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EACH FOR ALL AND ALL FOR EACH

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Thought for the Month

Although their co-operative stores might be small, Canadians were not lacking, however, in the true co-operative spirit and they were willing to make sacrifices to promote the movement. This was illustrated by the fact that the average Canadian Co-operative store did not pay out a dividend in the year it was earned. It kept the dividend for several years, generally about five, to use as working capital.

* * *

Retail co-operatives in Canada looked to the wholesales to guide them as well as to provide goods and services. One result had been the appearance of the "associated store," a retail store which signed a contract with a wholesale empowering it to put a manager into the retail store and to instruct him in the day to day operation of the business, the retail board restricting itself to making major policy. In some cases the wholesale had considerable control over the retail store. In British Columbia, for example, the wholesale handled all the money of its associated stores, and the local boards could not declare a dividend or do anything of that nature without the wholesale's consent. That conception of co-operation was alien to the British organisation, but it appeared as if it had come to stay in Canada, with a network of local stores run by a wholesale from one central point instead of co-operatives controlled locally.

—Co-ops. in Canada

—from THE CO-OPERATIVE OFFICIAL

Editorial Notes

The Consumers Stores in Madras State :

Very recently, a student of research in Co-operation from Rajasthan, who, having been on a study tour in the country, arrived in Madras to know first hand the condition of the Consumers' Stores in the State. Our Associate Editor had occasion to talk to him about what he had seen, heard, and learnt about the conditions in Madras and elsewhere. The visitor has been reported to have observed that having read much about the success of the Consumers' Movement in Madras State and having seen in person the prosperous condition of the South Indian Co-operative Stores in Bombay, he came to Madras with the hope of seeing "the Mecca of the Consumers," but felt rather disappointed when during his talks with some co-operators connected with the stores, he had been told by them that the consumer stores had been passing through trying times and that the position was not encouraging. The visitor also said that they attributed this situation to a large extent to the removal of rationing and controls and the keen competition from private enterprise under open market conditions.

It must be indeed be a sad comment on the Stores Movement in our State, if this were the general opinion of those in the field. No doubt the Co-operative Stores which rendered creditable service during the recent global war suffered a set back when rationing and controls were removed. For instance, the number of semi-urban and rural stores in the State is reported to have declined from 1,465 in 1950 to 1,201 in 1953 and their sales from Rs. 14.37 crores to Rs. 7.81 crores. But fortunately this is not the entire picture. Many of the large and small stores accumulated considerable reserves during their prosperous years and not withstanding the rigours of a transition period from a privileged position to open market competition, have striven vigorously to hold their own. They have succeeded fairly well in switching on to free market business in paddy and rice besides trade in other necessities of life.

Opportunities appear to be present again for the Stores to make themselves useful to the public as reliable agencies of distribution for commodities entrusted to them by Government. For instance, for the year 1954, the Madras Government propose to entrust the work of distribution of chemical fertilisers to Co-operative Wholesale Stores on agency basis in all the districts. Again, advertng to a Press report that the Andhra State proposed to supply some two lakhs of tons of rice to Madras State, the Board of Revenue was addressed by the Co-operative Department regarding whether the services of the Co-operatives would be utilised for the distribution of the food grains.

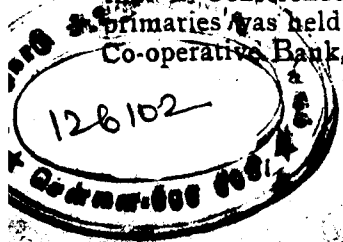
It was to consider these matters and others bearing on the development of the business relations of the Co-operative Stores that a Conference of Co-operative Wholesale Stores and select Primaries was held on 27-1-54 at the premises of the Madras State Co-operative Bank, Ltd., Madras. Not only the representatives of

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the Stores but the Hon'ble Ministers for Co-operation and Agriculture and Registrar of Co-operative Societies, Madras, participated in the proceedings. We publish elsewhere in this issue the proceedings of the Conference, in brief, and the resolutions passed at the Conference.

In their addresses to the delegates, the Hon'ble Ministers and the Registrar drew the attention of the Co-operatives to the changed circumstances in which they have been placed after the advent of derationing and decontrol and advised them on how they should endeavour to develop their business. The discussions centred round subjects like the distribution of fertilisers, paddy and rice, relations between the wholesale stores and primaries, financing the Consumers' Movement, and Propaganda. Some of the important resolutions bearing on the business of the Stores were that the Stores should take up the distribution of fertilisers on agency terms and also that of paddy and rice coming from the Andhra State. It was also resolved that free market business in paddy and rice should be continued and that Wholesale Co-operatives might open branches at Taluq headquarters and also at places where primary stores had not been established or had not been working properly. On the financial side it was resolved to request the Madras State Co-operative Bank and the Registrar to modify the rules enhancing the limit for open loans to the extent of paid up share capital plus reserve fund. Another important resolution was to approach the Collectors for subsidy under the head "Local Development Work" in the Five-Year Plan for obtaining 50 per cent of the cost of construction of godowns.

There is little doubt that the entrusting of the distribution of fertilisers and the paddy and rice received from the Andhra State to the Co-operative Stores by the Government will give the Stores an opportunity to make themselves useful to the public on a large scale. Two conditions should, however, be noted as essential to a successful promotion of these activities. For one thing the stores must act quickly in the matter of moving the goods and watching the distribution at the lower levels. Co-operators remember how in 1948 the distribution of yarn was entrusted to weavers' co-operatives. The chief criticism against the work of the weavers' societies which came from certain sections of the public was that the societies acted slowly and that stocks did not move as quickly as necessary. We hope that the Consumer Stores which now seem to have similar opportunities, will benefit by the experience of the weavers' section of the Co-operative Movement and endeavour to avoid this functional defect. The second condition is the availability of adequate finance. While the Co-operative Stores borrow funds from the financing banks for dealing in their lines of business, they cannot allow the funds to be locked up too long or indefinitely in any transaction. For instance several co-operatives are still having claims pending with the collectors, the Board of Revenue (Civil



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X M 211, 11/10/54, NSG. 45.8

Supplies) and with the Government, some of the claims to the extent of some lakhs of rupees pending for over one year. It is essential that funds should not be locked up too long if the Stores are to do justice to the work entrusted to them.

There, however, remains one important line of activity which the Stores cannot overlook any longer—the productive aspect of the stores' business. Very few stores, chief of them being the Triplicane Urban Co-operative Society, Ltd. of Madras, have taken up production business like oil milling. That may be developed in some other stores societies also. So also the roasting and milling of coffee seeds.

But by far in the present circumstances of the Wholesale Stores, there appears to be a fair prospect of profitable employment of funds not in starting productive concerns but in pressing into service some established industrial co-operatives other than weavers' societies. For instance the Wholesale Stores may negotiate with a Women's Cottage Industries Society and advance some raw or basic material (with the approval of the Central Bank) and obtain from the Society tailored garments at a concessional price for mutual benefit. Or the Stores may give a trade advance to a metal workers' society of sound position and obtain production of certain specifications. Such a step will go to strengthen both institutions and eventually enable them to develop their own productive activity separately.

It is earnestly hoped that the Stores in the State will not let go this opportunity but make use of it to strengthen their position further and develop their productive and processing sides also.

A defence of orthodox principles of Co-operation.

Dr. A. H. Ballendux, Director of the Asian Field Mission on Co-operation of the International Labour Office, Lahore, when he visited Madras to study the Co-operative Movement in the State, observed with admiration during an informal discussion at the Madras State Co-operative Union that he found Madras to be probably the only State where the orthodox principles of co-operative business and enterprise were adopted. He referred to the supply of credit by the financing co-operatives in the Madras State only to Co-operative institutions in accordance with the strict principles of Co-operation unlike certain co-operative banks in the Punjab and elsewhere which provided credit even to joint stock organisations. It is this orthodoxy that has been guiding principle of the Co-operative Movement in our State. The fundamental principles of genuine co-operation are that it should serve the *common economic interests of persons of limited means* and that it should help promote *self-help* and *mutual help* among the members. Madras State has been zealously guarding this orthodoxy of the Movement as could be seen from the fact that the Registrar of the Co-operative Societies of the State (Sri J. C. Ryan) discerningly discouraged the efforts of certain well-to-do engineers to organise a co-operative society for promoting their

interests. He argued that the Co-operative Movement was meant for men of small means and as such did not admit of any measures which sought to promote joint-stock interests under the guise of co-operation.

It was this very same principle of orthodox co-operation that was expressed by Sri J. C. Ryan recently at the Co-operative Stores Conference, the proceedings of which have been published elsewhere in this issue. He said that since the controls have now been practically removed, the co-operative stores could return to normal co-operative activities and should concentrate on open market business and trade with members. Notwithstanding its conformity with the spirit of the Movement in our State, the statement evoked considerable criticism in some sections of the Press. For *The Mail* of Madras editorially commented on his statement and asked "Why should not co-operative societies serve non-members? If they do so, and show that they can give good service and supply quality goods they are doing what is most likely to increase their membership. We know of no free country where co-operative stores confine their activities to members—the very suggestion that they should do so would be considered preposterous in most such countries." The Registrar replied to the points raised and there was some correspondence between them. We have published elsewhere in this issue the correspondence for the information of our readers.

The comments of "The Mail" boil down to three points: First, sales to non-members will eventually induce them to join the co-operative stores as members. Secondly when producers' societies like weavers' co-operatives are selling goods to non-members also, "it will be equally justifiable for co-operative stores to extend their sales in that manner." Thirdly, some of the members are violating the by-laws of societies by buying goods for non-members in their own names and a wiser course would be to allow non-members to buy directly.

Meeting these arguments Sri Ryan explained the ideology of Co-operation: He said that "a society exists for the members and not for anybody else." The sale of goods to non-members and the appropriation of the profit thereon by the members or the society savours of capitalism and is opposed to the ideology of Co-operation which is that a co-operative society is a mutual business club and not a commercial establishment. The society does not want to make money at the hands of anybody. Secondly he said that allowing non-members to buy on grounds of "public benefit" "savouring of charity" since the non-members get the benefit of the fair price without shouldering any liability of the stores. The ideology of Co-operation is that a society should not encourage dependence of one set of people on another set. Thirdly he pointed out the basic difference between the needs of the producers and those of the consumers and shewed that a producer's society *markets* the goods of its members while a consumers' society *distributes* goods to its members.

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Regarding the malpractice of members purchasing on behalf of non-members, he declared that such practice should be checked and prevented strictly.

Finally Sri Ryan indicated by citing examples how Madras has tried to avoid "a mistake which the Britishers are seeking to correct in some of their own co-operative stores."

Madras has from the beginning developed its Movement in a unique orthodox manner and it is a pity that "The Mail" has not followed up the spirit of the Madras Movement but sought to look at it in a different way. Let us assure the public that the Madras system corresponds to the orthodox co-operative principles laid down by the Rochdale Pioneers and aims at bringing as many persons as possible into the co-operative fold so that it may really develop into a Movement of the many for the many.

R. I. P.—The Late Sri N. R. Samiappa Mudaliar.

It is with the deepest sense of sorrow that we announce the sad demise of Sri N. R. Samiappa Mudaliar at Tanjore on the 19th February 1954 at the age of 58.

Sri Samiappa Mudaliar was one of our veterans of the co-operative field. Having been connected with the Movement for some three decades he served it at various levels and for a term held the esteemed Vice-Presidency of the All India Co-operative Union. He scrupulously attended to every detail of policy and administration of many institutions of which he was an office-bearer and was responsible to a large extent for the progress and expansion of the institutions under him. He was an untiring worker, a clear thinker and a keen debator and as such earned the admiration of numerous co-operators and friends in his own district of Tanjore and elsewhere. His services to the cause of co-operative training and education deserve special mention. He built up the Hood Co-operative Training Institute at Tanjore into a huge educational institution and even looked forward to making it into a College.

Even outside the Co-operative field he was popular and respected. As Member of the old Madras Legislative Council, he impressed the Government and the House by his great qualities of head and heart. Only the other day, the Hon'ble Chief Minister of Madras Sri C. Rajagopalachariar, paying tributes to the late Sri Samiappa Mudaliar, recalled the year 1937-38 when Sri Mudaliar, belonging to the Justice Party was in the Opposition, and said "he was one of those who, with unremitting zeal, opposed the Government, but he was always constructive." The Chief Minister while moving a condolence resolution touching his death also expressed his hope that "men will grow up as able, as diligent, as persevering, as clear-sighted, and as good and courteous in their debates as the late Sri Samiappa Mudaliar. Here we have the best testimony of one of our most eminent public men.

The sad demise of Sri Mudaliar has undoubtedly rendered the Movement the poorer and has created a void in leadership which is difficult to fill. May His Soul Rest in Peace!

(A life sketch of Sri Samiappa Mudaliar is published in this issue.)



SRI N. R. SAMIAPPA MUDALIAR,
President, Kumbakonam Co-operative Central Bank, Ltd.
 Born 15-11-1896. [Died 19-2-1954.]

IN MEMORIAM:

THE LATE SRI N. R. SAMIAPPA MUDALIAR.

Life Sketch.

Sri N. R. Samiappa Mudaliar was born on 15-11-1896 in a noble family of Nedumbalam, Tanjore District. He inherited from his parents the noble instincts of love and sympathy for the suffering public and the readiness to relieve them of their distress. Unmindful of his personal comforts he had been throughout his life a tireless worker for the cause of others. These qualities coupled with his qualities of head and heart won for him numerous friends and admirers not only in his own district but in South India. He had been associated with the Co-operative Movement and Co-operative Institutions at various levels for over 35 years. At local level he was the President of the Tiruturaipundi Urban Bank, Ltd. for many years and of the Tiruturaipundi Supervising Union for the past 25 years. He had been organiser and President till 1940 of the primary Land Mortgage Bank and Marketing Society of Tiruturaipundi.

At the district level he was a Director of the Co-operative Central Bank, Kumbakonam for some years and later its President. He was one of the Chief Organisers of the Tanjore Co-operative Central Stores and its First President till 1945.

At regional level he was the President of the Hood Co-operative Training Institute at Tanjore. His services to the Hood Institute require special mention. Co-opted as a Director of the Institute and elected as its President in 1948, he continued as its President till the last. He evinced a very keen interest in its development and made it what it is to-day. The Rajan Hall in which the Institute was housed till last year and which was a thatched shed until then was converted into a spacious hall solely through his endeavour. He enriched the Institute by the purchase of a site for construction of a building on up to date lines for providing school and other amenities. His ambition was to raise it to a co-operative college of a residential type. For some years he was Vice President of the Tamil Nadu Co-operative Federation and since October 1953 its President.

At the State level, he was for a number of years, a Director of the Madras State Co-operative Bank, of the Central Land Mortgage Bank, of the Madras Provincial Co-operative Marketing Society, of the Madras State Handloom Weavers Co-operative Society and of the Madras State Co-operative Union. He was also the first Vice-President of the Co-operative Fire and General Insurance Society.

At national level he was for some years a member of the Standing Committee of all the All India Co-operative Institutes Association and the Vice-President of the All India Co-operative Union.

His activities were not confined to co-operative institutions alone. He interested himself in trade and agriculture also. Even the Government did not fail to avail themselves of his talented services. His work as adviser to the Committee on the Indo-Burma trade agreement in 1942 and as member on the minimum wages committee appointed by the Government of India was praiseworthy. As a member of the South Indian Railway Committee for a number of years representing the Tanjore District Board first, then the agricultural association, as a member of the Provincial Food Council and as the President of the Tanjore District Agriculturists Association he had done yeoman service to the cause of mirasdars.

In the administration of Local bodies and other public activities he evinced zeal and enthusiasm. He had been a member and President of the Taluk Board of Tiruturaipundi. As a member of the Tanjore District Board, its Vice-President for eight years and as the First President of the East Tanjore District Board he distinguished himself as an organiser and administrator. He was also a member of the Madras University and a Member of the Madras Legislative Council for 6 years where he played a leading role as a Leader of the Opposition. In recognition of his services the Government conferred on him the title of *Rao Bahadur*.

Among his other offices may be mentioned his directorship of the Tanjore Permanent Bank and the Merchants Bank, Tanjore. Throughout his tenure of office as head of institutions he was known for his excellent drive, continued vigilance and successful business. It may be mentioned by way of instance that it was these qualities in his work that helped the Kumbakonam Central Bank to rise from the status of a class "C" bank to that of a class "A" bank.

Sri Samiappa Mudaliar was a great philanthropist. It has been now reported that he had willed out some 210 acres of wet land worth over Rs. 2 lakhs to the Mahatma Gandhi T. B. Hospital at Sengipatti in Tanjore district.

For some months he had been ailing and in spite of his ill health had been attending to his duties as office-bearer of various institutions. He passed away on the 19th February 1954 at Tanjore.

SPECIAL ARTICLE

Our Textile Industry—Delimitation of Fields for the Handlooms and the Mills*

VISWANATHAN TEKUMALLA

I. Need for Delimitation

The textile economics of the Depression and Post-Depression period was characterised by such keen competition between the Handloom and Mill Industries that the Handloom Industry in general lost much ground to the mill industry, and the *khaddar* industry, in particular, suffered a jetsam in its struggle to hold its own. Never before was the textile industry in greater need for planning—national and international. Deliberate national planning is to precede constructive international planning. "If a State is to place itself in a position to make bargains with other countries for the definite admission of certain quantities of their goods, it must do this with full knowledge of the amount of those goods which it aims at producing within its frontiers. It must therefore have a national plan of production under which the available resources of materials, machinery, and man-power are definitely assigned to different branches of production."¹ But India, on the other hand, seems to have endeavoured to guide and regulate national production chiefly by imposing restrictive measures on international trade. This policy is said to have been generally in vogue because "it can be used not only without creating an outcry from the property-owning classes, but with support of large sections among them; whereas any attempt directly to control production is at once met with the cry of 'Bureaucracy'".² That this policy could not impart stability and harmony to national industrial economy was borne out by the numerous make-shifts in tariff regulation as well as the inconsistencies in national production.

The imperfections did not, however, go unnoticed. The Government of India itself, under pressure of public opinion, endeavoured to better the situation by offering grants-in-aid "designed mainly to assist weavers' buying and selling operations." Yet this section of the Indian textile industry (handloom weaving) continued to suffer from the keen competition with which it was faced in India and overseas.³ It was pointed out to the Special Tariff Board of 1936 by B. Mukherjee of Lucknow that "an internal adjustment is badly needed between the handloom industry on the one hand and the mill industry on the

* This article forms part of the author's book "Industrial Planning—Food and Cloth" written in 1914 and subsequently revised and is published here for its topical interest today.

¹ *Studies in World Economics*: G. D. H. Cole, 1934, p. 177.

² *Ibid*: P. 176.

³ *Report of the Special Tariff Board: Cotton Textile Industry*, 1936, P. 104.

other so that they can exist side by side."⁴ It was unfortunate that the Board could not take up this question for consideration for the reason that it was not within their purview. They, however, found that "the Indian mill section of the Industry has been placed in a better position to compete against the handloom industry which is definitely handicapped by the tariff on yarns."⁵

This would not satisfy the nation: The problem of the starving weavers stared them in their face. Not a plea of technical disabilities but a square approach to the problem with concrete suggestions was the need of the day. Rural workers and sympathisers all over the country were alive to it; and the economic and political changes in the country emboldened them: For while, on the one hand, the Indian National Congress had begun re-organisation of its rural reconstruction programme, on the other, the new Government of India Act indicated an early prospect of popular Government at least in the Provinces.

There was country-wide agitation through the Press and the Platform urging the Government of India to adopt a policy which would safeguard and promote handloom interests. For instance, in the Coastal Andhra which is one of the largest handloom weaving regions in the country, the First Andhra Provincial Handloom Conference held at Uppada (an important handloom weaving centre in the East Godavari District) in July 1936 demanded protection to the handloom industry mentioning among the various ways and means the delimitation of the spheres of the handloom and the powerloom. The mill owners, on their part, were by no means non-chalant. A meeting of the Central Legislative Assembly Members representing Mills and handlooms was held in March 1936 in New Delhi. Discussions centered round the supply of mill yarn at reasonable rates to the hand weaver and the reservation of certain counts of mill yarn for the handloom. The mill representatives having denied their responsibility for the grievances of the weavers, these informal discussions were of no avail.

Vigorous efforts were made by the protagonists of the handloom movement to gain their point, so that the vital cottage industry might progress on sound economic lines. The General Elections for the Provincial Legislature came in good time for them. *Khaddar* in particular and the handloom movement in general became the main subject of the election propaganda. Strong public opinion was created in favour of the movement. And, when the Congress Ministries came in, the matter began to receive their earnest attention.

⁴ *Special Tariff Board: Cotton Textile Industry:—Written Evidence, Vol. II.* P. 259.

⁵ *Report of the Special Tariff Board, 1936, P. 107*

The orthodox policy of debates and reports adopted by the Central and Provincial Governments in regard to the protection of the handloom did not satisfy them. That the Congress viewed the matter so is evident from the following: "The fifth conference of the Department of Industries was held after a lapse of eleven years. Surely there is great paternal care for the Indian Industry! As usual the conference solemnly discussed, among other high and important questions, the proposals for the development of cottage industries and marketing of products with particular reference to the handloom industry. *Discussion is one thing; decision is another.* Another eleven years must roll on before the sixth conference of the Departments of Industries could be held."⁶ The Congress Governments on the other hand, perceived that a little discussion and quick decision was the real remedy for the disabilities of the handloom weaver. It was in pursuance of this new policy that the Madras Government, for instance, inaugurated their accession to power with two measures—The Madras Regulation of the Sale of Cloth Act, 1937, and the extension of the *Khaddar* Protection Act of 1934 to the Madras Province. The former sought to protect the handloom weaver by imposing a licence fee on all dealers in cloth other than hand-made cloth; while the latter was designed to prevent the production of spurious *khaddar*.⁷ These measures were only a prelude to a policy of systematisation in textile production and trade. In August 1937 the working Committee of the Indian National Congress formulated a definite policy in regard to industrial and social planning and desired the Congress Ministries to take proper steps "to consider urgent and vital problems the solution of which was necessary to any scheme of national reconstruction and social planning."⁸ It was in pursuance of this policy that the question of mill and handloom competition was taken up for consideration at the Ninth Industrial Conference held in December 1937 at Lahore. One of the points raised for the consideration of the Conference related to "reservations of certain counts of yarn for the handloom industry." With regard to this point, the Chairman thought that the only feasible way of taking the matter up was to entrust it to the Tariff Board who would be charged with the question of determining the extent of the protection to be continued to the cotton textile industry and as part of their terms of reference they might be asked to look into the question of the handloom industry. He, however, made it clear that he was giving no undertaking on behalf of the Government of India one way or the other, and

⁶ *All India Khadi and Swadeshi Exhibition, Madras—Guide and Directory, 1936-37* p. 50.

⁷ *Quarterly Report of the Madras Legislature Congress Party:*

All India Khadi and Swadeshi Exhibition, 1937-38—Guide and Directory,

⁸ *First Report of the National Planning Committee: Bombay, 1939,*

further explained that Government were charged with responsibility of safeguarding all aspects of the textile industry.⁹ The Government of India deferred the matter pending decision regarding the need for a Tariff Board enquiry into the question of continuing textile protection. But there was, however, an admission of the responsibility of the Government of India for safeguarding all aspects of the textile industry and an appreciation on the part of Provincial Governments of a real need to solve the knotty problem early.

As a result of the Conference of Ministers held in October 1938, where it had been decided that a comprehensive scheme of national planning should be formulated, a Planning Committee was appointed in December 1938. In their words, the object of national planning was "to improve the well-being of the community principally by intensifying the economic development of the community concerned on an all-round basis, in an *ordered and systematic* manner, so as to observe the due proportion between the various forms of producing new wealth, its equitable distribution among the members of the community, and to secure such adjustment between the interests of the producers and consumers, individuals and the community collectively."¹⁰

This spirit characterised the deliberations of the Industries Conference of January 1939. In the course of the discussion on the progress of the schemes relating to handloom weaving, the representatives of several provinces expressed their view that the competition between the mills and the handlooms should be stopped by adjusting their spheres of production. This matter is of special importance to the handloom industry in as much as it indicates concerted action of many provincial Governments in this direction. The Government of India also seem to have appreciated this fact. Sir Zafrulla Khan, then Commerce Member of the Viceroy's Council and Chairman of the Conference spoke rather as the spokesman of the Government of India when he took part in the discussions. He said that the matter was specifically pressed upon the attention of the Government of India. His fear was that the matter was not as straightforward as some of the speakers assumed. Obviously this was a matter which could not be isolated from the rest of the problems affecting the industry on both sides—the mill industry as well as the handloom industry—and it would be of advantage for the Tariff Board to consider it as part of the scheme of protection, if any.¹¹ The Government of Madras had already pressed the need for delimitation on the attention of the Central

⁹ *Proceedings of the Tenth Industries Conference, 1939* P. 190 (Appendix).

¹⁰ Memorandum of the National Planning Committee: Quoted by the Honourable Sri V.V. Giri, Minister for Labour and Industries, Madras, in his article *Industrial Planning* published in *Is It Indian?* 1932, P. 172.

¹¹ *Proceedings of the Tenth Industries Conference, 1939*, P. 172.

Government and the Cotton Textile Tariff Board on many occasions. Now that the atmosphere appeared more favourable, they took the initiative again. In April 1939 they addressed the other Provincial Governments and the Government of India discussing the various suggestions advanced towards the elimination of competition among textile interests. They held that the problem of handloom weaver was an all-India problem and should therefore be dealt with on an all-India footing.¹²

Shortly after, war broke out; and its repercussions began to be felt by the textile industry in India also. The price of cotton, mill yarn and mill cloth tended to rise too while the price of handloom cloth remained the same. Consequently the poor handloom weaver was forced to reduce his margin of wages so that he might meet the higher cost of raw materials and maintain the old price level of finished products.

So when the Industrial Conference met in December 1939, discussion centred round the problem of the conflict between the mills and the handlooms. The Provincial Governments having pressed their point once again, the Central Government moved quickly in the matter and invited the views of the Provincial and State Governments and mill-owners' associations in the matter. The replies received from them did not indicate any possibility of solving the problem; for there appeared a fundamental difference between the interests of the mills and handlooms. Meanwhile the condition of the handloom weaver became worse. The Government of India, therefore, found it expedient to hold a conference of the representatives of the Provincial Governments and the Mill and the Handloom industries. In the Conference held in December 1940 at New Delhi it was noticed (though not for the first time) that there was a serious lack of reliable data on many crucial points relating to the hand weaving industry and on the exact nature of competition, if any, between it and the mills.¹³ The Conference unanimously recommended the appointment of a Fact-Finding Committee immediately to investigate certain facts relating to the handloom and mill industries. They also decided that owing to the lack of proper data, the consideration of policy should be deferred till after the Committee submitted their report. The Twelfth Industries Conference held at Lucknow in December 1940 fully endorsed the recommendation of the Handloom Conference. Accordingly the Government of India constituted the Fact-Finding Committee (Handloom and Mills) in the Commerce Department Resolution No. 110-Ind. (16)/40 dated 25th January 1941.

The constitution of this Committee marks a big land mark in the history of Indian Textile Industry; for the first time the

¹² *Report of the Fact-Finding Committee, 1941*, P. 25.

¹³ *Report of the Fact-Finding Committee, 1941*, P. 25.

Government of India made an earnest endeavour to eliminate deadly rivalry between two indispensable branches of the Textile industry. The Committee were required to investigate *inter alia* into the nature of the competition between the two industries and how far an enactment prohibiting the mills from using yarns of low counts would help the handloom industry in maintaining its position.¹⁴

II. Various Proposals for Delimitation.

The Fact Finding Committee set to work soon after they had taken office in January 1941. Having issued their questionnaire and invited replies to it from several private individuals, Governments and Associations, they toured extensively in the country and had discussions with several parties representing various textile and other interests. Statistics have generally been a stumbling block to many an investigator in our country; but the Committee have been able to gather some statistical data through the Provincial and State Governments. They submitted their Report on 28th February, 1942. The Report deals in an elaborate manner with the production and marketing organisation of handloom cloth as well as the nature of competition between handloom cloth and mill cloth. But its special feature is its "fifth term of reference". The Committee were required to investigate *in particular*¹⁵ how far an enactment prohibiting the mills from using yarns of *low counts*¹⁶ would help the handloom industry in maintaining its production. They, however, interpreted the words "in particular" to mean "that the Committee is required to discuss *fully*¹⁷ the specific consequences of such an enactment in the handloom industry as well as its rivals and also in a *general*¹⁸ way to consider the *pros* and *cons* of the other important suggestions that would arise in the course of our discussions with the several parties."¹⁷

Having given a liberal interpretation to this "fifth term of reference" whose scope might otherwise be said to be rather narrow, the Committee took liberty to consider the question of delimitation of spheres in detail by taking into account the various suggestions placed before them. The Report is commendable in as much as the Committee did not allow the scope of their work to be circumscribed in a matter of such vital nature. Their recommendations should be considered important, particularly in view of the wide field of investigations covered by them. A critical study of them will be of interest. But a consideration of some of the typical suggestions of some groups and individuals

¹⁴ Report of the Fact-Finding Committee, 1941, P. 2.

¹⁵ Italics mine

¹⁶ Italics by the Committee

¹⁷ Report of the Fact-Finding Committee, 1941, P. 217.

among the general public will constitute a useful background. Even otherwise, as the Fact-Finding Committee themselves held, we should place all the relevant material in this connection at the disposal of the Government (and even so of the public) for such action as they think fit.¹⁸

The first concrete suggestion came from the *khaddar* industry,¹⁹ Gandhiji proposed in 1929 that the mill production should be restricted to counts above 18s except in certain stated varieties of cloth. The proposed restriction had been designed to eliminate the competition of coarse mill cloth with *khaddar*. Consequently, its value as a solution to the problem of competition is rather limited.

The earliest concrete suggestions regarding handloom weaving in general probably come from the weavers themselves. The First Andhra Handloom Weavers' Conference held in July 1936 suggested the reservation to handlooms of all or at least some varieties of cloth of 20s to 40s. This suggestion merely reduces the industry into a purely utilitarian craft devoid of any aesthetic merit. Handloom weaving, like every other true cottage industry, is meant to be utilitarian *cum* aesthetic in value: while it serves to feed the hungry and clothe the naked, it should also serve to present through the producers and the consumers the art of cloth-making that was India's through the ages past. The same remark applies even to the conclusion of the Madras Co-operative Department that "since the bulk of the handloom production consists of the coarse and medium counts, it may appear reasonable to suggest that the line should be drawn at 20s or thereabouts."²⁰ The weavers of the Krishna District where about 1,85,000 bundles of 5 lb of yarn of 20s to 100s were consumed and over 63 lakhs of yards of cloth, was produced yearly (about 1940) suggested that cloth of 10s to 80s should be reserved exclusively for handlooms and that the mills should be prohibited from weaving

¹⁸ Report of the Fact Finding Committee, 1941, p. 217.

¹⁹ The first known suggestion was made as early as 1906 by Raoji B. Patel, M.R.A.C., Director of Agriculture and Industries, Baroda State: Speaking at the Industrial Conference of 1906 on the various classes of cotton piece goods consumed in the country and on how to limit the spheres of work of the Indian handloom, the Indian powerloom and of foreign looms, Mr. Patel said that (i) coarse goods might be considered as coming within the absolute sphere of the handloom, (ii) the handloom might have only very little share as against the mills in coarse-medium varieties; (iii) the handloom could produce medium varieties cheaper than mills, and (iv) the handloom could be supreme in fine varieties. This suggestion was, however, made by him with a view to eliminate foreign mill competition by combining the Indian handloom with the Indian powerloom.

The other suggestions regarding mill yarn weaving did not come until the deadly competition between the Indian mills and handlooms become evident; and even when they came about 1932, they were rather vague and general; for individuals like B. Mukerjee of Calcutta, and Iswaran Chettiar of Coimbatore and even the Government of Madras merely suggested to the Tariff Board that a workable arrangement might be made between the Indian mills and handlooms.

²⁰ Report on the Survey of Cotton-Handloom Industry in the Madras Presidency—Issued by the Co-operative Department, Madras, in 1939; Page 8.

cloth of those counts.²¹ This is too ambitious a proposal. The Madras Handloom Weavers' Provincial Co-operative Society, Limited, suggested in a different way. They said: "Whilst a large volume of opinion in the handloom weaving community favours the proposal to prohibit the mills from producing fabrics of certain counts which enter into competition with handloom products, we are inclined to think that the practical difficulties in the way of giving effect to the proposal would be very great. We consider that of the several measures which have been suggested for ameliorating the condition of the handloom weaver, the imposition of an excise duty on those mill products which directly compete with the principal classes of fabrics woven by handlooms (*i.e.* sarees and dhoties and several other fabrics as may be agreed to) would afford the best solution to the problem, a corresponding higher duty being levied on imported cloth and a rebate of the excise duty being allowed on such of the cloth produced as is exported from this country."²² The Provincial Society themselves reported elsewhere the existence of unfair mill competition. But when asked to suggest a way out, they suggested the levy of an excise duty. Evidently the Society, not having comprehended the implications of the problem and their proposed remedy endeavoured to turn the corner somehow.

The case was different with the Fact-Finding Committee. They perceived the need for some reservation for the handlooms and made their recommendation accordingly. In their own words, "such reservation, however, must be based on a mutual agreement between the mills and the handlooms. In our opinion, such agreement would be possible if the mills agree not to weave any goods of plain weave with a width of from 25" to 50" and a length from 1½ yards to 9½ yards and with borders the grounds of such articles not being distinguished with any stripes or checks woven, developed by different counts of yarn or by bleached, coloured or printed yarn. Neither should the grounds of such cloths be striped or checked by some other process, such as printing or by crimp-dyeing or by any other chemical methods. Such a definition would reserve to handlooms all striped and checked saris, gamchas, and checked chaddars and is likely to narrow down the field of competition. The mills and powerlooms in our opinion can afford to relinquish their production of this type of articles. This is likely to provide a greater field for the handloom weavers and no complication whatever is likely to arise if any such voluntary restriction is imposed by mills upon themselves in the interests of the poor handloom weavers."²³

²¹ Welcome Address presented by the Krishna District Handloom Weavers to the Fact-Finding Committee in Sep. 1941.

²² The Madras Handloom Weavers' Provincial Co-operative Society Ltd. Madras—Answers to the questionnaire issued by the Fact-Finding Committee 1941 P. 36.

²³ Report of the Fact-Finding Committee, 1941, P. 226.

This suggestion of the Committee has many good points: First, it has made it clear that some sort of reservation is necessary for the handlooms; secondly, it has pointed out that such reservation must be based on a mutual agreement between the mills and the handlooms; thirdly, it has sought to give a legal definition to the lines of production to be reserved for the handlooms so that the mills might not replace the handloom goods with another type of production; and fourthly, it has drawn the line of demarcation both on the basis of variety of fabrics and type of weave.

But the Committee, however, might not have taken into account other considerations; for instance, there are a good number of powerloom units scattered in the country. As the Committee themselves observed elsewhere, these powerlooms are growing with amazing rapidity. Plain weave is the normal type of weave adopted, and sarees the normal variety of fabrics produced by them. Any wholesale reservation of plain weave saris, gamchas and chaddars for the handlooms must needs be detrimental to the interests of the growing single unit powerloom industry which is no less a cottage industry than handloom weaving. Then again, the legal definition given by the Committee to the sphere of production of the handlooms prohibits the production not only of woven mill sarees but of printed mill cloth sarees. Printed sarees were coming into vogue as graceful apparel and it would be a pity if some legal disability rendered them unavailable to the consumer. These considerations lead one to doubt if the suggestion of the Committee does not need some modification.

Another suggestion worthy of consideration is that put forward by Professor N. G. Ranga. He felt that some arrangement could be made between the powerlooms and handlooms on the basis of type of weave, provided quotas were fixed under certain conditions. He also felt, however, that the quota should not be based on count; for such quota, would not in practice work to the advantage of the handloom and might, on the other hand, work great hardship to the handloom weaver. He did not favour even the reservation of certain types of fabrics like dhotis and sarees to the handloom, since he felt that there were innumerable practical difficulties in ear-marking the boundaries of each type. For instance, "different trade names are given to one and the same type of fabric in different places of production and consumption because one fabric produced as uppercloth in Andhra Desa will be used as dhoty in Tamil Nad." So he suggested that the quota basis might be fixed as follows:

"(a) Types of 'weaves' such as plain, drill, satin etc.,

(b) The quantity in yards in each variety with special reference to the number of people that are dependent on the handloom and the power looms²⁴.

This suggestion of Professor Ranga is slightly different from that of the Fact-Finding Committee; for while the latter made their recommendation on the basis of type of weave and specification of dimensions and structure, Professor Ranga based his suggestion on type of weave and specification of yardage quota for each variety. This suggestion without relation to count and variety of fabric raises some important points which may affect its acceptability.

For instance, in plain weave there are two varieties—mull and muslin. Muslin, woven on handlooms is considered an art product. Dacca patterns (extra-weft woven) and embroidered muslin sarees are elegant women's wear. This industry will suffer irretrievably if plain weave is exclusively reserved for the mills. And now the question of counts of yarn: Mull of higher counts woven on handlooms is good for screen-or block-printing of *chintz* and sarees; and that of lower counts produced by mills is considered by the artisans as suitable for printing due to its superior finish. The ease of the artisan suffers seriously by limitations on his range of selection if mull of all counts is reserved exclusively either to the mills or the handlooms.

Then again the quota system in yardage complicates matters because the handloom industry cannot always conform to it due to lack of organization and vagaries in public taste.

²⁴ *Handloom and Mill Industries*; Professor N. G. Ranga. B. Litt (Oxon). M.L.A., 1941.

(To be continued)

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Conference of Co-operators with Ford Foundation Expert, Madras, 18-2-1954

Summary of Proceedings.

Taking the opportunity of the visit of the International Team of Experts on Village and Small scale Industries of the Ford Foundation to Madras enroute to Ceylon, the Madras State Co-operative Union organised an Informal Conference of Co-operators in the State on 18-2-1954 at the Madras State Co-operative Bank. A large number of Co-operators and eminent Economists were present, among them being Sri J. C. Ryan, Registrar of Co-operative Societies, Madras, Sri K. Subramanyam, Naidu, Registrar of Co-operative Societies Andhra, Sri M. D. Kumaraswami Mudaliar, President of the Madras State Co-operative Bank, Sri D. Mahalingam Pillai, Vice-President, Madras State Co-operative Union, Sri Bhogaraju Venkataratnam, President Madras Central Co-operative Land Mortgage Bank, Sri T. Narayana Pillai, Joint Secretary of the Madras State Co-operative Union, Sri M. S. Palaniappa Mudaliar, President, Coimbatore Co-operative Training Institute, Mr. Alexander, Registrar of Co-op. Societies, Mauritius, Father Basanach, Professor of Economics, Loyola College, Madras, Dr. D. Rajalakshman, Reader in Statistics, University of Madras and the Joint Registrars of Co-operative Societies in Madras and Andhra States and some of the Directors of the Madras State Co-operative Union. The Hon'ble Dr. U. Krishna Rao, Minister for Co-operation, Madras, graced the occasion. Dr. Raymond W. Miller, Co-operative Consultant with the Ford Foundation was present for the discussions.

The discussion centred round co-operative farming, agricultural marketing, cottage industries and handloom weaving.

Sri D. Mahalingam Pillai, Vice-President of the Union, welcomed the chief guest and the other Co-operators and Economists that were present. He mentioned the distinguished service rendered by Dr. Miller in the field of Industrial Co-operation. He appealed that the Co-operators assembled should have a thorough discussion of their problems with Dr. Miller and evolve a suitable line of action for promoting agricultural and industrial co-operatives. The Hon'ble Dr. U. Krishna Rao, Minister for Co-operation, Madras reviewed briefly the position of the Co-operative Movement in the State and expressed his hope that the discussions would be fruitful.

Dr. Miller addressed the gathering. He expressed his appreciation of the development of some crafts in Madras State and his hope that there was a good future for the small industries in the State. He said that the artisans in our country and our country's crafts had two special features. For one thing the Indian artisans possess creative genius and productive skill as their counter parts in other countries. Secondly there is a large market in the world

for Indian craft products. He saw however that there were three handicaps for the Indian artisans: First the difficulty in getting finance even through the industrial co-operatives is uniformly felt by all artisans. Secondly the difficulty in finding markets for their products. Thirdly in certain countries and States there is joint liability even in artisan societies and this hangs like a night mare on the workers and discourages them from co-operative enterprise.

Sri T. Narayana Pillai, Joint Secretary of the Madras State Co-operative Union informed the speaker that in the case of cottage industries societies in the Madras State there is only limited liability and hence such societies are safe. He posed two questions for consideration by Dr. Miller: He asked if it was not desirable that weaving should be only a sub-occupation, agriculture being the main occupation. Secondly he asked if the employment of power machinery would not affect hundreds of artisans in a locality by causing unemployment among them and thus provoke them to object to the employment of power-driven machinery by the few.

Sri J. C. Ryan, Registrar of Co-operative Societies, Madras placed before the Conference his views on these points so that Dr. Miller might give his opinion on the issues raised. He said that handloom weaving was to a very large extent a whole time occupation unlike some other village industries. Regarding the use of power in cottage weaving he said that at the Somanur Weavers Co-operative Society, two power looms had been introduced at the instance of Government and that in consequence the income of the power-loom weaver increased from Rs. 30 to Rs. 120 a month. This stimulated among other weavers a demand for power-looms. But then came the question of yarn supply in the event of more powerlooms being installed. The yarn shortage acted as a deterrent to the expansion of powerloom weaving. He also said that handloom weavers need not apprehend unemployment if powerlooms came to be used in large numbers. Larger incomes will make weaver parents to put their children on to other walks of life. The present trend in industry is towards decentralization. This decentralization is only possible when production is done on cottage industrial basis by using small units of power without prejudice to the efficiency in the technique of production. There is however one snag in the promotion of weaving in the cottage with power driven machinery. The weaver looks upon his children as agents of production. If power is introduced the father does not get the benefit of the labour of his children. That he will be a gainer in the long run by sending his children to school for education he fails to see; being enslaved by caste and custom he does not want to break away from his traditions.

Co-operators must carry out adequate propaganda to wean away the weavers from their conservatism and from the thralldom of caste. If they do not benefit by power on a co-operative basis, the capitalists will soon take possession of them and employ them on power-looms of their own. It is in the national interest therefore that public opinion should be developed in favour of powerloom weaving in cottages. This may take some time but in the meanwhile, i.e., during the period of transition we should look for more production even under the existing system of handloom weaving and have more sales so that the weaver may prosper. The problem for us is really not lack of finance but lack of markets. For instance the foreign markets were closed and we were experiencing a bitter slump in the handloom trade on that account. Sri Ryan said as regards the home market the mills should be prevented from encroaching on the domain of the handloom *viz.*, in the manufacture of coloured sarees and bordered dhoties.

He added that during his visit to Philippines as Co-operative Consultant with the F.A.O. in 1950 he noticed that mill cloth was obtained from the U.S.A. and tailored garments were shipped back there from the islands. That was due to high tailoring charges in the United States. He offered to have the work done in India at a cheaper rate than even the Philippines. His offer was accepted; and a consignment of garments tailored and embroidered by the Madras Women Cottage Industries Society was sent to United States. The workmanship was appreciated, but no further orders were placed with the Indian societies. It was because of the high tariff levied on Indian goods in the United States. He therefore urged that for the expansion of export trade there must be trade agreements with importing countries.

In conclusion he indicated that for the production of cottage industries (1) the purchasing power of our people should be increased and (2) tariff walls in foreign countries should be demolished.

Father Basanach, of the Loyola College, Madras said that the usual explanation of the authorities regarding the absorption of the unemployed was that little by little they would be absorbed by other industries if weaving is mechanised. He asked if the Government of India would devise measures to absorb them. In conclusion he said that this absorption would be possible only if the private sector was given full power to develop itself.

Dr. Rajalakshman of the Madras University said that Cottage Industries would be more useful as subsidiary occupation for the farmers than as wholtime occupation. He also said that the problem is largely under-employment and seasonal unemployment. He suggested a plan which consists in dividing India into

regions, taking stock of the available raw materials and assigning certain cottage industries for the regions suited to them.

Concluding the discussions Dr. Miller said that Cottage Industries have a good future in a country like India. He added that problems like the use of power for small industries would be discussed when the report of the Team would be finally drafted for the guidance of the Government of India. Regarding Agriculture he said he would recommend a larger use of the bullock because it is not only a draught animal but also a fertiliser, unlike mechanical equipment. He recommended the use of Japanese Machinery for agricultural operations with suitable alterations for employment of bullock power.

Sri D. Mahalingam Pillai, Vice-President of the Madras State Co-operative Union, thanked the Chief Guest and the Co-operators and Economists assembled, and hoped that the discussions would be helpful in their work.

Useful Books for your Library

Agricultural Finance In India (with special reference to Co-operative Movement) By D. K. RANGNEKAR, M.Com., Former Professor of Commerce. Foreword by Prof. D. R. GADGIL.,	
Pages 245, Cloth Bound.	Price Rs. 15
Agricultural Marketing In India (with special reference to Co-operative Marketing) By Prof. K. R. KULKARNI, M.A., Professor of Co-operation, Co-op. Training College, Poona. Introduction by Dr. V. K. R. V. RAO. A Note of observations by Dr. T. G. Shirname, Agricultural Marketing Adviser to the Government of India. Foreword by Dewan Bahadur Prof. H. L. Kaji, President, Indian Co-operative Union.	
Pages 512, Cloth Bound.	Price Rs. 20
Commodity Exchanges In India (with special reference to Bombay) By P. G. SALVI, M.A. Foreword by Dr. B. R. AMBEDKAR.	
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THE CO-OPERATORS' BOOK DEPOT,

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**Dr. Miller of Ford Foundation and
South Indian Co-operators**

Sri T. NARAYANA PILLAI, B.A., B.L.,

Joint Secretary, Madras State Co-operative Union.

The Co-operators of South India met Dr. Raymond W. Miller, Co-operative Expert with the Ford Foundation on Village and Small-scale Industries in Madras on 18-12-1954 and discussed at an informal Conference under the auspices of the Madras State Co-operative Union important subjects such as Co-operative Farming, Agricultural Marketing, Cottage Industries and Handloom Industry. The following points are borne out by the discussions held and I request the Co-operators in our State to give their best thought to the points and take action :

1. Though American Agricultural Co-operatives have taken the clue from the Agricultural Credit Societies in India, the Americans have utilised it in a better manner. The special feature of the American Movement is that heavy sums have been collected as thrift savings from the peasants and labourers. But the South Indian Agricultural Credit Societies have not shown much progress in this direction. Is it due to the low income of the Indian farmers? But Dr. Miller is of opinion that however low the income, a small portion of it could and ought to be saved by every farmer. But why has he not saved?—It is chiefly due to the wasteful habits, unnecessary expenditure in dowry, marriage, funeral and other ceremonies. Loans should not ordinarily be granted to farmers except for the productive purposes. But under Rule VIII (a) (1) (f) and (d), under the Madras Co-operative Societies Act, loans can be granted for marriage expenses and antecedent debts which are mostly for wasteful ceremonial expenditure. Can we not also follow the American method and try to make the farmer save?

2. In America the agricultural co-operatives have got Research Institutes of their own to invent necessary machinery etc. and readily give their inventions to manufacturers to make and supply the machinery. Why cannot the State and Central Banks try such a scheme here?

3. Agricultural land in South India mostly consists of small holdings. Heavy tractors and other machinery may not therefore be of much use. The bullock, the common supplier of power to the villages, can be utilised in a better way and the by-products like manure are of immense help to the farmers. But crude country carts and crude ploughs are wasting the energy of the valuable bullock. With small technical appliances like ball-bearings to the wheel, the avoidance of the rocking movement of the wheel in the axle, avoiding corrosive iron tyres which all go to spoil the roads, using bullock power for harvesting, using improved methods of pumping out water in large quantities with bullock power the Agricultural Research Institutes can carry out experiments in labour saving for the bullocks. Dr. Miller, commended the Punjab method of pumping out water with camel and bullock power and without using heavy motor power. Can we not take this suggestion?

THE MADRAS JOURNAL OF CO-OPERATION

4. In developing village and cottage industries, Japan, Sweden and Switzerland and some other countries have utilised improved machinery and power for producing on cottage industries basis, finished articles or parts of articles, the latter being collected and assembled into complete articles in separate establishments. But in India the traditional conservatism makes the cottage industrial worker averse to adopt improved machinery and employ power. Further he feels that gradually the whole process will become mechanised and he will be thrown out of employment. He follows the old traditional and out-of-date processes of production which necessarily make the articles dearer. Will the use of small machinery and small units of power by the artisan turn many people out of employment and increase unemployment? Can temporary measures by government like the starting of new public works, give enough relief to them? Will that process of Switzerland and Japan reduce man power and increase general unemployment for all time to come? Certainly if the process is adopted, a large percentage of such workers at present will have to give up their calling. When India is, by means of the planned economy of Government, developing industries at a rapid pace, it should be easy to provide employment for such displaced people. In one or two societies and also by the Madras State Handloom Weavers Society the powerloom has been tried to reduce costs of production and help the consumer. So as a general rule it can be started boldly. Dr. Miller says that cottage industrial workers must utilise small units of power and up-to-date tools to increase their production and earnings. The expanding industries can absorb the people thrown out of work. If such opportunities are let slip now and cottage industries are not rapidly improved by following Japanese methods, it will be very difficult, rather doubtful, if any opportunity will offer itself at all. Orthodox Gandhian followers' method of discouraging roads even in villages is not conducive to the advancement of the nation.

5. *Food Processing*: Suitable to Indian conditions, food processing should be adopted by consumer co-operatives to make the movement successful. The Co-operative Registrar also has been suggesting to the Co-operative Wholesale Stores that they should take to processing of food like rice milling, flour milling, biscuit making etc. Can we not implement them?

Dr. Miller was also of opinion that unlimited liability is not suited to cottage industrial societies. He was assured by the co-operators that cottage industrial societies, consumers' and marketing societies in our State are only limited liability ones.

SOUTH INDIA CO-OPERATORS CONFER WITH INTERNATIONAL EXPERT

18th February 1954.



Dr. Raymond W. Miller, Co-operative Consultant with the Ford Foundation, addressing the gathering

CO-OP STORES CONFERENCE, MADRAS

27th January 1954.



The Hon'ble Dr. U. Krishna Rao addressing the Delegates

Opening of New Extensions of
THE MADRAS DT. CO-OP. CENTRAL BANK, LTD.
21st February 1954.



1. Group Photo taken on the occasion.



2. View of the Extensions.

FISHERMEN'S CO-OPS:

✓ A Note on the Tuticorin Fishermen Co-operative Society Limited.

The Tuticorin Fishermen Co-operative Society Limited is one of the first few societies registered for the fishermen in the east coast under the programme of amelioration of undeveloped and backward classes. It had its origin in the efforts of a few promoters of fishermen's interests, notably the then Parish Priest Rev. Fr. T.P. Alangaram. It was registered on 26-4-50 and started on work on 28-4-50. The Hon'ble Minister for Food and Fisheries auspiciously inaugurated the working on 29-4-50 in a grand function held for the purpose. The area of operation is confined to Tuticorin Municipality. The authorised capital of the society is fixed at Rs. 5,000 made up of 5,000 shares of Re. 1 each. The primary objects of the society at starting were to make essential articles for fishing operations available to fishermen at reasonable rates and encourage thrift among them.

At starting, it had on rolls 156 members and a paid up share capital of Rs. 1,221. It made a marvellous progress in the beginning itself. It obtained yarn at controlled rates first through the agency of the State Handloom Weavers' Society and then from the Fisheries Department at subsidised rates under the scheme of subsidy of the department then in operation. The supply of yarn to fishermen at reduced rates and that too in proportion to their requirements for mending their nets and adding to their meagre equipment fostered co-operation among fishermen and helped to build up their loyalty to the society. The society also purchased sail cloth from the department at concessional rate and supplied to fishermen. At the end of the first year of working, there were 816 members on roll with a paid up share capital of Rs. 2,551 which has now risen to 820 members and share capital of Rs. 3,360.

It purchased during the first year yarn worth Rs 18,287-9-0 and sale cloth of Rs. 1,349-13-0 for distribution to fishermen only. The sales effected by the society in the last three years were as follows:—

	Rs.	A.	P.
1950—51	24,622—	6—0	
1951—52	22,555—	14—0	
1952—53	14,852—	9—0	

Net making is a subsidiary occupation for poor women in a fishing village. They generally work for merchants or boatowners when there is a demand for pieces of nets. The society enlisted the women as members with a nominal share of Re. 1 each. There are now 287 women net-makers on roll. They are supplied yarn in small quantities, one skein each which is got back in pieces of nets, paying wages for the work done. 1 skein of 3/20s yarn produces 5 pieces of kola valai and the wage paid is annas 4 per piece. 1 skein of 20s yarn produces one piece of vala valai. The wage paid is annas eight inclusive twisting charges. They generally take two or three days to convert one skein of yarn into finished products. 100 pieces of the former and 35 to 42 pieces of the latter make one respective net. Similarly whiffing line, long line and hand lines are produced. An average woman works for two hours a day and earns Rs. 4 to Rs 5 a

month. For a house wife, this small amount is a source of cheer and occasional relief in straitened circumstances. She can look to regular spare time-work without depending on seasonal demand, as the society stocked the pieces for seasonal needs. A fisherman gets the required pieces at reasonable cost from ready stock whenever he wants. Such net and line sales out of total sales in the society and wages paid amounted as follows:

	Sales.		Wages	
	Rs.	A. P.	Rs.	A. P.
1950-51	4,794-	2-0	2,721-	6-0
1951-52	26,685-	14-0	11,928-	18-6
1952-53	6,407-	9-0	1943-	1-0

About one bale of yarn was converted into net pieces (average 1895) in a month in the year 1951-52. The sales during this year in pieces were as follows:—

Kola valai	21,552
Vala valai	5,531
Long line	1,693

The popularity and the usefulness of the society can be judged from the fact that all the kola valai and vala valai owners who possess boats, catamaran fishermen and long line fishermen are members of the society. Only a few small shore net owners are outside the fold. There are about 200 such fishermen members. They paid Rs. 5 each as share capital. The promoter-members of the community number only 20 out of 820 members. They took shares of value varying from Rs. 25 to Rs. 100 each. There are a good number of fishing labourers among the rest of the membership and they and the net making women have taken only a nominal share of value Re. 1 each. All of them have equal voting rights. Out of 9 directors on the management, 7 are fishermen in the actual practice of profession. In the years 1950-51 and 1951-52, the board met 17 times and 19 times respectively. At every time the fishermen had any transaction with the society, a small amount was collected as thrift. The following collections were made under this account.

	Rs.	A. P.
1950-51	729-	8-0
1951-52	985-	12-0
1952-53	1,121-	0-0

This will be added to the share capital of the respective members to strengthen the financial position of the society. The profits earned by the society in the last three years and the distribution of profits done as per by-laws are as follows:

Year.	Profit.	Distribution.			
		Reserve.	Dividend	Common Good Fund	
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
1950-51	1,848-14-0	1,288-12-0	159-11-0	140-15-0	
1951-52	4,462-14-0	3,425-8-9	156-5-0	384-11-8	
1952-53	651-4-0	—	—	—	

The society has no outside borrowings. It invested its surplus funds in the current account of the city co-operative bank.

Yarn Distribution. When the Fisheries Department stopped supplying yarn at concessional rates and 'yarn' control was lifted, the society had a set back in business. The society is arranging to get the yarn through the Madras State Handloom Weavers' Co-operative Society at the prevailing market rates. The Harvey Mills yarn is popular with the fishermen.

Net making. A sum of Rs.649-4-0 was imposed as sales tax on the sale of net pieces for the years 51-52 and 52-53 in this year. Payment of sales tax is another handicap by which the society suffers. In interior non-fishermen villages, the net pieces are got ready at a very low wage and taken to fishing villages and sold at a very cheap rate due to distress conditions.

Marketing. Tuticorin is a fairly big market for fresh fish and cured fish. The catches are auctioned and knocked to the highest bidder. Unless the society arranges fish curing for its members in a suitable yard of its own, there is no immediate scope for joint marketing. The members have yet to learn to be loyal to the society for joint sale of their fish catches in the wholesale market. The society may be able in this case to help workers by joint loans to afford them relief from indebtedness to the boat-owners and consequent bondage to them.

With modern facilities that the department proposes to give fishermen under the American Co-operative Aid, the society has a prospect of developing on the lines of foreign societies.

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Sri K.P. Ramunni Menon, B.A., Deputy Registrar and Secretary.
R. Nagulamsami Naidu, President.

CONSUMERS' CO-OPERATIVES:

Co-operative Stores Conference, Madras 27th January 1954.

[A Conference of Co-operative Wholesale Stores and select primaries was held in the Meeting Hall of the Madras State Co-operative Bank Ltd., on Wednesday the 27th January, 1954. The proceedings of the Conference are published here. This Conference may be considered unique in as much as it stimulated public interest in the consumers' movement. Some of the observations of Sri J. C. Ryan, Registrar of Co-operative Societies, Madras drew the pointed attention of some sections of the Press and there was a breeze in the Press. "The Mail" of Madras commented on the Registrar's speech and there were rejoinders from him. His last note to the *Mail* on the subject does not seem to have been published by the *Mail*. We have, however, published here the correspondence in full (including the last note) for the information of our readers at home and abroad.—Editors.]

Proceedings of the Conference.

A Conference of the Co-operative Wholesale Stores and select primaries was held in the Meeting Hall of the Madras State Co-operative Bank Ltd., on Wednesday the 27th January 1954. The Representatives of all the Central Co-operative Stores in the State as of the T.U.C.S. attended. Among those present were also the Hon'ble Dr. U. Krishna Rao, Minister for Co-operation and the Hon'ble Sri M. Bhaktavatsalam, Minister for Agriculture, Madras, Sri J. C. Ryan, Registrar of Co-operative Societies and Sri A. Palaniappa Mudaliar, Joint Registrar of Co-operative Societies.

Sri J. C. Ryan, Registrar of Co-operative Societies, welcomed Dr. Krishna Rao, Sri M. Bhaktavatsalam, and delegates.

Since they met last, he said, conditions had altered on account of decontrol, and the business of most of the wholesale and primary concerns had been affected. Personally, he was for co-operative stores confining themselves to the business of dealings with members alone, but they had, no doubt, to depart from that main principle, when they had to undertake dealings in controlled commodities, and selling them to non-members as well.

Now that controls had been practically removed, he wanted wholesale stores to buy and garner stocks of paddy, and other things for distribution to primary societies, and members, and return to normal co-operative activities. They should concentrate on open market business and trade with members.

He was glad the Government had decided to make use of co-operative stores for the distribution of fertilisers even in a larger measure than before. All stocks received from the Government of India would be delivered to co-operative wholesale stores for safe keeping on Government account, and would be sold to primary societies for retail trade. Private traders, too, would be entrusted with the sale, where it became inevitable. There should be one branch of the stores in every taluq, within easy reach of the ryot apart from storage facilities. He hoped the scheme would be worked with success.

CO-OPERATIVE STORES CONFERENCE, MADRAS

Possible Ways of Development.

Dr. Krishna Rao said after partition they had a smaller number of societies, wholesale and retail. The general financial position of the 18 wholesale co-operative stores was very sound, except in one or two instances, and most of them worked profitably. As a result of decontrol, business had dwindled, but one of the directions in which development could be organised was by purchasing food grains in the free market, and distributing them to primary societies for sale to members. It was essential the primary stores should realise that the co-operative wholesale stores were their own institutions, whose success depended on the extent to which they were prepared to give their support.

During his tours, representations had been made that stores still desired to have business with non-members. The Registrar had given a categorical answer. Though he generally agreed with the Registrar, he was afraid many might not agree with the view that trade should be confined only to members.

He, however, hoped they would discuss the question, and put forward their suggestions.

Another request made to him was that as a result of decontrol many stores had lost heavily, and the Government should subsidise the loss. Having had all the benefits during control, he said, they could not ask the Government to make up for the loss.

He was glad they were to undertake distribution of fertilisers.

Distribution of Fertilisers.

Sri Bhaktavatsalam, Agriculture Minister, said the total quantity of fertilisers that might have to be distributed was 70,000 tons. Each Co-operative Wholesale Stores would be the sole distributing agent for the district, except in Tanjore, where the Co-operative Marketing Federation would be the sole distributing agent. Two agencies would operate in the field of retail distribution—co-operative primary societies, and private merchants.

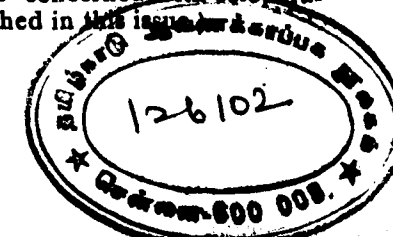
The Minister asked co-operative societies to take a greater interest in the development of agriculture, and in the welfare of the ryots. For one thing, such a programme would help expand the co-operative movement considerably, and, incidentally, it would help the development of agriculture itself.

They should create an interest in the ryots towards the movement, and induce them to join it. As a matter of fact, he would even ask the Central Co-operative Society to consider whether it could not undertake to run a farm. If they did that, it would pave the way towards collective co-operative farming.

Sri V. K. Eradi, President, Malabar Co-operative Wholesale Stores proposed a vote of thanks.

The conference discussed various subjects concerned with co-operative distribution. (The Resolutions are published in this issue.)

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Resolutions passed at the Conference of Co-operative Wholesale Stores and Primaries held on 27-1-1954.

I. Fertiliser Distribution

Subject No 1.

Scheme of distribution of Chemical Fertilisers through Co-operative Wholesale Stores on agency basis and the terms proposed for such distribution.

Resolution No. 1.

Resolved that the distribution of Ammonium Sulphate by the Co-operative Wholesale Stores and Primary Societies might be undertaken on the terms enclosed subject to the following modifications :—

(i) An all inclusive margin of Rs. 40 per ton should be allowed over the pool price towards conveyance, handling and other incidental charges.

(ii) The margin will be shared between the wholesaler and the retailer, the retailer being given not less than Rs. 15 per ton.

(iii) Where delivery is made at the ports, transport charges including handling charges from the ports to the nearest rail-head in the district should be borne by Government.

Subject No. 2.

Co-operative Wholesale Stores holding stocks of Ammonium Sulphate may be permitted to sell the stocks now on hand at the prevailing rate pending such relief to them as may be sanctioned by the Government.

Resolution No. 2.

Agreed; the subsidy being limited to the actual difference between the old pool price of Rs. 410 and the realised sale proceeds per ton.

II. Business.

Subject No. 3.

Role of Co-operatives in the distribution of paddy and rice proposed to be obtained from the Andhra State for distribution in the Madras State (Office).

Resolution No. 3.

Resolved that the co-operatives may accept paddy and rice proposed to be obtained from the Andhra State for distribution in the Madras State in accordance with the policy laid down by the Government in G. O. 779, Food and Agriculture, dated 21-5-1953.

Subject No. 4.

Review of the progress in the free market business in paddy and rice done by the co-operatives.

Resolution No. 4.

(i) Resolved that the co-operative wholesale stores should develop their business in the purchase of paddy and rice in the free market at the time of harvest and sale before the harvest.

(ii) Resolved to create a price fluctuation fund and to allocate to it a specified percentage of the net profits say 10 per cent every year. Necessary provision should be made in the by-laws of the Co-operative Wholesale Stores for this purpose.

Subject No. 5.

Co-operative Wholesale Stores may open branches at Taluk headquarters and rural areas and stock pumpsets and provisions to minimise transport charges and eliminate waste. Retail sales may also be made in branches where there are no primary stores or where the primaries do not function properly.

Resolution No. 5.

Resolved that Co-operative Wholesale Stores may open branches at Taluk headquarters and rural areas and stock pumpsets and provisions. They may also open branches for retail sales to members where there are no primary stores or where the primaries do not function properly. The Co-operative Wholesale Stores should admit the members of the primary stores as members and sell their goods in retail.

Subject No. 6.

Credit sales may be allowed to the primaries to the extent of their share capital and reserve fund.

Resolution No. 6.

Dropped.

III. Finance.

Subject No. 7.

The limit for open loans prescribed in Registrar's Circular Rc. 127915/51-S. 2, dated 8-5-1953 may be enhanced to the paid up share capital of the central stores plus its invested reserves.

Resolution No. 7.

Resolved to request the Madras State Co-operative Bank and the Registrar to modify the rules enhancing the limit for open loans to the extent of the paid up share capital plus reserve fund.

Subject No. 8.

Co-operative Wholesale Stores should be given an overall credit by the central bank for all items of business with freedom to utilise the available fund in any trade according to the market conditions and demands from the primaries without sanctioning separate cash credits for articles like superphosphate manure, etc., for the general trade.

Resolution No. 8.

Resolved that the suggestions be accepted for open loans.

Subject No. 9.

Government be requested to arrange for the settlement of pending claims on account of their transactions with the co-operative wholesale

THE MADRAS JOURNAL OF CO-OPERATION

stores. Government may also be requested to enhance the rate of interest from 3 to 5 per cent on the value of stocks held for over 3 months (North Arcot Co-operative Wholesale Stores). The Tuticorin Co-operative Wholesale Stores want 5½ per cent interest which is the rate of the central bank.

Resolution No. 9.

Dropped.

IV. Coffee Seeds.

Subject No. 10.

Co-operative Wholesale Stores may be permitted to dispose of the Coffee Seeds not lifted by the primaries at their discretion after a time limit of 60 days as in the case of iron and steel.

Subject No. 11.

The Indian Coffee Board may be requested to allot coffee seeds in the following ratio :

Robusta Cherry Allotment to be reduced by 50 per cent.

Plantation Allotment to be increased by 30 per cent.

Arabica Cherry Allotment to be increased by 20 per cent.

Subject No. 12.

In respect of coffee seeds supplied by the Coastal towns to the interior districts the margin of profit should provide for the shortages and dryage incurred in transport owing to climatic conditions.

Resolution :

Resolved that the Coffee Board may be addressed.

V. Godowns.

Subject No. 13.

Co-operative Wholesale Stores may be given subsidy from Governments to the extent of 50 per cent of cost of constructions.

Resolution No. 13.

Resolved that the Co-operative Wholesale Stores may approach the Collectors for subsidy under the head "Local Development Works" in the Five Year Plan if the allotment provided by Government is not exhausted.

VI. Co-ordination of Activities.

Subject No. 14.

Competition between the Co-operative Wholesale Stores and the primaries in the purchase of articles like paddy, rice, millets, tamarind, jaggery, etc., at production centres should be eliminated.

Resolution No. 14.

The subject was discussed. The Registrar may interfere in cases where the primaries purchase at a price higher than those charged by the Co-operative Wholesales Stores

RESOLUTIONS PASSED AT THE CONFERENCE

Subject No. 15.

Co-operative Wholesale Stores may collect indents from the students stationery stores for stationary and forms, print the forms at the local co-operative printing press and make the supply.

Resolution No. 15.

Resolved that the suggestion be accepted.

VII. Propaganda.

Subject No. 16.

Free services of Agricultural Demonstrators should be given to the Co-operative Wholesale Stores.

- i. to do propaganda on the use of chemical fertilisers
- ii. to supervise the work relating to the hiring of tractors and pumpsets to the village societies
- iii. to offer technical advice to ryots regarding the Japanese method of cultivation undertaken by the co-operatives.
- iv. to collect indents for iron and steel and to distribute them.

Resolution No. 16.

Dropped.

VIII. Textile Agency Fund.

Subject No 17.

Reading of the accounts of the Textile Agency Fund.

Resolution No. 17.

Read and adopted.

Resolved to authorise Sri A. Palaniappa Mudaliar, Joint Registrar to operate on the current account. Further resolved to transfer a sum of Rs. 2,894—12—0 to the credit of the Registrar of Co operative Societies, Andhra State being the share of the co-operatives in the Andhra State, in the Textile Agency Fund.

A. Terms for the Distribution of Ammonium Sulphate by the Co-operative Wholesale Stores.

1. The Co-operative Wholesale Stores will be the sole distributing agents for all the districts except the Tanjore District, where the Tanjore Co-operative Marketing Federation will be the sole distributing agent.
2. The Co-operative Wholesale Stores will undertake the work of distribution on agency basis.
3. Stocks will be supplied to each Co-operative Wholesale Stores at its Headquarters or at any of its nearest rail-head or port in the district at pool price.
4. Stocks will be taken delivery of by the Co-operative Wholesale Stores after cent per cent weightment. For this, the stuff should be

transported at railway risk. The railway freight will be paid by the Collector, wherever it has not been previously paid.

5. The Co-operative Wholesale Stores will supply the stocks only to the merchants and primary co-operative societies selected by the Collector.

6. The Co-operative Wholesale Stores will also be permitted to act as retailers of stocks purchased by them.

7. The Co-operative Wholesale Stores will release the stocks on the prepayment of the pool price *plus* sales tax into the treasury and on the payment of commission and the charges to the Co-operative Wholesale Stores direct. Stocks will also be released on prepayment of the costs, sales tax, commission and other charges direct to the Co-operative Wholesale Stores.

8. The pool price and sales tax collected by the Co-operative Wholesale Stores shall be remitted into the treasury atleast once in a week.

9. The Co-operative Wholesale Stores will add to the pool price the following items at the following rates per ton and fix its selling price to the primary co-operatives and merchants:

	Rs.	A.	P.	
(a) Pool price	340	0	0	
(b) Handling charges at both ends.	5	0	0	(An extra rate of annas six per ton per mile being allowed in cases where the distance from the railway head to the Co-operative Wholesale Stores depot is beyond three miles).
(c) Commission *	23	0	0	
Sales tax	368	0	0	
	5	12	0	
Selling price	373	12	0	
* This is fixed on the basis that the stocks will be held for a period of nine months normally. This consists of the following items:				
(a) Godown charges	7	8	0	
(b) Handling charges	3	0	0	
(c) Loss in storage etc.	10	8	0	
(d) Margin for the Co-operative Wholesale Stores for undertaking the work	2	0	0	
	23	0	0	

Sales tax will be added to the selling price.

10. Government have since proposed the following rates Wholesale and Retail.

A. Wholesale	Per ton.	
Ex. Destination Station	Rs.	A. P.
Handling and transport charges from Railway Station to Wholesale Depot	335	0 0
Commission to wholesalers	15	8 0
	355	8 0

(say) (Plus Rs. 0-6-0 per mile if the distance is more than 3 miles).

B. F.	Rs. 355	8	0
Price Ex. Wholesale Depot	5	10	0
Sale Tax	Rs. 361	2	0
B. Retail.	Per ton.		
Retailers cost price	361	2	0
Handling and transport charges from wholesale depot to retail depot	5	0	0
Commission to retailer	10	0	0
Total	Rs. 376	2	0
Sale Tax	5	13	0
	Rs. 381	15	0

(plus Rs. 0-6-0 per mile, if the distance is more than 3 miles).

[Modification suggested by the conference]

B. Terms for the Distribution of Ammonium Sulphate by Primary Co-operatives as Retail Dealers.

(a) Primary Co-operatives as retail dealers will be selected by the Collector in consultation with the Deputy Registrar of the District or Circle. Rural Credit Societies, Marketing Societies, Agricultural Improvement Societies and Stores Societies alone may be selected as retailers.

(b) They will take the stocks only on payment of cash to the Co-operative Wholesale Stores or by remitting the cost into the treasuries.

(c) They can sell upto 1 ton without any permit. If the quantity exceeds 1 ton the sale can be made only on receipt of a certificate from the Karnam of the Village in which the lands of the purchaser lie to the effect that the quantity is required for his lands.

(d) Takkavi loan slips issued under the Intensive Manuring Scheme will be exchangeable only in the depots run by the Co-operatives.

(e) The retailers should sell at the following rate:—

	Rs.	A.	P.
1. Selling price of the Co-operative Wholesale Stores	373	12	0
Plus the following rates:—			
(i) Handling charges	1	4	0
(ii) Transport charges at annas 6 per ton per mile.			(per ton)
(iii) Commission	10	0	0

This represents godown charges handling charges and loss in storage, etc.

(a) Godown charges	1	8	0
(d) Handling charges	3	8	0
(c) Loss in storage etc.	2	8	0
(d) Margin for the retailers	2	8	0
	Rs. 10	0	0

2. Sales Tax

Correspondence between The Registrar and "The Mail"

I

*(Editorial of "The Mail" dated 30th January '54).***The Co-operative Movement**

When will Governments in India leave the co-operative movement to develop as it should, namely, through the willing co-operation of free men for purposes of common interest? And when will Government spokesmen stop making remarks which, whether designedly or not, hamper the growth of true and independent co-operation in this country? Recently the Madras Registrar of Co-operative Societies said: "I am for co-operative stores confining themselves to dealings with members and members alone." Why? These co-operative stores are retail establishments but even if they were not our question would still apply. Why should not co-operative societies serve non-members? If they do so and show that they can give good service and supply quality goods they are doing what is most likely to increase their membership. We know of no free country where co-operative stores confine their activities to members—the very suggestion that they should do so would be considered preposterous in most such countries. In Great Britain many persons shop regularly at co-operative stores without ever becoming members. Those who do become members regard a share in a co-operative society as a sound small investment, and it not infrequently happens that co-operative society shareholders account for only a small fraction of the total sales of the stores in which they hold shares.

There is more scope for development of the co-operative movement in retail buying and selling in this country than is generally realised, or the Governments are willing to concede. In Great Britain, the total retail sales of co-operative societies rose between seven and eight-fold between 1914 and 1951, while the volume of sales more than doubled, even when allowance is made for price changes. The increase in volume has been fairly steady, and may be attributed partly to the growth of the general demand for consumer goods, and partly to relative gains in trade by co-operative stores. In India, the Co-operative departments of Government seem to lack faith in co-operative retail distribution. The withdrawal of controls over certain commodities in our own State, and the consequent abolition of procurement, and distribution of grain on Government account through producer-consumer societies, appears to have led the Co-operative Department to conclude that there is less scope for these societies than before. Why? Consumers still need grain, and producers still need markets. The interests of consumers and producers are closely allied, and a progressive co-operative society could serve both. The Registrar of Co-operative Societies recognises this, even if he does not press the matter as ardently as is desirable, for he told a conference of representatives of co-operative stores, meeting in Madras on Wednesday, that he wanted "wholesale stores to buy and keep stocks of paddy and other things for distribution to primary societies". "You should," he added, "concentrate on open market buying and trade with members."

The Planning Commission does not devote much space to co-operative retail stores, but what it says is to the point. "It would in our opinion be in the best interest of the planned development of distributive trades that an attempt be made to build up consumers' co-operatives over as wide

a field of distribution as possible." We agree, but we doubt whether Government officials are the best people to further such a movement. They are, through their Ministers, subject to great pressure from non-co-operative interests engaged in the distributive trades, and this pressure not infrequently results in a drive to increase co-operative retail trading being called off just when it is most likely to produce good results. The officials are not to blame—they do not form Government policy, they merely implement it.

This brings us back to what we said at the beginning namely, that the co-operative movement in this country will never achieve what has been achieved in other lands unless Government control is relaxed, if not removed, and the co-operative movement is allowed to develop as a product of voluntary co-operation of free people, moved by a common interest. The movement in Great Britain developed the hard way—it will have to do so in India. There it had to meet, and overcome, severe competition and the opposition of powerful vested interests with strong political alliances. In this country it will have similar battles to fight; these will not be so long maintained because here we have Governments which are self-proclaimedly in favour of co-operation. Occasionally a Government, as in this State, gives co-operative societies specially favoured treatment, as when it delivers stocks of materials of which it has a monopoly to co-operative societies to distribute.

It is doubtful, however, whether such monopolistic favours are, in the long run, helpful to the development of sturdy co-operative retail societies. It is feared that these societies tend to depend upon such favours, and when they are withdrawn, as when rice control being abandoned monopolistic distribution of rice ceased, co-operative societies thus favoured tend to collapse. The British co-operative retail movement had, in 1950, 26,458 retail establishments. The requirements of these retail societies had led to the formation of giant wholesale co-operative societies which made, produced, purchased, or otherwise procured the goods and commodities which the retail societies sold. From the activities of both retail and wholesale societies developed big co-operative insurance and banking institutions to meet the business needs of both kinds of societies. Thus from the original retail societies has developed in Great Britain a great edifice of co-operative activity, directed by the membership of the movement, and serving its members in every possible way.

In India the movement began, unfortunately for many reasons, with the organisation of co-operative credit, and made little or no advance from that narrow form of co-operation for many years. Such departures as are now made are hesitant and experimental, and do not reveal that robust faith in the co-operative principle necessary for progress based on achievement. In Malaya, though co-operative credit, largely through co-operative banking unions, is fundamental in the movement, it is to the lasting credit of the Banking Unions that they are actively encouraging co-operative rice mills and co-operative retail shops. Marketing unions are being planned to work with or within the banking Unions, and a co-operative general stores, similarly inspired, serves the everyday needs of members. We have yet to develop such coordinated expansion of the co-operative movement in India, and we fear progress in doing so will be exceedingly slow unless members are encouraged to depend more on their own initiative and efforts and less on Governmental spoon-feeding.

*(The Mail, dated 4th February '54.)***Co-operative Stores****Registrar on their sales**

Sri J. C. Ryan, Registrar of Co-operative Societies in Madras writes:

In the editorial of "The Mail" dated 30th January, 1954, it has been advocated that co-operative stores should sell goods even to non-members. This raises an important question, which should be answered for the benefit of the co-operatives and the general public.

Under the Co-operative Societies Act, a co-operative society can be registered only when it proposes to promote the economic interests of its members. Hence, a co-operative bank registered under that Act, provides loans only to its members; it does not give credit to non-members. Similarly a co-operative marketing society helps its members to dispose of their produce at advantageous prices and does not concern itself with the disposal of the produce of non-members. Again, a co-operative insurance society insures the lives of its members, but does not issue insurance policies in favour of non-members. The position in a consumers co-operative society is the same. It satisfies the wants of its members by purveying goods to them alone and does not sell any article to non-members. As Calvert has observed in his "Law and Principles of Co-operation:" "A society exists for the members and not for anybody else."

There is a reason behind this principle of restricting sales to members in a co-operative stores. When sales are made to any individual, there is a margin of profit derived on each sale. If the individual is a member of the stores, he gets a share in the profits made by the institution. At the end of the year, he is given a bonus on the total value of the purchases made by him from the stores. If he is not a member, no such bonus is paid to him. Sales to non-members will, therefore, add to the profits of the institution at the expense of the non-member. The share-holders will draw bonus every year out of the profits arising from their purchases as well as those of non-shareholders. Even where separate accounts are maintained for the sales to members and the sales to non-members, and where the bonus is given to members excluding the profits derived from the sales to non-members, the corporate body of the shareholders benefits at the expense of the non-member. This savours of capitalism. It is opposed to the ideology of co-operation which is that a co-operative society is a mutual business club and not a commercial establishment. It does not want to make money at the hands of any body.

Stores in Britain.

When co-operative stores in Great Britain were assessed to incometax on their profits, they contended that the profits made by them were not profits in the commercial sense of the word. They argued that their profits were only a surplus left after payment of a fair rate of interest on capital. The surplus was the result of over-charging their members for services rendered. It was returned to them by way of bonus on sales.

Mr. G. D. H. Cole writes in "A Century of Co-operation" as follows:—

"In 1862, the contention of the co-operative stores was upheld by the inclusion in the Industrial and Provident Societies Act of that year of a clause definitely exempting such societies from incometax. But very soon there arose a general outcry from private traders that various stores which were not really co-operative at all were escaping tax by getting under the umbrella of the Industrial and Provident Societies Act. This complaint was directed against such institutions as the Civil Service Stores and the Army and Navy Stores, which, started among middle-class and upper class people on a co-operative basis, subsequently turned into ordinary profit-making concerns by refusing entry on equal terms to new members and appropriating all profits for the benefit of the existing members. The whole question was thrashed out by a Parliamentary Committee, and in the following year, 1880, it was laid down that exemption from income tax should be restricted to societies which placed no limitation on the entry of new members, and it was in addition specified that the exemption should not extend to the profits of trade with non-members. . . . The Co-operative Movement naturally welcomed a provision which excluded bodies which were not really co-operative from the scope of the exemption."

From these remarks extracted from a British author it will be obvious that to cite Great Britain in support of the plea that our co-operative stores should sell to non-members is to cite the pseudo co-operative stores in that country which are flourishing in the absence of a separate law on co-operation and any legal embargo on the use of the name co-operative by institutions which are not truly co-operative.

Sales to Non-members.

Failing Britain, it has been indicated in some quarters that co-operative stores in Madras did trade with non-members during the period when controls were on, and, on this ground, it has been urged that they should be permitted to deal with non-members, even when controls are off. Trade with non-members during the period of control was permitted by Government as a temporary exemption from the co-operative law, which prohibits sales to non-members. It was allowed because Government considered that distribution of controlled commodities through co-operative stores would be an equitable method of distribution to the general public. The co-operatives undertook the task not only to help Government in the discharge of their responsibility, but also because they realised that otherwise their own members might go without a share in the articles distributed. But to make sales to non-members a normal feature on the ground that it would be of public benefit would amount to saying that the stores should help even those who do not share in its responsibility by subscribing shares or by taking part in its administration. It would mean that those who do not want to shoulder any liability of the stores should be given the right to enjoy its benefits. This savours of charity. The ideology of co-operation is that while it should not promote greed for profits in those who command capital, it should not also encourage dependence of one set of people on another set. It believes in self-help and mutual help, not in selfish help or help from others.

Let me conclude by quoting the words of Professor Charles Gide regarding co-operators who are hostile to the system of sale to the public:

"They hold it as a point of honour not to be mistaken for traders, and for that reason wish to avoid doing as the latter do. And they believe that."

the habit of selling to the public would have the result of developing the mercantile spirit in co-operators, and the love of money, to which they are already too much inclined. Many co-operators even fear that selling to the public kills the co-operative spirit completely and transforms the co-operators into traders."

III

(Sub-leader of "The Mail" dated 4-2-54)

The Co-operative Movement

The Registrar of Co-operative Societies, Sri J. C. RYAN, in a letter on this page, argues that co-operative societies depart from a fundamental principle of co-operation if they sell to non-members. They do not. Producers' co-operative societies such as handloom weavers' societies, and milk supply unions, sell their products to non-members, and benefit by doing so. It will be equally justifiable for co-operative stores to extend their sales in that manner. Many of their members, it would seem, buy from co-operative stores in their own names for their neighbours and other non-members. Though that is a violation of the existing by-laws of such societies, their managers apparently tolerate it as such purchases contribute to the societies' profits. A more honest, and wiser course would be to allow non-members to buy directly, regarding them as potential members.

Such practice obtains, as we pointed out in these columns recently, in the United Kingdom, where many shop regularly at co-operative stores without becoming members. SRI RYAN, errs in referring to those large stores as "pseudo co-operative stores which are flourishing in their absence of a separate law on co-operation and any legal embargo on the use of name co-operative by institutions which are not truly co-operative." They are fully co-operative, being owned and operated by voluntary associations or organisations to provide their members with goods and services.

The majority of the co-operative retail societies in Great Britain keep their prices competitive, and seek to balance smaller trading margins by striving to increase their turnover. Hence their sales to non-members. In this way they ensure their financial stability and serve their members' interest. To call that "charity" as SRI RYAN does, is to misuse the word. If he is right all competitive trading to-day is charity. The methods of the British co-operative societies are based on sturdy independence and enable them to do without the aid Madras co-operatives are compelled to seek at the hands of the Government.

IV

Co-operative Stores—Sales to Non-Members

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

Registrar of Co-operative Societies, Madras.

The Mail of the 4th February wrote as follows: 'Producers' Co-operative societies such as handloom weavers' societies, and milk supply unions, sell their products to non-members, and benefit by doing so. It will be equally justifiable for co-operative stores to extend their sales in that manner.' This counsel fails to take note of the basic difference between the needs of producers and the needs of consumers. Producers want to sell their surplus produce at as advantageous prices as possible. Consumers seek to purchase their requirements as economically as possible.

Obviously, producers, who are members of a co-operative milk supply society or handloom weavers' society cannot sell their products to themselves. They ought to sell them to others. Therefore, they have to sell them to non-members. Likewise, consumers do not have the goods they need and have to purchase them from others. They cannot buy them from themselves. A consumers' co-operative stores has, therefore, to purchase goods from non-members. Although producers' societies sell to non-members and consumers' societies buy from non-members both of them serve the economic interests of their members. The essence of a co-operative society is to serve the economic interests of its members. In the former case a producers' society markets the goods of its members. In the latter case a consumers' co-operative society distributes its goods to its members.

The Mail further observed: "Many of their members, it would seem, buy from co-operative stores in their own names for their neighbours and other non-members. Though that is a violation of the existing by-laws of such societies, their managers apparently tolerate it as such purchases contribute to the societies' profits. A more honest, and wiser course would be to allow non-members to buy directly, regarding them as potential members." When members purchase goods from their co-operative stores in their names for their neighbours and other non-members, they will at the end of the year carry away the bonus on purchases arising out of the purchases they made even for their neighbours and other non-members. The co-operative ideal is that such selfishness should be put down. If the managements of some societies tolerate the practice with a view to profits, their conduct is an infringement of 'co-operation' and ought to be checked. On the other hand, if we recognise this failing of some co-operators and make it a rule that co-operative stores should sell to non-members, we shall be compromising with what is wrong and convert a co-operative stores into a Joint Stock Trading organisation where it does not matter to whom goods are sold as long as they are sold profitably so as to yield dividends on the capital invested by shareholders.

The Mail again cited the practice in the United Kingdom and adjudged me to have erred in referring to those large stores which sold to non-members as 'pseudo co-operative stores which are flourishing in the absence of a separate law on co-operation and any legal embargo on the use of the name 'co-operative' by institutions which are not truly co-operative'. But, here is what three British authors—Carr-Saunders, Florence and Peere write in their 'Consumers' Co-operation in Great Britain':

"A bill to amend the Industrial and Provident Societies Acts has already been discussed in the House of Commons. It was introduced in 1929, but Government business crowded it out. The bill proposed, *inter alia*, to restrict the use of the word "co-operative" to societies which are governed democratically, which do not pay interest on capital exceeding 6 per cent, and which distribute the balance of profits to their members in proportion to their purchases. This proposal would prevent bogus co-operative societies from operating under the cloak of the Industrial and Provident Societies Acts. There are a number

of profit-making concerns, chiefly concerned with investment business, which are far removed from cooperative aims and methods, but which are registered as co-operative societies. If the bill had been passed, it would have benefited legitimate co-operative societies. Its most important provision, the restriction of the use of the word "co-operative", is still an urgent necessity. But a new bill is needed, a bill which will provide a legal frame-work for modern co-operative organization."

Fortunately, in Madras, we have a separate Co-operative Societies Act which ordains that no person other than a society registered under that Act shall trade or carry on business under any name or title of which the word 'co-operative' is a part. Rule XIX of the Rules framed under that Act lays down further :

"No distributive society shall sell its goods to persons other than members without the previous sanction of the Registrar."

In having this rule, Madras is avoiding a mistake which the Britishers are seeking to correct in some of their own co-operative stores. The Madras system of sale to members alone, leaving membership open to every newcomer, corresponds to the orthodox co-operative principle laid down by the Rochdale Pioneers, who were the founders of the Co-operative Movement in Great Britain.

The George Town Co-operative Bank, Ltd., No. 8512
 29, Krishnappa Naicken Agraharam Street, G. T. Madras.
 (REGISTERED IN 1928.)
 Authorised Capital Rs. 3,00,000. Working Capital Rs. 30,00,000
 Membership Exceed 3,500
 All Kinds of Deposits Accepted

Rates of Interest: Fixed Deposits 5 % for one year and 4½% for 6 months
 Current Deposits 4½% Savings Deposit 2 %
 Recurring Deposits 6½% running for a period of 7 years.

Loans:—Loans are granted on the security of deposits, on the pledge of movables (Jewels only) and on the First Mortgage of immovable properties.
 Further particulars can be had from the Secretary.

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

Multipurpose Co-op. Activity in Madras State

[Readers are well aware that the chief feature of Co-operative development in Madras as in some other parts of the country is the reorganisation of rural credit societies as multipurpose co-operatives. Fairly brisk work is seen in this direction in all the districts. With a view to acquaint the public with the progress of the work in this direction, we propose to publish periodically in these pages notes on the working of some rural credit societies which have taken up multipurpose activities. The first note was published in our September 1949 issue.—*Editors*]

1. The Sarukkai Co-operative Multipurpose Credit Society (Tanjore District.)

Origin:—The Sarukkai Co-operative Credit Society No. 7416 in Papanasam Taluk of Tanjore District was registered on 5-4-1922 and was started on its work on 14-5-1922. The Society will be completing the 32nd year of its successful work by the close of the current co-operative year.

Till 8-2-1951 the activities of the Society were restricted to credit business only. Since then the Society has been converted into a Multipurpose Co-operative Society and its bylaws have been got suitably amended.

The Society is affiliated to the Co-operative Supervising Union, Ltd., Papanasam and the Co-operative Central Bank Ltd., Kumbakonam.

2. Membership and Share Capital:—On date, there are 156 members on rolls with a paid up share capital of Rs. 1,695. The percentage of population served by the Society comes to 42.

3. Loan Transactions:—The maximum borrowing power of the Society is Rs. 10,000 while the net assets of the members exceed Rs. 1,89,327. The outstandings against loans to its members amount to Rs. 9,566 and the borrowings from the Central Bank under loans is Rs. 6,460. It must be noted that the society has been remitting the dues to the Central Bank without default.

4. Investments:—The society has made the following investments:—

	Rs. A. P.
(i) Shares in the Central Bank, Ltd., Kumbakonam	... 450 0 0
(ii) Shares in the Tanjore Central Co-operative Stores, Ltd., Tiruvarur	... 50 0 0
(iii) Reserve fund invested in the Central Bank...	1,627 1 9

Besides the above the furniture owned by the Society is valued at Rs. 78.

5. Multipurpose Activities:—During last year, chemical manure was purchased and distributed to the members. The Society is having a medicine chest for the use of the village folk. The village has got P.W.D. poramboke lands to an extent of 11 acres. The District Collector has been requested through the Co-operative Department to cause the assignment of the 11 acres of poramboke lands situated in this village in favour of the society for being cultivated by the members in furtherance of the Grow More Food Scheme. For this, the bylaws of the Society have been got amended suitably. The panchayatdars are also taking necessary steps for

the purchase and sale of chemical manures, seeds pesticides etc., to its members and for the raising of green manure during this year.

6. *Grow More Food Scheme*:—The villagers have constructed 76 manure pits at the instance of the society. Special propaganda is being made for the cultivation of green manure plants such as Sesbania and Glycercia and for the purchase of filter points from the Co-operative Metal Works, Ltd., Kumbakonam for the erection of tube wells.

7. *General*:—The Silver Jubilee celebration of the society were held on 19-12-1953 under the chairmanship of Sri. N. R. Samiappa Mudaliar, President of the Co-operative Central Bank, Ltd., Kumbakonam. A vigorous co-operative propaganda was made and the villagers were requested to improve their village on the model of the scheme of community project introduced by the Government and get the full benefits out of it.

2. Manihatty Co-operative Multipurpose Rural Credit Society. (Nilgiris).

The society was registered on 20-4-1918 and started on its work on 28-1-1919. Manihatty is a hamlet of Balacola Village in the Kundha firka, which is one of the firkas selected in the Nilgiris District for the intensive rural development work. The society had 120 members on 31-12-1953. The authorised share capital of the society is Rs. 20,000 made up of 2,000 shares of Rs. 10 each. The paid up share capital of the society was Rs. 14,027 on 31-12-1953.

The society had taken shares in the Coimbatore Nilgiris Co-operative Central Bank to the value of Rs. 200 and also shares in other co-operative institutions to the value of Rs. 160. During the year 1952-53 it obtained loans to the extent of Rs. 58,744 from the Coimbatore Nilgiris Co-operative Central Bank and repaid Rs. 39,249 and the outstandings were Rs. 48,239 on 30-12-1953. During the half year ended 31-12-1953 it obtained loans to the tune of Rs. 6,510 and repaid Rs. 51,358 leaving a balance of Rs. 3,391 on 31-12-1953.

The maximum credit limit of the society is Rs. 60,000 and that of a member is Rs. 1,000. During the year the society issued loans to members to the extent of Rs. 67,353. During the half year ended 31-12-1953 it issued loans to the extent of Rs. 18,331 and the outstandings against the members on 31-12-1953 amounted to Rs. 26,481.

Multipurpose Activities.

The society has adopted model bylaws of a multipurpose society. It is one of the societies selected for the working of the controlled credit scheme in this district. It has also elected a marketing panchayatdar to the Nilgiris Co-operative Marketing Society. It obtained 1,072 bags of manure worth Rs. 87,351 and distributed them to the members. Potatoes to the value of Rs. 27,372 were marketed through the Nilgiris Co-operative Marketing Society. The commission earned by the marketing panchayatdar amounted to Rs. 102-1-0. The society is also running a library for the benefit of the members. Hundi boxes were also distributed among the members and it had collected a sum of Rs. 125 as thrift deposits from members.

The society earned a profit of Rs. 1,118 in 52-53. The amount to the credit of the society in the Reserve Fund amounted to Rs. 2,572-0-0 and it has been invested in full in the Central Bank.



SRI MEDAI DALAVAI KUMARASWAMI MUDALIAR,
President, Madras State Co-operative Bank, Ltd.,
(Elected on 1st January 1954)



SRI M. VEDACHALA MUDALIAR,
President, Conjeevaram Co-op. Central Bank, Ltd.,
 (His Portrait was unveiled at Kancheepuram by the Hon'ble
 Dr. U. Krishna Rao, Minister for Co-operation Madras, on 17-1-54)

The Conjeevaram Co-op. Central Bank

UNVEILING OF THE PORTRAIT OF SRI M. VEDACHALA MUDALIAR,
 17-1-1954.

The Annual General Body Meeting of the Conjeevaram Co-operative Central Bank was held on 17-1-54. Addresses were presented to the Hon'ble Dr. U. Krishna Rao, Minister for Co-operation, Government of Madras and Sri M. Vedachala Mudaliar, President of the Central Bank mentioning their services to the Co-operative Movement. A life size portrait of Sri Vedachala Mudaliar was unveiled by the Hon'ble Dr. U. Krishna Rao.

**Speech Delivered by Sri M. Vedachala Mudaliar at the
 39th General Body Meeting of the Bank, held on 17-1-1954**

Brother Co-operators,

Greetings on the occasion of this 39th Annual General Body Meeting of our Central Co-operative Bank. We had suffered for over 7 years due to drought; and this year of *Vijaya* has brought us a good rain fall and a good harvest; let us pray that these good conditions will continue in future also.

From a perusal of the balance sheet of our Bank for 1952-53 which you now have in your hands you might have noticed that the profits of our Bank have fallen considerably. This was due to the removal by government of certain restrictions in the advancement and recovery of loans to parties. Of course there is no drastic cut in the advancement of loans to agriculturists, yet the societies were not able to carry out adequate business.

You will be glad to learn that our Bank has now been placed in "A" Class this year also. This is a pointer to the stability and efficiency of our Bank. The financial position of our Bank during the year under report was the same as during the previous year. Unless we put forth much effort to improve agriculture, we cannot strengthen our Bank more. The agricultural societies are the back-bone of our bank. They must see that they do good business and make prompt recoveries from their members and repay their dues regularly to this Bank. Unfortunately now our bank has more expenditure than income. We have striven hard to obtain accommodation from the Reserve Bank.

I suppose you know the recent government ordinance, namely the Maritorium of Agricultural Loans. This makes it difficult for the farmer to get loans from private agencies. Only the Co-operative Banks can give loans. I appeal to you all therefore to take this opportunity and extend your scope of operation. I also appeal to the societies to develop prompt working and also to the staff of the Central Bank to help these societies in regulating their work. This will ensure a free flow of money between the financing co-operatives and the farmers.

I regret that in spite of appointing a Special Officer in the Bank to collect the outstandings the results have not been encouraging. There are some rural societies which have been unable to repay dues in time. Some

societies might take even two years to clear their dues. In future we should be cautious in making advances to such societies.

Let me repeat what I said last year that every member of a co-operative should take interest in the movement and in his financing institution. We want intelligent men to take up this work. I have for 12 years been the President of this Bank. The first 7 years were covered by the War and the next 4 years by the drought. Yet I have endeavoured my best to improve the institutions in my charge. Our efforts will be crowned with success only when we are able to wipe out overdues without handicapping normal agricultural life and requirements of the farmer. My ambition is to be as serviceable as possible and I earnestly hope that with your co-operation I shall realise my ambition.

Welcome Address delivered by Sri Ellappa Mudaliar, Vice-President, Conjeevaram Co-operative Central Bank.

Brother Co-operators and Friends,

We have gathered here to honour a great Co-operator, and thus to honour the great Movement for which we are all working hard. The Co-operative Movement is a sacred Movement meant for helping the community at large. We have worked for 50 years and should legitimately feel proud of our achievements.

We had long been under the British Rule during which the people suffered much. With a view to help the poor people eminent men public men and officers recommended the Co-operative Movement. The people readily accepted the suggestion and we see prosperity around us now.

This Movement consists of a variety of activities like Credit, Milk Supply, Housing and Weaving. The progress achieved by us in these directions is clear from the details of Conferences held since 1930.

The Conjeevaram Central Co-operative Bank established in 1915 worked very well till 1930 and kept the Local Co-operative Unions brisk and full of life, but suddenly the Depression of the thirties affected the Banks and Unions until 1940. The recent war created a panic in the minds of the people and many of our leaders were in prison. In such circumstances it was found that only Co-operation offered a ray of hope to the people. People wanted to give a new life to the Movement in our district. Many opportunities presented themselves to build up a healthy Movement. But who was to bell the cat?

We have a parallel situation in German Co-operative History. In similar circumstances Raiffeisen interested himself in promoting the Co-operative spirit among people. Coming to our country we learn that Nicholson strove to promote the Movement in India in spite of several handicaps. We had to find a Raiffeisen in our own district to work hard selflessly to help the villagers and to promote the spirit of co-operation. It was our fortune to have found in Sri M. Vedachala Mudaliar, that qualities and the sincerity of Raiffeisen. Mr. Mudaliar stood head and shoulders above our expectation and so he became the head of our Central Bank in 1942. Only four years ago his portrait was unveiled in our Bank by Sri J. C. Ryan, our Registrar. But to-day we have greater reason to rejoice all the more on this occasion since this portrait is being installed not by the Bank but by the efforts of all the people of his district. It is

also fitting that the Hon'ble Dr. U. Krishna Rao, Minister for Co-operation should unveil the portrait. I welcome the Hon'ble Minister and you all.

Speech delivered by Sri K. Srinivasalu Naidu.

Brother Co-operators,

As Co operators every one of us should deem it his sacred duty to serve the Movement to the best of his ability. For the past 12 years we have been associated with our respected Leader Sri M. Vedachala Mudaliar. His kindness has touched our heart and we never think of him without a feeling of gratitude for his generous service to the Movement. The words of praise with which our Co-operative Minister described him are still fresh in our memory. In view of his magnificent and self-less service to the Movement we wonder if we could adequately show our appreciation to him.

Mr. Mudaliar has always been a helping hand—a friend, guide, and philosopher to us. He on many occasions rescued dwindling societies and infused new life in them. The Co-operators in the Utingleput District wanted to honour such a Leader. He is never after fame, money or titles. We have therefore chosen to express our love and admiration by presenting an Address. I request Sri Mudaliar to understand that our love is deeper than the words expressed in the Address. I now request Sri Ellappa Mudaliar to present the Address.

10

The Madras District Co-operative Central Bank, Ltd.			
13/14, Mukkur Nallamuthu Chetty Street, Madras-1.			
ESTD. 1930	TELEPHONE No. 2384.		
Authorised Capital	...	Rs. 10 lakhs.	
Working Capital	...	" 46 "	
All kinds of deposits accepted.			
Rates of Interest :-			
Current Deposits	½ %	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. VIJAYAGOPAL, B.A., B. COM.			
Secretary.			

G.Os. and Circulars

The Decision of the Sales Tax Appellate Tribunal, Madras dated 21-10-52.

Before the Sales Tax Appellate Tribunal Madras

Tribunal Appeal Nos. 607/51 and 887/52.

Tuesday, the 9th day of September 1952.

PRESENT:—

Sri K. Srinivasan, I.C.S., Chairman

„ S. P. Radhakrishna Naidu, B.A., B.L., First member

„ V.K. Upadrasta, B.A., LL.B., F.S.A.A., F.C.A., Second member

BETWEEN

M/s. The Tirunelveli Co-operative Milk Supply Society Limited,
President:—Sri S. Ramaswami Konar, B.A., B.L., Tirunelveli
Junction, Tirunelveli—Appellant.

AND

The Government of Madras—Respondent.

These appeals coming on for hearing on the 4th day of September 1952 before us in the presence of Sri K. Vaitheeswaran, Advocate for the appellants and of Sri C. S. Chandrasekara Sastry, State Representative for the respondent and the appeals having stood over to this day for consideration the Tribunal passed the following:

ORDER :

The two appeals (T. A. 607/51 and T. A. 887/52) are preferred against the orders of the Commercial Tax Officer, Tirunelveli and Tirunelveli West confirming the assessments for the year 1949-50 and 1950-51 respectively made against the appellants, the Tirunelveli Co-operative Milk Supply Society, Limited. This is a registered body, its members supply milk to the society, which sells to consumers and hotels for a commission of two annas per measure. The registers maintained by the society show the names of members supplying the milk, the quantity supplied by each member the persons to whom and the price for which the milk is sold and the commission earned at the agreed rate of 2 annas per measure. The price at which the milk is sold is determined by the members as recorded in their resolution for fixing the price at one rupee per measure. The accounts are settled once in ten days, payments made to the members for milk supplied and their acquittance taken in a separate book (Ex. A.) The milk unsold at the end of the day is purchased by the society and converted into curd and other milk products and sold. The society has no object for payment of tax on such sales.

2. The department has treated the appellants as regular purchasers making a fixed profit at the rate of annas two per measure. In measuring the milk from the members and again measuring it to consumers a small margin of gain is sometimes made i.e. about a measure for about 700 measures sold per day. This is taken to the credit of the society. The milk brought by the various members is mixed up together and sold with the result that it is not possible to say which quantity of milk of a particular member was sold to a particular consumer. The unsold milk is

purchased by the society itself. After once the milk is supplied to the society, the members lose the domain over the goods and cannot counter demand the sales. In these circumstances the society has been treated as having made outright purchases the members being entitled only to the agreed price. As there can be no legal relationship as principal and agent, the appellants were not eligible for the licence under section 8 and were not therefore granted licence by the licencing officer.

3. It is conceded that the appellants had paid the prescribed licence fee and also made application for the licence in time for each of the two years in question. When these two conditions have been fulfilled the licencing authority is bound to issue licence as otherwise the applicant would be exposed to the risk of taxation. The word "may" used in section 8 of Madras General Sales Act 1939 does not vest any direction to refuse but has the mandatory effect of the word "shall" when conditions precedent have been complied with. It is not for the licencing authority to prophecy whether the transactions contemplated by the applicant would be of the nature of commission agency. He is only to grant the licence and later deny him the benefit of licence, if the prescribed conditions are violated. In the circumstances the appellants who have paid the licence fee and also made the application in time will be treated as licencees for the purposes of the cases now under appeal. We could only observe that it would be unreasonable to expect them to conform to the various conditions of the licence to the very letter when no licences were actually granted to them.

4. The point now to be considered is whether from their conduct and the course of their transactions the appellants can be regarded as the agent and the members as their principal and whether their acts are so pronouncedly against the conditions of licence as to deny to them the benefit of exemption from tax. The basic conditions of section 8 are that the agent should have acted on behalf of known principals and reported his dealings on their behalf for inclusion in the principals' turnover, so that the State could look to such principals for tax unless they need not to have pay tax either because being agriculturists or they have not got the minimum net turnover of Rs. 10,000.

5. The members for whom the society has functioned are all known persons and the milk consigned to the society was sold at the rates approved of by the members. The members were periodically paid for the quantity supplied after appropriating the commission of two annas per measure as agreed upon between the society and its members. The appellants have satisfied the basic conditions contained in section 8. The subsidiary conditions are those laid down in its revised conditions taking effect from 1st April 1949. These conditions expect of the selling agents to prepare a patti (account rendering to the principal) in triplicate and issue it in duplicate to the principals so that the acknowledged copy in token of acceptance may be filed with the original. The condition could not be fulfilled as no licence specifying these terms has been issued. But the acquittance of the members has been taken by the appellants in a separate book for the payments made to them in respect of quantities of milk supplied by them and sold at the authorised rates. This is in substantial compliance with the relevant condition. Except the agreed commission of two annas per measure no incidental expenses have been charged for. The sales are made to consumers and hotels at

rates approved of by the members. So long as there is no variation in the price of milk, there is nothing in the conditions of licence prohibiting mixing up of the milk received from the members and selling it as from common stock to consumers and hotels. An agent is not also forbidden to purchase the goods left unsold and such stocks when sold by him will go into his own turnover. In our view the appellants have substantially complied with the subsidiary conditions set out in the new licence form. The by-laws referred to by the commercial tax officer are only contingent provisions enabling the appellants to carry out the objects of the society. As contended by the appellants they have neither the capital nor resources to make such large purchases. We are therefore satisfied that the appellants have functioned as agents of the members for an agreed commission in respect of the milk brought in by the members for being sold at the rates specified by them are entitled to the benefit of exemption from tax under section 8 of the Act.

6. In the result the following orders are passed.

T.A. 607/51: in which turnover for 1949-50 was assessed at Rs. 2,70,818-7-7 the turnover for assessment is now reduced to Rs. 11,162-18-1 relating to the sale of bye-products only. The appeal is allowed to this extent.

T.A. 887/52: in which the turnover assessed for the year 1950-51 was Rs. 2,94,980. Excluding the turnover relating to the milk sold by appellants as agents of their members, the sale of bye products and other sundry items amount to Rs. 2,256-14-4 only which is less than the taxable minimum of Rs. 10,000. Hence the assessment is cancelled and the appeal is allowed.

Dated this 9th day of September 1952.

Sd. K. Srinivasan, *Chairman*.

Sd. S. P. Radhakrishnan Naidu, *First Member*.

Sd. V.K. Upadrasta, *Second Member*.

Exhibit filed for Appellant:—

A-11-11-49 to 10-4-50 Register of recoveries and payments made by the appellant society to the members of the society.

Respondent's Exhibits: Nil.

Certified true copy.

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

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

Rc. 165800/58-F.

Dated: 8-2-1954.

Sub:—LIQUIDATION—Powers of the liquidator to continue arbitration proceedings filed by societies under Section 51 of the Madras Co-operative Societies Act—Instructions—Issued.

Ref:—Registrar's letter Rc. 52715/51-F, dated 9-5-1951 to the Deputy Registrar, Chittoor (Copy to all other Deputy Registrars).

In the Registrar's letter No. 52715/51F, dated 9-5-1951 to the Deputy Registrar, Chittoor, copy sent to all Deputy Registrars, a copy of the opinion of the Government Solicitor obtained in 1949 was communicated

to them for information. According to it, the conditional attachment made at the instance of the society under Section 51 (4) before its registration was cancelled would not subsist after the cancellation order had taken effect and action should be taken afresh under section 47 (3) (b) of the Co-operative Societies Act by the Liquidator for the recovery of the amount. Subsequently the Registrar had occasion to re-examine the question in connection with a reference made by the Liquidator of the Tadepalligudem Land Mortgage Bank and to consult the Government Pleader, Madras, in 1953. The points that arose for consideration were:

1. whether the Liquidator could continue arbitration proceedings initiated by a co-operative society under Section 51 of Madras Co-operative Societies Act while it was a body corporate, even after the registration of the society has been cancelled and it had ceased to be a body corporate; and

2. whether the conditional attachment made under Section 51 (4) of the Act before the registration of the society was cancelled would subsist even after the cancellation order has taken effect.

2. The Government Pleader, Madras, opined that the liquidator who had power to institute and defend legal proceedings on behalf of the society might continue the proceedings under Section 51 until a decision was reached and that the conditional attachment under Section 51 (4) would continue to remain in force even after the cancellation of the registration of the society. A copy of his opinion 250, dated 11-5-1953 is enclosed for the guidance of all officers. In the light of this opinion the Deputy Registrars can now proceed with the enquiry into the arbitration references filed by a society prior to the cancellation of its registration, even after the cancellation order had taken effect. The Liquidator can represent the cancelled society in such proceedings. Conditional attachment made in pursuance of section 51 (4) will also continue to remain in force even after the cancellation order had taken effect.

J. C. RYAN,
Registrar.

Copy of Opinion No. 250, dated 11-5-1953 of the Government Pleader,
High Court, Madras.

1. The fact that under Section 46 of the Madras Co-operative Societies Act the Society ceases to exist as a corporate body on the cancellation of the registration of the society will not, in my opinion, affect the proceedings under Section 51 instituted before such cancellation.

2. The Liquidator who has power to institute and defend legal proceedings on behalf of the society may continue the proceedings pending under Section 51 before the Registrar until a decision is reached.

3. The attachment made by the Registrar under Section 51 (4) on 1-7-1946 will continue to remain in force even after cancellation of registration of the society.

(True copy)

CO-OPERATIVE HOUSING

The First Madras State Co-op. Housing Societies Conference, June 1952

Action taken by Government on the Resolutions

Copy of G. O. Ms No. 5129 Department of Industries Labour and,
Co-operation dated 11th December, 1953.

*Housing—Conference—The First Madras State Co-operative Housing
Societies Conference, 1952—Resolutions—orders passed.

Reading the following :

Letter from the Registrar of Co-operative Societies R. C. 4881/51
Ziii dated 18-8-1952.

Letter from the Chief Engineer No. 1005 G/53 CP dated 20-8-1953.
From the Director of Industries and Commerce No. J. 8/4966/52
dated 18-11-1952.

Order:

The Government have considered the resolutions passed at the First
Madras State Co-operative Housing Societies Conference held on 1-6-'52
and pass the following orders:

Resolution 1.

This conference places on record its appreciation of the services
rendered by Mr. J. C. Ryan, M.A., I.A.S., Registrar of Co-operative
Societies, in pushing through the work of house building co-operative
societies in the State.

No action by Government is called for on this Resolution.

Resolution 2. (a)

Resolved that the Madras Government be requested to amend Muni-
cipal and Local Board's Acts, making these bodies responsible for the
formation of roads and provision of other amenities at their own cost in
areas where co-operative housing societies undertake to establish
colonies of houses.

As the financial position of the local bodies is generally unsatis-
factory it will not be practicable to impose on them the duty of provid-
ing civic amenities in all housing colonies. Only in the case of housing
colonies for very poor classes such as Harijan labourers, or inferior
servants or other labourers the local body may meet the cost of provision
of amenities. This may be done with the special sanction of Govern-
ment without an amendment of the Act. The resolution is not therefore
accepted.

Resolution 2. (b)

Resolved that the Madras Government be requested to exempt the
members of House Building Societies and House Construction Societies
which provide or have already provided their colonies with roads, lighting

*The Resolutions of the Conference were published in our issue of June 1953.

THE FIRST MADRAS STATE CO-OP. HOUSING SOCIETIES CONFERENCE

water and sanitary facilities at their own cost from payment of better-
ment and improvement taxes and supervision charges to the Corporation,
Municipalities or other local bodies on their sites and buildings in the
colonies and to refund such taxes already collected, if any, in order to
stimulate greater interest in house building amongst the public and help
those who are willing to help themselves, thereby relieving the Govern-
ment and other local bodies particularly of their responsibility for housing
the lower income groups.

Betterment taxes or improvement charges will be levied only in
respect of properties which are either directly or indirectly benefited by
making a town planning or Town Improvement Scheme. It is open to
the local authority concerned not to levy any betterment Tax or improve-
ment charges in respect of the houses and sites of any Co-operative
Housing Society in the scheme area. In the circumstances the Govern-
ment consider that there is no need to comply with the request contain-
ed in the resolution.

Resolution 3.

Resolved that the Madras Government be requested to recover from
Housing Societies the actual cost only on account of the departmental
officers deputed to work in the societies under F. R. 127 instead of
recovering the average cost of the posts.

The question of recovery of actual cost of the staff lent to housing
societies under F. R. 127 instead of the average cost will be considered
on the merits of each case. The principle of the resolution cannot be
accepted.

Resolution 4.

Resolved that all housing societies do adopt subsidiary by-laws
referring to the service conditions of the employees.

No action by Government is called for on this resolution.

Resolution 5. Not moved.

Resolution 6. Withdrawn.

Resolution 7. Withdrawn.

Resolution 8.

Resolved that model bylaw No. 54 of housing societies be amended
providing for the commencement of repayment of loans on the expiry of
18 months from the date of disbursement of the first instalment of the
loan or of three months from the date of disbursement of the final instal-
ment of the loan whichever is earlier.

The Government agree with the Registrar of Co-operative Societies
that this resolution need not be accepted.

Resolution 9. Withdrawn.

Resolution 10. Withdrawn.

Resolution 11.

Resolved that the maximum borrowing power of individual mem-
bers be raised to Rs. 20,000 in the case of Housing societies functioning
in big cities.

THE MADRAS JOURNAL OF CO-OPERATION

In view of the changed policy of Government of restricting the grant of state loans this resolution cannot be accepted.

Resolution 12.

Resolved that the Madras Co-operative Societies Act be amended exempting the office-bearers of Housing Societies from appearance at the Sub-Registrar's Office for registration of documents.

The Government consider that this resolution need not be considered now in view of the orders already passed in G O. No. 2185 Development date 21-5-1952.

Resolution 13.

Resolved that Madras Government be requested to grant subsidies and if necessary interest-free loans also to Housing societies for the purpose of providing protected water supply.

The Government consider that this resolution cannot be accepted.

Resolution 14.

Resolved that the borrowing limit of individual members of all housing societies be raised to 8 times their paid up share capital.

The Government agree with the Registrar that this resolution need not be accepted.

Resolution 15.

Resolved that the Madras Government be requested to charge interest on loans to all housing societies at the rate at which the Government are borrowing.

The rate of interest charged on loans to Co-operative housing societies at present is only half a per cent over the borrowing rate of Government. It is considered that this margin may not be adequate to cover the incidental expenditure involved in granting and recovering the loans and that the abolition of the margin altogether may entail loss to Government. Under the present financial condition this resolution cannot be accepted.

Resolution 16.

Resolved that the encumbrance certificates covering the period from the date of acquisition of land to the date of assignment of mortgages in favour of Government need not be insisted upon in cases where the sale deeds conveying title to members and mortgages by the members in favour of the society are executed on the same day.

As the Registrar has stated that he is examining the matter and will issue suitable instructions no action by Government is called for.

Resolution 17. Not moved.

Resolution 18. Not moved.

Resolution 19. Withdrawn.

Resolution 20. Withdrawn.

Resolution 21. Withdrawn.

THE FIRST MADRAS STATE CO-OP. HOUSING SOCIETIES CONFERENCE

Resolution 22.

Resolved that the Madras Government be requested to instruct the District Collectors to give priority to all housing societies in the matter of granting licenses on permits for quarrying etc.

The Government accept this resolution. The Collectors are requested to give priority to Housing Societies in the matter of granting licences on permits for quarrying.

Resolution 23.

Resolved that the Madras Government be requested to instruct Municipalities and local bodies to give priority to Housing Societies in providing electricity and water supply connections.

According to existing orders, schemes for extension of supply of electricity to housing colonies undertaken by Co-operative House Building Societies will be assigned special priority both by the Government Electricity Department and the Electrical Licensees. As regards provision of water supply the W. S. & D. Schemes of Municipalities are being taken up for investigation, design and execution in order of priority assigned to them by the W. S. & D. Committee and approved by Government. As the areas which the Co-operative Societies would like to provide with water and drainage facilities will also be naturally included in the water supply scheme of the Municipality this area will also take its chance along with other areas. No special priority can be shown to housing societies in this regard.

Resolution 24.

Resolved that the Madras Government be requested to extend the concession of half fees for registration and encumbrance certificates to cases of borrowers taking loans exceeding Rs. 5,000.

The Government agree with the views of the Registrar of Co-operative Societies that the concessions already sanctioned to housing societies in the matter of fees payable under the law of registration is enough for the present.

Resolution 25. Withdrawn.

Resolution 26. Withdrawn.

Resolution 27.

Resolved that it is necessary that the period of currency of licences for constructions issued by Municipalities should be extended to one year or till the completion of construction as the period of six months now allowed is inadequate.

The Government consider that the period of licences for construction issued by Municipalities need not be extended. The Municipalities are however requested to waive the collection of renewal fees in deserving cases.

Resolution 28.

Resolved that it is necessary that a consolidated licence for the construction of type designs of houses should be issued by Municipalities in favour of each housing society instead of insisting on a separate application for each house.

Section 197 of the M.D.M. Act 1920 contemplates the filing of separate application with a site plan by any person who intends to construct a house. As the intention underlying the section is to enable the executive authority to scrutinise the plan in respect of each house it is not considered possible to allow the filing of a single application for permission to construct a number of buildings. The resolution is not therefore accepted.

Resolution 29 Withdrawn.

Resolution 30.

Resolved that the Madras Government be requested to offer adequate concession in the selling price of timber so that the societies may find it advantageous to secure timber from the Forest Department in preference to local markets.

The Government consider that the concession already allowed in the selling price of timber to Co-operative Societies is sufficient.

Resolution 31.

Resolved that the Madras Government be requested :—

(1) to get plans and estimates prepared by the P.W.D. free of cost in the case of Harijans and members of scheduled classes; and

(2) to waive the recovery of one third portion of the fee creditable to Government account when plans and estimates are prepared by the Public Works Department.

The Government consider that the remuneration payable to Public Works Department Officers by housing societies for preparation of plan and estimates and the fee creditable to Government may be sanctioned to the societies as grants-in-aid in deserving cases. Each case will be considered on its merits.

Resolution 32. Withdrawn.

Resolution 33.

Resolved that the Madras Government be requested to set apart not less than Rs. 5 lakhs as subsidy and constitute a fund to develop Housing Schemes for the poor in all important towns and to advise local bodies and Municipalities to take sufficient interest in solving housing problems.

The question of constituting a fund to develop housing schemes for the poor will be taken up separately.

Resolution 34.

Resolved that the Madras Government be requested to lend the services of a Senior Inspector free of cost to each Housing Society for a period of at least one year when it is in the initial stages.

The Government consider that the resolution cannot be accepted for general adopting and that it is only in exceptional cases when the circumstances of individual societies justify that the Government can make a departure from the general practice and extend the concession of lending the services of Senior Inspectors free of cost or at least half cost.

Resolution 35.

Resolved that the Madras Government be requested to appoint a sufficient number of Public Works Department Officers under the control of the Registrar for supervising construction work in Housing Societies and offering necessary advice to the societies.

The Registrar of Co-operative Societies has stated that the appointment of a special staff and Public Works Department Officers under his control will not be necessary if the Public Works Department Officers in several districts are instructed to render assistance to Housing Societies in their respective jurisdiction as and when the societies approach them for guidance. The Chief Engineer Public Works Department (General and Building) has no objection to the officers of the Public Works Department rendering assistance to Housing Societies provided the officers approached have the time to spare and are also permitted by their immediate superiors. The Government accept the suggestion of the Registrar of Co-operative Societies as agreed to by the Chief Engineer.

Resolution 36.

Resolved that the model bylaw No. 53 of building societies be amended so as to allow members who make advance payments towards loans the benefit of a reduction in the amount of subsequent instalments.

The Government agree with the view of the Registrar of Co-operative Societies that the suggestions contained in this resolution need not be accepted.

Resolution 37. Dropped.

Resolution 38.

Resolved to request the Government of Madras to lend the services of Departmental Officers free of cost to work as Secretaries of Housing Societies in Rayalaseema in view of the poverty and backwardness of the area.

Resolution 39.

Resolved that the Madras Government be requested to give interest free loans to all Housing Societies in Rayalaseema area.

Resolution 40.

Resolved that the Madras Government be requested to postpone for one year the collection of instalments on account of Government loans advanced to housing societies in Rayalaseema and other areas affected by famine.

Separate orders will be issued on these resolutions from the Andhar State.

Resolutions 41 and 42. Dropped.

Resolution 43. Withdrawn.

Resolution 44.

Resolved to request the Government of Madras to undertake comprehensive legislation on the line of the English Housing Act fixing

responsibility on the Government and local bodies for relieving housing shortage and providing subsidies for non-profit making institutions for construction of houses for lower income groups.

The Government consider that the present is not an opportune time for undertaking legislation of the kind proposed.

Endt. No. 4882/51 Z-1. OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES, MADRAS.
Dated 30-1-1954

Copy communicated to the Madras State Co-operative Union and to all Deputy Registrars on general duty for information.

A. HIRUDAYASWAMY,
For Registrar.

The Madras State Co-operative Union Examination, March 1954

An examination for the students of the Coimbatore, Tanjore, Rajahmundry and Anantapur, Institutes will be held at the respective Institutes' headquarters from 25th March 1954 to 31st March 1954 as per programme given below.

Thursday	25-3-1954	10 a.m. to 1 p.m.	Co-operation Historical, General and Principles.
Friday	26-3-1954	10 a.m. to 1 p.m.	Co-operative Law.
Saturday	27-3-1954	10 a.m. to 1 p.m.	Audit.
Monday	29-3-1954	10 a.m. to 1 p.m.	Book-keeping.
Tuesday	30-3-1954	10 a.m. to 1 p.m.	Banking.
Wednesday	31-3-1954	10 a.m. to 1 p.m.	Rural Economics, etc.

Candidates who failed in the previous Provincial/State Co-operative Union Examination held during 1942 to 1953 are hereby informed that they can also sit for the above examination.

Candidates who underwent training in the Institutes prior to 1941 have to appear and pass Part III of the examination under the new regulations for eligibility for a certificate.

In view of the subject 'Banking' having been included under Part III from the year 1945, candidates who have passed Part II in previous years need not appear for 'Banking' under Part III this year. It will suffice if they sit for Rural Economics, Sanitation, Village Panchayats etc., only.

The examination in Theory comprises of three parts:—

- | | |
|--|-------------|
| 1. Co-operation—Historical, General and Principles | } Part I. |
| 2. Co-operative Law | |
| 3. Audit | } Part II. |
| 4. Book-keeping | |
| 5. Banking | } Part III. |
| 6. Rural Economics, Sanitation, Village Panchayats | |

Candidates who have failed in any one of the subjects of any part have to sit for the subjects comprising that Part or Parts.

The examination fee is Rs. 11 for the whole Examination for students undergoing training in the Institutes for whom the marks obtained by them in the examination will be supplied through the Institutes. However, this rule does not apply to supplementary candidates from whom the fee of Rs. 2 for furnishing marks will stand. The examination fee is Rs. 4 for each Part.

The last date for receiving the examination fees together with the application in the prescribed form is 27-2-1954. Fees must be remitted only by money order. Applications and money order received after the said date are liable for rejection, and no complaint in this behalf will be attended to.

For further particulars please apply to:

The General Secretary,
The Madras State Co-operative Union,
379, Netaji Road, Madras-1.

CO-OPERATIVE NEWS & NOTES

Co-operative News

National Extension Scheme—Co-operatives' Role:

Sri J. C. Ryan, Registrar of Co-op. Societies, Madras, addressing a Meeting of Block Development Officers at Poondi on 5-2-'54, stressed the need for making available fertilisers, seeds, pesticides etc., to the villagers at their very doors. He discussed with them the problems relating to the Co-operatives under the National Extension scheme areas and suggested that the potentialities of the Multipurpose Rural Credit Societies should be exploited to the maximum benefit of the members. Loans should be sanctioned and disbursed without the least delay, through co-ordinating the activities of the National Extension Scheme and the Central Bank Staff.

The Vellala Co-op. Bank Ltd., Felicitates Dr. P. Natesan:

Dr. P. Natesan was felicitated by the Vellala Co-op. Bank on 8-2-'54 at a Special Meeting on his Election to the Vice-Presidency of the Madras State Co-op. Bank. Due to the unavoidable absence of the Hon'ble Dr. U. Krishna Rao, Minister for Co-operation, Sri A. Palaniappa Mudaliar, Joint Registrar of Co-op. Societies presided. In the course of the Addresses and Speeches, the Chief Guest was requested to prevail upon the Government and the State Co-op. Bank and obtain medium term loans for the Urban Banks. Dr. Natesan, while thanking the Directors of the Bank for the honour done, stated that Urban Banks should endeavour to find funds for medium term requirements only from deposits. Sri A. Palaniappa Mudaliar also felicitated the Chief Guest and expressed his concurrence with the views given by him on the question of medium terms loans.

Madras Dt. Coop. Central Bank—Opening of New Extension:

The New Extension of the Madras Dt. Co-operative Central Bank, Ltd., was opened on 21-2-'54 by Sri M. D. Kumaraswami Mudaliar, President, Madras State Co-op. Bank Ltd. Sri J. C. Ryan, Registrar of Co-op. Societies presided. Most of the Directors of the M. S. C. Bank were present on the occasion. In his Welcome Address, Dr. P. Natesan, President of the Bank narrated graphically the eventful history of the Bank and indicated how due to the sincere efforts of the present Board of Directors and the advice of Sri Ryan, Registrar, the Bank attained to its present prosperous position. He mentioned that the own premises of the Bank were purchased at a very advantageous price and that the present Extension cost about Rs. 21,000. Sri Kumaraswami Mudaliar, in declaring the Extension open, paid glowing compliments to the work of Dr. P. Natesan and said that the present position of the Bank was entirely due to his great care and administrative talent. He wished the Bank a long-type of useful service and prosperity. Sri Ryan, in the course of his Presidential remarks showed his great appreciation of the work of Dr. Natesan. Referring to the service of the Bank to the Employees' Cooperatives, he stated that the expenditure of the salaried borrowers was mostly unproductive and hence they should be pressed to live within their means. This, he said, would save them from becoming chronic borrowers.

(Photos of some of the chief invitees and the Extension of the Bank are published in this issue.)

Proposal for an International Co-op. Bank at F. A. O. Conference.

It has been reported that at the F. A. O. Technical Conference on Co-operation which is in Session at Kandy in Ceylon since 24-2-'54, a

proposal was made by a Committee on Co-operatives and Governments, presided over Dr. P. R. Desmukh, (India's Agriculture Minister) that an International Co-operative Bank, or in the alternative, a Regional Bank for Asia and Far East should be set up.

Conference of Primary Stores in Tinnevely Dt.

The Seventh Conference of the Primary Co-operative Stores in Tinnevely Dt. was held at Palayamcottai on 21-1-'54. The Hon'ble Dr. U. Krishna Rao, Minister for Co-operation inaugurated it and Sri A. P. C. Veerabahu, President of the Tinnevely Co-op. Central Stores presided, various problems relating to the business and financial aspects of the Stores and also the relations between the Wholesale and Primary Stores, etc., were discussed and several resolutions were passed, some of the more important ones being the suggestion for starting house delivery, the revival of sales to non-members, the suggestion for opening of branches by the wholesale stores and the proposal that Stores should assist industrial Co-ops. in obtaining raw materials and selling their goods.

Supervisors' Conference of the Tinnevely Dt Co-op. Central Bank.

The Conference was held on 24-1-'54 at the Tinnevely Dt. Co-op. Central Bank, its President, Sri M. D. Kumaraswami Mudaliar, presiding. A number of items of development ever considered,—for instance savings drive, the pilot scheme suggested by the Madras State Co-ops. Conference for taking the over all problem of the farmer, the development of stores were considered besides reviewing the progress in the supervisors work and fixing their programme for the next half-year.

Supervisors Conference of the Cooperative Central Bank, Vellore :

The Conference was held at the Central Bank Vellore on 9-1-'54, Sri T. Krishnamurthy Gounder, Vice-President of the Bank, presiding. In his Address the Vice-President pointed out the increased responsibility of Co-operatives to help the villagers with credit due to the situation in the money market caused by the recent moratorium ordinance. He also appealed for the collection of more deposits for the Bank. The work of the Supervisors was then reviewed. The Deputy Registers of the District and some Directors also spoke about the future lines of work of the supervisors.

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