed.

Read the following:—

1. From the Registrar of Co-operative Societies, letter Rc. No. 9184/52 Z (i), dated 27-1-1953.

2. From the Board of Revenue, Ref. B.P. Rt, 7935, dated 28-11-1938.

ORDER:

State loans for construction of houses through Co-operative Societies are sanctioned on the security of the sites owned by the members and the houses to be built thereon. According to the practice now in vogue, members of Co-operative Housing Societies applying for state loans send along with their applications the opinions of private legal practitioners testifying to the soundness of the title of the members to the sites, offered as security for the loans. The title deeds are scrutinised in the offices of the Deputy Registrar and the Registrar. The Registrar of Co-operative Societies considers that this practice of depending on the opinion of private legal practitioners offered at the instance of the applicants themselves is not satisfactory. He has therefore proposed that the members of housing societies applying for state loans should obtain the opinion of the local Government Pleaders testifying to the soundness of the title of the members to the sites offered as security, in cases where the lands are not either acquired under the Land Acquisition Act or assigned by Government to the societies. The Government Pleader, Madras and the Board of Revenue have no objection to the Registrar's proposal, the Government accept the proposals and direct that all Government Pleaders in the state should examine the cases of title referred to them for opinion by the housing societies in their respective areas and send their opinion as promptly as possible generally within two weeks after presentation. They also direct that a fee of $\frac{1}{4}\%$ on the amount of the Government loan applied for subject to a maximum of Rs. 80 for each case may be charged by the Government Pleaders for the scrutiny of the title deeds.

(By Order of the Governor of Madras.)

(True Copy)

OFFICE OF THE REGISTRAR OF

CO-OPERATIVE SOCIETIES, CHEPAUK, MADRAS.

Dated 11-3-1954.

Copy communicated.

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Assembly Proceedings

Provision of Credit

Work of Co-op. Societies

Govt.'s Policy Outlined

(Hindu 24-3-54.)

Dr. U. Krishna Rao, Minister for Industries and Co-operation, presented in the Madras Legislative Assembly to-day the budget demand under the head "Co-operation" and moved that a sum not exceeding Rs.69,49,800 be granted.

The House rejected a cut motion and approved the demand.

The Minister said that the movement started five decades ago with limited and modest objectives now embraced a diversity of interests and enterprises and there was not a single major sphere of national economy where the vitalising influence of this department was not felt.

Giving figures to show the increase in the number of societies in the last six years providing rural credit, agricultural activities, marketing facilities, milk supply and weavers aid, the Minister said that the transactions of these societies had increased in geometrical ratio to the increase in the number of these societies and today they covered "a major part of the middle class and rural population."

In the production and distribution of the essentials of life, Dr. Krishna Rao said, co-operatives played a dominant role. He then presented a table to give a picture of the position as it was in 1947 and in 1953.

Number of rural credit societies 17,057 and 25,850; agricultural societies 11,825 and 17,201; marketing societies 193 and 286; milk co-operatives 300 and 781; weavers co-operatives 659 and 1,911.

The Government's policy, Dr. Krishna Rao said, was to expand the existing rural credit societies in all economic spheres and to organise more such societies. They hoped finally to bring at least 50 per cent of the villages and 80 per cent of the population under the "co-operative umbrella." Supply of easy credit (short-term and long-term) was a very important work of the Co-operative Department. Short term credit was provided by the Madras State Co-operative Bank at the apex with 16 Central Co-operative Banks in the districts. The Reserve Bank of India sanctioned credit limits to the Co-operative Central Banks to be drawn on the security of the Government. Long-term credit was provided by the Madras Co-operative Central Land Mortgage Bank through its 78 primary land mortgage banks in Madras State after partition.

A margin of 2½ per cent was maintained between the Central Land Mortgage Bank's borrowing rate on debentures and the rate charged to the ultimate borrowers. Till November 1951, the Bank floated debentures at 8½ per cent and lent to primary banks at 4½ per cent which, in their turn charged interest at 5½ per cent on loans to their members. The Central Land Mortgage Bank had recently floated its 49th series of debentures for Rs.40 lakhs at 4½ per cent per annum. In the matter of valuation of lands offered for mortgage, the pre-war values were adopted with the addition of 25 per cent.

Consumers' Co-ops.

The policy regarding the consumers co-operatives continued to be one of consolidation rather than expansion. Societies which were beyond revival were weeded out. With the decontrol of foodgrains in 1952 and withdrawal of intensive procurement operations, the Central Stores had to face a new situation. Government had permitted these to deal in foodgrains in free market subject to certain conditions. The future of the Central Stores lay in developing their sales of food-grains. Central Stores having resources had been advised to purchase large quantities of paddy during harvest time, to have them milled and to supply the rice to members and other stores. Government had recently entrusted to Co-operative Wholesale Stores the distribution of quinine through primary stores and multipurpose co-operative societies for sale in rural areas.

The Co-operative Department had been looking after amelioration side of Prohibition since 1948. The shift had now gone from the recreational to the constructive aspect of the ameliorative work. The main features consisted of (1) provision of alternative sources of employment to extappers; (2) anti-drink propaganda; and (3) issue of licences to tap sweet toddy for jaggery manufacture, etc.

Co-operative Workshops for ex-servicemen maintained at present four timber workshops, two metal workshops and one engineering workshop functioning in several districts of the State. Concessions had been given to these ex-servicemen workshops. All encouragement was given to these workshops to produce useful articles for consumption. As many of these were not satisfactorily working, Government had appointed a Special Officer to review the working of these. His recommendations were being examined by Government.

The policy of the Government was to assign compact blocks of waste lands to Co-operative land colonisation societies. Financial assistance for payment of share capital, purchase of manure and agricultural implements, purchase of bulls, supply of seeds was also given.

Milk Supply Societies.

Milk Supply Societies and Unions had done good work. They supplied milk to jails, hospitals, child welfare centres and to the general public. The Government had exempted the milk supply depots from Section 7 (1) of the Madras Shops and Establishments Act, and also ordered that in the case of sales of milk by these Societies sales tax should be levied only at one point, at the stage of sale to the actual consumers. Members of these societies were given interest free loans for the purchase of milch animals.

After detailing the work of Weavers' Co-operatives, Producers' Consumers' co-operative societies and marketing societies, he said that there were to-day 2 802 Harijan Societies. Four thousand eight hundred and ninety-five Rural Credit Societies had admitted 76,958 Harijan and other members of Backward Classes as their members. These societies issued loans to the extent of Rs. 16.54 lakhs during 1952-53. The Scheduled Class Societies also continued to enjoy concessions and financial help from Government.

Co-operative Collective Agricultural Societies hold lands by free hold or on lease hold. The lands were cultivated on the societies' account by its members who were paid wages. The yield belonged to the society. The profits after meeting expenses were divided as in every other co-operative society and the members were given a bonus on the wages earned. In the two places where collective farming was tried, it was not a very great success. However, more attention would be paid in this direction, the Minister said.

Premature Growth of Societies.

Dr. K. B. Menon moved a cut motion to reduce the allotment by Rs. 100 to discuss policy. He said that he was worried about the way in which the Co-operative movement was conducted in the State. Premature growth without proper foundations was apt to ruin the movement. He did not see any fundamental changes being effected in it. The movement, particularly in Malabar, was going into the hands of capitalists. It was as a commentary on the Co-operative Department that in some societies there were irregularities and defalcations resulting in loss of money and demoralisation.

The Co-operative movement being the poor people's movement, Dr. Menon said, should be so devised as to give effective voice to the members of the societies. There should not be restrictions on the voting powers of the members. In this connection, he criticised the working of the Triplicane Urban Co-operative Society. The whole business of this Society, he said, was conducted by representatives elected from among the members of the panchayats. He would like to submit that these representatives had been carrying on the business of the general body for the last 15 years without an opportunity for the general body to meet once. A similar position existed in many other societies.

Dr. Menon pleaded for financing cultivators in Wynaad taluk by the advance of loans by the village co-operative societies.

Dr. G. Chitrabalam mentioned the defects in the working of the Ex-servicemen's Motor Transport Co-operative Society of Tiruchirappalli and some other societies in the district and urged the need for enquiry.

Mr. T. K. Rama stressed the need for the proper integration of the work of weavers and the supply of dyes and said that attention should be paid to this question in the three regional areas of Madurai, Madras and Coimbatore.

Mr. K. M. Seethi suggested that the P.C.C. Societies in Malabar should be converted into multi-purpose societies instead of marketing societies. Co-operative farming societies should also be encouraged in Malabar, he said.

Mr. N. Paramasiva Udayar wanted that co-operative societies should be organised in all villages.

The House adjourned for lunch.

Mr. N. Rathina Goundar, speaking after the lunch interval, suggested the formation of a Weavers Co-operative Society in Karur for providing facilities to the weavers in that area and also for liberal application of loan rules so as to permit lending on the strength of joint pattas also.

Mr. Anthony Peter mentioned instances of maladministration in co-operative societies and urged the Government to tighten up supervision and to safeguard against indifference or lax administration on the part of officials of the co-operative Department.

Farmer's Debt Burden

Mr. C. H. Kanaran pointed out that the amount set apart by Government for providing credit facilities to ryots and the total financial aid available through co-operatives formed a very small fraction of the total debt burden of the agriculturists. With a depression on, the agriculturist was feeling increasingly the need for credit but just at such a time the steps for collection of loan outstandings were being made stricter, which resulted in hardship. He urged the Government to mobilise local savings in rural areas and expand the Co-operative movement.

Mr. M. Kalyanasundaram declared that the Opposition was very much interested in Co-operation as anybody else. But the movement was not making the progress it should, because it was being crushed between an undemocratic Co-operative Societies Act on one side and the undemocratic actions of the officials on the other. Alleging that there was unnecessary interference on the part of the officials to the extent of superseding Boards of Directors on flimsy grounds, the member said that officials were also trying to condemn the workers and their leaders by their interference in the Co-operative movement. He wanted that the over-riding powers vested with officials should be removed. He drew the attention of the Minister to two publications in which charges had been made against the Registrar of Co-operative Societies and said that, while he would not accept those charges as true, he would urge the Government to ask the Registrar to proceed against the journals and to vindicate his honour. If he failed to do that, the Government should institute an enquiry and take action against the officer.

Minister's Reply to Debate

Dr. U. Krishna Rao replying to the debate, said that though he was a newcomer in the field of Co-operation, his short experience of it was not happy. Co-operation was a matter for the individuals concerned to work as non-officials on the general principle "one for all and all for one". If this was done, there was no necessity for any Government to interfere. There was also no necessity for the Government to interfere if the societies functioned according to rules and regulations and conducted the affairs on sound lines. But his experience was that, in respect of the same institution he received two sets of complaints one asking for Government's interference and the other stating that there was no substance in the first set of complaints. He was thus placed on the horns of a dilemma and he had to ask mental enquiry was held, the two opposing sections of a Society joined together to complain about the Registrar and his officials.

Dealing with Mr. Kalyanasundaram's reference to the articles in two journals the Minister said that he attached no importance to what appeared in journals of that type. If Mr. Kalyanasundaram or any other member took the responsibility of putting down those charges in writing, he would certainly make an enquiry.

Mr. T. C. Narayanan Nambiar raised a point of order and said that by saying that he did not care for the articles mentioned by Mr. Kalyanasundaram, the Minister was lowering the prestige of the House.

The Deputy Speaker who was in the Chair said that the prestige of the House was not lowered. The Minister was expressing a certain opinion. That was all.

Mr. Kalyanasundaram said that his point was that suggestion had been made that the Registrar should be asked to take action against the journals.

The Deputy Speaker pointed out that the Minister was saying that he did not believe in the articles.

Mr. Kalyanasundaram: That is all the more reason why the journals should be prosecuted.

Mr. S. Swayamprakasam enquired whether the Minister was right in saying that he was not prepared to take action against a journal which had written something about an official. What was the Government maintaining a Publicity Department for?

The Deputy Speaker: The Department is not maintained for that purpose.

Mr. Kalyanasundaram asked whether it was not the responsibility of the officer to go to a court of law and exonerate himself.

The Minister said that when "A" was abused, it was for "A" to take action. It was not his duty to advise "A" to take action. If Mr. Kalyanasundaram or Mr. Swayamprakasam was prepared to translate what was published and give it to him as a complaint, he was prepared to take action.

Working of T.U.C.S.

Continuing Dr. Krishna Rao said, that, ever since he took charge he had impressed on the department the need for reducing to the minimum interference in the working of the Co-operative societies. He had also a feeling that a society should get on its feet within a year and so had insisted that as far as possible an official should not be in charge of a society for more than one year; but there might be conditions where this might not always be possible. Some members had complained about the way in which the Triplicane Urban Co-operative Society functioned. The election of new office-bearers of the Society, he learnt, would be over by March 31. Any suggestions or criticising might be put before the new office-bearers and they might then look into the whole matter. He was hopeful that before the Golden Jubilee of the Society came off in a few months, everything would be well. In the meantime, they need not make much fuss. After all, the society had worked for 50 years and if an association was able to cater to a large body of citizens, they might let it continue, hoping that wisdom would prevail in the management and they would see the proper fruition of the fifty years' effort. He was not unmindful of the complaints of partisanship, rivalry, quarrel etc. reported to be existing there but he hoped that with a little more time, he might persuade them to work unitedly. One member had suggested that more liberal provision should be made for agricultural credit. The desire was there but the wherewithal was wanting. With better luck, they might

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hope to make better provision next year. He would also suggest that agricultural relief might be more effectively done by Agricultural Co-operative and Relief Societies, who might know the needs, requirements and capacity of ryots and borrowers.

As for Weavers' Co-operatives, Dr. Krishna Rao said, they proposed to bring into the co-operative fold some 33,000 weavers under the Central Cess Fund scheme. Misappropriation loomed large in the discussions. Unfortunately his own experience was that this was a sad feature. People who had long served in the movement suddenly 'turned dishonest' and many who had devoted decades to the movement got discouraged and wanted to get out. He could only hope that better times would come, and men of character and integrity would come, and come forward to man such societies; otherwise, there was no salvation for the movement. As for the suggestion for starting a co-operative training institute in Malabar Minister said that the Government of India had offered grants in aid and hoped that this would soon be sanctioned and Malabar would have such an institute. In conclusion, Dr. Krishna Rao said that he would do his very best to see that the movement worked successfully and the people it served were really benefited.

The cut motion was rejected by the House and the allotment of Rs. 62,49,800 for Co-operation was approved.

Co-operation in the State.

Editorial in "The Hindu" dated 25-3-54.

During the debate in the Assembly on the Budget demand under "Co-operation", Dr. U. Krishna Rao, Minister for Industries and Co-operation, gave some interesting figures relating to the growth of the co-operative movement in the State. The progress in terms of numbers is striking. Between 1947 and 1953, the number of rural credit societies has gone up from 17,057 to 25,850, agricultural societies from 11,875 to 17,201, marketing societies from 193 to 286, milk co-operatives from 290 to 781, and weavers' co-operative from 659 to 1,191. Before the War, the movement was largely confined to credit and the rural co-operatives earned the odious appellation of "lending shops". During the war years, shortages of essential commodities and the adoption of various controls provided an opportunity for promoting co-operative societies for the production and distribution of various necessities of life. The remarkable growth of non-credit societies is one of the permanent legacies of the War. An idea of the diversification of the movement can be had from the fact that in 1952 there were in the composite Madras State 41 milk supply unions, 40 egg production and sale societies, 382 fishermen's societies, several fruit growers' and vegetable growers' societies, five salt workers' co-operatives, 18 sugarcane growers' societies and 1,161 handloom weavers' societies. Besides these, there were societies of men engaged in cottage industries which accounted for a total output of Rs. 80.54 lakhs in 1952. Although these societies derived their stimulus from the emergency conditions prevailing during the War, they have come to stay. There have been some post-war ventures in the direction of organising special societies for providing employment to ex-servicemen either in transport undertakings or in agricultural colonies. These societies have worked with varying success. The Minister for Co-oper-

ASSEMBLY PROCEEDINGS

ation admitted that at two places where co-operative collective farming was tried, it had not been a very great success.

Members of the Assembly who criticised the Government either for interfering too much with the working of the co-operatives or for failure to bring about an even more rapid development did not seem to realise how much the movement continues to owe to official inspiration and assistance. That spontaneous and enthusiastic leadership, which has played so conspicuous a part in the growth of the co-operative movement in Europe and elsewhere, has been sadly lacking in this country. So long as the Government are expected to take the initiative for forming co-operative societies and finding most of the money they operate on, the movement will be dominated by official control. Legislators who deplore this tendency should realise that the remedy lies with the public and their leaders who should strive to build up co-operatives on a voluntary basis deriving their strength from the free and sustained support of their members. It is not generally recognised that the running of co-operative societies calls for as much business and organisational ability as the management of profit-making private firms and the societies are looked upon as a sort of humanitarian or philanthropic organisations. Co-operation as an ideal, which seems to harmonise the interest of the individual with those of society, has undoubtedly a great future in this country. But for the movement to make real progress, a genuine co-operative leadership must be developed which combines faith in the ideals of the movement with a capacity for sound organisation. It is obvious that no Government can conjure such a leadership into existence.

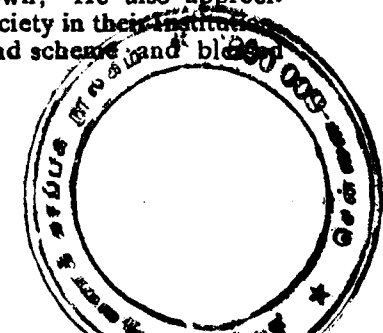
Co-operative News

Virudhunagar Co-op. Milk Supply Society Ltd.,—Laying of the Foundation stone for the New Building.

The Hon'ble Dr. U. Krishna Rao, Minister for Co-operation, Madras, laid the foundation stone for the New Building of the Virudhunagar Co-op. Milk Supply Society on 10-2-1954. Among those who attended the function was Sri. A. Palaniappa Mudaliar, M.A., Joint Registrar of Co-op Societies, Madras. Sri. V. V. Ramaswamy Nadar, President of the Society welcomed the gathering. (His speech is published elsewhere in this issue.)

Sri. A. Palaniappa Mudaliar, in his speech expressed the satisfaction that his former suggestion to start daily deposit and thrift schemes has been adopted and carried out successfully. He also suggested the introduction of cattle mortality fund and other insurance schemes for the welfare of the milkmen.

The Hon'ble Minister, in the course of his speech in Tamil paid a glowing tribute to Sri. V. V. Ramaswamy who is responsible for the popularity and growth of the movement in the town. He also appreciated the interest of the female members of the society in their institution. He congratulated the members on their thrift fund scheme and blessed the Institution with long and useful service.



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	...	2,64,770

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