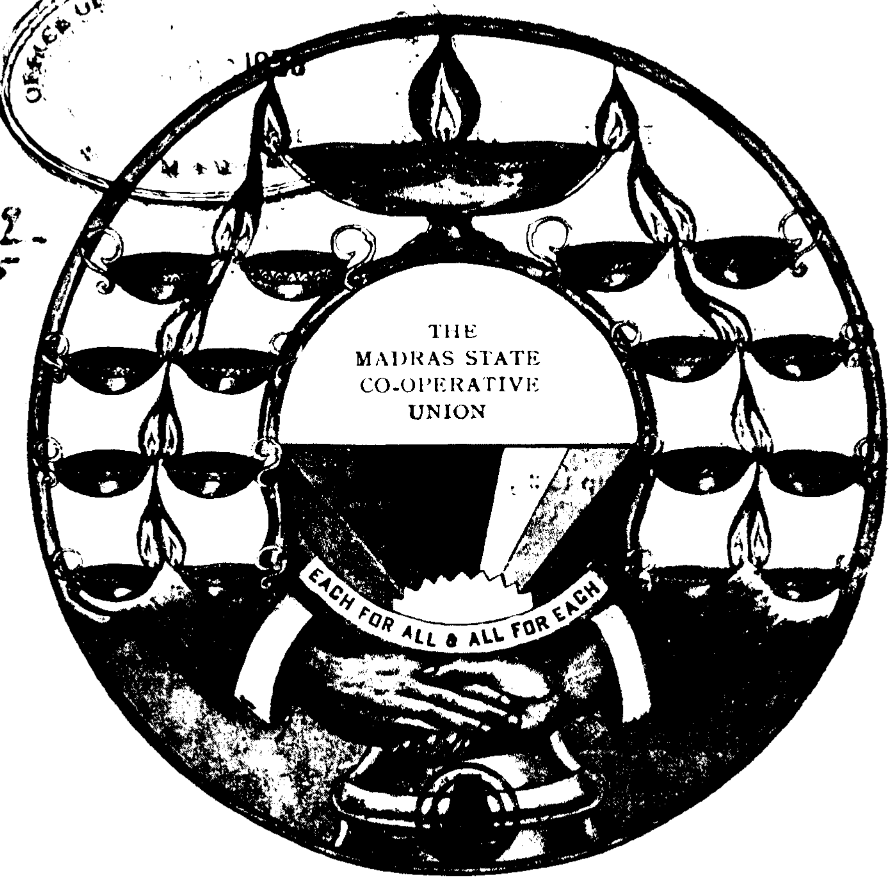
The Madras Journal of Co-operation



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

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

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CONTENTS

Thirty Third International Co-operative Day.

DECLARATION OF THE I. C. A.

On the 60th Anniversary of its Foundation, the International Co-operative Alliance greets its Organisations and their 118 million members in 34 countries, acknowledging with gratitude their past collaboration in seeking to attain the high aim proclaimed for the Alliance by its Founders.

From its creation, the Alliance has never ceased—at its Congresses and on other suitable occasions such as International Co-operative Day—to impress upon its members that they represent a great economic and social force which, whenever united in purpose and action, can exercise a beneficial influence upon national and international policy.

Today, the need for that influence is imperative. Co-operators must unite in their efforts to arrest the desperate race in instruments of mass destruction, wasteful of the wealth of nations and threatening a world war in which civilisation may perish.

The International Co-operative Alliance, therefore, solemnly charges its affiliated Organisations and their members, the 33rd International Co-operative Day to bring once more before their respective Governments, publicly and by the most appropriate direct means, the Appeal of the 19th International Congress that they shall:

Renew their efforts, through the United Nations, to reach agreement on the limitation of armaments of every type, as a step towards total disarmament;

Create an impartial and effective organisation for the inspection and control of arms and arms production within all nations;

Speed up every measure, national and international, for the relief and eventual abolition of poverty and economic insecurity.

Co-ordinate their economic policies so as to promote international exchange, the full employment of all human and material resources, a steady economic expansion; and to offer the common people the certain prospect of peace with abundance.

Finally, the International Co-operative Alliance calls upon all Co-operative Organisations, and Co-operators, to unite in supporting their International, morally and materially, that it may steadily advance towards, and reach, its goal. Thus may the peoples of the whole world see the dawn of a better life.

All India Co-operative Day

Saturday, 5th November 1955.

Message from SRI SYAMNANDAN SAHAYA, M.P.,
President, All India Co-operative Union.

It is indeed both a pleasure and a privilege to send you my greetings and that of the All India Co-operative Union on this auspicious occasion of the All India Co-operative Day.

To celebrate a day is to bring before ourselves the ideals and objectives of the Movement and to make a firm resolve to act up to the ideal for which we all stand. Ever since we know anything of the coming into being of a social structure as distinguished from individual existence, we know also of Co-operation without which no society could have ever been formed and would not certainly have existed for long and been strengthened. Co-operation, therefore, has a unique place in the social structure of Humanity. It has been a matter of faith with me that the more we follow the precepts of co-operation the happier the world shall be and our apprehensions of wars, the Atom and the Hydrogen bombs and the other weapons of mass destruction will vanish into thin air if we succeeded in bringing into the fold of the Co-operative Movement, mankind as a whole.

In our country over 80 per cent of the population lived almost on the margin of subsistence and the Co-operative Movement was introduced to improve the economic conditions of this mass of humanity. Thanks to the efforts of those selfless co-operators, who worked in a missionary spirit and spared no pains for the advancement of the Movement, to-day our Movement has a crore and a half of the citizens of this country in its fold, almost one out of every 24 individuals inhabiting this vast country. It should not be forgotten that the remaining 23 include women and children. The proportion will be much higher if we took only the male and adult population into account. We have an over all working capital of over Rs. 327 crores of which nearly Rs. 80 crores represent the working capital of primary agricultural societies. This would not be an insignificant proportion of the rural credit requirements of this country, considering the targets for rural finance in the First Five Year Plan to be made available both by the Government and Co-operative Agencies as being 100 crores for short-term finance, 25 crores for medium-term finance and 5 crores for long term finance per annum. It gives me no pleasure to state these figures; for I believe that Co-operation cannot achieve its objectives until the entire population is served by it. I am fully conscious of the fact that we are serving yet a small percentage

of the population. We dare not be complacent but even so it is sometimes essential to take stock of the past and it is in this spirit that I have deemed it fit to place before you the position as it now is.

The task ahead is of gigantic proportions. In this task of bringing into the Movement the entire rural population of the country we should welcome all assistance from whatever sources it may come. Happily our National Government has decided to participate in our Movement financially so that the fruits of co-operative action may be enjoyed by a large section of the community. It is upto us to accept the helping hand of the State and march towards the goal set before the country, *viz.*, Socialistic Pattern of Society.

The workers in the Movement are on their trial. Here is an opportunity in collaboration with the Government to steel the movement and show the immense potentialities for good that lie embedded in it.

In order that workers from all over the country may meet occasionally at the capital of the country namely, Delhi, it is proposed to erect a National Co-operative Home at the National capital. It will not only serve as a common meeting ground but will be a constant reminder of the promise we hold out for the good of humanity and I have no doubt every co-operator and co-operative institution in this country will extend its hand of Co-operation to put this National Co-operative Home.

Before I conclude I would ask you once again to put your best in the Movement and take the fullest advantage of the opportunities that the country and the Government have made available in the sphere of Co-operation. Let it not be said that the workers in the Movement failed, when the very best opportunities were offered to them.

Message from SRI AJIT PRASAD JAIN,
Minister for Food and Agriculture, Government of India.

On this occasion of the celebration of the All India Co-operative Day, I send you my affectionate greetings.

Co-operation as a form of enterprise has its place in any form of Society. But in India where we have accepted Socialistic Pattern of Society as our objective, the importance of Co-operation is even greater. Co-operation envisages the combination of a large number of small men to meet their needs of production and consumption on the basis of self-help and self-reliance.

India with its teeming millions of tillers-of-soil and artisan-workers in cottages and households stands to benefit the most by co-operative working. The petty cultivators needs credit. He also needs help in buying commodities he needs and marketing of surplus produce. The small artisan and worker need organisation in the supply of raw material and tools, manufacture of goods and sale of his products. The more I have thought, the more I feel convinced that the co-operative form of enterprise alone can solve the problem of the small cultivator and the small industrial worker.

Unfortunately, our efforts of more than 50 years have failed to yield adequate results in the field of co-operative credit, co-operative marketing and co-operative processing. Government of India have felt greatly concerned and after a thorough examination of the needs for credit, marketing and processing, it has come to the conclusion that all forms of co-operative enterprises in India should be given a powerful push. Some steps by way of transforming the Imperial Bank of India into the State Bank of India and amendment of the Reserve Bank of India Act have already been undertaken. These changes make available substantial credit facilities from the Reserve Bank at cheaper rates and also provide for remittance of funds through a network of State Bank of India's branches.

Co-operation, of all the forms of human activities, depends most upon the co-operation of all. The co-operation of non-officials initiative and workers is the *sine qua non* of a successful Co-operative Movement. Co-operation, teaches the people a new way of life. Any regimentation of the Co-operative Movement would thus prove fatal. I am most anxious to enlist the help and support of all those who have hitherto been working in the field of Co-operation and new-comers who stand by that ideal. In my opinion, the States' participation in the co-operative enterprise must be the minimum and as soon as suitable conditions are created, it shonld be reduced or withdrawn so that the Movement goes ahead with its own momentum and force.

I am confident that this occasion will be used by the workers of the All India Co-operative Union to explain the true import of the Government's scheme for the future working of the Co-operative Movement in India and I am sure that with the amalgam of the best in the officials and goodwill and co-operation between them, we shall be able to build a healthy and strong Co-operative structure.

THE

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EACH FOR ALL AND ALL FOR EACH

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Thought for the Month

CO-OPERATION AND ART.

The reign of Competition was ushered in with the beginning of the Industrial Revolution, and a blight fell on Art. The Nineteeth Century became highly materialistic. The spiritual life of the people, for which all true Art stands, began to revive, however, with the awakening of the new democracy, when voices were heard in the wilderness crying out the way of salvation through Co-operation. Competition truly is death—the death of all the highest motives in man—the annihilation of the soul. Co-operation is life—the preservation of the noblest ideals—the uplifting of man to the heights of the eternal verities. Competition stands for fraud, deceit, ugliness. Co-operation is the very antithesis of Competition, and so is at one with Art, which stands for honesty, truth and beauty. Art, therefore, has its definite place in the Co-operative Movement.—From "Art, Life and Co-operation" by Charles E. Tomlinson.

Editorial Notes

THE SECOND MADRAS STATE CO-OPERATIVE MILK SUPPLY CONFERENCE.

It has been decided by the Producers' and Executive Committees of the Madras State Co-operative Union, which met on 18th September 1955 to convene the Second Madras State Co-operative Conference of Milk Supply Unions and Societies during the last week of October, 1955 at Madras. This Conference is very timely and opportune. The occasion offers a unique opportunity to discuss the several problems confronting co-operative milk activity and to frame resolutions to build up strong milk co-operatives and to impress on the Government the several needs of them.

The Governments are just now engaged in formulating the Second Five Year Plan. Surely, the building up of strong, efficient Milk Co-operatives all over the State, involves not only ensuring abundant, cheap and hygienic milk supply to the city-dwellers as well as the rural folks but also devising scientific measures for the management, feeding and upgrading of the live-stock. In fact, dairy development has now become a first rate development programme; and further the workers in the Co-operative Milk Supply Societies are well aware of the numerous handicaps and hurdles attendent on their work; the problem of Sales-Tax, the question of supply to public Institutions, the surplus milk problem, the paucity of salvage facilities etc. and they know that these problems impede the growth of the Milk Co-operatives. Therefore, it is a matter of utmost urgency that these and allied problems should be discussed in detail and workable solutions found. This will enable us to formulate concrete proposals for Government assistance and also bring to the attention of the Government the existing difficulties in the working of the Milk Co-operatives. We can, thus, chalk out a programme of work, which will enable us to move forward in our sphere of work.

As the Conference is primarily designed to be a business Conference, it has been decided to hold it for a day at some suitable place in the City of Madras during the last week of October, 1955. **Sri K. Nachchinarkinia Sivam, President, The Madras Milk Supply Union Ltd., Madras**, has been elected to be the President of the Conference. It has also been decided to invite **Sri K. Kameraj Chief Minister of Madras, Sri M. Bhakthavatsalam, Minister for Agriculture and Sri A. B. Shetty, Minister for**

Co-operation, to take part in the deliberations of the Conference. Subject to their convenience, it has also been decided to invite some Government of India Ministers, to participate in the Conference. Thus it may be seen that the Conference is both comprehensive and business like. Therefore, we appeal to every single Milk Co-operative in the State to participate in the Conference.

We strongly appeal to all the Milk Co-operatives in the State to send their delegates to the Conference, and thus contribute to the success of the Conference. We also make a special appeal to bigger Milk Co-operatives to contribute liberally to the Union, in order to enable it to conduct the Conference on a grand scale.

THIRTY THIRD INTERNATIONAL CO-OPERATIVE DAY AND ALL INDIA CO-OPERATIVE DAY CELEBRATIONS—AN APPEAL.

The International Co-operative Alliance in its declaration of the 33rd International Co-operative Day, which was celebrated on the 2nd July 1955 had called on all the Co-operators to unite in their efforts to arrest the desperate race in instruments of mass destruction, wasteful of the wealth of nations and threatening a world war, in which civilization may perish. The Alliance also exhorted the Co-operators of the world to co-ordinate their economic policies so as to promote international exchange, the full employment of all human and material resources, a steady economic expansion; and to offer the common people certain prospect of peace, with abundance. If the message of the Alliance is followed by the Co-operators all the world over, we are sure that the peoples of the whole world may see the dawn of a better life soon.

This year the All India Co-operators' Day falls on the 5th November 1955 and the All India Co-operative Union has decided to extend the celebrations to a week from 5th November to 11th November 1955. The Madras State Co-operative Union has decided to celebrate the All-India Co-operative Day on the 6th November, 1955 for a day. Arrangements are afoot to celebrate the day in a fitting manner, throughout the State. Sri Syamanandan Sahaya, M.P., President, All-India Co-operative Union, has underlined the significance of the Day as follows:

"The task ahead is of gigantic proportions. In this task of bringing into the Movement, the entire rural population of the country, we should welcome all assistance, from whatever sources it may come. Happily our National Government has decided to participate in our Movement financially, so that the fruits of Co-operative action may be enjoyed by a large section of the Community. It is upto us to accept the helping hand of the State and march towards the goal set before the country *viz.*, Socialistic pattern of Society."

We appeal to all Co-operators to disseminate the message of Co-operation on that unique occasion in every nook and corner of the State. We appeal to all Co-operative institutions to join enthusiastically in the celebrations and make it a grand success.

CO-OP. HOSPITAL AT AMUR—A WELCOME VENTURE

A Co-operative Hospital, the first of its kind in the history of the Co-operative Movement in this State was declared open by Sri A. B. Shetty, Minister for Health and Co-operation on Sunday the 25th September, 1955 at Amur, a village 14 miles from Tiruchirapalli. We welcome the novel venture. The Hospital has been started by the Health Co-operative Society at Amur, which has 110 members, paying an annual subscription of Rs. 6 each. The scheme of the Society will benefit seven villages, besides four in the N. E. S. block. Consultation at the Hospital is free, but medicines supplied to members are charged for. The visiting fee of the doctor is divided equally between the doctor and the Society. While the services of the Hospital are available to members as well as non-members, the members shall receive a preferential treatment such as some concessions in the cost of medicines and visiting fees.

We congratulate the promoters of the Co-operative Hospital on their happy idea to organise an institution to provide medical service at a moderate cost. Though we are familiar with certain health co-operatives in Bengal and Punjab, this is almost the only pioneering enterprise organised in this State. But we wish to caution the pioneers to hasten *slowly*, and to consolidate the Society on sound basis. They should build up sufficient resources and work the Society on the most efficient lines. Competent medical men should be employed, though it may cost the Society a good deal. We wish that the Hospital, in course of time, grows into a very useful and efficient institution, even as the Moolai Co-operative Hospital Society, Ltd., is the pride of the Co-operative Movement in Ceylon. We appeal to the Co-operative Societies in the State and to the public to donate liberally to the Hospital. We also request the Government to render the Society, substantial financial aid, so that the Society may grow from strength to strength. May the Hospital prove a very serviceable Institution in the neighbourhood and may the spirit of Co-operation find a new expression in this novel method of service!

The Second Madras State Co-operative Conference of Milk Supply Unions and Societies

The Madras State Co-operative Union
329. Netaji Road, Madras-1.
27th September 1955

CIRCULAR No. 1.

It has been decided by the Producers' and Executive Committees of the Madras State Co-operative Union, which met on 18th September 1955 to convene the Second Madras State Co operative Conference of Milk Supply Unions and Societies during the last week of October, 1955 at Madras. This Conference is very timely and opportune. The occasion offers a unique opportunity to discuss the several problems confronting co-operative milk activity and to frame resolutions to build up strong milk co-operatives and to impress on the Government the several needs of them.

The Governments are just now engaged in formulating the Second Five Year Plan. Surely, the building up of strong, efficient Milk Co.operatives all over the State, involves not only ensuring abundant, cheap and hygienic milk supply to the city-dwellers as well as the rural folks but also devising scientific measures for the management, feeding and upgrading of the live-stock. In fact, dairy development has now become a first rate development programme; and further the workers in the Co-operative Milk Supply Societies are well aware of the numerous handicaps and hurdles attendent on their work; the problem of Sales Tax, the question of supply to public Institutions, the surplus milk problem, the paucity of salvage facilities, etc. and that they know these problems impede the growth of the Milk Co-operatives. Therefore, it is a matter of utmost urgency that these and allied problems should be discussed in detail and workable solutions found. This will enable us to formulate concrete proposals for Government assistance and also bring to the attention of the Government the existing difficulties in the working of the Milk Co-operatives. We can, thus, chalk out a programme of work, which will enable us to move forward in our sphere of work.

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Delegates:—Each primary Co-operative Milk Supply Society shall send one delegate. The delegate fee shall be Rs. 5. Each Milk Supply Union shall send two delegates. All the Societies are requested to send the names of the delegates before 15th Oct. 1955.

Donations:—The Co-operative Milk Supply Unions are requested to contribute liberally towards the finances of the Conference, not lower than Rs. 25 each inclusive of delegation fees.

We also make a special request to both large Milk Supply Unions and the Milk Supply Societies to donate a sum, not smaller than Rs. 100 and thus augument our financial position and enable us to convene the Conference on a grand scale.

Boarding:—The Union will arrange the midday meal and evening tea for the delegates on the day of the Conference.

Resolutions:—We also request all Societies and Unions to give notice of the resolutions to be moved in the Conference, so as to reach the office of this Union, not later than 15th October, 1955, in order to enable us to scrutinize the resolutions and put them in order before the Conference.

We appeal to all the Milk Co-operatives in the State to send their delegates to the Conference, and thus contribute to the success of the Conference.

P. Natesan,
General Secretary.

Medai Dalavoi Kumaraswami Mudaliar,
President.

Jewish Agricultural Settlements in Israel[1]*

Harry Viteles

Eliezer Kaplan School of Economics and Social Sciences, the Hebrew University, Jerusalem

Agricultural Area, Population and Marketing

The total area of Israel is $5\frac{1}{4}$ million acres. It is not yet known how much of the 3·1 million acres in the Negev is potentially cultivable.

At the end of 1953 there were 1,483,505 Jews in 742 communities and 185,892 non-Jews, nearly all Arabs, in 112 communities. Table 1 shows that 23 per cent and 27 per cent of the Jewish and non-Jewish population respectively lived in non-urban communities.

Table 1. *Distribution of Population in Israel at 31 December 1953*

Population	All		Urban		Non-urban		Percentage			
							Urban		Non-urban	
	Com.	Population	Com	Population	Com	Population	com.	pop.	com.	pop.
Jews	742	14,83,505	49	1,137,674 (*b*)	693	345,831 (*c*)	7	70	93	80
Non-Jews	112	1,85,882 (*a*)	8	49,648	104	136,244	7	21	93	79
Total	854	1,669,397	57	1,187,322	797	482,074	..	–	—	–

(*a*) Includes 20,186 Bedouins without fixed places of residence.

(*b*) Includes 5,148 in five immigrant hostels and 636,000 residing in Jerusalem, Tel Aviu-Jaffa and Haifa.

(*c*) Includes 70,400 immigrants in fifty-two transitional and semi-permanent communities and another 44,455 in sixty communities, nearly all non-agricultural villages. The majority of these 44,455 have arrived since May 1948.

There are about 700 agricultural settlements with 48,000 families, of whom 53 per cent have been settled since the establish-ment of the State (15 May 1948) in 400 settlements on 250,000 acres. On the average, the new farmers have holdings of 10 acres e ch of which 2 are already under irrigation.

The new farms are expected to supply 30 per cent of all jewish agricultural produce during 1953-4. The government has fixed

1 This art cle does not discuss the *kibbutsim*, which were dealt with by E J. Mayer under the title, ' Collective Land Settlement in Israel ' in this *Journal*. Vol. I, no 5, p. 29.

**Source* : International Journal of Agrarian Affairs, Vol. II, No 1, Jan. 1955.

higher guaranteed minimum prices for vegetables grown on the new farms than for those from the old farms because the average yields are lower.

Co-operatives handle about 80 per cent of all marketable agricultural produce. This includes about two thirds of the citrus fruits and over 90 per cent of the wine grapes processed co-operatively. Farmers purchase over 80 per cent of their agricultural requisites (including implements and machinery) from co-operatives, which own and manage most of the large agricultural machinery, and the water co-operatives supply over two-thirds of the water used for irrigation.

Early Jewish Agricultural Colonization

In 1855 a group of Jerusalem Jews bought land on the outskirts of the city on which the settlement Motza was established in 1894. A second group of Jerusalem Jews in 1878 purchased the land on which Petach Tikvah—Judea—was established. Charles Netter, on behalf of the Alliance Israelite Universelle, founded the first agricultural school—Mikve Israel (Hope of Israel) in 1870, near Jaffa. But Jewish agricultural colonization in the Holy Land is generally considered to have started when Russian Jews in the early 1880's established Rishon-le-Zion in Judea, Zichron Yaacov in Samaria, Rosh Pina in Galilee and Yessod Hamaaleh on Lake Huleh.

In 1883, Baron de Rothschild took over most of the existing settlements. It is estimated that he invested £6 million in agricultural colonization.

Moshavot. The first agricultural settlements were, and are still, known as *moshavot* (singular, *moshava*). Unlike most of the other types of agricultural settlements, the moshavot do not restrict the employment of hired labour. It is not obligatory for the farmers to lease their land from the Jewish National Fund or from another body, or to market their crops and purchase their requisites co-operatively. Nor does every farmer have an equal area or start with the same equipment. The moshavot

> correspond . . . to the individualist villages found in Europe and many other parts of the world . . . made up of privately held . . . farms, which vary considerably in character and size . . . the farmer is an independent entrepreneur who on the basis of his own skill and initiative can shape the destiny of his.

There were twenty-five moshavot about the year 1908 with a population of 8,000 and an area of 87,500 acres of land. At

present, nine of the thirty eight moshavot are almost completely urbanized and have a population of over 85,000. The other twenty-nine moshavat, with a population of over 57,000, have retained their agricultural character. Most farmers in the Moshavot market their crops, purchase their requisites, arrange their water supply, use agricultural machinery and insure their crops and cattle co-operatively. Some of the oldest and largest of the credit co-operatives are in the moshavot—Zichron Yaacov, Rechovot, Rishon-le Zion and Hedera.

Up to about 1900 the main or the only cash crop of the moahavot were wine grapes, citrus fruits and, to a smaller extent, almonds. The moshavot still raise 90 per cent. of the wine grapes and 75 per cent of the citrus fruit.[1] Practically all the vintners are members of the co-operative wine cellars, 'Vigneronne' Rishon le-Zion and Zichron Yaacov. The sales of the Vigneronne during 1952-53 were nearly I£8 million (the *de facto* exchange rate is I£1.800 = $ 1.00). Only about 2 per cent as compared with 75 per cent of the sales up to 1929 represent exports. The estimated proceeds on the tree for the 8.1 million cases of citrus exported and 3.6 million sold locally for consumption and to the citrus by-product factories during 1953-54 season is I£ 33 million. About four-fifths of this amount is for fruit from the citrus groves in the moshavot.

The settlements which the Baron Edmond de Rothschild established in Lower Galilee about 1901 were the first moshavot to engage in extensive dry-farming. Since 1921 the moshavot have followed the example of the *kibbutzim* and *moshavim* and have introduced dairy and poultry raising and, to a smaller extent, vegetable-growing.

Most of the pre-World War I moshavot received considerable assistance—grants and credits—from Baron Edmond de Rothschild funds, known since 1922 as the Palestine Jewish Colonization Association (PICA); the Jewish Colonization Association (ICA); and to a smaller extent from the Palestine Zionist Executive (PZE) and its successor since 1929, the Jewish Agency for Palestine (JA). Only a small percentage of the farmers in the moshavot established after World War I received assistance from these sources.

Practically all the farmers in the *moshavei ovdim, moshavim shitufiyim* and *moshavei olim* received, in addition to land on

[1] In 1951, 84 per cent of the 4,500 citrus groves in the country were less than 7½ acres each. The moshavot account for three-quarters of the area.

long-term lease from the Jewish National Fund, long-term low-interest credits for houses, farm buildings, inital equipment, seeds and operational capital credit from the PZE or JA directly or from their financial institutions. The farmers in the moshavot, and in the moshavim and kibbutzim continue to enjoy relatively large short-term, intermediate and long-term credits from banks and from the government agricultural bank established in 1952.[*]

Table 2 shows the distribution of non-urban Jewish population at the end of 1953.

TABLE 2. *Distribution of the non-urban Jewish population*

Type of community	No. of communities	Population	Percentage of total	
			Jewish population	Non-urban Jewish population
1. Moshavot	29	57,576	3·9	16·8
2. Kibbutzim and Kvutzot (*a*)	227	73,329	5 0	21·2
3. Moshavim (*b*) (co.op. agric. settlements):				
a Moshavei ovdim (small-holders settlements).	85	26,626	1 7	7 3
b. Kfarim shitufiyim (co-operative villages) . .	36	17,308	1·2	5·0
c. Moshavim shitufiyim (co-operative settlements)	30	5,119	0·3	1·2
d. Moshavei oilm (immigrant co-operative settlements) . . .	174	52,118	3·6	15·5
Total	325	101,171	6·8	29·0
4. Miscellaneous (*c*) (non-agricultural settlements) .	115	114,055		

Notes: (*a*) There is no difference between *kibbutzim* and *kvutzot*.
(*b*) Singular: *moshav; moshav oved; kfar shitufi; moshav shitufi; moshav olim*.
(*c*) Includes fifty-two transitional and semi permanent immigration centres with a population of 70,400.

Moshavim (Co-operative Agricultural Settlements) During the five years 1949–53, the number of *moshavim*—all four categories—increased from ninety-four to 325 and their population from 22,500 to

[*] Mr. G. Kadar—Adviser on Agricultural Credits to the Bank L'eumi L'Yisrael—estimates the total balance of agricultural credits at the end of 1953 at I£153 million. Of this amount, nearly I£80 million are on account of colanization credits direct to the farmers; I£ 14.6 million long-term credits from the government Agricultural Bank and I£ 1.16 long-term credits from the banks. The balance are short-term facilities.

about 101,000. The desideratum of all four types of moshavim is a synthesis of maximum social and economic individualism compatible with maximum co-operativism. Co-operative marketing and purchasing and other services are obligatory. Every farmer has an equal amount of land and starts with about the same initial equipment. Except for the *kfarim shitufiyim*, all of the settlers receive practically the same amount of credit from the colonization institutions and on the same terms. There is also one general type of farm in each of of the moshavim, based on mixed farming. The main branches are poultry raising, vegetable growing, dairying, plantations and forage crops. The farmers in the moshavim are free to specialize in one or more branches. The U. N. publication, previously referred to is correct in pointing out:

> that a certain amount of inequality crops up almost from the beginning. Families with many working members have an advantage over smaller families with small children . . . differences in physical capacity, skill, power of judgment initiative and executive ability . . . misfortunes like illness, death, loss of cattle . . . While mutual aid . . . insures a fair subsistence level at all times it is not a guarantee of egalitarianism. . . .
>
> There is no foreclosure of mortgages or bankruptcy as a result of undue hardship . . . Every individual knows that he will not be plunged into destitution. His community will stand back of him at all times.

Dr. Y. Talmon-Garbier's evaluation of the *moshavei ovdim* also applies to the kfarim shitufiyim and to the *moshavei olim*.

> . . . main purpose of the arrangement was not to level completely any inequality which might arise, but to check this process . . . . The inequalities of economic position were not allowed to interfere with basic needs . . . The significant fact is that in spite of an almost equal starting point, and in spite of a levelling process differences were considerable and persistent.

In September 1953, the average number of dairy stock on twenty-five moshavei ovdim varied from two to five per farm on thirteen from six to ten on seven and more than ten per farm on five moshavei ovdim.

Data about the participation of the farmers in the communal, expenses for education, sanitation, &c., is available for twenty moshavei ovdim for the year 1951-2. On eight, the farmers were required to pay equal amounts in internal taxes, while on twelve the taxes were collected in accordance with gross revenues (including earnings from non-agricultural sources). On these latter, 66 per cent of the farmers paid more than the average, 27 per cent paid less and 7 per cent paid the average.

Joint farming is a principle only in the *moshavim shitufiyim*. Economic and not social considerations determine the extent of joint farming in the other moshavim, though there is generally some joint farming during the early years in all of them. The moshavim own and manage the agricultural machinery co operatively, and generally employ wage workers to operate it, and use their members for supervisory staff.

There are no reliable data about the share of the moshavim in total Jewish agricultural production and in agricultural produce marketed.

The Audit Union of the Labour Agricultural Co-operatives prepares consolidated financial and statistical statements for the kibbutzim and the moshavim shitufiyim, but there are practically no published data about the assets and liabilities of the farmers in the moshavim.[1]

Moshavei ovdim. It is not unlikely that those who suggested the establishment of moshavei ovdim were influenced by Professor Franz Oppenheimer's experimental co-operative settlement—Merchavia—established in December 1911 and liquidated in 1914 Professor Oppenheimer's plan for co-operative settlements envisaged three stages and 'allows every single individual the fullest possible play of free activitity'. First the establishment of a large modern farm, fully equipped with livestock, agraicultural implements, &c., managed by experienced administrators and agrnomists, on which 'physically able bodied but agriculturally untrained men.......,are initiated in the shortest possible time into the technical methods of their new vocation. The workers would assume 'an increasing degree of authority' including.........'fixing the wage rates according to the types of work'. The labourers receive fixed wages 'in good and in bad years'. 'Three-fourths' of the net profit, after paying 4 per cent to

1 'Baban' is the Audit Union for the co-operatives in the kfarim shitufiyim. The following is a summary of an article which appeared September 1953 about 2477 forms in thirty-nine kfarim shitufiyim for year Oct. 1951—Sept. 1952. On 30th Sept. 52 the population was 7,615, they had 84,100 acres of land of which over 8,100 was irrigated (4,000 acres used for vegetables, 2,950, deciduous fruits and 1,100, forage) Most o the unirrigeted area of 26,000 acres was used for grains. The gross revenue was about I£ 4-7 million—average about I£ 1,900 per farm. There was a study of four moshavei ovdim made in 1941 and another of a kfar shitufi in 1953-4. These reports are not published. Since 1949 the central marketing co-operatives have not published detailed lists of payments (farm prices) made to producers and from which it was possible to calculate how much each moshav received. These data are still included in most of the annual accounts of the individual moshavim, but since 1948 have not been collated and summarized.

the shareholders, would be divided among the workers in cash and in accordance with the wages which they earned during the preceding year.

Second, the organization of an agricultural labourers' productive co-operative. The members of the co-operative continue to work for the farm but have their own houses and small allotments. The co-operative leases the land for the members from the Jewish National Fund. If the productive co-operative is converted into a producer's co-operative, then the land is divided among the members into hereditary leasehold plots. The co-operative could dismiss the administrator and the members would run the concern at their own risk'.

Third, was the establishment of a co-operative settlement, 'a mixed community, composed of farmers, artisans - even of persons of independent means'. The settlements also would have credit and consumers' co-operatives.

Eliezer Jaffe, one of the founders of the first moshav oved—Nahalal—established in 1921, formulated the principles of the moshavei ovdim about 1915. The family living together in its own home was basic for a healthy peasantry and was the first of the five main principles. The second principle was self-labour and was the means for making

> the farmer and his family an organic part of the soil......A farmer who is dependent on the market is not stable... ..must become a trafficker who does not become rooted in the soil.

Wage labour may be used only with the express approval of the Committee of Management. The third and fourth principles were minimum standards for all and maximum mutual aid compatible with the principle of voluntarism, and the fifth that Jewish National Fund land on long-term lease should be redistributed periodically.

Kfarim shitufiyim were introduced in 1932 to meet the needs of the immigrants from central and western Europe. Most of these were merchants, industrialists and members of the liberal professions. They could pay all or most of the costs of establishing farms. These middle-aged immigrants had small families and very few had any experience in agriculture or co-operation. Most of the moshavei ovdim were organized groups before they were established. The farmers of most of the kfarim shitufiyim met their fellow members for the first time after they were settled and 'affiliation appears to be largely a matter of social and political preferences' : Ramat

Hashavim' (The Height of those Returning), established in 1933 in the Sharon, was the first kfar shitufi. The main differences between the moshav oved and kfar shitufi are :

1. It is not obligatory for the members of the kfar shitufi to hold Histadruth (General Federation of Jewish Labour) cards.

2. The members may use wage labour, but only organized labour, without first obtaining the approval of the Committee of Management.

3. The kfar shitufi leases most of its land from the Jewish National Fund and accepts the principle that all farms must be equal in size. But the kfar shitufi does not insist on a periodic redistribution of the land and has also some private land. As in the case of the other moshavim, the transfer of part of or the entire farm requires the approval of the general meeting, generally by a two-thirds majority.

4. Most of the kfarim shitufiyim grant licences to private groceries, meat stores and artisan workshops. (In the early days some of the moshavei ovdim granted concessions to mills, bakeries and road transport services.)

5. Mutual aid in the kfar shitufi is limited to annual holidays, small amount of death insurance and interest-free loans for members in difficulty.

Moshavim shitufiyim is the third type of the moshav and the smallest of the groups. They are reported to account for 1.4 per cent of all Jewish agricultural production. The first moshav shitufi —Moledeth—was established in 1935 by immigrants from western and central Europe. There are three major differences between the moshav shitufi and the kibbutz :

1. In the Moshav shitufi the members and their families live in individual houses. Central eating services are available for the unattached. The ownership of all property is vested in the moshav shitufi. The families generally live together in houses of a standard type. The size of the houses depends on the size of the families. The house plots are used for flowers, vegetables and fruit only for own consumption. In addition to their household duties, the women also work a maximum of 24 hours weekly, the number of hours depending on the number and age of their children. Laundry is generally centralized and mechanized, each woman doing her own.

2. Every worker of both sexes (those over the age of eighteen) receives the same allowance irrespective of the kind of work done, plus additional allowances for children, parents and other approved dependents (see Table 3). Though every family enjoys complete freedom in the use of the allowances, they must make all of their purchases in the consumers' co-operative of the moshav shitufi unless otherwise authorized. The families' accounts are credited with the differences between the allowances and their expenditure, but the possibility of using the credits depends upon the financial position of most of the moshavim shitufiyim.

3. Every member's account is credited with an equal part of the divisible net profits. A member leaving the moshav shitufi is legally entitled to receive back his participation in the share capital, his share in the divisible net profits and the accumulated credit balances, i.e. the differences between the allowances and the expenditure. The moshavim shitufiyim generally make these refunds in instalments over a period of years.

The principles and practices of co-operative ownership of all property, division of labour, security of tenure, and care of the sick, dependents and children in the moshavim shitufiyim are similar to those in the kibbutzim.

TABLE 3. *Rate of allowance per head for 1953-54 in one of the oldest moshavim shitufiyim (amounts in Israeli pounds)*

		per month			Annual holiday allowance
		Food	Clothes	Cash (pocket money)	
Adult (married)	...	28·000	10·000	3·000	9·000
Child 0-2 years	...	14·000	3·750	...	1·500
3-5 ,,	...	16·000	5·000	...	2·250
6-8 ,,	...	19·700	5·650	...	2·500
9-11 ,,	...	22.300	6·250	1.000	3·000
12-14 ,,	...	24·900	6·850	1·500	3·750
15-16 ,,	...	28·000	8·200	3·000	4·500
16-18 ,,	...	28·000	10·000	3·300	5·500
Unmarried	...	28 000	10·000	6·600	9·000
Dependent parent	...	19·700	5·750	1·500	2·250 (if working)

The consolidated balance sheet of fifteen moshavim shitufiyim having about 800 agricultural units, for the year ended 30 September 1952, shows that borrowed funds constituted 91 per cent of the liabilities. There is, however, a hidden reserve of about I£4-500,000 since the balance-sheet value of the livestock, agricultural implements, machinery and irrigation plants is less than 50 per cent of the replaceable value. About 48 per cent of the total indebtedness (i.e. I£1.5 of I£3·3 million) are twenty- to thirty-year low interest loans from colonization institutions and another 18 per cent are three- to ten-year loans from financial institutions. Their own funds plus colonization and long-term loans of the moshavim shitufiyim constitute 70 per cent of the liabilities, while the investments in immovables and movables constitute about 66 per cent of the total assets.

The total gross revenue during 1952 53—I£2·5 million—of which 70 per cent was from agricultural branches, is about the same as the total balance-sheet value of the investments in immovables and movables.

Moshavei olim. The first moshavei olim were established in the autumn of 1948 and to-day they constitute the largest group, in number and in population, of the moshavim. The U.N. Report considers the moshavei olim as

> only the latest but certainly not the last adaptations to a new social institution . . . While the new immigrant accepts the external framework of the moshav oved, these social and moral aspects of co operative living are assimilated only gradually.

Between May 1949 and the end of 1953, about 53 per cent of the 717,999 immigrants came from North African and Asiatic countries. Between 1919 and 1947 over 90 per cent of the 477,000 immigrants (including 127,000 uncertificated immigrants) were from Europe, the majority from east European countries.

Before 1947 nearly all of those who settled in the moshavei ovdim, moshavim shitufiyim and kibbutzim were members of 'Hechalutz' (The Pioneer) in Europe and had received agricultural training in co-operative settlements before emigrating to the Holy Land, but the majority of the later immigrants seem uninterested in farming and are completely ignorant about co-operative agricultural settlements.

The establishment in less than five years of 176 moshavei olim, with over 15,000 farms and 52,000 people, required pressure. Voluntarism was forsaken, except that the immigrants could choose the

groups they wished to join. It was also found to be less troublesome and quicker to establish the moshavei olim according to ethnic groups. Government subsidies to the immigrant farmers, paid through the co-operatives, facilitated the introduction of co-operative marketing from the very beginning.

Farmers from the older moshavei olim and Jewis Agency instructors manage the moshavei olim during the early years. This has minimized internal friction, but has made it difficult to get the moshavei olim to assume responsibility. To inculcate an appreciation of self help and mutual aid and the desirability of a minimum standard for all will be a long uphill struggle. Comparatively few of the moshavei olim have established their own self-governing bodies, and there is a large turnover in the committees of management.

According to Mr. A. Sherman (Ref. 8) the sense of insecurity in the new world' is evident in the fact that the immigrant farmers, prefer to work away from their farms, though the work may be harder and requires several hours of travelling. He concludes that the co-operative settlement is a too advanced sociol-economic form for primitive people. It demands too much of them from both an intellectual and an emotional point of view at the same time. Because the moshavei olim destroy many of the traditional habits of these people, this probably increases 'extremism and instability...... and the desire to seek something more simple'.

The central organization of moshavim (Tnuat Le'moshavim V'Hairgunim) was very active in the establishment and in the supervision of 109 moshavei olim, with about 8,800 farms established since 1948. They deny that the turnover of the settlers in the moshavei olim was relatively higher or more serious than it was in the pre-1948 moshavei ovdim. They report that 86 per cent of them remain and that the

> reasons which influenced the first settlers to leave—such as hard work, difficult living conditions, inability to adapt themselves to the social side of the various types of colonization—these same factors caused many new settlers to leave the settlements. An additional factor is the family ties which play a more important role among the oriental groups. Therefore . . . . some settlers were drawn away to join their families who remained in town.

From May 1948 to September 1953, the Jewish Agency invested I£182 million in establishing 26,000 farm units.[1] The government

[1] This includes additions to forty-three agricultural settlements, mostly kibbutzim, which were in existence at the time of establishment of the state.

provided another I£28 million for housing. This is I£8,000 per farm unit, exclusive of the land, which, as in the case of the pre-state moshav, was obtained on long-term lease from the Jewish National Fund. According to Dr. Ranan Weitz another I£117 million, i.e. I£4,500 per farm is needed to consolidate these 26,000 farms. He estimates that the 14,000 new farms in the moshavei olim can provide 2.9 of the 3.9 million workdays from April 1954 to March 1955 (280 workdays × 14,000). Government and public works are expected to provide the other million workdays.

Dr. Weitz concludes that the principal reason why thirty of the moshavei olim are retarded in their development is an internal social reason—

there is no general explanation why settlements have made reasonable progress in spite of the difficult security and economic conditions and why settlements with better security and economic conditions have not yet grown out of their infant diseases.

The federation of moshavei ovdim together with the Jewish Agency have organized a contracting company which will take over the cultivation of the abandoned and neglected farms. The new farmer will be gradually adjusted to a more orderly cultivation of his holding and ultimately take over the management and responsibility of his own farm.

The Ordinance which the Knesset (Parliament) approved on 28th July 1953 about the legal status of candidates for agricultural colonization came into force on 7th August 1953. Colonization institutions may expel a farmer within three years from the date he was settled. According to Section 6 of the Ordinance—

a farmer may be expelled if he (*a*) continually neglects the cultivation of his farm without sufficient reason, (*b*) wilfully mishandles, neglects or uses for purposes other than farming any of the movable or immovable

The Jewish Agency actually spent I£ 94 million of which I£ 32 million were invested up to the end of 1951 and I£ 62 million in 1952 and 1953. The government invested I£ 14 million. The present *de facto* exchange rate is I£ 1.800=$1. The I£ 108 million was converted at the following rates (by the J)A:

Million I£	Rate	Million I£
32	I£3 = $1	96
62	I£1.800 = $1	112
14	I£2.000 = $1	28
		239

property which he received from the colonization institution, (*c*) continually fails to carry out his obligations to the co-operative agricultural settlement (moshav) and (*d*) persistently disturbs the peace of the community.

Section 3 of the Ordinance prescribes that the Minister of Agriculture should appoint a committee of three. The chairman must be a judge, the other two members being selected from a panel which the national federations of farmers or the national colonization institutions will submit to the Minister. According to Section 7 (f), the committee's decision is final and must include INTER ALIA the terms of repayment by the expelled farmer of his debts to the colonization institutions, the government, &c. Section 11 provides that the expelled farmer must receive compensation for any improvements, &c., which he has made on the farm.

The Jewish Agency has decided to remove from the new settlements those farmers who for physical, social or other reasons have not acclimatized themselves. The Ordinance will also minimize the damaging effects of the feuds between families which exist in some of the new settlements, particularly those established for Yemenites and Kurdistans.

It is premature for a prognosis about the future of the moshavim in general and about the moshavei olim in particular. Those who work with the new farmers think that most of them, European and non-European, are beginning to appreciate the advantages of self-help and mutual help. But a welfare State can destroy the development of self-help which is as important as mutual help. The moshavei olim may deviate from the principles of self-labour and no private trade. But they appreciate the role which co-operation has played in developing a healthy peasantry in the Holy Land, and probably will gradually assimilate the practical advantages of—

Two are better than one; because they have a good reward for their labour. For if they fall, the one will lift up his fellow; but woe to him that is above when he falleth, and hath not another to lift him up (Ecclesiastes iv. 9–10.)

WHAT IS INTEREST?

Interest is a very cunning way of making money for those, who cannot labour.

DR. WILLIAM KING.

A Scheme for Firka Banks

R. V. SUNDARA REDDIAR, B.A., B.L.,
President, Cuddalore Co-operative Land Mortgage Bank, Cuddalore
and Secretary, Cuddalore Co-operative Supervising Union, Cuddalore.

[The suggestion for a Firka Bank which has been put forward by the writer, who has a rich co-operative experience, at a time when the plea for a large sized primary is already gaining acceptance in co-operative circles, merits close attention. But we are not sure, whether this new institution will tend to reduce the ultimate recipient's rate; nor are we certain that the heavy and new responsibilities of the Central Banks in respect of supervision and collection will become any the less lighter on account of this new innovation. With these remarks, we commend this article for discussion.—*Edr.*]

With a view to lend to the ultimate borrower in the village at 5 per cent the following scheme is suggested for the Madras Committee on Co-operation.

A Scheme for a Firka Bank

All the existing Rural Credit Societies should be merged into one Society at the Firka Level covering 20 to 30 villages. 50 per cent of the capital should be State owned. The Bank should be managed by a Committee of one representative from each village to be elected from among themselves and by the members residing in the village. Such a member should have shares to the value of Rs. 250 in the Rural Bank. All medium and short-term credit should be made available only by this Firka Bank. There should be no other channel. The business of lending on produce of agriculturists and marketing of their produce, distribution of chemical manure and iron implements and advancing of loans on the pledge of jewels should be done by the Firka Bank. Weavers's Societies may also be financed by the Firka Banks as Agents of the Central Bank. The amounts due to the Land Mortgage Bank from borrower may be collected by them. A co-operative trained full time paid Chief Officer of the grade of a Junior Inspector with necessary Staff to assist him should run the Firka Bank subject to the control of the Executive Committee to be elected by the Firka Committee. The cost of the Chief Officer and the Staff should be borne by the Government for the first five years in the following manner:—

50 per cent of the cost for the first two years, and 25 per cent of the cost for the third year and the subsequent two years. On the sixth year, the Firka Bank will become self sufficient to meet its own cost of establishment.

Rate of Interest

The next point for consideration is the rate of interest at which the ultimate borrower should get. It will easily be possible to reduce the existing rate of $6\frac{1}{2}$ per cent to 5 per cent. The Central Bank should be enabled to lend to the Firka Bank at $3\frac{1}{2}$ per cent. The $1\frac{1}{2}$ per cent margin will be sufficient to meet the establishment and other charges within a period of five years within which period Firka Bank can be expected to build up the transactions upto 3 to 4 lakhs. It has to be considered whether the Central Banks can afford to lend at $3\frac{1}{2}$ per cent. Assuming the total amount advanced by the Central Bank of South Arcot is Rs. 32 lakhs, the Bank's interest earnings will be reduced only by Rs. 32,000. As against this, the Central Bank which is now spending about Rs. 32,000 on supervisors will stand to gain to that extent. Once the Firka Banks are started, this expenditure on the supervisors becomes unnecessary. Secondly the expenditure under the establishment in the Head Office and the contingent charges amounting in all Rs. 60,000 may easily be reduced to a half, as the Administrative Section, Loan Section and a part of the Clerical Staff in the Accounts Section can be abolished as they will become unnecessary. Under this head there will be a saving of Rs. 30,000. It will be necessary to appoint 8 Bank Inspectors at the rate of one for each Taluk. With the Head Quarters in the respective Taluks with a view to supervise the working of the Firka Banks as the representative of the financing Bank. This may cost Rs. 15,000 per year. Over and above this, it may be necessary to have an Executive Officer to supervise and control the Bank Inspectors. Even after making provision for these, the Bank will have a savings of Rs. 12,000 under the Head of Establishment and Contingencies. The Central Bank will mainly be the financing Bank supervising the Firka Bank with a view to safe-guard the amounts advanced by it as Loans. The existing supervisory staff other than those employed as Bank Inspectors will be absorbed as Secretaries of the Firka Banks.

Re-organisation of Departmental set up

This Scheme may necessitate the re-organisation of the Departmental Staff in the District. Most of the Districts are having Two

Deputy Registrars. Each Deputy Registrar is having under him 4 to 6 Co-operative Sub-Registrars and 40 to 50 Inspectors. With a view to have an intensive administrative and supervisory control over the Firka Banks it is suggested that at every Firka Centre an Inspector from the Co-operative Department should be stationed. He will be the territorial officer to do all kinds of co-operative work except audit so far the Firka is concerned. It may not be out of place to point out here that the Firka is the smallest unit of the Revenue Administration with the Revenue Inspector at Firka Head Quarters. It may facilitate co-ordination of work between the Co-operative and Revenue Department also. Instead of the Inspector moving from the present Head-Quarters (The Deputy Registrar's Head-Quarters) and wasting his time and energy in travelling to and fro, he can do intensive work in the Firka, if he is stationed in the Firka Head-Quarters. Similarly one Co-operative Sub-Registrar may be posted at every Taluk Centre to control and supervise the work of the Inspectors and the Firka Banks. He will also be the territorial Officer to look after all the co-operative work in the Taluk except audit. It may be pointed out here that Taluk Head-Quarters is the seat of the Tahsildars in the Taluk and in most cases the Sub-Registrar's Office is also lecated in the Taluk Head-Quarters. Therefore, it will be easy to verify the Revenue and Registration records. There is also an Agricultural Demonstrator, Veterinary Doctor, Assistant Surgeon for Local Fund Hospital and Deputy Inspector of Schools in the Taluk Head-Quarters. This will give ample scope for co-ordination between the various departmental staff. Lot of the time and energy of the Co-operative Sub-Registrar spent in travelling will also be saved. This will not involve any additional cost to the Government as Inspectors and Co-operative Sub-Registrar's now working in the Deputy Registrar's Office may be posted to the Taluks and Firka Centres respectively. The Deputy Registrar, who is said to be over-worked now will be relieved to a certain extent. No doubt he will have to exercise supervision over the Co-operative Sub-Registrars and Inspectors occasionally. It may be asked if this Scheme of Firka Banks will help the Agriculturists in the remotest corners of the Firka. A short answer for this is: if One Revenue Inspector can manage to cover the entire Firka, it will be much more easy for the Co-operative Inspector of the Firka to cover the entire area and visit each village at least once in a week. It will be his foremost duty to do propaganda.

Advisory Council

In every Taluk Head Quarters, a Taluk Advisory Committee consisting of one representatives from each Firka Bank may be constituted. The Co-operative Sub-Registrar will be the convenor for this Committee. The committee may meet either at Taluk Head Quarters or at convenient Firka Head Quarters as may be found necessary. They will be honorary workers and the travelling allowances should be met by the respective Firka Banks which they represent. Tahsildars, Agricultural Demonstrators, Deputy Inspector of Schools may also be Ex-Officio members of the Advisory Committee. They can participate in the meetings without a right to vote. In this Scheme of things, the Taluk Supervising Union has no place as provision is made for intensive supervision by the Departmental officers who are stationed at Taluk and Firka Centres.

The Revenue Inspectors and the Co-operative Inspectors will be the Ex Officio members of the Executive Committees of the Firka Committee without the right to vote. The Co-operative Sub-Registrars should make it convenient to attend the meetings of the Firka Executive Committee and advise them in all matters. Since the Taluk Unions will have to be abolished the representative to the Board of the Central Banks will be elected by the Taluk Advisory Committees from among the non-official members.

The Firka Bank will be a Limited Liability Society. The Firka Bank must be enabled to raise Local Deposits with the aid of the Revenue Department. All Religious and Charitable Endowments, Institutions and Panchayat Boards in their respective Firka should be encouraged to deposit their surplus amounts in the Firka Banks. Moreover, the Reserve Bank of India contemplates the establishment of co-operative warehouses in the smaller towns and the Taluka Head Quarters and other important marketing centres in the semi urban and rural areas. This programme also can be linked up with the Firka Bank.

A CO-OPERATOR'S ADVICE

Accordingly my advice to Indian Co-operators would be: Do not neglect Union, but think first and above all your local Societies; perfect them, put real life, a real sense of responsibility, real self-determination into them! It is the Child, which is the father of the man; it is the society, which is the maker of the Movement.

—H. W. WOLFF.

A Critique of the Kanungo Textile Enquiry Committee Report

SRI C. M. JANARTHANAM, B. A., B. COM.
Associate Editor, The Madras Journal of Co-operation.

First Comprehensive Enquiry

The Textile Enquiry Report is the first official enquiry into all the three integral sectors of the cotton textile industry—namely Mills, powerlooms and handlooms. Though the three sectors form one integral industry, yet each is motivated by different economic laws and is therefore to be considered as a highly hetrogenous and competitive family. Among them, the mills and the powerlooms constitute a class by themselves; and the handlooms are the most numerous and may be characterised as the greatly decentralised and intensely labour intensive of the three sectors. The Report, naturally enough, has paid greater attention to the powerlooms and the handlooms.

Handloom Survey—An Urgent Need

With the help of the census findings and a sample survey under its own auspices, the Committee has attempted to estimate the actual number of handooms working in the country. As per Government of India statistics, the number of looms have been reckoned as 28·64 lakhs. But obviously, these figures relate to a period of yarn-control and therefore may be regarded as rather inflated. Much greater reliance may therefore be placed on the loom data gathered in 1951 Census. The Report has, accordingly estimated the total number of looms as 20 lakhs; excluding the 4.5 lakhs of domestic looms in Assam, the Report has placed the effective number of commercial looms at 15.5 lakhs. But in a recent speech, Sri T. T. Krishnamachari has placed the number of looms at 17 lakhs. Thus, we are not in a position to assess accurately the total number of looms in the Country. It is, therefore, highly desirable that accurate loom data is immediately obtained and to achieve that end, an All India Handloom Survey should be initiated and finalised. In certain States like Madras, the Statistical Departments have already taken up the Survey. We hope that such Surveys should be conducted in each State on an All India basis and the correct statistics of looms should be ascertained and finalised as quickly as possible. This has become very essential and urgent, for planning the rehabilitation of the handloom industry. If necessary, the Statistical Survey may be

financed from the Cess Fund. Secondly, if, uncertainty prevails even in the assessment of the total loom strength, it is hardly necessary to point out the difficulty in determining the total number of active looms in the country. The Committee, no doubt, has estimated, that only 80 per cent of the looms are under commission i.e. 12.4 lakhs and the rest are inactive. May be this ratio is true, for we know that during the yarn control period, there was a persistent need to inflate loom figures and the problem of 'bogus looms' was widely prevalent. But in the absence of Sample Survey Tables, it is not possible for us to accept the 80 per cent ratio suggested by the Committee. For, after the advent of the Handloom Cess Fund Scheme, a fresh impetus has been given to the handlooms, which has activated many idle looms in the countryside. This is evidenced by the higher productivity of the handloom sector, especially after the working of the Cess Fund Scheme. Due emphasis, therefore, should be placed on the operation of this new factor, in assessing the ratio of idle loom to active loom.

Productivity and Employment Potential

The Textile Enquiry Committee has provided us with a picture of the relative efficiency and the employment potential of the three sectors.

		Production (Million yards)	Employment.
Mills	...	4,800	7,50,000
Powerlooms	...	200	50,000
Handlooms	...	1,400	15,00,000

It is observable, that handlooms offer a promising field for absorbing a large army of labour. But it should be noted that the Committee's estimate of employment in the handloom sector is assessed in terms of whole time work for 200 days in the year. This might be true in the days of yarn shortage, when the handloom weaver could not get even 12 days work in the month or in the days of 1952 slump. But with the expanding market facilities and free yarn position, the handlooms must, of necessity, provide work for more than 200 days in the year. Therefore the actual employment provided must actually be more than 15 lakhs. Again, another controversial ratio, evolved by the Committee is that a loom, on an average provides work for only 1.25 persons. This ratio is undoubtedly on the low side, for the Committee has altogether omitted the well-known phenomenon of partial employment provided by the handlooms in its calculations and estimates. Based on this low estimate of 1.25 persons per loom, the Committee has calculated the maximum possible unemployment in the handloom sector at present as 4 lakhs. It is not very difficult to prove that this figure is again an under estimate. Another hazrdous guess made by the Committee is that it is very probable that those, who have left their looms during the yarn shortage days would have deserted their avocation for good. There is no evidence to prove this. On the other hand, we have enough knowledge of the fact that the exodus of weavers was at best a temporary phenomenon and no sooner had the yarn position improved, than the weavers got back to their looms.

Future Demand—An Appraisal

The Report proceeds to make an appraisal of the future demand for cloth and forecasts internal demand at 7,200 million yards at the rate of 18 yards per capita consumption of 400 million people in 1960. The Committee is of the opinion that a bulk of the external demand, which may be of the order of 1000 million yards, should be met by the Mill sector, though it has not ruled out handloom exports altogether. According to the Report, the handloom sector is expected to produce only 44 per cent of the national demand. By the year 1960, the rationalised handloom sector will be in a position to produce 3,000 million yards; This appears to be a very low estimate. Assuming that at least 90 per cent of the 17 lakh looms are active, the production of the handloom is bound to be of the order of 4,000 million yards provided adequate yarn supply is assured. Sri T. T. Krishnamachari was even optimistic that handloom sector has the necessary potential to produce 8,000 million yards, provided there is some planning.

The Committee recommends a three fold solution to the handloom problem.

Pegging Mill Production

1. The entire expansion in the demand for cloth should be met by the non-mill sector and no more looms should be permitted to be set up in the mills. The pegging of mill production at 5000 million yards should not be considered as too regressive, for it is to be remembered that prior to 1944, mill weaving was almost insignificant and negligible; further, the year 1954 witnessed the peak production in mill sector; besides any further increase in mill cloth production, will necessitate heavy imports of capital machinery, without any corresponding increase in labour deployment. Moreover, there is now a growing emphasis that consumer goods should be

produced by the dispersed small-scale industrial sector; Thus viewed from all these points, it is clear that pegging at 5,000 million yards is a bit too liberal, having regard to the fact, that even when mill production is about 4,000 million yards, the competition that it offers to handlooms is just staggering and crippling.

Conversion and Rationalization

2. The most controversial part of the Report consists in the argument that the operational efficiency of handlooms is at a low ebb and therefore, the earnings of the weaver is too poor to ensure for him any normal living standards. But the Committee, in its anxiety, to rationalise handloom production, has not placed adequate emphasis on the problem of frictional unemployment, that the suggestion of the Committee is likely to engender. According to the Committee, out of the 12 lakh looms working 200 days in a year (producing 6 yards a day), 3 lakh looms should be eliminated over the next 6 years, providing full employment of 300 days a year to the remaining 9 lakh looms; to manufacture extra 1,600 million yards by 1960, an extra 2.13 lakh "semi automatic" handlooms and powerlooms, working for 300 days a year and producing an average of 25 yards a day should be put up. "An annual conversion of 20,000 handlooms into 10,000 powerlooms and of roughly 38,000 handlooms into 25,000 improved looms has to be planned." This, in fact, is the crux of their recommendations. According to this conversion formula, it is estimated that the 2.13 lakh of improved looms would absorb about 2.5 lakhs of the 4 lakh weavers displaced by the elimination of 3 lakh handlooms. The net displacement, therefore, will be of the order of 20000 persons a year, which the Committee considers is not such as would create any great social or economic disturbance, in the context of developing ecnomy that would be brought about by the first and second five year plans. The Committee does not stop with that. The ultimate idea is that by the end of 15 to 20 years, barring say 50000 handlooms of the throw shuttle or fly shuttle type manufacturing special fabrics, with an intricate body design, the entire handloom sector will have been converted into the improved handloom or the decentralised powerloom industry.

Cost per Unit, not Speed is the Index of Efficiency

A careful analysis of this crucial resolution will reveal that the Committee has been obsessed with the idea, that for ordinary fabrics, the pure and simple handloom is and must be a relatively inefficient tool of production and that the consumer cannot be made to pay indefinitely for this inefficiency. In this observation borne out or substantiated by facts? We are afraid that the Committee has erred on the side of powerloom, lured by the magic formula of rationalisation. We have competent observars like E.B. Havell, who after considering the ethics of machinery and the limits of handloom weaving concludes;

"Weaving is not one of those operations in which steam or electric power has an inherent superiority over handloom labour. There are many operations in which, the superiority of the former is incontestable as wielding a huge mass of iron, railway, engines and steamships. But a loom is a machine, in which the force required to work does not usually exceed the strength of one men and any excess of the force required absolutely prevents good weaving. In all countries, where skilled manual labour is plentiful and cheap, power loom has no inherent superiority over the handloom, provided the latter is made as mechanically perfect as the former, so that the working power of the hand weaver is not wasted."

Thus it may be considered that the operational efficiency of the handloom, continues to be on a par with the mill loom, for any precise assessment in this field baffles the researcher. As the Committee has admitted, there is no reliable index to compare the final cost of production per unit of output on the power loom and the handloom, that can determine their relative efficiency. It is not that the rate or (speed) of production, that determines the efficiency. It is the cost per unit of output. It has been found by earlier enquires, that the cost of production in mills is not very much lower than in handlooms though the speed of the powerlooms is greater; for mill costs have to provide for amortization charges, income-tax, excise-duties, interest charges, storage, depreciation etc.

Conversion - A Doubtful Gain

Secondly, the Committee has stated that within a period of six years 3 lakhs looms have to be replaced by 2.13 lakhs of improved looms. By this process, it is expected that the improved looms will be fully employed for 300 days and that each loom will produce 25 yards per diem. And again, it has been estimated that 60,000 powerlooms and 1.5 lakh of improved looms will replace 3 lakhs of ordinary looms; Whatever may be the merit of these looms in the matter of higher production or higher earnings to weavers, they have in common one disability, *namely* that they cause disproportionate

strain on the body of weaver. What the Committee has recorded regarding the insuperable physical strain caused to the weaver by the Pedal loom in a Madanpuri Karkhana is simply staggering. Informed opinion in handloom circles are now beginning to favour only fly shuttle looms with take up motion attachments, for it is observed while this device ensures uniform distribution of work load over all parts of the body in a harmonious manner, it also enhances the productive capacity of the loom. On the assumption that monthly average earnings per loom of this type is Rs. 30, each family with 2 such looms can earn about Rs. 60, which is indeed quite an economic return to a rural family. After all, inspite of the conversion, the average rate of production may be only 20 yards, while this output could be bettered by two fly shuttle looms with take up motion attachment. Therefore, it is felt that the Committee's recommendations is not by any means very rationalistic, especially with regard to its recommendation of converting 38,000 ordinary looms into 25,000 improved (semi automatic) looms during a period of 6 years.

Powerloom—Its Over emphasis

The most controversial of all the recommentions is the one related to the conversion of handlooms into powerlooms. It has been estimated that 20,000 ordinary looms should be changed into 10,000 power looms per annum for a period of six years; even, thereafter, in about 3 or 4 quinquinniums the same rate of conversion should be maintained, if not enhanced. Save for one factor, *namely*, its rate of increased production of 25 yards per diem, the power loom is equally circumscribed by all other limitations of the handloom industry *namely* slow, antiquated preparatory process, finishing process etc. In this context, to recommend that more powerlooms will lead to quicker rationalisation does not sound realistic enough. Further, the benefits of reservation, exemption from excise duties, etc. and other facilities are now available to the power looms, under the cloak of the 'decentralised sector'. We strongly feel that power looms, whether of five or more do not belong to the handloom family; there are bigger units, whose competetive strength equal, if not surpass, mill sector. To club them, together with handlooms is a misnomer and an anachronism; it is an altogether confusing classification. Secondly, there is another potential danger, which the Committee has not properly assessed. Where is the assurance that the powerlooms, which will come into being will not compete with the rest of the handloom family for procuring yarn on the one hand

and in supplying products resembling those of the handloom weavers, but produced at a faster rate? It is more than likley therefore, that the process of conversion would be determined by the more or less blind forces of competition rather than by planned targets, in which case, the problem of unemployment would be more painful. The force of this argument can be better appreciated, when we remember that the Committee has recommended the benefits(?) of reservation to the powerloom units upto 1960, after which they are warned to stand on their own feet. Unfortunately, the Report does not contain any evaluation of the benefits of reservation as shared between powerlooms and handlooms; some knowledgeable persons are of the view that powerlooms have taken away the lion's share.

The Size of Unemployment

Lastly, we have to examine another much debated question, *namely* the degree of frictional unemployment created by this technical innovation. The Committee obstensibly desires to achieve "the twin objectives of maintaining employment over the short-term and of securing the best possible efficiency in the long-run". The reconciliation of the two objectives, is of course, laudable, but the Committee's passion for simple arithmetic appears to have lead it astray again. The labour absorbtion capacity of new powerlooms has been grossly over estimated on the hypothesis of only one loom per weaver, which does not accord with present levels of labour deployment, which are much higher. Moreover, the number of new powerlooms recommended to be set up appears to have been calculated on a single shift basis, which again is not completely justified.

No Plan, But Chaos

The Report has been very amateurish and academic. It has not formulated any broad principles to guide the selection of those handlooms, their weavers and their location, which are proposed to be eliminated. Since the Committee had gathered a considerable amount of information from its sample survey and otherwise, it was in a fairly good position to lay down some procedural principles; but this task, it has significantly left undone. Secondly, it has naively assumed that 20,000 weavers per annum, who will become the hopeless victims of technical progress have to be left to the blind fate of the labour—absorbing capacity of an expanding economy. No planned direction of unemployed force into gainful employment is envisaged.

This smacks of economic fatalism and all this 'blood and tears' is just to appease the doubtful God of 'Rationalisation'. Secondly, even granting that the change-over from handloom to powerlooms is brought about smoothly without much frictional unemployment, is it possible that the bulk of handloom weavers will acquire new skills overnight to manage these new powerlooms? Even if that happens will the areas of power supply in which such powerloom industries will grow also coincide with the vulnerable sectors of the handloom industry? Thirdly, there is another argument. Even though a new rationalised sector has to be *de novo* created at an investment of Rs. 12 crores for 6 years and as this sector has to thrive on 1600 million yards per annum, which is the direct result of pegging mill production at 5,000 million yards, is it not clear that the growth of powerlooms is determined by their own economic function vis-a-vis the mill industry? It is hardly desirable to create afresh another sector, which because of its relative lower technical efficiency would always be exposed to the same danger as the handloom is to-day.

Increased Demand for Yarn

(3) The Committee had made a forecast, that in the next six years, in order to meet the extra demand for cloth to the tune of 1600 million yards, an additional production of 360 million pounds of yarn will be required.

Here it is relevant to point out that most of the estimates of the Committee stem from one central idea, *namely* the conversion ratio of 1 lb. of yarn to 4½ yards of cloth. It is very difficult to analyse this statistical base, in the absence of Annexures to the Report. The Report does not indicate the average count of the yarn sold by mills and supplied to the handlooms. In the six months ending June 1951, the average count for the entire nonmill sector was approximately 16s. The conversion ratio of 4.5 is to 1 is presumably based on the assumption that handloom sector has consumed yarn of 26s on an average. Since there is little evidence that the average count of handloom cloth has increased significantly since 1951, the conclusion is inevitable that a conversion ratio of as high as 4.5 : 1 is not justified for handloom production. A more realistic ratio would be between 3.5 and 4. But this will mean that the present estimate of the production of the handloom sector has to be cut down. If it is proved that the conversion ratio adopted by the Committee i.e., 1 lb. of yarn produces 4.5 yards of cloth is rather high, then an upward revision of the estimate of yarn would be necessary. That would mean more number of spindles than 1.75 million, perhaps, more number of units of production and more capital outlay as well. Again the Committee recommends the setting up of 90 units of 20,000 spindless each working two shifts. As the setting up of spinning mills involves huge capital outlay of Rs. 36 crores and a working fund of Rs. 22 crores, it is desirable that the number of units may be reduced and that mills may be worked on a three-shift basis. A very redeeming suggestion of any real advantage is that of establishment of more spinning mills under the aegis of co operative institutions, so that yarn of required counts may be made available to the handlooms in adequate quantities. This suggestion merits a closer study and speedier implementation.

We have so far examined the salient recommendations of the Report, which have a direct bearing on the future of the handloom industry. The Committee, has also thrown out certain other hopeful suggestions, which would be studied in the following paragraphs.

Conversion – First Priority to Co-operatives

The Committee, it is encouraging to note, has given almost the first priority to Co-operatives in the matter of undertaking the conversion of handlooms into power and improved looms. There is also a proposal to create a special agency for implementing the conversion proposals. It is rather vague, whether this agency will also cater to the financial needs of the Co-operatives in the matter of conversion or whether they have to depend on the Cess Fund for giving effect to this proposal.

Strengthening of the All India Handloom Board

Secondly, the Committee has whole heartedly endorsed the work of the All India Handloom Board in the matter of rehabilitation of the industry. It has also unequivocally supported the objective of the Board, especially its professed aim to bring all the handlooms under the co-operative aegis. Further, it is redeeming to find that the Committee has strongly recommended that the All India Handloom Board should be strengthened and its activity intensified.

Spinning Mill – Handloom Link Up

Another suggestion of the Committee, which holds great promise is the "link-up" scheme. The idea is the integration of spinning mills with handlooms in order to assure the latter of continuous yarn

supply and marketing, credit and other services. It is even suggested that mills may purchase improved looms and offer them to weavers co-operatives under the hire purchase system. This recommendation stems from the Japanese experience. Incidentally the Committee has stated that the experiment is working rather satisfactorily at Cauvery-Mettur Spinning Mills, Pudukottai. But we find from the said Mill Chairman's Report that the scheme could not be a success, because the standard of efficiency and the organisational strength of the weaver is not uniform and unless they were brought under the Co-operative fold, it may not be possible to work out the scheme successfully.

Rationalisation of Preparatory and Finishing Processes

More urgent, perhaps, than the rationalisation of the handloom, is the need for reorganising and rationalising the preparatory, the dyeing and the finishing processes. The economy of mechanical power is great in preparatory and finishing processes than weaving; Moreover, as the Committee has pointed out, when production per loom is on the increase, scattered and inefficient preparatory processes like warping, sizing etc. is bound to lag behind and the necessity for a Central agency will arise; similarly there is a need for increasing Co-operative Dyeing Factories, Calendering Plants, Pattern Weaving Factories, etc. Planned co-operative action in these fields are bound to be very useful. The Committee's observations regarding the need for a central agency for preparatory process, the establishment of dyeing factories, calendering plants are commendable and are therefore, welcome. More commendable is the recommendation of the Committee regarding the creation of weavers communities with the help of suitable housing programmes. The Committee has approved of the Housing Colony model at Yemminganur and recommends its extension to other areas. Such Weavers Colonies will undoubtedly help to give a spurt to linked industrial system of Switzerland, where a number of handlooms will be linked to rural factories, which will do all preliminary work of spinning, warping, sizing, beaming, etc. and the weaver will begin his work direct with weaving; further, the factories may also help the weaver in finishing his product. Thus the weaver can save a lot of time, and can produce more cloth than before and also give it a better finish. Weaving may, thus, be made to possess the advantages of handicrafts, without foregoing the essential economies of large scale production.

Supply of Yarn at Reduced Rates to Handlooms

The Committee has examined the question of making available yarn at ex mill rates; i.e. the rate at which yarn is available to the weaving section of the composite mills. The greatest single handicap facing the handloom industry is the non-availability of adequate yarn of desired counts at competitive rates. It is well known how during the control days, handlooms had to pay a heavy price, some times even a hundred per cent more than the controlled price; even according to control rates, handloom weaver got his yarn at 25 per cent more than the ex-mill cost. This is, indeed, a serious situation. If the technique of subsidising the difference in prices should present formidable difficulty, some other bold step must be taken; but the philosphy "what cannot be cured must be endured" will only lead to a policy of drift. However, the Committee's opposition to the creation of all India Yarn Pool is understandable; but its explanation that it would be difficult to enforce compulsory supply of certain quantities and varieties of yarn on the mills is rather escapist. But the only real and effective answer is the establishment of Spinning Mills by the Co-operative handloom sector, to which the Committee has shown the greenlight and we are thankful to the Committee for this gesture.

Mental Reservations on "Reservation"

The Kanungo Committee does not seem to have been very much impressed with the idea of reservations; though it has stated it has done some good to the handlooms, yet it has its own mental reservations on the subject. It has decided that these concessions should not be enlarged in any mannar before 1960; to the bigger units of powerlooms, the Committee has thrown out a warning that they should be prepared to stand on their feet after 1960. We have already stated that we hold no brief for the powerlooms and we feel that the powerlooms have already seized a lion's share of the benefits of the concessions and have also offered a very stiff competition to the handlooms and that at the expense of the handloom. Therefore, concessions to the powerlooms are superfluous and in one way, they have also a depressing effect on the market for the handlooms. But the problem of reservation of handlooms is a deep-rooted and fundamental one and has to be examined rather sympathetically. It is a well known fact that the present reservation of colour saree production and 40 per cent of the dhotie production to the handlooms is not anything that may be considered as either spectacular or satisfactory,

for we know, try as they will, the mills cannot compete with handlooms in the matter of coloured sarees and especially those with heavy and attractive borders. And regarding the reservations of the dhoties, it is a matter of common knowledge that in 1951-52, the mills produced 50,000 bales of dhoties per month, which was the peak production recorded and 60 per cent of 50,000 bales works out 30,000 bales, whice is far in excess of the average monthly production of dhoties in mills during 1949-50 and 1950-51. The reservation, therefore, of 40 per cent dhoties to handlooms is in actual practice only nominal and not of real benefit to the handlooms. Such being the case, it is rather understandable why the Committee should be so hesitant in recommending complete reservation of coloured sarees and bordered dhoties to the handlooms; especially our surprise is greater, when we reflect that weaving of sarees and dhoties by mills is of interwar origin and that the mill sector battened on the acute yarn shortage experienced in the handloom sector during the war period: further, are we not aware of load of concessions given to the mills, in the matter of export of yarn, import of machinery, depreciation allowances and other tax and non facilities, which have enabled the mill industry during the inter-war period to expand their weaving section so enormously as to become a powerful competitor to the handlooms in the field of ordinary cloth requirements of the vast bulk of our population? Considering all these, we have no hesitation in recommending a complete reservation to handlooms and we could only state that the Committee has been rather unduly vacillating on this issue.

Khadi-A Separate Enquiry

Some of the recommendations of the Committee regarding standardisation, collection of statistics, research etc. are indeed very eminently helpful and may therefore, be welcomed. The Committee has wisely left khadi alone in its "ethical, philosophical and emotional content, transcending economic assessment" In accordance with this recommendation, the Government have recently introduced a bill to provide for the establishment of a Khadi Commission.

Mill Industry

With regard to the organised mill industry, "The Committee is of the opinion that the replacement of the plain looms with automatic looms must be permitted at the rate of about 5000 looms a year", thus converting half the loomage capacity over a period of 20 years.

In this neat paper scheme, the Committee ignores the fact that the proportion of automatic looms to ordinary looms, which they replace, is normally higher than unity about 107 to 100, and that automatic looms would have to be worked for three shifts as a normal feature. The Committee leaves the problem of finance to existing agencies and the new ones in the process of creation. No mention is made of *managerial rationalisation* as a preliminary step towards automotisation, nor does the Committee take cognisance of the fact even some of the 'economic' mills are not credit worthy. The setting up of aggregate targets of replacement is an easy affair, compared with their achievement. The Committee computes that this replacement "will result in the unemployment of nearly 4000 weavers every year for 20 years, assuming that one weaver would operate 16 automatic looms on an average". The Committee once again lets out another ghost of frictional unemployment and this time in the mill sector, where they have to contend with a highly organised Trade Union Movement. Mere "Consultation with labour" will not solve the problem. Unless, the surplus labour are diverted into alternate, but definite avenues of employment, which are equally remunerative as that of mill labour, there does seem to be much hope for accepting this recommendation *in toto*. The Committee has always a peculiar tendency to emphasize an issue by overstating the case. Here is another instance. The Committee has given no reason for an average of one weaver per 16 automatic looms: competent men in the field, like Sri Tiwari and Sri Kher have suggested a ceiling of 8 looms per weaver. For uneconomic mills, the Committee's prescription is either speedy liquidation or amalgamation. It is against an increase in loomage even in their case: alternatively it suggests an increase in their spindlage.

Chief Value of the Report

The principal value of the Report lies in its encouraging emphasis on the urgent need for an orderly change from inefficient to more effective techniques of production, without unduly disturbing the social fabric. There is, however, considerable doubt whether the change would be so orderly as predicted by the Committee, in the face of the many inadequacies in the Report earlier pointed out and the defects in its estimates and calculations.

The Educational Value of Co-operation*

PROFESSOR. HAROLD J. LASKI, M.A.,

The Co-operative Movement is not merely storekeeping with the dividend as the bait to the consumer; it is also, as I have been arguing, a philosophy of life with obligations that arise from its acceptance. I want to say something, however inadequate, upon the educational aspect of that obligation. You will forgive one who is inescapably wedded to his vocation as a teacher if he emphasises that aspect of your work which is nearest to his own.

I begin by the recognition of how much you have accomplished. The work of the Co-operative Union and the Women's Guilds needs no eulogy from me; it has become an integral part of your life as a movement. I recognise gladly, too, the aid many societies in your Movement have given to bodies like the National Council of Labour Colleges, and the Workers' Educational Association. The more ample the scale on which such aid is afforded, the more profound will be the appreciation of the co-operative spirit.

But is it not true to say that, taken as a whole, there has been a certain want of imagination in your effort at education and propaganda? Is it not a by-product of the Movement, a side-road, rather than the central highway? Are there classics of co-operative literature in the same way that there are classics of socialist literature, to which we all turn for inspiration and instruction? Does the standard of your periodicals compare favourably with the best that capitalism produces? Is the level of instruction at the Co-operative College, the quality of its research, even approximate to that of the universities? Has there not been a tendency to satisfaction with the mere creation of organs of opinion and education instead of an eager devotion to the continuous improvement of the levels at which they work?

I speak as a careful student of your effort in these fields. Frankly, it is not adequate to the opportunities at your disposal. Co-operative literature, whether it is the book or the pamphlet or the journal, may stabilise the convictions of the converted; it does not make that universal appeal which is essential. It is, if I may venture the remark, invariably parochial in tone It lacks the note of fundamental challenge. It does not persuade the unknown that they may

*Source: 'The Spirit of Co-operation'—Chap. IV-pp. 18 23.

throw off their chains, that there is a world to win. Often, no doubt, it is technically competent, careful, accurate, knowledgeable. But it lacks that power to strike, as a great American put it, at the jugular, which compels the attention of the Philistine.

This defect is the more arresting in an epoch where the nation awaits a lead. How much close thinking are you doing, in this field, to provide the lead this is required? You have an opportunity such as has hardly come to you in the whole of your history. Traditional values are in the melting pot; habitual principles are at a discount. A great periodical, an important economic treatise, a pamphlet as vital as, say, were Blatchford's *Merrie England* or the *Fabian Essays*, forty and fifty years ago, would have a new and eager audience all over the world. What are you doing to produce these things? Can you remain content, in an epoch so critical as ours, to stand by the ancient ways? Have you not the duty to restate, with all the power you can command, both the first principles of your Movement, and their practical application in divers realms of immediate significance? A movement whose first principles are as seminal as yours ought to have created a great literature to express them. That literature is wanting. When are you going to make the organised and organic effort to produce it?

So, also, with the educational field. It is not enough to give spasmodic and sporadic aid. The claims of education are like the claims of love; you have to respond afresh to them every day. If it is the Co-operative College, I want to see it so staffed and so supported, that its teachers and its research are as pivotal in the discussion of social problems as Keynes and Pigou in this generation at Cambridge, as Marshall and Sidgwick in the last. I want the students of your college to be making contributions to co operative philosophy and technique which are in the central stream of social thought, so that the student of these things turns to them as naturally as to the work of Mr. and Mrs, Webb, of Professor Tawney, or Mr. Cole. I do not think the authorities of your Movement have even begun to think in these terms. And I do not believe that Co-operation, as an ideal, will take the place to which it is entitled in the national economy until they do.

It is the same with educational classes. There is help here and there; and, under the effective leadership of Mr. Josph Reeves, one society, the Royal Arsenal, has even been generous in its help. But, broadly speaking, this aspect of the Movement has been peripheral,

and not central, to it energies. Its leaders have not awakened to the perception that the larger investment they make in an informed membership, the greater is the strength of the Movement, it would have paid them over and over again to finance the Labour Colleges and the W.E.A. on such a scale that neither had to go cap in hand to other bodies picking up a few odd guineas where they could. The real tragedy of the working class is the tragedy that they are not conscious of their power. The high road to that consciousness, as any citizen of Soviet Russia would tell them, lies in the possession of the keys of knowledge. And those keys can be bought and sold for the simple reason that the goodness or badness of an educational system is almost wholly dependent on the amount of money spent upon it. In Great Britain, Capitalism does its best to economise upon expenditure which might awaken the working class to a true realisation of its position and its possibilities. You cannot blame it for this, since it is an obvious insurance against the risk of being found out. But the power of a great movement such as yours to repair, at least in part, some of the deficiences which Capitalism perpetuates from generation to generation is enormous; and I do not think it can be said truthfully that your Movement has risen to its opportunities.

I take one small example. With your millions of members, why are the co-operative stores not, in their formidable volume, the greatest agency in this country for the sale of books? They are not less important than soap or chocolate or tobacco; yet we can count almost on the fingers of both hands the stores in which the sale of books is a normal feature of daily business. "Give me the making of a nation's ballads," said Fletcher of Saltoun "and I care not who makes their laws." Give me the chance to sell the literature which, from Owen and Saint-Simon, through Marx and William Morris, to Shaw and Wells and Webb, has exposed the hollow sham of capitalist pretensions, and I think I can safely predict that within a decade the consequences would be profound. Your roundsman ought to be selling books and pamphlets to his customers as naturally as he sells bread or milk. It is the sign of a defective imagination that the Movement has not availed itself of this opportunity.

Do not, I beg of you, think me unfriendly or critical to excess in what I have ventured to say. You are entitled to candour; you did not invite me here merely that I should repeat the stereotyped eulogies it would be so easy to make. I say what I have said on this theme because in attention to its implications, there lies a good deal of the future of the Co-operative Movement. All efforts such as yours go through times when they need to be taken up on to an eminence and compelled to meditate not upon the daily urgencies, but upon the long-term possibilities which give reality its hope and its promise. And the proper time for such reflection is a period of grave social crisis like our own. Such periods always bring first principles into the foreground; and it is only by reflection upon their meaning that we can go forward.

You must often have been troubled, as I have been troubled, by the vast number of those in the army of co-operators, to whom the Movement is little more than a system of shops, which pay a dividend on purchases. They are the men and women with whom you have failed. And you have failed with them because neither your educational nor your literary effort made them aware of links between you and them far more substantial than the cash-nexus which is your present bond. It is for their conquest that you, as I, are concerned. Your power to bind them to you with a moral loyalty that is unbreakable is what Edmund Burke called the "commodity of choice" of which you have the monopoly. Fail here, and your Movement will pass into the phase of stagnation which attends all great movements which do not make an imaginative use of their opportunities. Your chance of creative adventure is supreme. Have the energy and the courage to seize it in the spirit of your pioneers.

For, by doing so, you will do something more than extend the boundaries of Co-operation. You will make its spirit a dominating part of our ethos as a nation. You will infuse every aspect of the Labour Movement with the quality of your determination. You will give it a new strength and a new purposive energy. The foes it confronts to-day are powerful enough to require from you the whole authority of your ideal if they are to be defeated. You cannot rest on your past achievements. You are the trustees of your pioneers' dream. You have to pass on undimmed the torch of its conscious life.

NO FELT NEED.

Many Co-operatives on this continent and elsewhere have failed because they did not answer any urgent economic need. The sustaining of loyalty is a problem in any Co-operative but the problem is intensified in a society in which no economic gains are apparent.

P.H. CASSELMAN,

"The Co-operative Movement and some of its Problems".

Progress of the Co-operative Movement in India during 1953-54.*

General

The agricultural Credit Department of the Reserve Bank of India has recently published "The Statistical Statements relating to the Co-operative Movement in India for the year 1953-54". The statistics are intended to provide a comprehensive statistical picture of the Co-operative Movement in all the States of the Indian Union. Several pictorial and graphical illustrations add to the usefulness of the publication. The 1953-54 figures relating to the number of societies, membership, working capital and loan transactions of the Movement as a whole are given in the Abstract Tables (I) to (IV), while detailed statistics for different types of co-operative institutions in the various States are given in the General Statements A to E-II. A statement for societies under liquidation has also been provided as General Statement 'F'.

Continuous Expansion

2. It will be seen from the Abstract Tables that the year 1953-54 witnessed considerable expansion in the activities of the Co-operative Movement. At the end of 1953-54 there were 1,98,598 co-operative societies of all types in India having a membership of 15.2 million and an aggregate working capital of nearly Rs. 352 crores. This compares favourably with 189,436 societies having a membership of 14.3 million and a working capital of nearly Rs. 327 crores at the end of the previous year *viz.* 1952-53. Taking the average size of an Indian family as consisting of 5 members, it may roughly be estimated that 75.9 million or 20.2 per cent of the total Indian population had been brought into the fold of the Co-operative Movement at the close of 1953-54, as against 19.2 per cent of the population at the end of the previous year.

Central Credit Institutions

3. It will be seen that at the end of 1953-54 there were 22 State Co-operative Banks as against 17 at the end of the previous year, five new institutions having been set up during the course of the year as a part of the programme for the development of co-operative credit formulated by the State Governments concerned in consultation

*Source: Press Communique of the Reserve Bank of India dated 15-9-55.

with the Reserve Bank of India. These 22 banks advanced loans to the extent of Rs. 51.77 crores during 1953-54 as against Rs. 39.93 crores advanced by 17 banks during the previous year. As regards central co-operative banks (including banking unions), their total number declined during 1953-54 by 6 *i.e.*, from 505 to 499 and their membership also showed a slight decrease from 248,650 to 247,905. The total advances made by these banks also recorded a decrease from Rs. 65.58 crores during 1952-53 to Rs. 64.70 crores during 1953-54. Their share capital and reserves however increased; they amounted to Rs. 6.00 crores and Rs. 5.80 crores respectively in 1953-54 as against Rs. 5.19 crores and Rs. 5.48 crores at the end of 1952-53.

Agricultural Credit and Non-Credit Sector

4. The number of agricultural credit societies (which constitute the base of the co-operative credit structure in the country) stood at 126,954 on 30th June, 1954, as against 111,628 on 30th June, 1953 and formed 76.7 per cent of the total number of agricultural societies. These societies had a membership of 58.49 lakhs and a working capital of Rs. 54.41 crores respectively, the corresponding figures for the previous year being 51.26 lakhs and Rs. 49.18 crores. Fresh advances made by the societies amounted to Rs. 29.64 crores and the States of Andhra, Madras and Bombay accounted for as much as 57 per cent of the total loans advanced. The non-agricultural credit societies also recorded a rise in their number, membership and financial operations, the respective figures as on 30th June, 1954, being 8,389, 27.38 lakhs and Rs. 69.89 crores; the corresponding figures for 1952-53 were 8,234, 25.15 lakhs and Rs. 63.38 crores.

Non-Credit Institutions

The number of provincial or State non-credit societies had fallen from 48 as at the close of 1952-53 to 42 at the close of 1953-54. Their business had likewise declined following relaxation of controls and abolition of procurement. They sold as owners and agents goods worth only Rs. 5.74 crores during 1953-54 as against goods worth Rs. 10.87 crores sold during 1952-53. The central non-credit societies numbered 2,490 on 30th June, 1954 and had a membership of 16.70 lakhs individuals and 0.60 lakh societies; the corresponding figures for the year ending 30th June 1953 were 2,392, 16.14 lakhs and 0.54 lakh. The primary agricultural non-credit societies numbered 30,306 (as against 35,568 in the previous year) with a membership and working capital of 25.11 lakhs and Rs. 21.54 crores respectively.

Their sales dwindled from Rs. 41.22 crores to Rs. 33.74 crores during the year 1953-54. There were 21,137 non-agricultural non credit societies with 31.71 lakhs members and working capital of Rs. 50.04 crores. These societies sold as owners and agents goods worth Rs. 44.59 crores and Rs. 0.41 crore respectively, the corresponding figures for the previous year being Rs. 65.02 crores and Rs. 0.45 crore.

Long-term Credit Sector

6. In the long-term credit sector, the year 1953-54 witnessed the setting up of two new central land mortgage banks, one in the State of Andhra and the other in that of Ajmer. Thus, at the end of 1953-54, 9 States had central land mortgage banks (excluding the Land Mortgage Banking Section of the Madhya Pradesh Co-operative Bank). These 9 States accounted for 251 primary land mortgage banks. Besides, there were 40 primary land mortgage banks in 6 States, where there were no central land mortgage banks.

A Report of the Working of the Vaniga Vaisiya Kalchekku Nallennai Urpathiyalar Co-op Production and Sale Society, Ltd, Pettai.

SRI M. D. LAKSHMINARAYANAN,

[NOTE: The organization of cottage industries, on a co-operative basis is of late receiving much attention; but the task is rendered difficult by a number of factors, like the inadequate supply of credit, raw material, paucity of processing, manufacturing and marketing facilities and above all, the keen and crippling competition offered by the highly organised mill industry. Oil extraction through country chekkus is one such ancient, decentralised cottage industry, which is capable of providing employment to many in the rural areas; for extraction of oil from gingelly seeds, the Chekku is a very useful machine and the smell and flavour of the chekku oil has a peculiar attraction to the consumers in rural areas. In this report, an attempt has been made to give a vivid picture of the industry, its teething troubles, the hurdles, which it has to encounter in the market both from private enterprise and the mill industry, by one, who is a field worker. He has also given some constructive suggestions for stabilising the industry—*Edr.*]

Despite the free services of a Senior Inspector of Co-operative Societies generously granted by the State Government to this Society, the working of the Society is found to be uneconomic. The factors contributing to this situation are :—

(a) Insufficient Capital (b) fruitless borrowing in unremunerative enterprise.

Insufficient Paid-up Share Capital

The share capital of the Society can on no account be increased now as the Society is constituted by the poor oil-mongers, who cannot afford to enhance the Share Capital position any more. The Society is not also able to build up a strong Reserve, as it has never seen profits in any one year of its existence excepting the year 51-52. The remedy is far off.

Fruitless Borrowings

The Society enjoys a Cash Credit accommodation from the District Co-operative Central Bank for Rs. 15,000 from 10-1-55, and the rate of interest paid is 5½ per cent per annum. Prior to the

period of financial aid from the Co-operative Central Bank, the Society was availing credit facilities up to Rs. 16,000 afforded by private bodies in the form of oil-seeds. The rates of interest charged were usurious ranging up to 12 per cent. The Society has paid Rs. 840 by way of interest for the whole year, Rs. 315 to the Co-operative Central Bank and Rs. 525 to private traders.

Interest charged on borrowings generally outweigh the benefits derived from out of them. It is so during most of the period, when prices of gingelly seeds soar up leaving down the market rates of oil. For instance till the first week of this month 164 Lbs. or 62 Madras Measures of gingelly seed pressed in Kal Chekkus yielded 20. M. M. or 72 Lbs. of gingelly oil. The net cost of production amounted to Rs. 67-1-0, whereas the selling price of oil was only Rs. 64-2-0. Thus the selling rates were below the cost of production. This cannot be overcome, since the wages or production charges remain the same without any possibility of further reduction. The fluctuations in market rates of raw products, i.e. oil seeds are more frequent than in Oil. Moreover the wage-earning member receives at all times only Rs. 5 per bag of oil seeds towards extraction charges. It is admittedly the bare minimum charges for conversion of one bag of gingelly into oil. It usually takes about 12 hours, for which the wage-earning member gets only Rs. 1-4-0 for himself and his assistant gets another Rs. 1-4-0. Moreover, the work requires the assistance of one more person. In addition, 4 bullocks are required to keep on a Chekku at work. The maintenance charges of the bullocks per day amount to Rs. 1-10-0. The hire per day for a chekku is Rs. 0-6-0. Besides, the usual provision has to be made for the deterioration in the value of bullocks, which is estimated at Rs. 0-4-0 per day. Moreover the boy assistant has to be paid at the rate of Rs. 0-4-0 a day. Thus, it is apparent that the wages paid at present are barely inadequate for the member. Out of the sum of Rs. 5 given to him as wages, he gets only Rs. 1-4-0, the balance being spent in the aforesaid items.

Thus from the view point of the producing member, it can be said that he can be quite sure of his minimum wages, while the prospect of the Society, making profitable disposal of production is very remote due to market fluctuations of raw products.

The average monthly requirements of seeds to be crushed at present for the Society is 300 bags involving about Rs. 20,100 including extraction charges. Interest on the amount at 5½ per cent is Rs. 92-2-0 since the amount utilised is only the borrowed money. There can hardly be any profit only if the selling rates are $11\frac{1}{2}$ per cent over the cost of production. These cannot be achieved in the face of competition of the machine crushed oil and adulterated oil which influence the market through retail and bulk credit sales.

A Plea for Government Subsidy

Thus, the Society does not have smooth sailing. This great risk can be overcome only if the Society is granted interest-free loans in and out of season, till it secures a control over the market. If it is not possible, the Government may sanction a subsidy to the Society to the extent of the loss incurred by way of payment of interest to Co operative Central Bank and thus ease the tension, hanging over the Society's business.

Storage Facilities

The storage facilities of the Society, though secured at a high cost of Rs. 42 per mensem are not adequate. Seasonal purchases of seeds are not made for want of adequate funds and storage facilities. To produce gingelly oil of good taste and smell, two varieties of oil-seeds viz. Local or Nattu seeds (as they are called) and seeds grown in Northern Districts have to be mixed up in the ratio of 1 : 2. Both these varieties are not available throughout the year. The former is grown and produced only during 4 months of the year (i.e.) April to July; the latter is produced during the other 8 months of the year. The former is to be purchased and stocked during the full swing of the season. For stocking these seeds and keeping them without deterioration a very good godown is necessary for the Society; it is also essential that the rent charges of Rs. 42 per mensem now incurred by the Society has to be economised till the Society finds itself self-supporting. If the Government comes forward to grant a subsidy for construction of a godown with a storing capacity of 700 to 800 bags of gingelly, it will be of great assistance to the society.

Credit Assistance

Besides these beneficial measures, the active members of this Cottage Industry Society may be helped by advancing short-term loans for purchase of bullocks and other things.

Rotary Oil Competition

Formerly there were 300 Kal chekkus on work in this locality. On account of competition created by oil extraction, the number of working kal chekkus has been reduced to 55 of which 29 are in our Society.

		No. of Madras Measures	Value
Monthly production	...	5,400	Rs. 10,735
For one year	...	64,800	Rs. 1,28,824

A Resume

The following concessions and facilities are required to make the Industry self-supporting:

(1) A financial accommodation adequate enough to purchase raw products (Oil-seeds) to the extent of Rs. 40,000 is necessary,

NOTE: Annually the Society is purchasing oil seeds to the value of Rs. 1,19,150. At the initial stage, interest free loan may be granted.

(2) Free grant amounting to Rs. 10,000 may be sanctioned to construct a godown to keep the raw products.

NOTE: Oil seeds are to be stocked and preserved very carefully; otherwise the quality of oil will get deteriorated in the course of a few months. A rat-proof godown is an absolute necessity.

(3) Provision in the By-laws for grant of short-term loan for purchase of bullocks to members has to be made.

NOTE: Ordinarly the cost of two bullocks may come to Rs. 300. The Society requires Rs. 9,000 for this purpose. This loan may be granted interest-free.

(4) Free audit will be allowed until the Society is able to earn some decent profit and stand on its own legs.

(5) Free services of a Senior Inspector to work as Secretary for a period of 5 years or until the Society earns decent profit may be provided by the State Government.

A note on the working of the Parola Weavers' Co-op Society Ltd., Parola, and the Krandel Hatmag Vinkar Sahakari Society Ltd., Krandol, Dist. of East Khandash.

[NOTE: In this note, which has been received from the Joint Registrar for Industrial Co-operatives and Village Industries Poona, the working of two weavers societies in Bombay State has been narrated. Both the Parola Weavers Society Ltd., and Krandal Hatmag Vinkar's Sahakari Society Ltd., are good, well-managed institutions, which besides producing different fabrics, are also performing services like dyeing etc. to the members. These reports may be of value, to those interested in the Handloom Industry in our State. *Edr.*]

Since August 1953 the Government of India has extended various forms of assistance for the development of handloom industry and have made certain reservations in the field of production of textiles with a view to providing employment to handloom weavers. The assistance is given mainly to those weavers, who have come under the co operative fold through the weavers' co-operative societies, of which they are members. During the last 2 years, there has been a distinct improvement in the lot of weavers and more and more weavers' co-operative societies are coming forward to avail of the facilities offered by the Government. The gloom which once spread over the living conditions of weavers has now been dispelled and joy and enthusiasm is now visible among the weavers. This is illustrated by the working of the Parola Weavers' Co-operative Society and the Krandol Hatmag Vinkar Sahakari Sooiety Ltd., in the District of East Khandesh, a brief account of which is given below :—

Parola Weavers' Co-operative Society Ltd., Parola District.

Membership: The membership of the society consists of 208 persons. Out of about 1000 looms in the town of Parola 700 are active looms out of which 240 are run by the members of the society. The society has received a loan from Government to the extent of Rs. 24,000 for undertaking production activity. It runs 3 sales depots, one at Parola, the other at Pachora and the third at Amalner. About 215 looms are participating in the production activity undertaken by the society.

Production: The society produces sarees, dhoties, shirtings and chaddars and also satranjis (carpets). It purchases raw materials such as yarn, chemicals, colours etc. from Bombay. The rate of commission charged by the society on the yarn supplied to its members is 3 per cent. It also charges 3 to 5 per cent for overhead on the cost of production of its members.

The society has undertaken production ~~work~~ on a very large scale. During the year 1954-55, the society purchased yarn and got finished products from its members of the value of Rs. 137,656 and Rs. 2,18,408 respectively. While the sales of yarn and finished goods effected by the society during the same period amounted to Rs 1,71,464 and Rs. 2,54,746 respectively. The average wages earned by the weavers per loom amounts to Rs. 25 to Rs. 30 per month.

The society has been sanctioned a grant of Rs 1600 for fixing take up motion attachments to 32 looms of its members. So also Government have sanctioned 64 steel reeds to the society for the use of its members, which are yet to be received from the State Industrial Co-operative Association Ltd., Bombay and 80 varnished healds, for which grants have been sanctioned by Government at the rate of Rs. 10 per steel reed and Rs. 20 per varnished heald. The society was able to make a profit of Rs. 6,875 in its yarn section and a net profit of Rs. 8,891 in its production activity carried on by it during the year 1954-55.

Dye house: A dye house has been alloted to the society for the running of which Government has given a loan of Rs. 1,500 and a subsidy of Rs. 1400 on 28th November, 1954. During the year 1954-55 the society dyed 21,922 lbs. of yarn at its dye house. It received dyeing charges to the extent of Rs. 19,995. The society has appointed one dyer and one helper to work at the dye house on a salary of Rs. 45 per month each. The society was able to earn a net profit of Rs. 1914-12-0 in running the dye house. The rates charged to the weavers by the society for dyeing yarn are as follows :

Nepthol	...	Rs. 5 to 6 per bundle of 10 lbs.
Indianthrine	...	„ 6 to 12 per bundle of 10 lbs.
Indigo	...	„ 7 to 11 per bundle of 10 lbs.
Sulphur	...	„ 5 to 6 per bundle of 10 lbs.

The share capital of the society amounts to Rs. 3,740 and its Reserve Fund Rs. 26,399. The members of the soeiety show keen interest in the working of the working of the society. The society was given a second prize, being one of the well managed society in the East Khandesh district during the year 1954-55. Government is giving all possible help to the society under the various schemes sanctioned by Government of India in the cess fund.

Erandol Hatmag Vinkar Sahakari Society Ltd., Erandol District

Membership: There are about 200 handlooms in the Erandol town, of which 175 are active looms. The membership of the society is 136 out of which 15 are sympathisers. They run 125 looms of which 25 looms have been fixed with take up motion attachment with the aid of the Government grant at the rate of Rs. 50 per loom.

Production: The society produces the following varieties of cloth:

(1) Patals and Sarees.
(2) Dhoties.
(3) Towels and Shirtings.
(4) Khans.

The society places yarn and other raw meterials required by its weaver members and the cloth produced by them is taken over by the sciety at the following rates:

Particulars	Value in Rs.
(1) Patals from 40 counts to 80 counts	7/8 to 11/8
(2) Sarees from 40 counts to 20 counts	12 to 7/12

The actual rate of wages given to weavers varies from As. 8 to Rs. 1 per piece as per the specifications laid down by the society. The society charges its overhead charges at the rate of 6 per cent to 9 per cent on the cost of production.

During the year 1954—55, the society purchased yarn of the value of Rs. 40,908 and produced cloth costing Rs. 80,842. The yarn is purchased from Bombay and the production is sold in the local market. The total value of the cloth sold by the society during the period was Rs. 90,971. The society paid net wages to its weaver members to the extent of Rs. 21,733.

Dye House: The society originally started a dye house in November, 1953. Under the development scheme, a loan of Rs. 1,500 and a grant of Rs. 1,400 have been sanctioned to the society by Government to run a small dye house. The usual rates charged by the society for dyeing of yarn are as under:

Nepthol	Rs. 5 to 6	per bundle of 10 lbs.
Indanthrine	„ 5 to 12	per bundle of 10 lbs.
Indigo	„ 5 to 6	per bundle of 10 lbs.

The society has appointed 2 trained dyers on wage basis as follows:

As. 12 for 10 lbs in Indanthrine.
As. 8 for 10 lbs in Nepthol colour.
& Re. 1 for 10 lbs in Indigo colour.
Re. 1 for composite Nepthol and Indanthrine.

The society paid wages to the dyers during the year 1954—55 to the extent of Rs. 1,077, which works at about Rs. 45 per month per month per dye.

During the year 1954-55 the society dyed 13,650 lbs of yarn. It purchased dyes and other chemicals amounting to Rs. 9,108 and recovered dyeing charges to the extent of Rs. 11,550. It made a net profit of Rs. 2,970-3-0 in the dye section.

The society gave rebate of Rs. 9760 on the sale of handloom cloth effected by it during the year 1954-55. 25 looms of its members have been fixed with the automatic take up motion attachments prepared by the Saranjam Yantrakari Karyalaya at Dhulia. The society has been classed as 'A' by the auditors during its last au lit. It made a profit of Rs. 9,219 during the year 1954-55.

The above account shows that the members of the society are taking good deal of interest and they have taken advantage of the various forms of assistance given by Government under the development schemes. More and more weavers are coming forward to enroll themselves as members of the society in order to avail of the facilities given by the Goverument.

CO-OPERATIVE CONFERENCES AND MEETINGS

Problems of Co-operative Insurance*

Extracts from the speech of Sri A. L. Chandavarkar, Chairman of the Bombay Co-operative Insurance Society at the 25th Annual General Meeting of the Society held on 25th June 1955 at Bombay.

Each year, we have been receiving a substantial amount by way of refund of income tax due to general exemption form tax of profits of co-operative societies granted by the Central Government to encourage Co-operative Institutions and to assist them in furthering their activities against the competition from Joint Stock Companies. *As a result, however of the recommendations of the Taxation Enquiry Commission, the Finance Minister in his budget proposals for the current year has decided to tax co-operative insurance societies withdrawing the exemption enjoyed by them, though in respect of other categories of co-operative societies, the scope of concession in respect of income-tax has been widened.* This would naturally result in quantum of refund of income tax being considerably less than hitherto and would have the effect of reducing the interest yield on the funds. It is a matter for regret that the Taxation Enquiry Commission should have come to the conclusion as they did without giving any opportunity to co-operative insurance societies to put forward their point of view before them. On a perusal of their report, it appears that because the mutual insurers were subject to tax and they made representation for exemption from tax on the plea that Co-operative Insurers were exempt, the Commission, instead of acceding to their said request, decided to withdraw the exemption granted to Co-operative Insurers, as apparently in their opinion, there was no distinction between tho two. Some two years back, the Executive Committee of the Life Insurance Council required the Co-operative Insurers to stop giving benefit of 7½ per cent rebate in the premia given by them to the members of the Co-operative Societies and thus broke the link of service built up between the sister Co-operative Societies and ourselves over the last many years. Now comes this further discrimination against Co-operative Insurers only. This action is particularly galling as in effect it treats us like the Joint Stock Insurance Companies. It almost implies that we have nothing in common with sister Co-operative Institutions in the field of banking, housing, credit and the like. And yet, Co-operative workers, officials of the Co-operative Department and others expect that a Co-operative Insurer must provide service and benefits which are

*Source: All India Co-operative Review, September 1955.

superior to those provided by Joint Stock Insurers, simply because the Insurer happens to be a Co-operative Insurer. They expect premium rates to be lower, bonus rates to be higher and other conditions attaching to the policy contract less exacting and more liberal than those offered by other insurers. Some desire that the base of our activity be widened to include the economically weak, and thus justify our co-operative character. I would very much like our Society to do these things, and come up ~~so to say~~ to the "ideal" placed before us by well meaning Co-operator friends from time to time. But, in the face of powerful competition from insurers with large resources, well knit organisation and highly paid technical staff at their disposal, this cannot be done by mere wishful thinking, particularly in the face of the unhelpful attitude adopted by the State and the Central Governments towards Co operative Insurers.

The sister Co-operative Societies and all workers in the Co operative Movement must feel, in a personal sort of way, that Co-operative Insurance is a part and parcel of the Co-operative Movement, that making it serve the insurance needs of the Co-operative community is also a part of their daily activity, that all insurance requirements of co-operators and co-operative institutions and by co-operators—I mean members of all co-operative societies and not just a handful of workers here and there, shall be obtained from sister co-operative insurers only. That atmosphere has to be generated, and feeling of oneness has to be created amongst the entire co-operative community, if co-operative insurance are to play their legitimate part in not only providing the *insurance needs, but also providing the necessary capital for further development of co-operative activity in diverse fields. Our experience* so far shows that these ideal conditions of keeping the co operative movement as an entity cannot merely come out of volition unless the State and the Co-operative Department make it mandatory on all those in the Co-operative Movement to see that when any goods or services are obtainable from a sister co-operative institution, these are obtained from that sister co-operative institution.

If Life Insurance Institutions are allowed to render the services to the community as they are doing now, they would continue in an increasing manner to take the message of life insurance to ever widening circle of people and thus in due time reach all persons gainfully employed in the services of the nation. However, doubts and misgivings have arisen on account of the pronouncement made by our top-most leaders including the Prime Minister indicating that, at the right time, banking and insurance will be nationalised. The business of life insurance is regulated and controlled by the State through the Insurance Department to an extent and in the manner in which, to my knowledge, no other business or trade so far has been regulated or controlled. 50 per cent of the assets of the Life Insurance Offices have to be invested in Government or approved securities and the balance have to be invested in accordance with the detailed provisions laid down in the Insurance Act. Their expenses are controlled. Their powers of appointment of field workers are limited and criteria laid down about these too. The terms and conditions of the policy contracts and premia charged by them, are also subject to approval by the Controller of Insurance and by the Executive Committee of the Life Insurance Council. It is, therefore, difficult to see what further gain or advantage could be had by nationalisation of the business of life insurance either to the Government or to the insured or to the persons employed in the trade. Unless any concrete or tangible advantages are shown to accrue or to flow from nationalisation of any business, particularly the business of life insurance, which is based on personal contacts, human understanding and principles of good faith, it would be, to put it mildly, undesirable to do so. In any case the trade has a right to be consulted, to be taken into confidence and to be convinced that by the State taking over the business of life insurance, not only the trade and the persons associated with it will not suffer but that people who are the most vitally concerned with the matter, namely the insured, will have more efficient service at less cost than they are able to obtain at present. Any hasty, ill-conceived nationalisation of insurance without full and frank discussions with the trade and without considering the pros and cons of its applicability and suitability to Indian conditions in the context of rising economic activities and increasing employment, would, in my humble but considered opinion, do more harm than good and in fact retard the growth of the habit of life insurance amongst the people particularly at the time when the business of life insurance is on the threshold of rapid expansion and progress all round.

Emphasis in the Second Five Year Plan is on production of consumers' goods through the expansion ef cottage and village industries and on the development of heavy industries. Coupled with this is the development of electric power and construction of minor and major irrigation works, extension of rural credit, construction of warehouses, and the like. These activities are bound to lead, firstly

to eradication of indebtedness from the agricultural community and secondly to gradually improving their economic position to an extent where they will be in a position not only meet their daily requirements, but to save for the future also State Bank of India is expected to provide banking facilities in country side. We, in the life insurance field, must also play our part by taking the message of life insurance to the rural areas, so that a part of the savings could be canalised through the institution of life insurance and thus made available to the nation for further expansion and development. Multi-purpose Co-operative Societies, Co-operative Marketing Societies, and Co-operative Farming Societies, are and will continue to be established in an increasing number throughout the country-side, to make effective use of these new developments, with active State help and participation. It is time, therefore, for us to consider and devise ways and means to approach our brethern in the village, to explain to them the working of life insurance and the services it renders to the individual, the community and the State and then afford them life insurance protection through the media of co-operative agency like ourselves. In this activity, the help of sister co-operative institutions functioning locally, the backing and support of the representative of the Co-operative Department stationed there, local social workers and the development officers of the State and Central Governments will be needed and I am sure, can be counted upon. Co-operative Insurancers are best fitted to render this particular service, as in all activities profit motive is absent, and services to the community is the ideal which inspires them. They could do this better and in more organised and systematic form only if they were strong, both organisationally and financially.

This takes me to the question of merger of Co-operative Insurance Societies transacting life insurance business into one strong well-knit organisation so as to enable it to render still greater services particularly to members of Co-operative Societies in States and areas where the Co-operative Movement has not yet taken firm root but where the possibilities of its expansion are great, due to the important role given to it in the Second Five Year Plan now under consi. deration and finalisation. No provincial or partisan approach should be allowed to stand in the way of this merger and I would like to appeal to co-operative workers intimately connected with the Co-operative Insurance Societies in other States to view this question in a larger perspective, heeding to the signs of the times. The very nature of business of life insurance and the ideatogy which inspires the Co-operative Movement require that the Co-operative Institutions should try to reach maximum number of people, take them in their fold and give them the benefit of Co-operative services not only at low cost, but in a manner which makes them feel that they are assisting in the noble cause of helping others to help themselves.

PRODUCER CONSUMER RELATIONS.

The direct link between producer and consumer means that the circulation of wealth comes under the control of one or the other or possibly both at once and that consequently, at some point, reciprocal interests confront one another and there by achieve, or at least should achieve a compromise. In this way, wealth should find in its passage from producer to consumer no branch road leading to territory not subject to the interests of either. Consumer and Producer should join hands, without being forced to seek the help of commerce.

DR. KARL IHRIQ

The Tinnevelly District Co-operative Central Bank Ltd., Vannarpet

PROCEEDINGS OF THE 30TH BUSINESS CONFERENCE OF THE SUPERVISORS AND UNION REPRESENTATIVES HELD ON 28TH AUGUST 1955 AT 10 A.M. IN THE PREMISES OF THE TINNEVELLY DISTRICT CO OPERATIVE CENTRAL BANK LIMITED, VANNARPET.

PRESENT: M. R. Ry. Medai Dalavoi Kumaraswamy Mudaliar, Avl. President, Tinnevelly District Co-operative Central Bank Ltd.

Sri D. A. Susainathan, B.A., Deputy Registrar of Co-operative, Societies, Tinnevelly.

„ S. Sennappa Reddiar, B.A., Deputy Registrar of Co-operative Societies, Tuticorin.

„ I. Deepanayagam, Co-operative Sub-Registrar and Secretary Tinnevelly District Co-operative Central Bank Ltd.

„ K. Venkatarama Naidu, B.A., B.L., Bank Director and Representative of Non-Union Societies.

„ K. Sivananda Sarma, Bank Director and Governing Body member, Ottapidaram Co-operative Union.

„ N. Muthiah Pillai, Bank Director and Secretary, Srivaikuntam Co-operative Union.

„ V. S. Ramasubramania Pillai, President, Nanguneri Co-operative Union Limited.

„ A. S. Lakshmana Reddiar, Secretary, Koilpatti Co-operative Union Limited.

„ S. Mayakootha Iyengar, President, Srivaikuntam Co-operative Union Limited.

„ T. Ramaswami Naicker, Bank Director and Secretary Vilathikulam Co-operative Union Ltd.

„ S. P. P. Muthuswami Chettiar, Bank Director and Governing Body member, Puliangudy Co-operative Union Limited.

„ V. S. P. Kandaswami Reddiar, President, Ottapidaram Co-operative Union Limited.

and 30 supervisors.

I SUBJECT. Chalking out a programme for the speedy collection of the loan demand.

Resolution. The collection of the entire demand should be completed before 31-12-'55. The supervisors should submit a programme for completing the work before 31-12-'55.

II SUBJECT. Fixation of society-wise target for the issue of short-term loans to the agricultural credit societies during the half year ending 31-12-'55.

Resolution. Society-wise targets aggregating to Rs. 30,83,205 are fixed. The supervisors concerned should see that the societies obtain the target amounts before 31-12-'55.

III SUBJECT. Fixation of society-wise targets for the issue of medium term loans to the agricultural credit societies during the half year ending 31-12 '55.

Resolution. Society-wise targets aggregating to Rs. 6,01,832 are fixed. The supervisors concerned should expedite the preparation of loan applications and see that the societies obtain the loans before 31-12-'55.

IV SUBJECT. Selection of societies for the introduction of the controlled credit scheme.

Resolution. The working of the Controlled Credit Scheme is not successful in this District. There is no need to select societies for the purpose.

V SUBJECT. Fixation of society-wise target for the admission of new members during the half year ending 31-12-55.

Resolution. Each supervisor should admit atleast 100 members every month invariably.

VI SUBJECT. Selection of societies for the extension of the area of operation and for amalgamation of societies during the half year ending 31-12-'55.

Resolution. Wherever necessary and feasible, the supervisors should arrange to extend the area of operation of societies. Arrangements should also be made to amalgamate two or three small societies wherever such a course is possible and advantageous.

VII SUBJECT. Fixation of targets for the organisation of new societies during the half-year ended 31-12-55.

Resolution. Each supervisor should organise atleast one society in his circle every month.

VIII SUBJECT. Fixation of targets for the revival of dormant societies during the half year ending 31-12-55.

Resolution. Each supervisor should revive atleast one dormant society during the half year ending 31-12-55. Wherever there are more than one, they must attend to the revival of as many societies as possible.

IX SUBJECT. Selection of societies for the introduction of multipurpose activities during the half year ending 31-12 55.

Resolution. During the previous half year, 35 rural credit societies were selected for the introduction of multipurpose activities. But the activities were actually introduced only in 15 societies during the half year. The multipurpose activities should be introduced in the remaining 20 societies during the half year ending 31-12-55.

X SUBJECT. Fixation of target for the disposal of immovable properties owned by rural credit societies.

Resolution. The respective unions may be requested to make speedy arrangements for the disposal of the immovable properties owned by the societies. The supervisors should take necessary instructions for their speedy disposal from the union authorities.

XI SUBJECT. The issue of produce loans to the members of select rural credit societies.

Resolution. There seems to be no demand for produce loans in this District. The sale societies working in the area may be encouraged in the issue of more produce loans.

XII SUBJECT. Devising ways and means for the speedy individual examination of loans in rural credit societies.

Resolution. The Rural credit societies in this District are issuing mostly short term loans and these are collected during the course of one year. During the course of this period, the supervisors are also inspecting these societies and take necessary action in respect of the ill-secured loans which are noticed by them. There is therefore no need for the introduction of the special schemes of individual examination of loans.

XIII SUBJECT. Co-ordination of the activities of the select rural credit societies with the Central Stores.

Resolution. Adjourned.

XIV SUBJECT. Selection of good rural credit societies for the receipt of subsidy recommended by the Land Revenue Reforms Commfttee.

Resolution. 041 Kulothur and 065 M. Kumarapuram co-operative credit sccieties selected by the supervisors may be recommended.

XV SUBJECT. Devising ways and means to arrest the increasing cases ot frauds and misappropriations in rural credit societies.

Resolution. The supervisors should verify the disbursement of the loans obtained by the rural credit societies, from the Bank, *carefully*, *personally* and *promptly*. Negligence in this direction will devolve on them drastic punishment. Such defaulters may also be involved in prosecution cases that may be launched against the panchayatdars for. misappropriation of funds. They should therefore carry out the instructions scrupulously.

XVI SUBJECT. Devising ways and means for pulling up deficit societies.

Resolution. The supervisors should see that the societies in their charge prepare budgets every year so as to regulate their expenses within the limits of their income.

XVII SUBJECT. Examination of the necessity for the establishment of the Rural Co-operative Banks.

Resolution. It is unnecessary, now, to interfere with the State policy.

XVIII SUBJECT. Waiving of the Deputy Registrars' insistence on furnishing copy of the entire property statement for the registration of the amendment to by-law No. 18 of the Rural Credit Societies.

Resolution. The Deputy Registrars are requested to waive insistence on furnishing entire copy of the property statements and permit societies to follow the previous procedure of sending abstracts.

XIX SUBJECT. Implementation of the scheme of intensive cultivation through village co operative credit societies.

Resolution. Most of the societies to which lands were already assigned are applying for the cancellation of assignment. There is no scope for the implementation of the scheme. Societies which are still holding lands unfit for cultivation, may apply to the Collector to take back the same.

XX SUBJECT. Implementation of the recommendations of the Committee of Direction appointed for Rural Credit Survey.

Resolution. Adjourned.

XXI SUBJECT. The issue of loans to credit societies and other Cottage Industries Societies in the Community Project area.

Resolution. Deserving rural credit societies in the area, will be financed by the Bank, on their merits. As regards the Cottage Industries societies, the Bank regrets its inability.

XXII SUBJECT. Rectification of defects in Rural Credit Societies.

Resolution. The Supervisors should invariably attend to the ractification of defects, whenever they visit the societies.

XXIII SUBJECT. Arrangements for making speedy provision in the by laws of rural credit societies for the issue of loans on the Central Land Mortgage Bank Debentures.

Resolution. The Supervisors should expedite the submission of amendment proposed.

XXIV SUBJECT. Financing of Milk Supply Societies.

Resolution. Adjourned.

XXV SUBJECT. Sanction of cash credit loans to weavers societies.

Resolution. The existing policies of the Central Bank will continue.

Sd. MEDAI DALAVOI KUMARASWAMY MUDALIAR,
President.

DECENTRALISATION AND CO-OPERATION.

Co-operation is above all things *decentralisation*— decentralisation of distribution. It centralises or concentrates in collection, so as to place its adherents on a level with the richer individuals. But its main office is decentralisation, thinning out the stream of the water collected, sending it in rills over a broad surface, so that irrigation may be perfect and reaching every root to be watered.

H. W. WOLFF.

The Co-op. Central Bank Ltd., Kumbakonam.

PROCEEDINGS OF THE CONFERENCE OF THE SUPERVISORS AND REPRESENTATIVES OF THE UNIONS HELD AT 11 A.M. ON 10-7-55 AT THE PREMISES OF THE BANK

PRESENT :

Sri N. S. Ramalingam Avl., B.A., Dip. Pol. & Pub. Admn. President of the Bank.
Sri V. Ramamurti Avl., B.A. Deputy Registrar of C. S., Kumbakonam.
Sri M. Ramadoss Mudaliar Avl., B.A., B.L., Director of the Bank.
Sri N. K. R. Narayanaswami Naidu Avl., Director of the Bank.
Sri T. V. Krishnaswami Iyer Avl., B.A., Kumbakonam Union.
Sri R. Rajagopala Iyengar Avl., Papanasam Union.
Sri P. Thyagaraja Kadavarayar Avl., Papanasam Union.
Sri R. Rajasanthanam Pillai, Avl., Tiruvarur Union.

The Secretary, Executive Officer of the Bank (on leave) and all the Supervisors of the Bank.

The President of the Bank presided over the conference. He congratulated the employees of the Bank, the indoor and the field staff, the Deputy Registrar and the Departmental Officers, for having collected the overdues in full before 30—6—55. The President stressed the necessity to develop the loan transactions under medium term loans and to intensify the activities of the Rural Co-operatives in all spheres and make the credit societies useful ones for the average and below average agriculturist, as the object of the Second Five Year Plan is to benefit a large number of common people.

The President regretted that the progress in construction of Godown by the Rural Co-operatives was very poor and that only sustained effort coupled with a desire to carry the facilities afforded by the State to the societies will help to achieve a concrete progress. If every Supervisor makes it a point to prepare and submit proposals for the construction of a Godown in one of the good working societies in his charge, better result can be secured in the ensuing six months. Finally he appealed to the Supervisors and also to the special supervisors to conentrate in the admission of the members, development of loan transactions and in the preparation of proposals for the construction of Godowns. Then the programme of work for the half. year ending 31—12—55 was discussed and approved.

Sd. N. S. Ramalingam,
President.

PROCEEDINGS OF THE CONFERENCE OF THE REPRESENTATIVES OF THE UNIONS AND THE SUPERVISORS HELD ON 10-7-55 TO DISCUSS AND DRAW UP PROGRAMME OF WORK FOR THE SECOND FIVE YEAR PLAN.

PRESENT

Sri N. S. Ramalingam Avl., B.A., Dip. Pol. & Pub. Admn., President of the Bank;
,, M. Ramadoss Mudaliar Avl., B.A., B.L., Director of the Bank,
,, N. K. R. Narayanaswami Naidu Avl., Director of the Bank,
,, N. Ramamurthy Avl., B.A., Deputy Registrar of C. S., Kumbakonum,
,, T. V. Krishnaswami Iyer, Avl., B.A., Kumbakonam Union,
,, P. Thyagaraja Kadavarayar, Avl., Papanasam Union,
,, R. Rajagopala Iyengar, Avl., Papanasam Union,
,, R. Rajasanthanam Pillai Avl., Tiruvarur Union,

The Secretary, the Executive Officer (on leave) and all the Supervisors of the Bank.

The President of the Bank presided over the meeting. After prayer, the President dwelt on the role of Co-operatives in the Second Five Year Plan. He said that the plan should be really beneficial to the lower strata of the people who should be admitted in large numbers in the rural credit societies. He appealed to the department and non-official staff to pay special attention to the development of agricultural marketing and the construction of Godowns by the marketing societies and Rural Credit Societies.

The Deputy Registrar of Co-operative Societies, Kumbakonam explained the details of the plan drawn up for the circle and laid stress on the importance of Godowns. The following programme was then chalked out.

	I Year	II Year	III Year	IV Year	V Year
(a) Marketing Societies	Nagapattinam Tiruthuraipoondy	Kumbakonam Mayuram	Kuthanur	Shiyali	Papanasam

(Godowns to be constructed at the cost of Rs. 60,000 each)

(b) Organisation of Rural Banks:	Kuttalam	Nagore (or) Valivalam	Koradachery	Muthupet	Tiruppanandal **
(c) Organisation or Reorganisation of existing societies as large sized societies.	1 Keelaiyur G.C R.Soc.	1 Manganallur	1 Sankaran pandal	1 Ammaiappan	
	2 Vaitheesvarankoil	2 Alangudy	2 Kivalur	2 Thagattur	
	3 Valangaiman	3 Nannilam	3 Kunnalore	3 Ammapet	
	4 Sundaraperumal koil	4 Aduthurai	4 Coleroon	4 Manalmedu	
	5 Kuthanur	5 Manakudy	5 Swamimalai	5 Alathambady	

** 5th Year to be decided later.

Sri M. Ramadoss Mudaliar and Sri R. Rajasanthanam Pillai participated in the discussion. They expressed that ways and means for the speedy construction of Godowns by Marketing Societies must be found and appealed to the gathering on the urgent need for the appointment of an Overseer, to attend to the preparation of plans and estimates and the construction of godowns at places already selected and subsequently at places selected at the conference.

Sd. N. S. RAMALINGAM,
President.

G.O.'s and Circulars

CONTRIBUTION TO AUDIT FUND—EXEMPTION TO HARIJAN SOCIETIES

Copy of G. O. Ms. No. 2771 Department of Industries, Labour and Co-operation dated 13-8-1955.

Acts and Rules—Madras Co operative Societies Act, 1932—Rule XII (a) Contribution to Audit Fund from net profits—Co-operative Harijan societies—exemption—continuance—Ordered.

Read the following :—

G. O. Ms. No. 3168 Industries, Labour and Co-operation dated 11-11-1954. From the Registrar of Co-operative Societies No. Rc 47,938-55-L dated 25-7-1955.

ORDER :

In exercise of the powers conferred by section 60 of the Madras. Co-operative Societies Act, 1932 (Madras Act VI of 1932), the Governor of Madras hereby exempts all registered co-operative societies in the State of Madras, of which all the members or a majority of the members are Harijans, from the provisions of Rule XII (a) of the Rules framed under the said Act, so as not to require the said societies from making any contribution from their net profits to the Audit Fund.

2. The exemption hereby made shall apply in respect of net profits earned by the said societies for the Co-operative year commencing on the 1st July 1954 and ending with 30th June 1955.

(True Copy)

Endt. No. D. 47938/55 L.

Office of the
Registrar of Co-operative Societies,
Madras, dated 27-8-55.

Copy communicated to all Deputy Registrars, Special Development Officers and Special Deputy Registrar Malabar.

MD. ABDUL HAFEEZ,
for Registrar.

SUPPLY OF DIET ARTICLES TO GOVERNMENT MEDICAL INSTITUTIONS

Copy of G. O. Ms. No. 2536 Health dated 10th August 1955 Health, Education and Local Administration Department.

Contracts—Government Medical Institutions—Supply of diet articles by the Co-operative Societies—Procedure—Order issued.

READ :

From the Director of Medical Service R. No. 34655-A2/55 dated 27-4-1955.

From the President, The Tiruchirapalli Urban Co-operative Stores Limited, dated 4-5-1955.

From the Director of Medical Services, Ref. No. 34655-A2/55-2, dated 31-6-1955.

ORDER :

In the matter of purchase of articles required by jails, Borstal and Certified Schools, orders have been issued in G. O. No. 3296, Home dated 10-11-1954 to the effect that the articles should be purchased from the Co-operative Societies or stores in the locality subject to certain conditions. The question whether with a view a view to encourage co-operative societies, similar concessions may be shown to them for the supply of diet articles and other provis ions to hospitals has been examined in consultation with the Director of Medical Services. The Government direct that in the matter of acceptance of tenders for the supply of diet articles to Government Medical Institutions, preference should be given to Co-operative Societies, if their tendered rate is within the margin of 5 per cent over the lowest valid tender rate offered by private individuals.

(True Copy)

Endt. R.C. No. 83900-55-S. I.

Office of the Registrar of Co-operative Societies, Madras-5. dated 28-8-1955.

Copy communicated to the Deputy Registrars on general duty (in duplicate) Co-operative Wholesale Stores and the T. U. C. S. Ltd., Madras for information. The Deputy Registrars are requested to communicate the orders contained in the G. O. to the important primaries in their circles.

S. NITHYANANDHAM,
For Registrar.

MARKET PRICE REGISTER

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

SRI A. PALANIAPPA MUDALIAR, M.A.
Registrar.

R. C. No. 87351/55-A. Dated 3-9-55.

Sub : The Malabar District Co-operative Bank Ltd., Inspection by the Reserve Bank of India's staff.

The Reserve Bank of India has suggested that the Co-operative marketing societies may maintain "Market Price Registers" showing

day to-day prices of various commodities handled by them. The Registrar considers that this is a useful register which sould be maintained by all Co-operative marketing societies in the State. The Deputy Registrars are requested to communicate the suggestion to the Co operative marketing societies in their jurisdiction and see that they give effect to it immediately.

A. PALANIAPPAN,
Registrar.

T. A. TO WITNESSES IN ARBITRATION SUITS

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

SRI A. PALANIAPPA MUDALIAR, M.A.,
Registrar.

R C. No. 84747/54-P. Dated 6-9-55.

Sub : Acts and Rules—Co-operative Societies Act—Section 51 Arbitration—Travelling Allowance and Batta for witnesses in arbitration suits—rate of Travelling Allowance and Batta —Prescribed amendment to the Co-operative Manual—issued.

Read : G. O. Ms. No. 2228 (Industries, Labour and Co-operation) dated 27-6-55 communicated in Registrar's R.C. 84747/54-P. dated 31-7-55.

ORDER :

The following amendment to para 9 under chapter "Arbitration" in Volume II of the Co-operative Manual is issued.

Delete the last sentence "No rates have been laid regarding the rate of batta which may vary according to local condition,' in para 9 (page 46) of the chapter "Arbitration" in Volume II of the Co-operative Manual and insert "witnesses attending the arbitration proceedings under Section 51 of the Madras Co operative Societies Act may be given Travelling Allowance, batta etc. at the rates admissible to witnesses attending criminal courts. (Vide Rule 387 of the Criminal Rules of Practice and orders for rates)"

(By Order)

Manager.

STORES SOCIETIES—PAYMENT OF SUPERVISION FUND

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

SRI A. PALANIAPPA MUDALIRA, M.A.,
Registrar.

R.C. 88522/53-S.I Dated 27—8—1955.

SUB : Stores Societies—Payment of supervision fund to the Central Co-operative Banks or the Local Co-operative Supervising Unions—Instructions—Issued.

REF : i. Registrar's Circular D. 9409/44-S. Dated 7-9-44.
ii. Registrar's Memorandum No. 37242/55-S.I Dated 24-3-55.

In the Registrar's Circular cited the following model by-law was suggested to the by-laws of the primary co-operative stores societies for adoption as model by-laws No. 36, wherein provision was made for payment of supervision fund to the financing bank to meet the cost of the staff employed by the Bank for the internal checking of the accounts of the Stores.

"The society shall be affiliated to the Financing Bank having jurisdiction over the area of operations of the society for purposes of supervision. Towards the expenses of supervision the society shall contribute a sum at the rate of 4 annas or any higher rate which the Co-operative Central Bank and the primary co-operative stores agree upon, for every Rs. 100 of sales or part thereof, subject to a maximum of Rs. 150 per annum".

Consequent on the decontrol of food grains and other essential commodities, the business of most of the stores societies has shrunk considerably. In view of the changad circumstances, which have resulted in low profits or loss to the stores, certain stores, not indebted to the financing banks expressed their unwillingness to allow the staff of the Central Bank to conduct the internal check of their accounts and to pay supervision fund to the Central Bank. A question has therefore been raised whether the staff of the Co-operative Central Banks should do the internal check of accounts of stores societies which are not indebted to them. The question was referred to certain select Deputy Registrars for remarks. Some of the Deputy Registrars favoured the idea of discontinuing internal check of accounts by the staff of the Central Banks, while some Deputy Registrars did not agree to the proposal. They considered that what the stores societies gain by way of snpervision fund, they would lose in the payment of additional audit fees, as the auditors would take more number of days for cheaking the accounts of stores societies, if the system of internal check is discontinued. The question was also discussed at the conference of the representative of the co-operative wholesale stores and the primary co-operative stores in the State held at Madras on 6-2-1955. The Conference resolved, that in respect of the stores societies whose accounts are partially checked by Central Bank staff supervision fund might be levied at the existing rate of Re. 0-4-0 per every Rs. 100 of sales or part thereof subject to a maximum of

Rs. 150 and that in respect of stores societies which are not supervised either by the Central Banks or by the local co-operative supervising unions, a nominal supervision fund of Rs. 5 per year alone might be collected by the Central Banks. The Registrar has accepted the resolution and has requested the Central Banks to implement the same. It is not necessary to delete the model by-law suggested by the Registrar in the circular cited, in order to give effect to the resolution. When a primary co-operative stores wants to have internal check conducted by the Central Bank staff and where it is willing to pay supervision fund it may do so. The idea with which the resolution was passed at the Conference was to avoid payment of supervision fund to the Central Banks, when supervision is not actually required by a particular society. The Deputy Registrars are therefore requested to advise the primary co-operative stores to adopt the following note at the end of model by-law No. 36.

"When the society is not supervised either by the Co-operative Central Bank or by the local Co-operative Supervising Unions, a nomial supervision fund of Rs 5 per year alone should be paid to the Co-operative Central Banks."

A. PALANIAPPAN,
Registrar.

SUGGESTION TO CENTAL BANKS FOR IMPROVEMENT

Circular of Registrar of Co-operative Societies, Madras.

SRI A. PALANIAPPA MUDALIAR, M.A.,
Registrar.

R. C. 87351/55 A. Dated 3-9-1955.

SUB : Co-operative Central Banks—Certain suggestions for improvement—Instructions—Issued.

1. The Officers of the Agricultural Credit Department of the Reserve Bank of India, who inspected some of the Central Co-operative Banks in the State, have made certain suggestions for bettering the working of the Co-operative financing banks. The Registrar, after examining these suggestion, considers that they can, with advantage, be adopted by all Central Co-operative Banks. On the basis of the reports sent by the Inspecting Officers of the Reserve Bank of India, the following suggestions are made for adoption by all Central Co-operative Banks in respect of their banking transactions and loan operations :

(*i*) *Fixed Deposit accounts* : It is observed that some of the Central Co-operative Banks do not balance their fixed deposit accounts. once in a month as in the case of the current and savings deposit accounts. It will be useful for the banks to strike the fixed deposit balances atleast once in a month. The Banks are advised to do so.

(*ii*) *Current deposits*: Some of the Central Co-operative banks do not take letters of introduction or references before they open current accounts for individuals. It will be in keeping with banking practice and also in the interests of the banks themselves, to see that the persons whom they admit as constituents are men known for that reliability and character. All Central Co-operative banks are therefore advised to obtain a letter of introduction before any current account for individuals is opened. Again, it is observed, that some of the Central Co-operative Banks do not insist on an initial deposit in cash for opening Current deposit accounts and that in some cases, they even accept cheques drawn on other banks and sent to them for collection as initial deposits. As a sound banking practice, it will be desirable for the banks to open current accounts of individuals only with an initial payment of cash.

(*iii*) *Provident Fund of Employees*: In the case of some Central Co-operative banks, their rules governing the provident fund of employees lay down that the finances of the Fund shall be invested in Trustee securities or in Co operative Central Banks. Some of the Central Co-operative banks are found to utilise the whole amount of the provident Fund of employees in their own business. This is not proper. The fund should be invested separately in Government or other Trustee Securities.

(*iv*) *Cash-in-transit Insurance*: The Central Co-operative banks may take a cash-in-transit insurance policy to cover the possible risks in remittances of money to and from other banks similary, they may insure the cash balance held at their head office and branches.

2. All Central Co-operative Banks are requested to implement the above suggestions at an early date.

A. PALANIAPPAN,
Registrar.

SUGGESTIONS TO CENTRAL BANKS FOR IMPROVEMENT

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

SRI A. PALANIAPPA MUDALIAR, M.A.,
Registrar.

D. Dis. No. 27959/55-4 Dated: 9-9-55.

Sub: Co-operative Central Banks Certain suggestions for improvement Instructions issued.

During their inspection of one of the Central Co-operative Banks in the State, the staff of the Agricultural Credit Department of the Reserve Bank of India made certain suggestions regarding the maintenance by Central Banks of the loan ledgers and other accounts of affiliated societies. The Registrar examined these suggestions in consultation with a few Central Co-operative Banks. On the basis of the suggestions made by the Reserve Bank of India and the opinion offered by the Central Co-operative Banks whom the Registrar consulted, the following instructions are issued for the guidance of all Central Co-operative Banks:

(i) As the societies are grouped union-wise, the Central Banks will require union-wise loan figures from time to time. It will minimise the work in the administrative section of the Central Banks, if they maintain union-wise loan ledgers.

(ii) The Central Co-operative Banks may maintain the accounts of affiliated societies ledger date-war and they should keep an index for each society in an alphabetical order.

(iii) It is desirable that the Central Banks maintain an up-to-date skeleton file separately for each of the affiliated societies. This skeleton file should contain all particulars relating to the society from its inception such as the organization proposal, by-laws, audit reports, annual statements, property statements, registered amendments, inspection reports, rectification reports etc.

2. All Central Co-operative Banks are requested to follow strictly, the procedure outlined above.

A. PALANIAPPAN,
Registrar.

PRIMARY LAND MORTGAGE BANKS INVESTMENT IN CURRENT ACCOUNTS OF CENTRAL BANKS

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

SRI A. PALANIAPPA MUDALIAR, M.A,
Registrar.

R. C. No. 100477/55 M. Dated: 17-9-1955.

SUB: Primary Land Mortgage Banks—Investment of funds in Central Co-operative Banks—general permission—accorded—

ORDER:

Under section 32 (1) of the Madras Co-operative Societies Act VI of 1932, the Registrar of Co-operative Societies permits all the Primary

Land Mortgage Banks in this State to invest their funds in *current* account, to the extent necessary, in any Central Co-operative Bank in the Madras State.

S. NITHYANANDHAM,
for Registrar.

KNOWLEDGE IS POWER

But in taking our stand upon this ground, we never supposed for a moment, that workmen would co-operate, with minds such as they possess at present—without knowledge, without information, without the power of thinking; as well we might suppose that corn could grow without the plough, thread be made without the spinner or bricks co-operate spontaneously to build a house. In pointing out the physical powers of wo k men, we have always insisted collaterally upon the absolute necessity of knowledge, before success can be expected; and, by way of encouragement, have occasionally asserted the facility with which it may be acquired.

DR. WILLIAM KING.

News and Notes

CO-OP. HOSPITAL OPENED IN TIRUCHI VILLAGE

A Co-operative Hospital, the first of its kind in the history of the co-operative movement in the State, was opened by Mr. A B. Shetty, Minister for Health in Amur, on 25-9-55, 14 miles from Tiruchinapalli a model village in the National Extension Block

The hospital has been started by the Health Co-operative Society in the village, which has 110 members paying an annual subscription of Rs. 6 each. The scheme of the Society will benefit seven villages, besides four in N.E.S. block. Consultation at the hospital is free, but the medicines supplied to members are charged for. The visiting fee of the doctor is divided equally between the doctor and the Society.

A Novel Venture

Mr. R. Krishnaswami Reddiar, President of the District Congress Committee presided. Mr. P. Thangarajan, President, Panchayat Board, presented an address to the Minister.

The Minister said he was glad that a novel society had been started in the village, and assured it of all help from the Government. He also appealed to other Co-operative Societies and the public to help the venture and make it a success.

The Minister wanted the members of the Society to pay their subscriptions regularly, and take a lively interest in its working. He urged that medical and health services should be co-ordinated. It was not enough if medical officers dispensed medicines to patients, but they should also advise people on to how to keep good health. He advised villagers to have their houses well-ventilated and to drink only protected water.

Mr. T. M. Narayanaswami Pillai, Chairman of the Committee on Co-operation and Vice-Chancellor of Annamalai University, said that non-members also should be given equal treatment in the hospital.

Mr. A. Palaniappan, Registrar of Co-operative Societies, assured the Society all possible help.

Major Gen. S. C. Alagappan, Director, Madras State Co-operative Bank. Dr. P. Natesan, Vice-President of the Bank; and

Mr. T. S. Muthukumaraswamy Pillai blessed the new venture. Mr. V. T. Karuppanna Pillai donated Rs. 101 to to the hospital on the occasion.

Mr. Sundaramurthy proposed a vote of thanks.

All India Co-operative Day

Launching of a country-wide vigorous co-operative publicity campaign is considered necessary for the purpose of attracting the attention of all classes of people to the ideals and techniques of Co-operation and to make the public generally Co-operation conscious to ensure their active and enthusiastic participation in the various co-operative development programmes that are in the offing. As part of such a programme, it has been decided to celebrate an All-India Co-operative Week this year commencing from Saturday the 5th November 1955-the All India Co-operative Day. A tentative programme of the celebrations of the week is being issued to all State Co-operative Institutions, Registrars of Co-operatives Societies etc., by the All India Co-operative Union. The highlights of the programme are celebration of the All India Co-operative Day on the 5th November, Consumer's Day on the 6th, Artisans' Day on the 7th, Students' Day on the 8th, Farmers' Day on the 9th, Women's Day on the 10th and Planning Day on the 11th. The idea is to devote each day of the week to make concerted efforts to educate a particular section of the public in the principles of Co-operation and the advantages of co-operative action with a view to attract them into the co-operative fold.

Bhuvanagiri Weavers Co-operative Society's Building Opened

Sri A. Uthandaraman I.A.S., Collector of South Arcot declared open the building purchased by the Bhuvanagiri Weavers Co-operative Society Ltd. No. E. 1500 on 15-9-55 in the midst of large gathering of members and distinguished visitors. The District Collector appreciated the working of the society and appealed to the members to be loyal to the society and requested the public to support the handloom industry.

Sri M. Sachithanandam, President of the society in welcoming the guests and members informed that the society has purchased the bulding for Rs. 13,750 and spent about Rs. 2,000 for incidental charges and minor repairs for the building. This building was purchased by the society out of the profits of the society earmarked for the purpose. He thanked the Registrar and the Deputy

Registrar and all concerned for the kind help rendered for the completion of the transaction. The work of Sri P. Thyagarajan, Senior Inspector Secretary of the Society was very much appreciated as it was due to his efforts, the building was purchased and the opening function was celebrated in the short space of time.

Sri D. A. Swayamprakasam, M.A., Deputy Registrar, Cuddalore hoisted the Co-operative Flag and explained the principles of co-operation and exhorted the members to be loyal to the society.

Sri T. R. Chakrapani Iyengar, B.A., B.L., Cuddalore unveiled the portrait of Sri A. Palaniappa Mudaliar, M.A., Registrar of Co-operative Societies, Madras and explained the services rendered by the Registrar to the Weavers in particular and to Co-operative Movement in general and prayed to Almighty to bless the Registrar with long life and strength to do further more service to the nation. Sri S. Thiruvenkada Nainar, B.A., L.T., while presiding over the function explained his connection with the Registrar as his student of Meenakshi College, Chidambaram and paid a tribute to the handloom labour which is able to establish the special skill of this Tamilnad from time immemorial. Sri R. Kanakasabai, Vice-President of S. A. Central Bank, Ltd., advised the weavers to avail of the Government concession and develop the industry. The President of society proposed a vote of thanks.

Inaugural Meeting of the Malabar Co-operative Training Institute, Ltd.

The starting meeting of newly registered Malabar Co-operative Training Institute, Ltd., Kozhikode was held at the Independence hall of the Malabar District Co-operative Bank, Ltd., on Sunday, the 25th September 1955 at 4 p.m. under the chairmanship of Sri P. Govinda Menon, B.A., B.L.. President of the District Bank and Chairman, Calicut Municipality. Besides the three Deputy Registrars at Calicut and other officers of the Department, 5 of the nominated Directors of the Institute, representatives of the District Bank, Local Co operative Unions and other Major Co-operative Institutions in the town attended the meeting. No members from South Kanara which comes under the jurisdiction of the institute, were present. The Deputy Registrar (Malabar South) welcomed the gathering and requested Sri P. Govinda Menon to preside over the meeting. The Chairman in his opening speech traced out the steps taken by the District Bank and Co-operators of the District for the past 4 years to get a training institute started in Malabar and requested those present to do all possible help for the successful working of the institution. The Deputy Registrar (South) then read and explained the by-laws of the institute with special reference to its objects, funds, election of directors etc. The names of the first set of directors nominated by the Registrar were read and recorded. They are: (1) Sri P. Govinda Menon; B.A., B.L., (2) Sri A. M. Monteiro, B.A., L.T., (3) Dr. P. Natesan, M.B., B.S., (4) Deputy Registrar, Malabar South, (5) Sri C. Narayanan, M.A., L.T., (6) Sri P. P. Hussan Koya, B.A., B.L., (7) Sri C. Mukundan, (8) Sri C. Prabhakara Rao, B.A., B.L., (9) Sri K. J. Ballal, B.A., B.L.

The President then formally declared the institute started and the meeting terminated.

After this, the first meeting of the nominated Directors was held, at which Sri P. Govinda Menon, B.A., B.L. was elected President of the Institute and Sri P. P. Hassan Koya, B.A., B.L., as Treasurer. The building of the Malabar Wholesale Co-operative Stores was decided to be taken on rent for conducting the classes and an advertisement to be published for the post of a part-time instructor. A current account with the Malabar District Co-operative Bank was also decided to be opened.

Rural Bank at Kattumannarkoil

A Rural Bank at Kattumanarkoil, 16 miles from Chidambaram was opened by Sri A. B. Shetty, Minister for Co-operation on 22nd June 1955. Sri T. M. Narayanaswami Pillai presided.

15 villages and their hamlets, within a radius of 5 miles from Kattumannarkoil will be served by the new bank.

After prayer addresses were presented to the Minister and President. Sri T. M. Narayanaswami Pillai said that the importance of the Co-operative Movement could not be over emphasised. Loans at cheap rates should be given to cultivators for agricultural operations.

Sri A. B. Shetty, Minister for Co-operation said that he was glad to inaugurate the Bank which would issue medium-term loans and loans on jewels and produce etc. It was proposed to start 25 Rural Banks, some of them already having been started. Sri Kanakasabai Pillai also spoke.

Sri G. Vagheesam Pillai proposed a vote of thanks.

The Malabar District Co-operative Bank Inspectors Conference

The Annual Conference of the Inspectors and Senior Inspectors of the Malabar District Co-operative Bank in charge of normal supervision of societies was held at the Bank's Hall on Sunday, the 24th July 1955. The representatives of the Co-operative Supervising Unions in the District were also present. The President of the District Bank, Sri P. Govinda Menon, B.A., B.L. inaugurated the conference with a short speech. Sri A. T. Alfred, B.A., Deputy Registrar of Co-operative Societies, Malabar South, spoke next. He stressed on the need to develop the working of the agricultural and marketing societies, particularly at a time like this, when the Second Five Year Plan is under consideration of the Government and reminded the Conference that the Co-operatives had a great role in working up the scheme under the plan.

Sri T. P. Raghava Menon, B.A., L.T., Vice-President of the Bank exhorted the Inspectors to do a selfless service in the cause of Co-operation, as the progress of the country depended much on the success of the movement. India, being a country of agriculturists, required all assistance to its agricultural population and only the co-operative society can help them to improve their lot, he said.

The progress made during the year ended 30-6-1955 in the matter of introducing multipurpose activities in the societies, admitting fresh members, registering new societies etc. was reviewed next. There had been all round progress during the year. With the experience at hand, the Inspectors chalked out a programme of work for the next co-operative year, with suggestions for improving the working of the several kinds of societies in every detail. According to the progromme a total sum of Rs. 20,90,000 is proposed to be issued to agriculturists during the year. A society under each Union area was selected to be worked as a model institution for the year for doing all co-operative work, such as issuing produce and crop loans, manure distribution, distribution of cloth etc. besides its normal work of advancing agricultural loans.

The meeting terminated with a vote of thanks by the Secretary of the Malabar District Co-operative Bank, Ltd.

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Lalgudi Co-operative Union Meeting

At a meeting of the Lalgudi Co-operative Union's Board held on 17-7-1955 at Samayapuram, the resignation of Sri P. B. Krishnaswamy Reddiar, a veteran co-operator of the District was accepted. Sri P. B. Krishnaswamy Reddiar, was a close associate of Sri L. N. Paramasivam Pillai and he was connected with several co-operative organisations. Warm tributes were paid to Sri P. B. Krishnaswamy Reddiar for the services rendered by him to the Co-operative Movement. Sri Kanakasabai was elected as President of the Union and Sri N. Govindaswamy Nattar as Vice-President.

Livestock Census in 1956

At a Conference of Livestock Census Officers of the various States held at Delhi on 9th and 10th August 1955 at New Delhi, it was recommended that the Eigth All India Livestock Census should be conducted with 15th April, 1956 as the date of reference in all States, except that in the snow covered areas of Jammu and Kashmir. The final check will be made in June, 1956, in respect of the position as it stood on 15th April, 1956. The enumeration will extend over a period of one month.

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