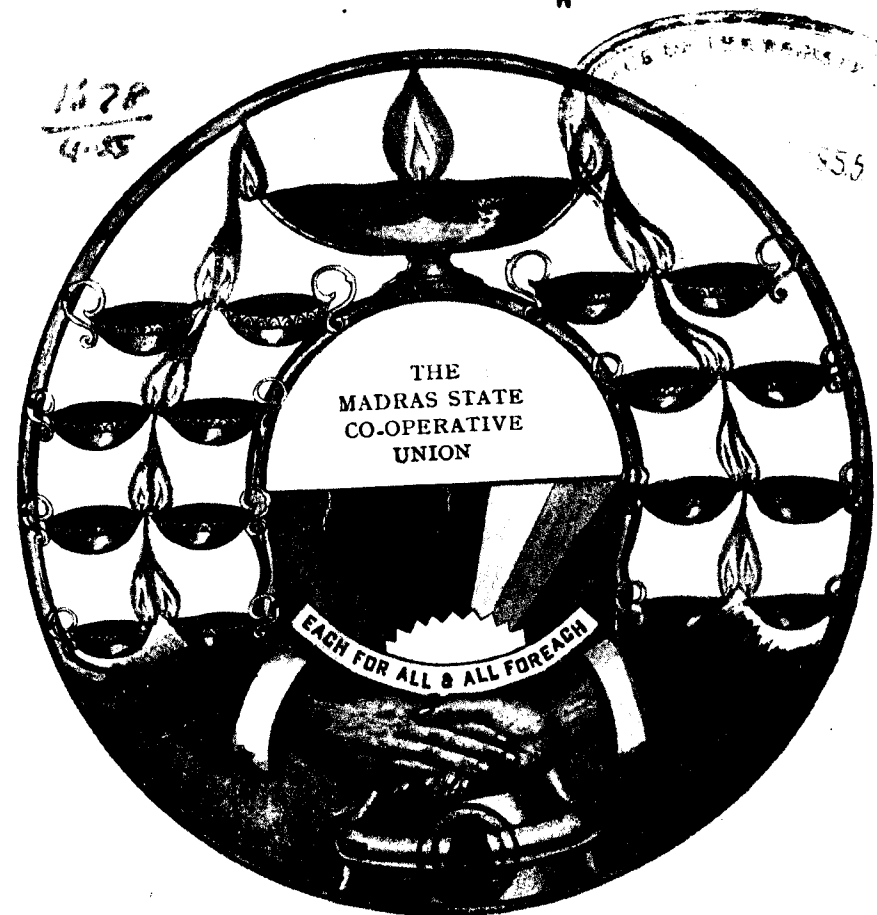


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The Madras Journal of Co-operation



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

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

VOL. XLVII]

AUGUST, 1955

[No

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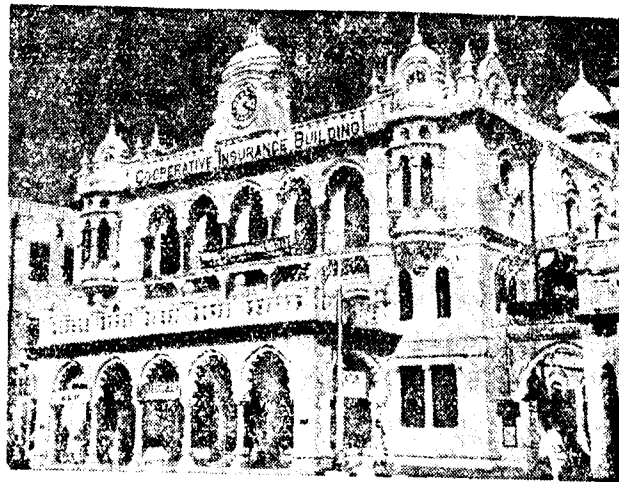


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Thought for the Month

CO-OPERATIVES AND CHARACTER BUILDING.

It is in the realm of consumption that life is enjoyed or suffered. We run co-operative businesses in order to consume goods and services and social contacts (for they, too, are part of the area of consumption). It is easy to see that virtue and its opposite are of first importance in the family where we consume the elementals, and in the other social groupings where consumption is on a less physical basis. In other words, no matter what type of business we may be in, we produce and exchange in order to live the best lives possible in the realms where character counts most. How inconsistent and destructive of its own aim would be a system of production and distribution that ignored or destroyed character building in its own operations. *Character building is no side line to the aims and operations of a co-operative, it is of the essence of co-operative business.*

DR. LEROY E. BOWMAN.

Editorial Notes

LENDING RATES OF CO-OPERATIVES

Some Misapprehensions

Quite a lot of misapprehension seems to exist about the reasonableness of the lending rates of Co-operatives in the Madras State. Even informed circles are obsessed with the notion that Co-operatives, mostly tend to act more as middlemen, rather than as service agencies. Much misunderstanding seems to stem from the idea, that while the Reserve Bank of India makes available large bulk of funds at $1\frac{1}{2}$ per cent, why is that the ultimate borrower gets the amount at $6\frac{1}{4}$ per cent? Though on the face of it, it may appear that a good slice of the margin between Reserve Bank of India rate and the ultimate recipient's rate, namely $4\frac{3}{4}$ per cent is being knocked away by a hierarchy of co-operatives from the Apex Bank to the small rural co-operative; but the real state of affairs belies such a criticism

Present Credit Set-up and its Function

First, it should be borne in mind that the funds have to be routed through the three institutions, which compose the rural credit set up—the Apex Bank, the Central Bank and the Primary Credit Society, before the money reaches the agriculturists. Unless the number of these agencies are reduced, there is no possibility of reducing the existing margins allotted to each (Apex Bank 1 per cent, Central Bank 2 per cent, Rural Credit Society $1\frac{1}{4}$ per cent) and such a possibility is not likely to happen, without seriously jeopardising the stable and solid credit structure, evolved in this State by the patient and painstaking efforts of stalwarts in Co-operation through a long period of trial and error.

Rural Credit Co-operative—the Base of the Credit Set-up

Granting that the three institutions should continue, our thoughts should naturally centre round the idea of how best to reduce the margins of the constituents of the three-tiered set up. Let us examine, the very basic structure—the Rural Credit Society. We know, even when they are provided with a margin of $1\frac{1}{4}$ per cent, nearly a third of the societies are making losses and even those societies which show a small profit are just eking out a precarious existence, due to their small turnover and uneconomic operations. To describe these small credit institutions as mere 'honest brokers' misses the

very significance of their work and caricatures the entire co-operative financial system. The chief value of Primary Credit Co-operatives has been adequately appreciated by the All India Rural Credit Survey Committee and they have rightly stressed that these institutions at the base have a significant role to perform and have to be strengthened and vivified; if need be, the small rural co-operatives should be rationalised and reorganised into larger sized primaries, so as to fit in with the Integrated Credit Scheme. That is, what the trained observers have to say of the system. But curiously enough, our contemporary "The Hindu" cannot see any grain of advantage in these institutions; it considers them as just 'honest brokers' thriving on the liberal funds obtained from the Central Institutions and battenning on the unsurious rate of $6\frac{1}{4}$ per cent. We are afraid, our contemporary has been lead astray by the big 'margin' of $1\frac{1}{4}$ per cent, forgetting conveniently the countless odds and immense risks, attendant on any type of rural finance and that in an environment of illiteracy and wasteful traditions, which renders the chances of a borrower being prompt in repayment and even solvent to be very remote. We could only consider that the comment has been based on an inadequate appreciation of the factors involved in the rural credit system.

Central Bank—Its Role as Mobiliser of Savings

Second in the hierarchy comes the Central Bank. Central Banks occupy a pride of place in the Co-operative financial structure and their stability impart to the whole co-operative economy a tremendous strength. They have attracted huge deposits to the tune of Rs. 7.31 crores both from members and non-members. Certainly, the size of the deposit is an index of efficiency and confidence. Further, deposit is a great mobiliser of savings in the country side. What else is the purpose of a co-operative but to foster savings and mobilise it into productive channels? Besides this, the Central Bank nurses the tendrils of co-operative activity like credit, marketing, cottage industry, etc. In discharging these functions, Rural Credit System is beset with numerous difficulties and risks. That explains the paucity of commercial banks in the field of rural credit, excepting, perhaps, the money lender, whose terms are just inhuman and extortionate. Nevertheless, these institutions have been pumping into the rural sector, something like Rs. 5.53 crores, through the medium of Rural Co-operatives. Here again, be it noted that hardly 30 per cent, (i.e. Rs. 166.48 lakhs) of the amount have been drawn from the

Reserve Bank of India funds. All the rest, roughly 70 per cent of the funds placed at the disposal of rural co-operatives are from the Banks' own resources; That is mainly from the deposits, which the Banks have attracted. We know that in these days of 'dear money' and in the face of keen competition from the Government for public loans, the Banks are perforced to borrow at $3\frac{1}{2}$ per cent on an average, some times even at $3\frac{3}{4}$ per cent, 4 per cent or $4\frac{1}{2}$ per cent, National and State loans notwithstanding. Business efficiency, at least, demands 1 per cent margin over the borrowing rates. Thus it might be pretty clear, that the Central Banks are endeavouring to perform the credit service, not at any exorbitant price as it is presumed but just at cost plus margin basis.

Let not the Co-operatives and the public alike be lured by the assistance of funds from the Reserve Bank of India; for one thing, such funds shall and must form only a small percentage of the total credit requirements; secondly, the primary objective of a Central Bank is that of garnering rural savings and of attracting deposits more than supplying credit. It would be a tragic thing, indeed, if the passive reliance on the Reserve Bank of India should be encouraged, cutting at the very root of the savings function of the Bank, thus unwarily leading to the depletion of deposits and the frittering away of the vitalizing energy of the Central Banks.

Apex Bank—The Colossus

Lastly, the topmost in the hierarchy of credit co-operatives stands like a colossus—the State Co-operative Bank. It is almost the king-pin of the Co-operative Movement. Its strength lies in the strength and vitality of the affiliates. For the huge responsibility, which the Apex Bank takes both in defining and executing co-operative credit policies and also in developing and fostering co-operative capital formation, its present margin of 1 per cent could not be considered by any means as too high. Even granting, there is some reason in reducing the margin to $\frac{1}{2}$ per cent, unless there is an increased inflow of the Reserve Bank of India funds, even the State Bank must, of necessity, sustain some loss of income.

Rural Credit—an Hazardous Enterprise

In an unstable, deficit agricultural economy, credit servicing at reasonable rates is an hazardous enterprise; that is why joint stock banking is so very nervous, shy and hesitant to enter this field even in some of the economically developed countries. The odds are

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many; the risks are heavy; still, because the Madras Co-operatives are pledged to the ideal of social welfare, they have been able to dispense credit to the cultivators at $6\frac{1}{4}$ per cent, almost the lowest co-operative lending rate in the whole of India.

In the face of all this, to charge them with unsurious inclinations, to say the least, is the surest index of uninformed criticism.

It is fascinating to know how the Co-operatives have been valiantly fighting the unsurious propensities of the money lender. Some five decades ago, when the Co-operatives were not so numerous or significant, the money lenders grip over the peasant was crippling; High interest rates bled white the ryots and were fluctuating between 20 per cent to 50 per cent; even 100 per cent to 200 per cent interest rates were not uncommon. But to day, the money lender is perforced to be content with interest rates varying between 12 per cent to 36 per cent. And this reduction in interest rates of the money lenders has been not so much due to the heightening of the moral sense of the money lender, but due to the competitive and controlling power of the village credit co-operatives; perhaps, this is the greatest single service that the co-operative has performed, even laying aside its other achievements.

The Fallacy of Low Interest Rates

There is another very significant consideration; which is important? Is the reduction of interest rate or is the building up of the operational efficiency of rural credit society of utmost significance? Decidedly, to build a number of strong, economic and vital Co-operative Credit Institutions, spread all over the rural parts of the State, capable of providing productive credit to the cultivator in adequate amounts and at appropriate time, is more important than any small increase in interest costs. "Give a little more margin to the Rural Co-operative, strengthen its capital position and make it a more efficient instrument of credit",—that is the crying need of the hour. Chester. C. Davis in his report, "Rural Credit in India" has brilliantly expressed this idea and it is worth quoting here:

"Over-emphasis on getting loans to the cultivator at the lowest possible interest rate has retarded the capital growth of the co-operatives, and restricted their ability to serve the borrower and help him use the money he borrows to improve his income and economic position. By no means has enough importance been attached to the steady accumulation of capital at the primary level, no matter how

difficult it is to save. These two factors alone increase the present difficulty in restoring strength and growth to the Societies." *"Another way of increasing, owned capital, through collection of interest charges, ample enough to enable the societies to add systematically and quickly to their reserves, has been made difficult in India by insistence on getting credit to farmers at an interest rate scaled down to the lowest possible fraction, even supported to some extent by public subsidy. The question needs to be thought out whether there are not at least two considerations more important in co-operative credit than the lowest possible interest cost to the ultimate borrower. One is the important objective of giving the co-operative society margin enough so that it can build up the owned capital in which the borrower-member, of course, has an equitable share. The other consideration is the desirability of providing the society with means to be of real service to the member borrower, so that it can give him credit when he needs it, and assist him to use it productively."*

To those apostles of low-interest rates, we offer this mature counsel of a reputed expert, with our compliments.

State Subsidy—The only Way to Cheap Finance

If it is seriously contended that the reduction of interest rate even by one percent will be an immense gain to the ryot, then we have no other option but to ask the Government to subsidise the Co-operatives for any loss, incurred in pursuing the cheap money policy. In the light of the difficulties encountered by primary co-operatives, it is difficult to reduce the margin any further; on the other hand, there is a good case for enhancing the margin from $1\frac{3}{4}$ per cent to 2 per cent and we have to thank the Registrar for this suggestion. At the level of the Central Banks, the Registrar suggests that the present lending rates should be reduced from $4\frac{1}{2}$ per cent to $3\frac{1}{2}$ per cent. It is relevant here to re-state what we have earlier stated; *that hardly 30 per cent of the total funds lent out by Central Banks are drawn from the Reserve Bank of India and the Central Banks are responsible for 70 per cent of the Funds from their own resources.* Granting this major premise, other things follow. The funds of the Central Banks are mostly drawn from the members and non-members in the form of deposits at the rate of $3\frac{1}{2}$ per cent and some times even more. The Central Banks should have a margin of at least 1 per cent on these deposits to cover working expenses. No body who has the slightest knowledge of rural credit mechanism could describe this as

exorbitant. If one has to accept the Registrar's suggestion of lending at $3\frac{1}{2}$ per cent, than the whole of 70 per cent of the funds that reach the cultivator must be lent at $3\frac{1}{2}$ per cent, thus resulting in a net loss of 1 per cent to the Central Banks. In that event, there is a strong case for the Government to subsidise the losses, that occur to the Central Banks on account of reducing the lending rate to $3\frac{1}{2}$ per cent. The only other way of solving this problem and that too a temporary expedient would be to ask the Reserve Bank of India to increase its allotment by at least three-fold; in short, unless the quantum of Reserve Bank funds and the quantum of Central Banks resources is of the order of 2 : 1, it may not be possible for the Central Banks to continue to discharge their functions efficiently and well. It is relevant here to note that in the Second Five Year Plan, it has been estimated to increase the quantum of rural credit to the order of Rs. 15 crores which is probably treble that which is dispensed with now. Of this, nearly Rs. 10 crores should flow from the Reserve Bank of India, in order to enable the Central Banks to finance the rural credit co-operatives satisfactorily; and that would mean that the Central Banks should finance a sum of Rs. 5 crores from their own funds. This implies that deposit funds in excess of Rs. 5 crores will be an unremunerative surplus and the natural tendency will be to lay the axe on deposits, much to the detriment of its vital function of mobilising rural savings. Viewed from the longterm angle, any method of finance, which diminishes the savings fostering potential of the Central Banks will undoubtedly hold up the progressive expansion of Co-operative Banking and indirectly of Co-operative capital formation. Secondly, we are not sure, whether the Reserve Bank of India, could indefinitely go on increasing its quantum of credit, especially in view of its essentially short term resources and its obligations to the entire banking sector. Here again, there is a pertinent limitation dictated by prudent canons of banking; the Reserve Bank of India must relate its quantum of credit to the size of the owned funds of the borrowing co-operatives and this banking principle sets a definite limit to Reserve Bank's lending operations to the Co-operative Movement. Further, if a depression should set in with its consequent credit squeeze, we may not be able to predict accurately as to what will happen to the Reserve Bank's contribution in the field of rural credit. It is always safer to build co-operatives faster and stronger, enlarge their resources and thus increase their operational efficiency, rather than to depend on a large block of state finance, the impact of which on the rural economy in period of cyclical change remains uncertain and unpredictable.

Keep the Vital Springs of Co-operative Action Fresh and Clear

Thus on the whole the crucial question that has to be decided is; Whether we want cheaper and lower interest rates or a stable co-operative financial structure? Surely those, who have a grasp and an insight into the co-operative economy will only vote for strengthening and fortifying the Co-operative credit mechanism; for it is clear that a mere reduction of interest rates is not of much significance to the small producer. It is almost negligible, for after all a small reduction in interest cost will not turn his deficit budget into a surplus; more than interest costs, he is anxious to be provided with adequate productive credit at the proper time, so that he may ply his trade without irksome financial worries; and in this task of supplying credit on comparably cheap rates, only the rural credit co-operatives could be of such great assistance to him. Thus the only service that can be of lasting benefit to the small producer is the strengthening of the rural credit system and not the doubtful gain of low interest rates, but the cumulative impact of this low interest policy on the entire co-operative credit structure is something very devastating and far-reaching and may lead, perhaps, to the frittering away of the deposit garnering potential of the co-operative mechanism, which is the vital, life giving principle of the entire Co-operative Movement. Let us not therefore, in our anxiety to catch up with the popular notion of cheap money cut out the very vital flow of co-operative energy from the perennial springs of self-help and savings.

THE ESSENCE OF CO-OPERATIVE EDUCATION

Just because of its free democratic character, a great deal in a co-operative undertaking depends upon the ability of the individual to subordinate himself to the will of the whole membership, without being thereby reduced to a spineless, mindless cipher in the united organism. The same problem appears in every free community. Herein, indeed lies concealed one of the most important secrets of a Community's development. A soul-less drudge, according to rules and regulations or in strict time to the drums of certain parties or officials, leads always, sooner or later, to defeat or disaster. Just here education is of tremendous importance, since it aims to develop in the individual both mental self reliance and a sense of solidarity and responsibility without either of these attributes overshadowing the other.

ANDERS OME.

All India Rural Credit Survey*

SIR MALCOLM DARLING, K.C.I.E.

Out of the 360 millions, who inhabit India to-day about 300 millions live in the village and 7 out of 10 depend on agriculture for a living. The cultivator is, therefore, the dominant element in India's economic and social structure, and it rests largely with him whether the country's low standard of living can be raised or even, as population increases, prevented from falling. This is the justification for a report of Himalayan proportions, running in the case of the volume under review,¹ No. 2 in a series of three, to over 500 pages, and yet costing only Rs. 5 (7s. 6d.) As one brought up in more leisurely times, I welcome the wide sweep of its survey, its wealth of illustration, the gradual building up of its proposals, and their firm cementing together; and if the method involves much repetition, as Napoleon remarked, repetition is the only figure of speech which matters. But the volume badly needs an index.

The report derives from an informal conference of co-operators, economists and administrators convened in 1951 by the Reserve Bank of India, which recommended that the whole field of rural credit in India should be surveyed. This immense task was entrusted to a Committee of four, none of them a professed co-operator yet, as will be seen later, all profoundly convinced of the importance of Co-operation. The results of their enquiries are to be published in 3 volumes, the first statistical, the second, general, and the third, technical. The General Report is the first to be published and is clearly the most important of the three, but in the absence of the first most of the data on which its conclusions are based have to be taken for granted. The survey embraced over 1,27,000 families in 600 villages scattered over India. The figures are impressive, but they are less than $\frac{1}{4}$ per cent of the corresponding figures for the whole of rural India. This seems a somewhat slender basis for the very far-reaching recommendations made, but, subject to what follows, the picture drawn in the report of rural conditions in India seems to me convincing and in line with my own much more limited experience.

Why, it may be asked, was the survey necessary? The answer takes up the first 150 pages of the report, and very briefly it is that

¹ Report of the Committee of Direction-vol. 2. The General Report-Agricultural Credit Department, Reserve Bank of India, Bombay Es. 5.

*Source: Review of International Co-operation, June 1955.

India is faced with the need for a "dynamic programme" of agricultural production in order to feed and clothe a rapidly increasing population which has already outstripped the increase in cultivation. This, it is believed, cannot be achieved without a great extension of rural credit and marketing facilities, particularly for the cultivator with a small or medium holding, who, it is said, suffers much more than the large holder from the present shortage of credit. The next 150 pages analyse at length three important sources of rural credit—the money-lender, the Co-operative Society and Government, and all three are found wanting.

The rest of the Report deals with the "solution", but in using this word the Committee wisely disclaim any finality in their recommendations. Rural credit, they write, is 'an extraordinary complex of needs, purposes, fulfilments and frustrations'. To seek a solution rather than to find one is, therefore, all that is possible. This, however, does not deter them from making very drastic recommendations, but their evident eagerness to improve the lot of the weaker elements in the village compels a sympathetic, if critical approach to their proposals. We shall come to these later; the survey itself must be considered first.

A Black Picture

This shows that there are only two important sources of rural credit—the borrower's relatives and the money-lender. The money-lender, who may be either a professional or an agriculturist amateur, is far the most important of the two and is responsible for nearly 70 per cent of what is borrowed. Apart from relatives (14 per cent) none of the other seven sources, which include co-operatives, commercial banks, traders and Government, contributes even 6 per cent. Co-operative Societies lend only 3.1 per cent. This figure is of special importance because upon it the Committee base their most important conclusion, namely, that after 50 years Co-operation has had little or no effect upon the money-lender and has failed in its primary aim, namely, to supply the cultivator with sufficient credit at reasonable rates.

The picture drawn of the Movement is a black one. It would have been less black had Bombay, Madras and the undivided Punjab been separately considered. This has been done only very partially. Of none of these three provinces could the word failure have been

fairly used in 1947 by anyone familiar with conditions 40 years earlier when the first societies were being started. Admittedly, there were bad patches but 40, or even 50 years is but a short span in the village life of a country so embedded in custom and tradition as India. In the Punjab it was at least long enough to deprive the money-lender of his ascendancy and for Co-operation to become an unmistakable stimulus to the rural life of the province.

Causes of Failure

It would have been helpful had the Committee analysed and contrasted the conditions making for success in some areas with those responsible for failure in others. The latter are examined at length, and most of them are familiar to those who have studied the Movement—for example, carelessness in the advancing of loans and slackness in their recovery, the tendency of committees to appropriate the lion's share, the difficulty in finding honest and competent secretaries, the not infrequent dissension amongst members, and the very large number of illiterates amongst them. The Committee attach great importance to two factors not generally mentioned. The first is the domination of caste within the village; the second, the domination of urban interests outside it. Caste, especially when reinforced by land, money or education, puts power into the hands of the few at the top of the village hierarchy; and urban interests, with their control of the whole industrial, banking and marketing organisation of the country, put the village at the mercy of the town. In result, the medium and smallholders, who are 70 per cent of the farming community, are squeezed like a sponge by money-lender and trader of all that can be got out of them.

According to the Royal Commission on Agriculture in India, which the Committee quote, "the only remedy is the patient and persistent education in the principles and meaning of Co-operation of the members of primary Societies by teachers competent to perform the task efficiently".

Trained Personnel Needed.

The Committee agree on the importance of education and training, but not that it is largely responsible for the underdeveloped state of co-operative credit. Yet when they come to their own proposals, they rightly regard the training of personnel as "the most crucial prerequisite" for their success, and again and again they stress its importance. If I emphasize the apparent difference in their

attitude towards past and future, it is because I am convinced that the Co-operative Movement would have been in a much stronger position today throughout the sub-continent had teaching and training not been gravely neglected up to at least the early 'thirties in nearly every province and Indian State. Such success as was achieved in the undivided Punjab was largely due to the scheme of training initiated nearly 40 years ago by Mr. Calvert, who was the first Registrar in India to realize the full importance of a properly trained personnel.

With probably three-quarters or more of the members unable to read and write, their education in the principles and meaning of Co-operation must take time, and in these days time presses. Moreover, with her all-embracing five-year plans India is sailing nearer and nearer to the socialistic shore, and it is in the context of these plans that the report has been written and the recommendations conceived. They have, in fact, to be judged in the light of a national policy which, in the interests of increased production, contemplates for the first plan alone an expenditure of £270 million on agricultural and community development.

Co-operative Credit Essential.

If, it is argued, the expenditure is to be fruitful, credit of all types, short, medium and long-term, must be made available to the cultivator at reasonable rates to enable him to improve his farming and get the best out of his land; and in addition, the whole agricultural marketing and processing system of the country must be re-organised, with adequate storage facilities, to secure him the full fruits of his increased expenditure and labour. All this despite the failure of the past, must be done on a co-operative basis, since it is impossible to reach the countless millions involved individually. Hence the conclusion—"Co-operation has failed, but Co-operation must succeed."

How is this to be achieved? The answer is, by the "the creation of new conditions in which it can operate effectively and for the benefit of the weaker." The Committee's many recommendations are all directed to this one end, and they base them on their conviction that Co-operation in India can only succeed if it enters into partnership with Government at all levels. In the case of apex and central banks—most states have the former, and all now have the latter—and in the large primary societies, it is proposed that Government should hold directly or indirectly not less than 51 per cent of the share

capital. This, too, is to apply to all marketing and processing societies, now comparatively few in number, but with the help of Government, to be spread over the greater part of India. This extension is rightly regarded as of the utmost importance, for without it the cultivator cannot hope to get a fair price for his produce.

Proposed State Bank

To secure the extension, it is recommended, firstly, that a National Co-operative and Warehousing Board should be established to control two new national funds—to promote, in the one case, co-operative processing and marketing; and in the other, the storage of agricultural produce through the creation of Warehousing Corporations. Secondly, to assist in financing the new developments and to provide rural India with greatly extended banking and credit facilities, the Committee propose the creation of a new all-India Bank to be called the State Bank of India. This is to be formed by amalgamating a number of comparatively small State banks, operating in what were once Indian States, with the Imperial Bank of India. The Central Government and the Reserve Bank, it is suggested should together subscribe not less than 51 $\frac{1}{2}$ per cent of the capital and nominate the majority of the Directors.

These measures, which are all designed to give to the Co-operative Movement an 'organic connection with planning', will require the provision of large funds by the Central and State Governments. Not only will much new share capital have to be provided for the State Bank of India and for co-operative banks, but it is proposed that the Central Government should set apart (a) 5 crores¹ a year for the two funds mentioned above, with a non-recurring grant of 5 crores to the Warehouse Fund; (b) a crore a year for a third fund to cover loans to members of the co-operative society which have become irrecoverable through no fault of their own; and (c) yet another crore a year for a fund to be used for converting short-term into medium-term loans. In the light of the £270 million 5 year plan, the annual expenditure of 7 crores (12 in the first year) may seem but a *Bagatelle*. But this is far from being the whole cost to the tax-payer. State Governments are to contribute liberally from their own funds or from funds loaned to them by the Central Government; debentures issued by co-operative land mortgage banks are to be guaranteed: marketing, processing and other special types of society

¹ a crore equals £750,000.

are to be provided with competent technicians, and the army of new employees required to give effect to the proposals is to be adequately trained.

Eliminating the Money-lender

No attempt has been made to estimate the total cost; it would indeed be difficult, but it will clearly be formidable. Nor, it may be supposed, will it be easy to find the large sum, 130 crores for 1955-56, required for financing the cultivator. If the money-lender is to be eliminated, and this is one of the main objects in view, a much larger sum will be required; for the cultivator, it is said, already borrows 750 crores (over £500m.) a year; and with the contemplated extension of credit and agricultural facilities he is likely to want to borrow more.

Here the Reserve Bank is cast for an important part. I have already noted that it is intended to become a substantial shareholder in the new State Bank. In addition, it is to contribute 5 crores a year (10 crores the first year) to a fund for long-term operations, and another crore a year to a fund for converting short-term into medium-term loans when flood, famine or drought or other calamity necessitates this.

Caste

In India the idea of State partnership is not entirely novel. Even before the last war, I had reluctantly come to the conclusion that in a country where illiteracy was widespread and business experience very limited, it was the only way of extending the movement from the comparatively simple field of rural banking to the more complicated spheres of processing and marketing. What is novel is that proposal to extend it to the whole field of co-operative activity. The Committee urge that only so can rural India be freed from the insidious domination of caste and town. It would be difficult to exaggerate the importance of caste in the Hindu village and the tendency, when anything is in short supply, for the influential to get much more than their share. This was only too evident with the rationing imposed by the war. If, as the Committee believe, credit for productive purposes is really in short supply, to increase it ought certainly to be in the interest of the smaller and less influential cultivators. But what assurance is there that they will make a more productive use of the new facilities than of the old? It is significant that even with the alleged shortage, about 60 per cent of their borrowings is for "family expenditure", most of it unproductive.

Herein lay one of the greatest difficulties confronting the Thrift and Credit Societies of the past. Indian village custom demands that boy and girl shall be married by a certain age, and caste that so large a sum shall be spent on the marriage that few can find it without borrowing. Strictly speaking co operative societies should lend only for productive purposes, yet to refuse to lend for marriages is to drive members back to the money-lender. Such loans, and they are generally amongst the largest, inevitably become a common source of arrears. The Committee hope to meet the difficulty by the organisation of Chit or Mutual Help funds for expenditure of this kind. The remedy may just possibly be feasible in Southern India where the chit fund is in frequent use, but one may doubt its efficacy where this is not the case.

Other questions suggest themselves if the flow of credit is to be greatly increased. What guarantee, for instance, is there that it will go only to the credit worker, or that the cultivator with more money to spend will be more punctual in repayment, more provident and less feckless? The camel driver, says an Arab proverb, has his plans, and the camel has his. So has it often been between Government and peasant in the past, and it may well be so again. The Report gives all too little consideration to the character of the Indian peasant, so hospitable, so patient, and capable of such hard work, but profoundly unbusinesslike and often indifferent to any increase of wealth once his traditional necessities have been satisfied; the slave, too, of custom and forbidden by his religion to slaughter cattle however useless or even to protect his crops from monkey and rat.

Will all this change with State partnership? Much is expected, of the new personnel to be recruited and of their training, which is to be far more systematic than anything attempted in the past, except perhaps in the Punjab. But with the multiplication of employees on a large scale, will it not be difficult to prevent them, however eager at first, from becoming like any other host of officials?

Too Much State Aid?

To raise an even more fundamental question, how will self-help and mutual help fare with so much done for the members by Government? These two basic co-operative principles receive very little attention in the report. Are they not only too likely to wilt, or even be crushed under the weight of the proposed state structure. It is

intended that Government should gradually withdraw from partnership as societies become more competent to manage their own affairs; but, as India knows, it is never easy to persuade those in authority that the time has come for withdrawal, still less easy to get employees to train others to take their place. This is a point which will have to be most carefully watched. For myself who always felt that societies should eschew financial aid from Government since Government helped them in so many other ways, I could wish that rural credit societies could be left to work out their own salvation; with, however, a larger and better trained staff to help them; with processing, storage and marketing organised for their benefit, and with transport, educational and other obvious facilities greatly increased.

The Committee have certainly made out a strong case, on paper at least, for a large increase in the flow of credit, but I cannot forget Professor Carver's dictum that "farmers who do not keep accurate accounts (and how many do this in India?) and who have not a keen sense of values should avoid the use of credit like the plague." But that was written before the age of planning, and the trouble is that one plan necessitates another. Hence in large measure this particular plan. But whatever one may think of it, the Committee are to be congratulated on a remarkable report, which deserves close attention in all countries wrestling with the problem of increasing production in order to satisfy a rapidly increasing population.

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Co-operation and Mechanisation of Agriculture

SRI D. A. SWAYAMPRAKASAM, M.A.,

Deputy Registrar of Co-operative Societies, Cuddalore.

[Sri D. A. Swayamprakasam attended the recent Training Course on Co operation, conducted by the I. L. O. and the F. A. O. at Lahore. In this article, he has summarised the discussions at the Conference on the Subject "Co-operation and Mechanisation of Agriculture".]

Is Mechanisation Feasible?

This subject was dealt with by Mr. R.H. Gretton of the Food and Agriculture Organisation, Rome. The keen participation of the delegates in the subsequent discussion indicated the importance of the subject.

Before considering the role that co-operation should play, mechanisation of agriculture as such was dealt with first and distinction between its feasibility and desirability drawn. As it has been proved beyond doubt that machines can be used to immense advantage in respect of production, the feasibility of mechanisation is no longer disputed. The desirability or otherwise depends upon several factors, natural, economic and social and it has to be decided with reference to the conditions prevailing in a particular country or part of the country.

Some Factors

Power, climate, size of farm, management, finance, and socio-economic condition are some of the main factors that decide the desirability of mechanisation. Where there is plenty of man power and draught power, application of machinery may involve displacement of men and draught animals. Where there is shortage of these, as in the United States, machines are welcome. Similarly if a region is extremely dry or extremely wet, tractors for ploughing in the former case, and combine harvester in the latter, may be found necessary, while in the places where the climate is even, such machinery may not be absolutely necessary. In countries where there is still extensive cultivation and the size of farms is large, use of machinery is advantageous. If fuel is readily available and at cheap rates and if the farmers have a thorough knowledge of the working of the machinery, their use will be economical and desirable. As purchase of heavy machinery involves huge cost, availability of long-term finance also decides the pace of mechanisation. If mechanisation

should lead to the buying up of lands by a few rich industrialists, the socio-economic position will be unbalanced.

Even if the conditions are favourable for mechanisation, there should be a careful survey of the machinery needed for each area and a beginning should be made with demonstrations and propaganda by Government. As ownership of machinery will be costly, Government may hire out in the beginning and withdraw gradually as individual farmers purchase. Establishment of repair stations at fair intervals is necessary to set right without delay machines that may go out of order right in the course of an operation.

The lecturer however suggested that there should be neither hurry nor large-scale mechanisation, if disturbance of the socio-economic condition is to be averted.

Limitations in the East

Regarding the desirability of mechanisation in the Eastern countries, the deciding factors narrated above are not in favour of large scale mechanisation. Abundance of cheap man power and draught animals, smallness of farms, lack of knowledge to handle machinery etc., characterise agriculture of the East. As Sri J.C. Ryan of Madras, one of the lecturers, put it, "small holdings will continue to exist in large numbers as the cultivator loves his land so much that he will not part with it to any organisation. And where the holdings are small, large machinery are out of place. But it was admitted that for purposes like reclamation of vast tracts of barren-lands, large machinery were certainly desirable. Even in cases of small holdings limited use of large machinery jointly is desirable and is being done. For instance once in three or four years the small ryots may jointly take on hire a tractor and plough their lands. After tractor ploughing once, for three or four years the ordinary plough is enough as the soil remains fairly loose.

Small scale mechanisation as carried on in Madras State came in for a good deal of appreciation. Popularisation and supply of oil engines, pumpsets, dusters, sprayers, iron ploughs, bund formers, and other improved implements suited to the small farms, lead to mechanisation to the desired extent without causing any displacement of labour.

The part played by the multipurpose co-operative societies of this state in mechanising agriculture as stated above is well known.

The Milk Deal

SRI JAYARAMA KRISHNAN, I.D.D., P.G., (N.Z.),

Dairy Assistant, Madurai.

The family cow was the only source of milk in earlier days. But in our country this is still in vogue though in some places like Bombay, it is given up. It is a common sight for us early in the morning, as well as in the evening, to witness the cow being taken from house to house and milked in the presence of customers. It is not at all economical to maintain a milk animal in town. It is very unsanitary and unhygienic. With development of large industries city-cow-keeping has become well nigh impossible.

The cities are growing up due to expansion of industries, local supplies are becoming inadequate to meet the demand and necessary supplies have to be drawn from distant places. A well maintained and efficient organisation is required to collect huge quantities of milk from a number of small unit producers and to preserve them in order to avoid losses due to spoilage. This organisation is known as Market Industry. It acts as an intermediary between producer and consumer. In New Zealand producers form themselves into a Co-operative body for handling their own supplies to the consumer. In Sydney every day more than 120,000 gallons of pure, fresh country milk flows in. The Dairy Farmers' Co-operative Milk Company Depots from country centres are spread out many miles distant in the north, south and west of the State of New South Wales. The system of State or Municipal owned treating houses in existence at present in New Zealand has not been widely adopted elsewhere.

Modern inventions such as the separator, refrigerator, improved road transport, and bacteriological studies have made possible milk production on farm, previously considered too distant for dairying purposes. It has now become a common feature for milk to be conveyed to distances of over 400 miles daily, New York draws some of its liquid milk from this distance; Sydney draws milk from 480 miles; Brisbane from 350 miles and Bombay from 250 miles.

Market Milk Industry

The Market Milk industry, though not the largest segment of the dairying industry is of a recent origin. Now it has grown into one of the major industries of the world involving many million pounds of capital and employing a vast army of labour.

We all know that milk is obtained from cows and delivered to our homes each morning but how many of us know anything about the well knit organisation necessary to produce a satisfactory milk service for such big cities like Madras, Madurai and Coimbatore etc., Not only must the milk be obtained in the country from healthy cattle under very strictly supervised conditions but also compete with unscrupulous venders who adulterate the milk and sell them in the open market at a reduced price.

Milk—The Wholesome Food

Milk is a natural food provided by a cow for its calf. It has been found to be wholly suitable for human needs and is the nearest approach to perfect food.

Milk contains all the many and varied materials, the body needs to give health, strength and energy and contain them in delicious and digestible form.

Milk fat supplies energy and warmth and carries the important vitamins A, D and E. It is readily digestible being in the form of an emulsion. The globules of fat are so small that there are approximately 300,000,000 in every drop of milk.

Proteins

Milk fat are body building materials, essential to life itself. They are nitrogenous compounds, similar to those found in meat, bone and fingernails. Milk contains, the proteins—casein, lactalbumin and lactoglobulin in the form of very fine suspension or colloid.

LACTOSE is a sugar, found only in milk, having unique health-giving properties as well as supplying heat and energy.

MINERALS :—This group of substances is nutritionally of the utmost importance. One pint of milk will supply an adult with the daily calcium requirements and most of the phosphorous substances essential to healthy bones and teeth. Other minerals sodium; potassium magnesium chloride, sulphur and traces of iron, copper, manganese, iodine, fluorine and silicon.

Miscellaneous Substances

These include the vitamins, citric acid, pigments or natural colouring matter, enzymes and other constituents in minute quantities all playing a part in this complete substance—milk—and adding to its colour, taste and nutritional properties.

The vitamins include A, B, group and C, and E and others.

These food-substances are extremely important, without which healthy living will be denied. Some of the vital functions are :—

1. Protect against illness, including those of eyes, nerves, skin and circulation.
2. Promote growth in children,
3. Keep the digestion and other organs working easily and vigorously, and,
4. Enable the body to use the minerals for building bones and teeth.

WATER :—Last but not least, water does play an important part as a vehicle for the other ingredients. Fortunately, the chemist can readily determine the difference between the natural water content and any added water. The adulteration can be detected easily.

Excellent Carriers of Disease

Unfortunately milk is also an excellent carrier of disease and not only can a cow suffering from some disease, transmit it direct to milk and then to human being, but a milker suffering from certain disease can also transmit them to the milk and to the people who subsequently drink that milk. In some cases milker can even transmit a disease to the cow who in turn can transmit it to milk and then pass it on to consumers, sometimes in epidemic form.

The milk borne diseases can be very serious. The most common milk borne diseases can be grouped as follows :—

1. Infections carried from the cow through the milk to man: bovine tuberculosis and undulant fever,
2. Infection given to milk by man and passed on by the milk to man—typhoid, para typhoid and scarlet fever.
3. Infection given to the cow's udder by man and (i.e.) transmitted by the milk to a man—septic sore throat, scarlet fever and diphtheria.

This Market milk industry is important because it supplies to the city dweller the essential food, necessary to general good health and an important market would be lost to the farming community. Milk is considered by all authorities to be the safe and attractive food provided it has been produced and handled under hygienic conditions and in accordance with certain techniques.

THE MADRAS JOURNAL OF CO-OPERATION

Milk, the natural food, should be protected by the State. It is easy to be adulterated by the unscrupulous vendors. The milk trade was in a bad state of affairs in New Zealand, and in 1943, a Royal Commission was appointed to enquire into milk industry. This scheme of organized marketing was largely based on the recommendation of the Commission and of the passing of Milk Act 1944.

The Main Purpose of the Scheme

1. The organization of town milk producers into producer association.
2. Producer associations guarantee to supply the requirements of the towns for which they produce.
3. Guaranteed prices to producer association.
4. Fixed allowances or margins for pasteurizing, bottling vending and similar services.

All the producer associations are co-operative companies. The producers desiring the benefit of the fixed town milk price have to supply their milk through producer association. This association allots quotas to every producer according to the milk supplied during the off season.

The producer association enter into contract with the Government every year. The Government guarantee the price and the Association guarantees supply.

There are treatment stations in all major towns and a number of smaller centres. Treatment stations are owned or controlled in various ways. Some, particularly, the smaller ones are owned by individual or companies and some by producer association and milk treatment corporations.

The treatment stations buy their required milk from the producer association, paying for it the full town milk price. The bulk of the milk is pasturized and that required for house delivery is bottled. The treatment station is entitled to fixed margin for pasturizing and for bottling and if revenue from sales is insufficient to provide them, the deficiency is made up by the Marketing Department out of the subsidy.

Distribution

Milk delivery vendors are operated by treatment stations; In the main, milk vendors are independent distributors. They are

THE MILK DEAL

entitled to margins for the services performed. They become entitled to these margins only if they purchase all their requirements from the normal source—producer association or treatment station—or contract to take regular daily quantity from such sources. Contracts are now being insisted on from all milk vendors.

Price to the Consumer

The price of milk to the public is fixed by price order. The aggregate cost of the milk as it reaches some consumers is greater than the cost in other cases. In certain cases also special services performed, such as organized collection from farm or storage at depots and allowances are made for these.

Generally the consumer prices are uniform; subsidy is paid to the extent of £ 2,800,000 per annum. This is used to meet the transport charge involved from the farms, treatment station and from the station to the consumer.

Even the school children are given free milk during the midday. This milk is toned to 3.5. from 4 per cent fat. This is delivered by the milk treatment station.

General

Obviously, it is worthwhile to consider and adopt the scheme of milk marketing in vogue in New Zealand to our country. The farming community cannot take more interest in breeding, feeding, management unless their produce is sold profitably. But now they are deceived in all ways by the private vendor and sometimes by private individuals adopting the co-operative principles in marketing.

Some of the office bearers of the society start their own business in competition with the Co-operative Society adopting the same principles such as common milking yard etc. The ignorant producers fall into their trap and finally are deceived. This has very bad effect on the existing society. I plead that such pseudo-co-operative practices should be put an end to. Healthy competition can be accepted provided that they also supply good quality milk. The state should put an end to unhealthy practices.

Of all the commodities in common use to-day none is tested more consistently than the market milk in the world. In a modern milk treatment laboratory, five different tests may be in regular use. Milk is a valuable product and there is always the intention to adulterate. It should be checked with an up-to-date laboratory in

each Municipality. The equipment and other items of expenditure can be met by the Societies, Municipality and the Government.

Surplus Milk

The surplus milk is the milk produced by town suppliers in excess of that sold to the consumer. This milk causes most of the worries of the fluid milk industry, because it brings a lower price than market milk.

The surplus can be divided into three types.

1. Necessary surplus
2. Constant surplus
3. Seasonal surplus

NECESSARY SURPLUS. The demand for liquid milk is more or less constant but there are always day to day fluctuations for example—college holidays and public holidays will result in lower demand. Festival will result in the increase in demand due influx of visitors. The efficient manager must adjust his supplies. A small amount of surplus intake is necessary to meet the normal daily fluctuations (10 per cent) of the daily intake according to the local circumstances.

CONSTANT SURPLUS. This may be regarded as Producers' necessary surplus. It is available for the liquid market, if normal production falls due to off season, drought etc and allows the Producers Association to maintain their nominal quantities at all times. Constant surplus is always present and it is Producers Associations' responsibility to dispose it of in the highest market.

The amount should be kept as low as possible, since too much constant surplus will depress the pool price paid to the producers.

SEASONAL SURPLUS. This surplus always arises because of the flush of milk in spring. If sufficient cows are kept to provide the full quota of winter milk they will always yield a surplus in spring.

It is a real problem to the industry as it may lower seriously the pool price to producers. By planning for cows to calve down in early summer, it is possible to increase summer supplies and reduce surplus. This is the U. K. method but is difficult. Some of the factors responsible for the increased demand are:

1. High wages and high standards of living.
2. Milk to schools and free milk policy.
3. Food education and drink more milk campaigns.

The Medical Research Council recommended that at least 0.75 pints per head of milk should be drunk daily. This figure is reached in U. K. and exceeded in U. S. A. Madras consumes 4.18 ounces.

In Wellington (N. Z.) the milk treatment station handles 20,000 gallons a day. Milk, surplus to town milk requirements is manufactured at Rohion and Te Hore (Branches of the treatment station) into butter cheese and casein.

Different prices are paid to the farmers at different seasons. This price is fixed by the Government in New Zealand. In a similar manner, I have fixed the prices for the surplus season and for the off season. The price fixed for the season is one anna less from the original price. The one anna will be given back during the off season. During the surplus season, the members bring more than one animal for milking and new members want to join the society as they want to get market for their produce. It is better to reduce the purchasing price. During the off season, most of the members of the society, sell the milk outside because there is a demand for milk. In some cases one member may be having two animals, one animal will be milked outside. I have decided to raise the purchasing price by one anna or according to local conditions. This may prevent such practices especially in the cities.

The off season is the difficult period to get fodder etc. The rise in purchasing price will do good for the producer.

The other aspect is to convert all the surplus into manufactured products (like butter, kova ice-cream etc). The amount realised out of the products and the extra labour charges involved may be shared between the societies. This is a very difficult problem which will be taken up next year.

A New Experiment

In New Zealand the milk supplied during the off season is taken into account for fixing up the quantities for the town milk price. For example: A supplies 500 M.M. during the off season; he will supply 17 per cent over that milk supplied during the off season. This will be 17 per cent (i.e.) 85 M. M. The same person supplies 800 M. M. during the surplus season.

He will be paid the town price for 585 M. M. and the rest will be paid on the realisation of the manufactured products. This can be profitably followed.

THE MADRAS JOURNAL OF CO-OPERATION

I have adopted the first item of work under great opposition from the members. Anyway it has worked well and the progress made during the surplus season is encouraging.

I have given separately the progress made during this period and compared it with the progress made during last two years for the same period.

The purchase price of milk is reduced by one anna. No concession is given to the customers. But concession was given for bulk orders provided that they purchase milk throughout the year over a fixed quantity. This has encouraged bulk purchases.

This can be clearly worked and practised well by reading the progress made throughout the month.

Surplus month	Year	Production per day	Surplus for the month	Gross profit	Net profit	Loss
				Rs. A P.	Rs. A. P.	Rs. A.
December	1953	1,324 M.M.	4,820 M.M.	2,644 0 0	80 0 0	
January	1954	1,544 ..	9,657 ..	1,353 0 0	—	1,200 0
February	1954	1,638 ..	7,949 ..	1,560 4 0	—	1,155 0
March	1954	1,688 ..	9,556 ..	2,392 11 9	—	451 7
December	1954	1,703 ..	7,316 ..	3,737 0 0	322 8 0	
January	1955	1,807 ..	9,351 ..	4,129 1 0	1,226 9 0	
February	1955	1,952 ..	8,247 ..	3,660 15 7	1,199 9 6	

The fluctuation in price has effected a reasonable profit, in spite of huge surplus and the concession shown in disposing of the surplus. The scheme was given effect to from January '55.

CO-OPERATION AND HUMAN WELFARE.

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PAUL GREER.

"Co-operatives; the British Achievement."

An outlook for Consumer Co-operation in Madras State

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

The Consumer Movement in Madras State, which was bolstered up during the inter-war and post-war years, due to the artificial stimulus of war, has definitely showed signs of weakness, because of its lack of vitality and business stability; These societies are passing through very difficult times and their business turnover is continuously declining; for example, the turnover of 13 Co-operative Wholesale Stores which was Rs.13.38 crores in 1951-52 was Rs.3.1 crores in 1953-54; likewise the business of the 829 Primary Stores which was Rs. 19 crores in 1951-52 was just Re. 1 crore only in 1953-54. The fall in business was mainly due to decontrol and the lack of initiative on the part of management to adjust to new conditions. Eight Co-operative Wholesale Stores worked at a net profit of Rs. 2.2 lakhs, while five accounted for a net loss of Rs. 3.75 lakhs; 586 Primary Stores worked at a net loss of Rs. 38 lakhs, while 216 Stores earned a net profit of Rs. 6 lakhs. From the above statistical picture, it is easy to note the diminishing vitality of the stores, both Central and Primary. Excepting for one bright feature,—namely the strong reserves of a few Stores, the picture is on the whole, dark and gloomy.

Defects

1. The Consumer Stores have not made any efforts to develop a healthy non-controlled commodity sector, even during the control period; hence the valuable skills of a distributive trader, like the grasp of market trends, market potentialities and knowledge, business anticipations, etc. have been conspicuously absent in the Co-operative Store Movement and this complete lack of business knowledge is the prime reason for its present failure to cope up with the new situation.

2. Members of Stores have not grasped the significance of the Co-operative Store Movement; nor have the management. The Member-Society relationship is almost non-existent and the woeful lack of the sense of ownership of the member is patiently manifest.

3. There is no federal integration between primaries and the Wholesales. Some times, there is even keen rivalry. The purchases made by retail stores from the Wholesales was about 30 per cent of the total purchases of the primaries. The main reason for this weak

relationship is that the Wholesales do not offer any attractive services to the Locals, say by the way passing goods purchased at bulk prices to the locals to the extent and the variety of goods required by the affiliates; sale on credit subject to certain limits and safeguards. It is a common phenomenon that both the Wholesale and the Primary purchase from the same market and at the same price and this renders the service of the Wholesale superfluous and the cost of goods supplied by the Wholesale at a cost plus margin basis becomes un-attractive to the primaries.

4. The Stores get credit at 5 per cent. Stores Societies feel that the Central Banks should lend at concessional rates. A small store, with a moderate share capital has to invest in the shares of Central Banks and the Central Stores. After these investments, its resources become very small and added to this, the goods received from Co-operative Wholesale Stores are charged at a cost plus margin basis; if to this predicament, a 5 per cent interest is charged, one can easily understand the sheer unstability of the Stores and its inherent weakness; The low and uneconomic turnover and a poor and inadequate gross margin render these societies to eke out almost a precarious existence, right from the start.

5. The Departmental Officers, who are posted to man these Societies do not have business experience, nor can they be expected to have any; and even granting a fresh man picks up the nuances of trade, by the time he gathers some experience, he is transferred or put on a different job. Such transfers have contributed to immense losses to Societies.

6. Employees during the control period, were susceptible to all types of deviations and malpractices; that is, as it should be in an era of controls; but these activities should be checked and curbed completely now and in bad cases, the offending employees should be summarily dismissed; and their security deposits should be adjusted to any proven loss on account of their misdemeanour; in other cases they should be taught principles of Co-operative salesmanship and courtesy to the customers.

7. Consumer Stores should sell goods at competitive prices and not at monopoly prices; the measurement should be fair and the quality best; besides, they should offer services like door delivery and servicing. Consumer Societies have seldom attended to these functions.

Suggestions for Improvement

1. Rural and Semi-Urban Societies, whose financial position is weak and whose business future is not hopeful should be liquidated forthwith; However, wherever, there are sufficient reserves, these Societies should be converted into either Marketing or Multipurpose Societies; for, in a rural area, where the purchasing power is low, the chances of a weak Consumer Store to thrive is very rare.

2. The Co-operative Wholesale Stores should develop a healthy business outlook; it should rely less and less on "Controlled Goods", and their continued scramble for fertiliser etc. indicates their irrecoverable weakness; new lines of service and business should be evolved and worked out; similarly, they must develop a sound capital raising potential and attract deposits from members. Self-financing methods like Penny Banks and Members Deposits system are good pointers. The operational costs should be brought down. Their turnover should be increased at least to an economic level; They must take up processing and production activities: for example paddy milling in Tanjore, oil pressing in South Arcot and Salem etc. They should establish direct contacts with primary producers and purchase in bulk at proper seasons at cheap prices and pass on the benefit to the Primary Societies. They should also establish continuous liaison at market centres even in other States and operate in the most efficient manner. The Societies should be manned by efficient men, who possess good working knowledge of business; The Manager of the Store should have enough powers for making quick decisions; for example a sudden collapse in prices might necessitate an immediate liquidation of stock at reduced prices, but such powers should be put under great check and should be exercised under proper safeguards. In fact, an over-all business efficiency at all levels-the Staff, the Manager, the Board and the Department is called for.

3. The low-per-capita income in the country does not permit of cash purchases and that is one of the reasons for the very slow progress of Consumer Movement; Already in certain Stores for Industrial Employees, credit purchases are allowed upto a certain limit, but the amount is recoverable from the pay of the employee; in such instances, the Stores have worked well. This shows that some workable system of credit trading should be evolved suitable to the conditions in the State. It would be better that either Urban

Banks or large-sized Credit Societies are asked to lend money as credit on proper security to finance purchases from the Store. Such a credit-purchase link up is the only solution. In Sweden, a similar loan-purchase system has been evolved. But, on no account should the Store take up credit trading. Even in U. K. only Club Trading and hire-purchase sellings are popular.

Sales to non-members

4. The Stores Societies are already permitted to sell to non-members for a further period of two years; But the Rule No. XIX of the rules under the Act may have to be changed suitably to remove the restriction on sales to non-members, if this concession is to be made permanent. In this connection, it may be stated that this principle of sales to members trade has not been accepted to be an essential Rochdale idea and the International Co-operative Alliance Committee only considered that "such transactions (namely sales to non-members) should be reduced as far as possible." And again, even the Taxation Enquiry Commission did not consider it a vital principle, to be adhered to, in order to determine the Co-operative nature of an enterprise, in the matter of tax-concessions to Co-operatives. More than above all, the whole question is rendered thoroughly academic in the context of actual practice. Even where sales to members are recorded in Statistics, they are thoroughly unrealistic, for though the bill is made out in the name of a member, the sales would have been made to a non-member, in reality. So, we have no hesitation in recommending that the restriction on sales to non-member should be removed; at the same time, we would like that Co-operatives should take a greater interest in bringing into the Co-operative fold, all non-members, for that is an effective method of increasing the clientele as well as the working funds of the Society.

Primaries and Wholesales

The question of strengthening the relationship between primaries and wholesales is one of absorbing interest and has immediate applicability. The following suggestions may be of particular significance in this context.

1. Representation on the Board of the Co-operative Wholesales Stores should be on the basis of purchases made by the primary from the Co-operative Wholesale Stores.

2. The Co-operative Wholesale Stores should help the primaries to achieve a greater turnover and a better economy. With the help and co-operation of primaries, some rationalization should be effected by introducing weekly or monthly bulk order system, minimization of transport distance by weekly or monthly distribution system.

3. Thirdly, the Co-operative Wholesale Stores should give marketing, financial, merchandising, advertising and other shopping assistance to the primaries.

4. Frequent Conferences of Primaries should be held and mutually helpful solutions to their problems must be found.

5. The Co-operative Wholesale Stores should extend credit facilities up to 5 times the share capital invested by the primary in the Co-operative Wholesale Stores, subject of course to its maximum borrowing power.

Processing Activities

Only a few Stores took up processing activities and the value of the goods processed were almost negligible. The Stores should expand processing activities considerably and in this respect, they may avail of the assistance, set out in the recommendations of the Rural Credit Survey Report.

Rural Stores

Broadly speaking, the development of rural stores is considerably restricted by the very low purchasing power of the rural community, which has been still further lowered by the price-falls; as such the prospect for a rural store in small rural area is not very bright and further the farmer's needs for food articles and luxury articles are very few and the retailer's margin is very low; but there are exceptions to this; e.g. Chandrasekarapuram Store, but in this case, its flourishing trade is due to (1) business skill of the Secretary and his dynamism (2) Membership drawn from a middle-class landed peasantry, (3) Mobilisation of deposits, as a method of self-finance, (4) efficient staff; If the above factors are available, rural stores may succeed; Otherwise, there is no use in organising a separate store; it could as well be merged with the large-sized primary.

Dynamic Supervision

Supervision fees are levied on the Stores earning net profits of Rs. 1,000 and more at 5 per cent of their profits, subject to a maximum of Rs. 3,000 in each case. In view of the present precarious position of the stores, Supervision may be done free of cost.

Similarly, the Central Banks may waive the supervision fund in respect of Stores, not supervised by them; but in respect of Stores supervised by them the present rate of 0-4-0 per Rs. 100 of sales, subject to a maximum of Rs. 150 may continue. But here, we would like to emphasise that Supervision should not merely be static and routine. Mere checking or auditing is no supervision at all. The Supervising Officer should help the Co-operative in improving its business and operational efficiency; he should advise the Society about shop-technique, salesmanship, shop fitting etc. In fact, he should be a sort of 'Shopping Adviser' or 'Consultant.' Only then supervision would be more dynamic and progressive.

Public Institutions

The present concessions as governed by G.O.Ms. No. 3296, Home Department dated 10-11-1954 may continue; subject to one change; namely that the margin of profit of 5 per cent over the cost price should be enhanced to 6½ per cent.

Devasthanams etc. should likewise purchase their Stores from local Co-operative Stores and the Commissioner of Religious Endowments may be requested to issue suitable instructions in the matter.

Central Organisation

A Central Organisation for the purpose of importing foreign consumers goods and exporting agricultural produce is not feasible now; when that becomes possible; State participation and control may be sought; but usually, Marketing Co-operative is a better agency for export of agricultural produce.

The Madras District Co-operative Central Bank, Ltd.
13/14, Mukkur Nallamuthu Chetty Street, Madras-1.

ESTD. 1930 TELEPHONE No. 2384.

Authorised Capital	...	Rs. 10 lakhs.
Working Capital	...	" 50 "

All kinds of deposits accepted.

Rates of Interest :—

Current Deposits	½ %	Savings Deposits	2 %
Fixed Deposits For—: 6 ms.	3½ %	For 1 yr.	3½ %
		For 2 yrs.	3½ %

Further particulars can be had from the undersigned:
B. S. VIJAYAGOPAL, B.A., B. COM.
Secretary.

GLEANINGS

Review of Co-operative Movement in Madras State during 1953-54.*

Present Trends

Started five decades ago with the modest objective of relieving rural indebtedness, the co-operative movement embraces to-day a variety of interests and enterprises. With the separation of the Andhra State, the need arose to bifurcate the three apex co-operative institutions in the composite State. An Ordinance (later replaced by an Act) was issued in September 1953 to facilitate the division. Thanks to the tact and goodwill of all concerned, the division was effected smoothly and with true co-operative spirit. During the year, the number of societies rose from 14,548 to 14,885, their membership from 24.41 lakhs to 26.22 lakhs, their paid-up share capital from Rs. 821.79 lakhs to Rs. 872.91 lakhs. The total working capital of all the societies was Rs. 62.00 crores. The increase was contributed by agricultural credit societies, land mortgage banks, marketing societies, milk supply societies, wholesale stores, weavers' societies and housing societies.

Apex Bank

In the structure of co-operation in Madras, the State Co-operative Bank is at the apex with 16 central co-operative banks and 157 individuals as its members. It held deposits amounting to Rs. 3.9 crores, of which Rs. 1.94 crores was from inside the movement as against Rs. 2.44 crores in the previous year. It rediscounted Rs. 2.51 crores of hundies of the Central Co-operative Banks. Its working capital was Rs. 592.72 lakhs. It advanced loans to the Central banks to the extent of Rs. 293.77 lakhs and to other societies to the extent of Rs. 29.66 lakhs. The net profits of the Bank were Rs. 3.02 lakhs.

District Co-operative Central Banks

Below the State Bank are 16 District Central Co-operative banks with 14,085 members, of which 11,873 are co-operatives. Their share capital was Rs. 94.38 lakhs, the working capital being Rs. 12.10 crores of which a sum of Rs. 7.31 crores represented the deposits of members and non-members. During the year, they issued loans up to Rs. 16.58 crores as against Rs. 22.34 crores in the previous year, the fall being due to reduction in dealings of controlled foodgrains.

* Source: G. O. No. 1365, I. L. O. dated 16-4-1955.

The Reserve Bank of India sanctioned credit limits to the Central banks to be drawn with the second signature of the State Co-operative Bank. The amount drawn from the Reserve Bank of India against these limits was Rs. 2.51 crores while the amount outstanding to the Reserve Bank of India was Rs. 1.40 crores. The Central banks obtained funds from the apex Bank at 2½ per cent and lent at 4½ per cent to their affiliated societies which now lend to the members at 6½ per cent, which is the lowest rate charged by co-operatives in the whole of the Indian Union. For medium-term funds required for purposes like sinking or deepening wells, erecting pump-sets, constructing farm houses, the Parliament has amended the Reserve Bank of India Act to enable the Reserve Bank of India to provide co-operative banks in India with medium-term funds, up to Rs. 5 crores in the aggregate. The Reserve Bank of India has agreed to sanction a medium-term loan of Rs. 40 lakhs to the Madras State Co-operative Bank on Government guarantee. On the whole, the Central banks have worked satisfactorily and reduced their overdues both under principal and interest from 13.73 to 10.94 and from 1.17 to 0.46 per cent, respectively.

Agricultural Credit Societies

The number of agricultural credit societies increased slightly from 10,151 to 10,295, the membership rising from 9.29 lakhs to 9.80 lakhs. Their share capital rose from Rs. 123.88 lakhs to Rs. 130.20 lakhs but their working capital stood at Rs. 765.65 lakhs. They issued loans to the extent of Rs. 350.03 lakhs of which a sum of Rs. 338.75 lakhs represented loans issued for productive purposes. The percentage overdues under principal and interest recorded a fall. Of the rural credit societies, 468 were associated with multi-purpose activities, such as supply of agricultural, industrial and domestic requirements and the sale of finishing products. The total non-credit business done in this manner amounted to Rs. 29.68 lakhs during the year. There were 841 non-agricultural credit societies with a membership of 6.03 lakhs and a share capital of Rs. 202.65 lakhs. They held deposits amounting to Rs. 713.38 lakhs, from members and non-members and issued loans to the extent of Rs. 10.59 crores.

Long-Term Credit

The Madras Co-operative Central Land Mortgage Bank with 73 primaries attached to it issued loans in the amount of Rs. 43.84 lakhs. It obtained in the 49th series of debentures, Rs. 40 lakhs

bearing interest of 4½ per cent. The Reserve Bank of India met on its own account a short fall of about Rs. 7 lakhs in the public subscription. The value of debentures in circulation at the end of the year was Rs. 3.89 crores. The Central Land Mortgage Bank charged interest at 5½ per cent to the primary banks which charged 6½ per cent to the ultimate borrower.

Agricultural Production

Co-operatives of different types made notable contribution to agricultural production. In reclaiming land, they applied for the lease of 920.43 acres of Government fallows of which 396.83 acres were made available. The co-operative societies for civilians and ex-servicemen reclaimed 6,911.27 acres of land. Thirty-five Land Reclamation Societies (in Pattukottai taluk) reclaimed 634.56 acres of land in addition to the 4,166 acres previously reclaimed. Eighteen irrigation societies provided facilities for irrigating 8,900 acres of land. In addition, 75 Rural Credit Societies granted Rs. 2.64 lakhs of loans to their members to purchase pump-sets. Up to the end of the year, 684 pump sets had been installed. In addition, primary Land Mortgage Banks issued Rs. 7.18 lakhs for construction of wells, installation of pump-sets, etc. One hundred and twenty marketing societies supplied seeds worth Rs. 60,500, chemical manures worth Rs. 22.01 lakhs, agricultural implements worth Rs. 32.21 lakhs and compost manure worth Rs. 8.53 lakhs. Co-operatives handled milk products to the value of Rs. 141.01 lakhs, eggs to the value of Rs. 17,702, salt to the value of Rs. 56,495 and jaggery worth Rs. 104.15 lakhs.

Industrial Production

In the field of industrial production, 1.14 lakhs of looms were included in the co-operative organization. They produced Rs. 2.02 crores worth of handloom cloth and sold Rs. 3.08 crores worth of cloth. The Madras State Handloom Weavers' Co-operative Society supplies yarn and undertakes disposal of finished products to its several selling units. The year saw some rally in the handloom industry, thanks to the schemes relating to cess fund, reservation of production, etc., launched by the Government of India. In respect of other industrial goods, as many as 150 Cottage Industrial Co-operatives produced Rs. 6.51 lakhs worth of metalware, coir, leather, etc., and sold goods worth Rs. 10.13 lakhs.

Consumer Co-operation

Owing to decontrol, Consumers' Co-operatives went through the doldrums during the year. Their turnover slid from Rs. 21.68 crores to Rs. 13.09 crores. They, however, undertook to distribute chemical manures and were appointed as the State stockists. They handled 42,435 tons of manure.

Cooperatives in Community Development

Co-operatives played an important part in the Community Projects and National Extension Scheme areas. There were 2,707 co-operatives in these areas at the end of the year. Three Deputy Registrars worked as Block Development Officers, two Co-operative Sub-Registrars as lecturers in the training centres at Parli and Gandhigram and 46 Senior Inspectors under the Officers of the Community Projects and National Extension Service areas.

Amelioration

Ameliorative work was confined mainly to the manufacture of palm gur. There were 1,536 palm jaggery co-operatives which produced jaggery worth Rs. 104.15 lakhs and sold jaggery valued at Rs. 48.19 lakhs. The provided employment for 1.51 lakhs of ex-toddy tappers.

Re-settlement and Housing

Re-settlement of ex-servicemen was done through 6 land colonization societies, 7 workshops and 9 motor transport societies which in all provided work for 1,532 ex-servicemen. Co-operative housing maintained its progress with 170 housing societies, which completed 965 houses during the year and had 735 houses under construction. Now that the maximum of Government loan in a single case has been raised from Rs. 3,000 to Rs. 10,000, it is expected that the business of these co-operatives would get a spurt. Rural housing societies are still slow to meet the needs of the times. So far, only 5 houses have been completed and 22 are under construction. The scheme has not taken root for the main reason that the minimum cost of a house should not be less than Rs. 3,000. A proposal to modify the rules relating to Rural Housing Scheme is under consideration.

What Holds Co-operatives Back?*

THOMAS H. NELSON.

Co-operatives potentially have all the characteristics, which have made private profit enterprises successful. In addition, co-operatives have had and still have at least three other characteristics in larger measure. Namely, a recognised need on the part of the consumer for the co-operative service, plus the fact that the consumer is legally a part and the real boss; a higher motivating sensitivity to the local and service objectives, in addition to the objectives of a profitable operation; and a possibility for all persons in co-operative enterprises consciously to share in all the objectives and be motivated to higher performances by them.

Though some co-operatives enjoy these characteristics, there are others who neglect to take full advantage or fail to keep the management fully effective for which there are four major ways to improve and grow. Firstly, to take advantage of what one has learned from one's own achievements. Secondly, to learn from the success of others. Thirdly, to appraise and to learn from what one has failed to do well, and fourthly to learn from the failure of others and to realise that there is no improvement except through change.

Where are co-operatives neglecting to take full advantage and what is holding them back? No generalisations stating "so many reasons hold back co-operatives" can be valid. They may mention some reasons but only these reasons or causes may not operate. Some main reasons are outlined below.

Functions of the Board of Directors

Does the Board of Directors as a group and its members as individuals function properly and effectively? Are the functions of the Board properly defined? Does the Board observe them, or does it mix in the operating detail? Does it mix as a group, or do individual members mix into the operating detail? Are Board members really qualified or do they need further education in management? Furthermore does the Board regard the manager as a hired man or a professional specialist? Generally regionals know their functions. Some even have written descriptions regarding their functions and many occasionally revise these and discuss them, as Board should, whilst

*Source: An Indian Co-operative Union, Ltd., feature release.

others do not. Too often it is evident that the Board members do not distinguish between overall administration and control of operations on the one hand, and operating day by day decisions, such as the methods and details, on the other hand.

Here is a typical statement of a Board's objective. The objective of the Board is to approve the objectives, policies and annual budget and other basic controls governing the administration of the organisation's affairs. Secondly, to elect and fix the compensation and designate the duties of the manager who shall be responsible for the general direction of the organisation. Third, to review the periodic reports and operating statements of the company's activities for conformity with the established objectives, policies and programmes, not primarily to criticise the detailed method but for conformity in achieving the objectives themselves. Finally, to direct the remedial action through the manager as required.

Though this is usually recognized as a good organisation management theory, it is violated over and over again particularly in small organisations. Sometimes, the functions of a Board are described as policy making and that of the employment management as administration. But in point of fact, the Board is not alone in policy making. There are five aspects of policy action. Firstly, to establish a suitable formula. Secondly, to take a decision on it. Third, to execute the policies. Fourth, to audit them in the sense of checking on their conformity; and finally to appraise their effectiveness and evaluate whether they are still good or not, because even policies go out of date.

Though it is the Board's exclusive job to decide the major policies, management participates in thinking them up. It is the management's exclusive responsibility to execute them and to take the initiative in auditing and appraising them. The Board is the source of authority; it is not the creator of most management decisions. If it is, then it has made one wrong decision to begin with, to have a wrong manager. If boards will stay in their proper sphere, they will get and keep better managers.

The functions of a manager should be clearly understood by the Board. The conception of his being just any hired man who must be told just what, how and when to do in obviously wanting. The manager must be accepted as a professional specialist and as a man who has been retained, because he is more experienced in getting

personnel to do the required work better than they themselves are. The Board merely tells the manager what he has to accomplish and then leaves it to him to plan and achieve it. Co-operatives can only rise to the level of their possibilities under the professional manager concept. The balance between the two fold functions of the manager is equally important and he is like the two-headed guardian of Rome, who looked in one direction at the enemies approaching the highways, and in the other at the city to ascertain whether everything was all right. Similarly a manager must be able to advise and assist the board in its operation and at the same time administer the operation.

Development and Working of Organisation

The growth of an organisation is an important factor. Has the organisation of the employed group just grown or has it developed in accordance with the principles of sound organisation? Some organisation* have been mathematical assemblies of little narrow specialists, each of them related to a community or a service held together with the management's scotch tape. But they should be designed to give unity as well as diversity. To day most of them have done so and have built themselves into a unified organisation.

Whether the organisation plan provides for the proper balance between purchasing and selling on the one hand, and the maintenance of the economic welfare of the local association on the other, is another point of examination. Is there proper co-ordination of the regional's contact with locals, or do the fieldmen have too many bosses? (*i.e.* the man in between the home office and the local, the man next to the local). Sometimes the fieldmen have too many bosses; at other times the locals have pressures from too many sources. Though the basic concern is the economic welfare of the local associations and the study of their activity and direction, how it measures results in terms of sales and net margin *etc.* there is need to keep the two concepts in balance. Allied closely to this aspect is the regional's effort to help the local board and management with their problems. What the regionals can do depends on what the locals can do. Thus the responsibility lies with the regionals to help the locals do better.

Another point worth consideration is whether the five principles or objectives of business enterprise have been properly defined. A safeguard against the over-emphasis of the social and the service of

*In the United States of America—Editor.

subjectives to the detriment of efficiency and economy should be attempted, along with an adequate provision for work simplification and methods of improvement for cost reduction and control. The five major objectives *i.e.*, social, service, stability, efficiency and economy are to equip the farmer to work together, build better and profitably; provide products, services and larger utilities with equal or less cost; reduce cost and goods and maintain the stability and growth of the enterprises and to provide satisfaction to all concerned; to achieve better, bigger results with less expenditure and effort; to get better results at less cost.

At a conference organised by the Materials Handling Institute of America to discuss the problems of reducing the cost of handling goods, the representatives of the larger private profit enterprises discovered that the labour costs of moving goods from the vendor to the headquarters through the processing of the goods manufactured and back to the consumer, are twice as high as the labour costs for manufacturing and that it adds practically no value to the goods. Many co-operatives are engaged in moving goods, and the study of work simplification, efficiency and economy would be one of the best ways to increase net margins or to reduce cost of goods or to be able to enter new fields of service. The tendency to achieve economy by being niggardly is wrong because sometimes the most expensive thing is the cheapest, in terms of money spent, and sometimes the most economical thing costs more money. Economy is measured by the magnitude of the results per unit of cost and not by how much is spent.

Personnel

Just as important as economic simplification is the study of the psychology of motivation, for it is motivation that causes a person to do what he does. People do not act because of their knowledge and skill though they may use it to rationalise their acts.

Co operative management at times depends too much on co-operative philosophy and self motivation and too little on such motivation as giving employees a high and continuous sense of participation. Often the absence of a sound salary administration is explained away by the association that people in co operatives should not be really concerned with salary—just so long as they do not starve—and that they should work for cost. Workers as well as management should be given the advantages of well planned financial incentives.

WHAT HOLDS CO-OPERATIVES BACK?

It is not enough to be smart in simplifying work—to get results with less cost and effort, this must be co-ordinated with motivating superior effort to get larger productivity. One way is to let them participate more.

Democracy plays a very important role in co-operation. Often one finds that though it is practiced in regard to the original and control of local co-operatives and in distribution of the net margins, its principles are abused in matters relating to employees. Instead of holding staff meetings, where people are permitted to express themselves freely and frankly, employers act like old fashioned autocrats. It has been found through extensive experimentation that even the mere promise to the employee of a chance to express his ideas without fear, gives an added interest and a higher motivation for a more productive effort.

Also important is the development of a comprehensive long range management development programme, so that nothing is left to chance. Managements are made, not born, and made not merely by accumulation of experience. Systematic efforts are and must be made by every manager/executive to develop and not merely to direct his subordinates.

Resume

An overall picture of the question in hand can be gathered from a brief resume listing some of the reasons of “why co-operatives are held back.”

(1) Does the Board of Directors as a group, and as its members individually, function effectively? The answer seems to be, sometimes, usually in the larger ones and not so generally well in the small ones.

(2) Does the manager maintain a good balance between his two-fold responsibilities and advise and assist the Board on the one hand, and administer or direct operations on the other?

(3) Does the manager know how to prepare and make effective reports to the Board?

(4) Has the organisation made a study of streamlined development or has it just grown in a haphazard fashion?

(5) Does the economic welfare of the local range high enough, and are the fieldmen well equipped to assure proper handling?

(6) Are local boards and managers being given adequate help at the most needed points?

(7) Do co-operatives pay enough attention to efficiency and economy?

(8) Have co-operatives capitalised on the possibility of effective motivation in persons?

(9) Do co-operatives face or dodge unpleasant personal matters?

(10) There are a few other areas that have been untouched. The function of planning and control for example are big areas. Fortunately, a manual involving the science of management, which equips Boards and the Manager for handling all their functions more effectively, with less strain and worry, is available. There are numerous new tools and techniques for management that serve to reduce uncertainty, increase productivity and give higher assurance of attaining desired results. But the manager cannot learn them by working alone, nor indeed will they follow through intuition or from ancient inscriptions. They can be learned only by critical self-appraisal and a systematic study, which can be passed on later to other subordinates.

Telegrams :—'JILLABANK'		Telephone No 208
The Malabar District Co-operative Bank, Limited. KOZHIKODE-2.		
Share Capital:		Rs.
Authorised	...	15,00,000
Paid up	...	11,43,461
Reserve Funds:		
Statutory	...	4,59,258
Others	...	2,64,770
ALL SORTS OF BANKING BUSINESS DONE & EVERY KIND OF DEPOSITS ACCEPTED AT FAVOURABLE RATES OF INTEREST NEW FACILITIES FOR SAVINGS BANK ACCOUNTS—WITHDRAWALS BY CHEQUES		

CASE STUDIES

A Note on the Tinnevely Co-op. Timber Works.

INTRODUCTION :—Tinnevely Co-operative Timber Works is one of the ex-servicemen workshops established by the Government for the resettlement of demobilised personnel of the II World War. It was registered on 7-10-1946 and started on its work on 12-5-1947. This is the 9th year of its working.

A Brief Survey of Ex-Servicemen Workshops

The medium scale industrial co-operatives are one of the three types of Co-operative Schemes launched by the Madras Government for the resettlement of ex-servicemen who have had training in "CIV-MIL" centres and who were employed on technical jobs while in the Defence Services as Carpenters Tinsmiths, Co-opper-smiths, Mechanics etc. It was originally proposed to start 100 such factories in the Composite State of Madras for the purpose of providing employment for about 25,000 ex-servicemen. Proposals for the establishment of 17 factories, one Engineering Workshop at Madras, were approved by the Composite Madras Government. Actually, however, 9 workshops were established as shown below :—

1. Strathie Co-operative Engineering Workshop.
2. Kumbakonam Co-operative Metal Works.
3. Malabar Co-operative Metal Works.
4. Malabar Co-operative Timber Works.
5. Reid Co-operative Timber Works.
6. Katpadi Co-operative Timber Works.
7. Tirunelvely Co-operative Timber Works.
8. Vizagapattam Co-operative Metal Works.
9. Vizagapatam Co-operative Timber Works.

Excluding the last mentioned two workshops, which are in the Andhra State, there are only 7 workshops in this state. Four of them were reorganised by equipping them with upto date labour saving machinery out of the funds provided by Government and the Post War Services Reconstruction Fund Committee, to the extent of Rs. 5.81 lakhs as shown below :

	Rs. in lakhs.
(i) Central Government	... 1.69
(ii) State Government	... 1.48
(iii) Post War Services Reconstruction Fund Committee	... 2.23
(iv) Grants from Post War Services Reconstruction Fund Committee towards Housing for Ex-servicemen	... 0.41
Total	... 5.81

Of the three remaining workshops, the reorganisation of the Workshops, namely Reid Co-operative Timber Works and the Katpadi Co-operative Timber Works has not been taken up and they carry on their production on manual labour. The proposal of reorganising the Strathie Co-operative Engineering Workshop as a small scale Industrial Co-operative is being examined. As on 30.6.54 there were 620 ex-servicemen members with a paid up share capital of Rs. 0.38 lakhs. Their working capital amounted to Rs. 7.54 lakhs. The value of goods produced and sold during the year was Rs. 3.50 lakhs and Rs. 3.53 lakhs respectively. Six workshops sustained loss during the year and the remaining one workshop i.e., the Tinnevely Co-operative Timber Workshop earned a net profit of Rs. 677. The loss amounted to Rs. 1.57 lakhs chiefly because depreciation was charged on the lands, buildings and machinery which they got from Government and Post War Services Reconstruction Fund Committee. The workshops have built up adequate reserves amounting to Rs. 2.21 lakhs. The workshops were provided with funds to meet their working capital by way of cash credit loans from the District Co-operative Central Banks concerned under Government guarantee. They have been permitted to borrow from the Central Banks upto Rs. 6.21 lakhs.

Tinnevely Ex-Servicemen's Timber Workshop—Its Origin and Growth

2. The Co-operative Schemes for the resettlement of ex-servicemen were in the administrative charge of the Director of Re-settlement and Employment, Madras in the first instance. He administered these schemes for the first two years i.e., from March 1946, to March 1948 and later on, the administrative charge was transferred to the control of the Co-operative Department. Regional Director, who was then in the administrative charge of Co-operative Workshop Schemes look over in April 1947, the present site measuring about 7.62 acres of land together with the buildings thereon on a payment of Rs. 55,000 to the owner of the properties and the workshop began to function giving training to 60 ex-servicemen members under the Government of India Technical Training Scheme in Cabinet making from May 1947. While imparting training, the members were given training in production of furniture. During the period of training, the members were given stipend of Rs. 40 per mensem, from the funds of the Government of India. This training centre was closed on the 30th June 1950, when the Government of India Technical Training Scheme came to a close.

3. Soon after the administrative charge of the ex-servicemen societies was transferred from the Regional Director to the Registrar of Co-operative Societies, a review of their working was undertaken and a scheme for reorganisation of the Tinnevely Co-operative Timber Works was drawn up and it was approved by the Government in January 1948. The scheme envisaged the installation of labour saving wood working machinery, remodelling of buildings etc., at an estimated cost of Rs. 1.05 lakhs. This capital expenditure was provided by the State Government and the Post War Services Reconstruction Fund Committee in the ratio of 40 : 60. In addition to this, the Post War Services Reconstruction Fund Committee gave Rs. 12,360 towards the cost of constructing houses for 12 workmen, payment of stipend for about 30 ex-servicemen to be trained and the cost of technical staff for the first year for the reorganisation of the workshops.

Log Band Saw Installation

4. The workshop was equipped with the required machinery to carry on production at a fairly large scale. The Board of Directors of the Workshops of which Sri Medai Dalavoi T. Kumaraswamy Mudaliar is the President, felt that the Log Band Saw was necessary in addition to the several items of machinery which had been installed in the workshop under the reorganisation scheme. Thanks to the Post War Services Reconstruction Fund Committee, an interest free loan of Rs. 28,000 was obtained from the Committee for the purpose. A Log Band Saw has been imported from the United Kingdom and installed in the workshop. The cutting capacity of the machine is 250 cubic feet or 3,000 square feet, per day of 6 hour work. The workshop is expected to reduce its production cost which would enable it to compete with the other private workshops in an effective manner.

Working of the Society

5. This is the only workshop which has been working satisfactorily from its inception. The management of the workshop vests in Board of Directors consisting of the following seven Directors.

1. Sri Medai Dalavoi T. Kumaraswamy Mudaliar.
2. „ P. S. Subramania Pillai, B.A., B.L.
3. „ T. S. Srinivasa Rao, B.A., B.L.
4. „ T. M. Nellaippa Pillai, B.A.
5. „ V. S. T. Mohd. Ibrahim.
6. „ A. R. Shunmugam Pillai.
7. „ P. T. Subbiah Pillai, B.A., B.L.

THE MADRAS JOURNAL OF CO-OPERATION

As on 30-6-1955 there were 56 members with a paid up share capital of Rs. 3,247. Of these members, only 19 are actually employed in the workshop and given wages. The workshop has borrowed about Re. 1 lakh from the Tinnevelly Co-operative Central Bank for its working expenses. The State Government have guaranteed the repayment of loan taken by the workshop upto limit of Rs. 50,000. The total borrowings as on 30-6-55 amounted to Rs. 1,25,047 as shown below :—

	Rs.
1. Loans due to Post War Services Reconstruction Fund Committee (Purchase of Log Band Saw).	28,000
2. Loan from Tinnevelly Co-operative Central Bank under Government Guarantee ...	48,823
3. Cash Credit loan from the Tinnevelly Co-operative Central Bank on the pledge of raw materials ...	48 224
Total ...	1,25,047

The total value of stocks with the workshop as on 30-6-1955 amounted to Rs. 1,67,350 as shown below :—

	Rs.
1. Value of tools and machinery ...	55,695
2. Value of tools and stores ...	6,918
3. Value of materials ...	91,120
4. Value of finished goods ...	13,617
Total ...	1,67,350

An officer of the Co-operative Department in the grade of a Co. operative Sub-Registrar is employed as the Secretary of the Workshop from its inception. He is given a Lower Division Clerk to assist him. The cost of these two officers are met by Government. The other staff required for carrying on the business of the workshop is borne from the funds of the workshop. On the technical side, there are two Foremen, one in charge of production of furniture on manual labour basis and the other in charge of machinery in the workshop. A copy of the statement showing the progress in the working of the workshop from the year 1947-48 to 1954-55 is enclosed.

THE TINNEVELLY DISTRICT CO-OPERATIVE TIMBER WORKS LTD., FOR EX-SERVICEMEN, THALAIYUTHU.

Statement showing the Progress in the working of the Society.

Year.	No. of members.	Paid up share capital.	Purchases of raw materials.	Sales of finished articles.	Gross profit.	Net Profit.	Reserve Fund.
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1917-18	—	3,100	85,422	9,542	4,034	8,450	60
1943-49	85	2,862	57,240	89,945	16,500	16,181	2,160
1949-50	63	2,702	44,283	73,285	9,759	4,861	6,205
1950-51	12	2,228	93,363	89,464	11,939	6,483	16,948
1951-52	51	2,892	56,822	78,266	9,776	1,432	21,909
1952-53	52	3,250	87,511	91,502	15,775	1,714	22,446
1953-54	48	3,215	24,766	76,675	16,363	(-) 1,224	22,751
1954-55	56	3,247	69,105	85,075	7,800	200	22,751

A Report on the Work of the Eastern Regional Co-op. Training Centre Pusa, (Bihar.)

M. V. N. PILLAI,

Lecturer, Regional Co-operative Training Centre, Pusa.

Role of Co operative Education

The increasingly important role that Co-operation has to play in the National reconstruction of the country especially in the economic sector, has been recognised by the State and the public in recent times. The Union Finance Minister has recently observed in one of his speeches that India will be on the eve of some far reaching developments in the field of Co-operation on the basis of the Rural Credit Committee's recommendations which are being implemented one by one. Co operative action ultimately depends for its success on the participants themselves and cannot be imposed from outside. Hence the organisation of Co-operative Societies should invariably be preceded by a through education, training and propaganda. This is the reason why special emphasis is placed on a well-planned training for employees in the different cadres. In India, different States have started Co-operative Training Institutes of varying kinds but there has been no uniformity or co-ordination. The Central Committee on Co-operative Training, under the Reserve Bank of India, in Collaboration with the Government of India have devised a well-thought out and integrated scheme at three levels, higher, Intermediate and lower. This scheme bids, fair to become a highly efficient and useful instrument of co-operative education in India.

Central Committee for Co-operative Training

It is in furtherance of this scheme, that the Central Committee for Co-operative training, under the auspices of the Reserve Bank of India, has started training centres at four regional centres for imparting Training to the Intermediate personnel, that is departmental officers of the cadre of Inspectors and personnel from various co-operative institutions. The Poona Co-operative College has been recognised as one of the centres for the purpose of this scheme. The second regional training centre was started in Madras in July 1954. The Third Regional Training Centre for the eastern zone has been started at Pusa, Darbhanga District, Bihar on the 15th November 1954. The fourth centre for the northern zone will be started at Meerut very soon.

A REPORT ON THE EASTERN REGIONAL CO OP. TRG. CENTRE, PUSA

Pusa Centre and its Work

The Regional Centre at Pusa is located in some of the spacious buildings at one time occupied by the Imperial Council of Agricultural Research. Though this centre is intended to serve the needs of candidates from Bihar, West Bengal, Assam, Orissa, Manipur and Tripura the first batch of trainees consists of representatives of nine different States, viz. Assam, West Bengal, Bihar, Uttarpradesh, Pepsu, Punjab, Himachal Pradesh, Bhopal and Saurashtra. The centre began with 40 trainees but three of them left the centre as they secured other jobs and the remaining number is 37. The trainees belong to the category of Extension Officers, Assistant District Co-operative Officers, Inspectors of Co-operative Societies, Bank Managers and Accountants. The total period of the course is eleven months of which 6½ months is for theoretical study and 4½ months for practical study. The centre is under the administrative control of an influential local committee of which Sri S. N. Sahaya, M.P., Vice-Chancellor of the Bihar University and President of the All-India Co-operative Union is the Chairman. The other members of the committee are Registrars of Bihar, West Bengal, and Orissa, Sri B. Mukerjee, Principal, Jain College, Arrah, the Member Secretary of the Reserve Bank and the Principal of the centre. The Training Centre is manned by one Principal, Sri N. Sen Gupta, M.A. B.COM, formerly Assistant Registrar for Co-operative Education, West Bengal and two lecturers one of whom is a Retired Deputy Registrar of Co operative Societies in the T.C. State and the other a Retired Divisional Auditor of Co-operative Societies in Bihar.

The Curriculum

The Syllabus of study at the centre consists of the following subjects:

Compulsory Subjects

1. Theory, History and practice of co-operation
2. Co-operative and other Laws.
3. Banking.
4. Book-keeping and Accountancy
5. Rural Economics.

Special Subjects

1. Miscellaneous societies.
2. Departmental set-up
3. Co-operative banking.

At the end of the course of theoretical and practical study, an examination will be held and successful candidates will be awarded the Higher Diploma in Co-operation (H. D. C.).

Study Tours

The theoretical period of study practically came to a close on the 14th May, 55. Thereafter, the entire group of trainees were divided into three batches on the basis of their optional subjects and the practical study tour in the states of Bihar, Orissa and Madras commenced on the 15th May 1955. The Central Committee for Co-operative Training has approved the three States of Bihar, Orissa and Madras for the purpose of study tour. The arrangement for practical study tour is more or less like this. One teacher (inclusive of the principal) is posted in each of the above states and trainees in batches move from one state to the other and spend one month in each state studying the working of important types of societies by rotation. In the last month, all the batches of trainees and the teachers will assemble at Patna and utilise the period for studying the working of typical societies in Bihar. On the 15th September, all the groups will resume their theoretical study at Pusa till the 18th October 1955 and thereafter the terminal examination will be conducted.

Practical Study at Madras

The three batches of students who came down to Madras have been given a course of through practical study by visiting important institutions in the city of Madras and also in a few important mufassal centres like Madura, Salem etc. The programme of practical Training in Madras has been drawn up by the Deputy Registrar in the City and approved by the Registrar. The trainees in Madras are in charge of Sri M. V. N. Pillai, the Lecturer.

The practical study tour programme of the trainees in so far as Madras is concerned will be completed by the 12th August 1955.

INTEGRATION OF EDUCATIONAL AND TRADING ASPECTS.

No one who knows the Co-operative Movement well can help seeing how loose is the connection between the idealistic teaching of the co-operative educators and propagandists and the day to day business affairs of Co-operative trades and production. Almost the movements right hand does not know what its left hand is doing, and the separation is aggravated by the fact that the two sides are largely in the hands of different persons. Closer integration between the trading and non-trading sides is imperatively needed, if the case for a great development of Co-operative enterprise as a recognised alternative to nationalisation is to be made acceptable.

G. D. H. COLE,
"The British Co-operative Movement
in a Socialistic Society."

A Report on the working of the Nilgiris Co-op. Central Bank

SRI K. NANJUNDIAH, B.A., B. COM., B.L.

Vice-President, The Nilgiris Co-op. Central Bank, Ltd.

The Nilgiris Co-operative Central Bank, Ltd., which was bifurcated from the Coimbatore-Nilgiris Co-operative Central Bank, Ltd., and inaugurated in May, 1954 has collected the entire demand of about Rs. 25 lakhs (25,07,161) under principal and about 80 thousands (81,155) under interest by 30-6-55 and has forwarded a NIL balance statement to the Government and the Madras Co-operative State Bank, Ltd., Madras. The transactions of the bank has steadily expanded during the year 54-55 as will be clear from the following :—

Particulars.	as on 1-7-54.	as on 30-6-55.
No. of members	... 227	247
Paid up share capital	... 3,14,700	4,60,400
Deposits held by the Bank	... 12,90,923	17,58,480
Borrowings from the State Co-operative Bank	... 8,91,000	10,00,000
Loans outstanding	... 24,68,963	27,91,823

The Bank which covers a backward area started under wasseries handicaps but during the year the paid-up share capital loans advanced to the ryots and the deposits held by the bank had steadily increased. Controlled credit for distribution of scientific fertilizers has been introduced in a number of rural societies. Under this scheme, members are given loans in the shape of manure upto Rs. 750 and in the shape of Rs. 250 cash per member. Out of a total of about Rs. 38 lakhs disbursed as loans to the societies, about 15 lakhs represent such manure loans advanced under the controlled credit. The members are expected to surrender their produce of potatoes to the Nilgiris Co-operative Marketing Society affiliated to the Nilgiris Co-operative Central Bank, Ltd., at the time of harvest. The marketing society after selling the potatoes either at Mettupalayam or in the Calcutta, Bombay and other markets will remit the amount to the Central Bank. This scheme is highly useful to the members and acts as a check against members wasting the borrowed amounts on unnecessary and luxurious expenses. This system has also brought down the high price of scientific fertilizers in the hands of private firms and raised the low price at which the profiteering merchants were knocking off the produce from the backward ryots of the District.

The authorities of the bank felt that it may be difficult to collect the entire demand before 30-6-55 since there was a fall in the price of potatoes and the Kotagiri Union which was affected by drought conditions during the previous harvest and recorded a lower yield of potatoes, while the potatoe crops in good many parts of the Thodanad Union had been affected by a novel disease, called the "YELLOW PERIL" which meant not getting back even the seeds planted. However, the Directors of the Bank, and the Union Presidents and staff of the Bank headed by the Deputy Registrar-Secretary took prompt action to contact the office-bearers in the primary societies during time of harvest and arranged for the bringing of the potatoes to the marketing society for completely clearing their dues. It is indeed praiseworthy that during the year, the societies completely paid off their dues to the Central Bank, thus showing an excellent beginning in the very first year.

The Bank in addition to expanding the activities in almost every revenue village in Coonoor and Ootacamund, has also pioneered the formation of new societies in Gudalur area which did not so far had any co-operative society and where there is a lot of scope for the small growers, who are in need of loans to join co-operatives. New schemes such as advancing money to workers engaged in building contracts, land colonisation scheme and schemes for cattle improvement and breeding society are also being pushed through.

The District could well be proud of this expansion in Co-operation and the Bank and its Board of Directors as well as the departmental officers deserve our congratulations.

For Reliable, Durable and Guaranteed Musical Instruments viz., Veena, Thambura, Gottuvadyam, Fiddle, Mirudangam, Dolak, Ganjira, Flute, Morsing, Tabela, Thavul, Pipe, Band set, Harmonium etc., in various sizes

AND

Embossing metal works, i.e., Embroidery inlaid plates, discs Pots, Tumblers, Vases, Snuff-boxes etc., in various patterns,

At Reasonable Price

Please contact the only Musical Co-operative in the State :—

The Tanjore Musical Instruments Co-operative Production and Sale Society, Ltd., T. 1270, South Main Street, Tanjore.

All kinds of repairs are undertaken. Spare parts and other accessories are available.

A Short Note on the Working of the Salem City Co-operative Milk Supply Union Ltd., Salem

RAO SAHIB. S. DURAISWAMY PILLAI,

President, The Salem City Co-operative Milk Supply Union Ltd. Salem.

The Salem City Co-operative Milk Supply Union was registered and started on 20-5-39 with 20 members and a paid up share capital of Rs. 874. There were 3 feeder societies to the Union at its inception.

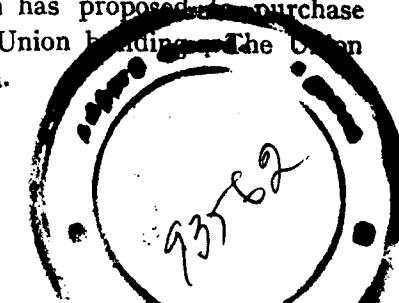
On 31st March 1955 there were 276 members with a paid up share capital of Rs. 11,005. There are 9 feeder societies affiliated to the Union supplying milk.

The progress of the Union since its inception is given below :—

Year.	No. of Members	Paid up Share capital.	Purchases. Rs.	Sales. Rs.
1939-40	20	874	11,742	13,391
1940-41	23	890	22,411	22,461
1941-42	36	1,195	24,538	29,747
1942-43	48	1,300	23,829	28,822
1943-44	50	1,320	16,724	20,818
1944-45	50	1,190	12,045	13,250
1945-46	50	1,190	30,542	32,666
1946-47	87	6,740	39,645	44,572
1947-48	95	9,580	55,885	61,106
1948-49	95	9,580	62,806	84,253
1949-50	92	9,655	46,168	61,644
1951-52	152	11,465	1,04,467	1,23,604
1952-53	214	11,245	1,88,749	2,10,770
1953-54	249	10,730	1,94,176	2,40,036
1954-55	276	11,005	1,99,906	2,45,102

The Union is supplying milk to the State Hospitals, Jails Municipality, Canteens and Educational Institutions, in addition to the public for the past several years. The Union has four sales depots in the town. The average daily production of the Union is 655 m.m. during March '55. The Union has proposed to purchase an Ice-cream Freezer and a site for the Union building. The Union has also proposed to start a fodder farm.

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CO-OPERATIVE CONFERENCES AND MEETINGS

Proceedings of the Annual Day Meeting of the T.U.C.S Chintadripet Branch on 3-7-'55.

Presiding over the annual day of the Chintadripet Branch of the T. U. C. S. on 3-7-'55. Mr. A. B. Shetty, Minister for Health and Co-operation suggested that co-operative undertakings should sell handloom cloth in preference to mill cloth.

Mr. A. Palaniappa Mudaliar, Registrar of Co-operative Societies who spoke on the subject of Co-operation, outlined some of the schemes for co-operative development under the Second Five Year Plan. It was proposed, he said, that the existing District Central Stores should function also as marketing organisations. Also, there would be organized a State Marketing Society with State participation, which would arrange for the import of commodities and for the export of surplus agricultural produce to other States and foreign countries.

Mr. P. S. Desikachari welcomed the Minister and the Registrar.

Mr. A. C. Seshachari read the annual report, which said that the monthly sales of the branch had been rising. The branch had originally been a depot and was raised to its present status in April 1954, the report said.

SRI A. B. SHETTY'S ADDRESS.

Mr. Shetty said that he was glad to hear that their branch had improved both in membership and sales during the year. The T. U. C. S. was indeed one of the best societies of its kind in the country, and the oldest. Recently, it had been suffering just like other co-operative concerns, in the matter of sales, especially after derationing and the lifting of controls.

A conference of representatives of Co-operative Stores was held in February last to consider the whole problem. So far as the T.U.C.S. was concerned, it was in no danger and he had been told that they had started collecting sales tax (on their sales to their consumers) from the first of this month which would help to make up the loss it had been sustaining from some time past.

Proceeding, the Minister referred to the importance of using handpounded, parboiled rice, which would be very healthy. In Andhra where the people were in the habit of using raw rice the practice had given rise to diseases like BERI BERI. But in Tamil Nad, most people consumed parboiled rice.

PROCEEDINGS OF THE ANNUAL DAY MEETING OF THE T.U.C.S.

He said he had asked the Registrar whether he could not organise a society for encouraging the use of handpounded rice. If such society could be organised, the Government could buy such rice for use in their Institutions like jails and hospitals. Now, they were getting supplies from some contractors but they were not sure whether the rice supplied was really hand-pounded or single polished rice.

Mr. Shetty also suggested that co-operative institutions could sell handloom cloth in preference to mill-cloth.

REGISTRAR'S ADDRESS.

Consumer Movement in Madras

The consumers' movement in the Madras State has to its credit, a fine record of social service. During the War period and until the removal of control of foodgrains, they did splendid business and served as effective agencies for the procurement of foodgrains and their equitable distribution. With the decontrol of foodgrains, however, they had to face a new and a difficult situation. Their business is on the decline and some of them have to be wound up. By 30th June 1954, there were 829 primary stores with a membership of about 4 lakhs and a paid up share capital of about Rs. 56 lakhs. The total sales effected by them during the year 53-54 were 999 lakhs as against 1372 lakhs in the previous year. The total sales effected by the central stores in this state during the year 1953-54 were only 310 lakhs as against 797 lakhs in the previous year. These figures undoubtedly indicate a set back in the transactions of the stores societies. But it is a natural consequence of the lifting of the control and stores societies will have to adapt themselves to the new conditions and build up their business in the free market. There are even now outstanding stores societies which are catering to the needs of the middle class urban population and their past experience in business will, it is hoped stand them in good stead and enable them to carry on their activities without much interruption.

Growth of T. U. C. S.

2. Control or no control, the Triplicane Urban Co-operative Society is bound to flourish. As you are all aware, the Triplicane Urban Co-operative Society holds a unique place among the primary co-operative stores. Animated by the same ideals which actuated the 28 social reformers in Toadlane at Rochdale in England, 14 Triplicane visionaries founded this institution at a time when

co-operative movement was unknown to the people. More than satisfying the economic needs, the promoters visualised for greater and nobler objectives, viz., that the society could besides the attainment of certain economic objects, promote the social welfare among the people. The institution has been growing steadily from strength to strength and the Triplicane Urban Co-operative Society is almost a household word among the consumers in the city. After the war, it gained a greater momentum and has come to occupy a prominent place in the retail distributive system in the city. Its achievements are a matter of history now. With 6 depots and 51 branches, it caters to the needs of one-seventh of the population of the city in respect of rice. For the half year ending 30-6-55 the sales effected by the Triplicane Urban Co-operative Society amounted to Rs. 61.39 lakhs. The progress of your branch is no less striking. Your branch has got 368 members and the monthly average sales are about Rs. 12,500. It is gratifying to note that you are maintaining a Reading Room for the use of the members and the citizens of this place should indeed be grateful to the local Director, the president of the Local Panchayat and the Panchayatdars for the amenities provided by it. The Triplicane Urban Co-operative Society and its branches have done well indeed and have won recognition at the hands of the visitors not only outside the Madras State but from abroad. While we have every reason to be proud of the progress achieved by the Triplicane Urban Co-operative Society, we should at the same time be equally alive to the task facing us in the future. A feeling of complacency should not overtake any institution and the Triplicane Urban Co-operative Society is no exception. I mention this not in a spirit of criticism. For there can be no greater enemy to progress than a feeling of complacency. No individual or institution can live on past achievements. We must either progress or stagnate and perhaps perish. Celebrations like this spur us to greater activity. We are living in the midst of rapidly changing social and economic conditions. Our social values are changing. The success of the Triplicane Urban Co-operative Society will in the coming years be measured by a different yard stick in all its transactions. It will be assessed not on its turnover but by its role in the scheme of changing social values. It will be judged by the services that it is able to render to the citizens in the nook and corner of the city particularly to the less fortunate people living in the City and in the Industrial areas. It has no doubt a number of branches and

depots in many important localities in the city. But it has to penetrate into areas inhabited by the economically and socially backward sections of the community. Again, it is no use merely to function as a simple trader purchasing in the cheapest market and selling it at market rates and dividing the profits among the members. No doubt these are important but the institution should go a step further and try to manufacture the goods the members will require; for it will be a good experience in the direction of bringing the producers and consumers together. Moreover, the members should learn to live and work as brothers. All these and more is possible only if there is a true spirit of co-operation among the people. Again the members should put the question to themselves as to what they can give to the stores by way of service more than what they can get out of the stores for themselves.

Widen the Range of Service

3. May I therefore venture to make a few suggestions on the tasks that lie ahead of the Triplicane Urban Co-operative Society. First it has to widen the range of consumers' services. Besides, the other needs of the consumers, which have increased with the rise in their standard of living should be arranged to be sold. There are hundreds of articles which are almost in daily demand by the middle class and lower income groups which might be arranged to be sold. In fact, the stores should make it a point to undertake the sale of essential and scarce commodities and Government in a welfare state would encourage the distribution of such articles through co-operatives, for the proper distribution of essential commodities is as essential as their production. In this connection, I may make a special appeal in the sale of handloom goods. As you know, Government have taken special efforts to organise the handloom weavers into co-operatives whose production in the recent years has considerably increased. There are 666 weavers societies in the state which produce annually Rs. 202.92 lakhs worth of goods and the public are now alive to the utility of the handloom goods and prefer it to mill cloth as handloom cloth is not only more durable but also compares favourably in price with mill cloth. Doubtless there are emporia exclusively for the sale of handloom goods but will it be too much if I should make a special appeal to the Triplicane Urban Co-operative Society and its branches to stock the different varieties of handloom goods produced by the weavers co-operatives for the use of men and women alike particularly for women and sell them to the public. In addition to groceries and

other articles, I would suggest that the Triplicane Urban Co-operative Society may take special efforts in opening separate sections for the sale of handloom goods and I am sure your sales could easily be doubled if special steps are taken in this direction by setting up suitable handloom sections in all depots and branches.

Venturing in Productive Field

4. Secondly the Triplicane Urban Co-operative Society should not be rest content with merely obtaining goods and distributing them as such. It should undertake processing and if possible manufacture certain goods. I am aware that the Triplicane Urban Co-operative Society has undertaken the processing of gingely oil seeds and its oil commands a good market. But there should not be the end-all of processing activities. Will it be too much to expect an institution of this magnitude to undertake atleast in a modest measure, manufacturing and production activities. Manufacture of bread, confectionery etc., may be undertaken. Again a possibly much easier thing to do is to attach a canteen to every branch of the Triplicane Urban Co-operative Society. It must start a canteen with up-to-date cooking equipment and run a sort of cafeteria by supplying cheap and clean food prepared under hygienic conditions. Stores societies in the mofussil have undertaken this kind of work on special occasions like festivals. The Triplicane Urban Co-operative Society can make a beginning as a permanent arrangement atleast in some of its branches and depots. It can also encourage their members to undertake subsidiary occupation as embroidery, lace work, preparation of pickles etc., and arrange for the purchase of these articles and sale to the public. In this way, the Triplicane Urban Co-operative Society can provide work for the members as well as arrange for the sale of articles which will be in great demand by the members and the public.

Home Delivery Service

5. The success of any consumers' stores is dependent largely on the loyalty of its members. The members should make it a point to purchase their requirements from the Triplicane Urban Co-operative Society. Membership also should be increased. There should be a campaign for extending the membership to the residents of the locality. The question of sales to non-members is an old one. One view is that sales should not be made to non-members. This is the orthodox view. Even in England, the practice is undergoing change

and sales are made to non-members and bonus on such purchases are automatically adjusted towards share capital to enable the non-members to become members. One possible method of increasing the custom in a big city like Madras will partly lie in the direction of house delivery of the articles. This suggestion I have repeated on more than one occasion and I do hope that this will be taken up by the Triplicane Urban Co-operative Society and arrangements made for delivering the goods at the doors of the consumers.

Mobile Shop

6. May I make a further suggestion to extend the benefit of the Triplicane Urban Co-operative Society to the nook and corner of the city? A mobile shop might be run by the Triplicane Urban Co-operative Society. People are familiar with Mobile Post Office and now a mobile handloom emporium. Similarly a mobile stores may be run by the Triplicane Urban Co-operative Stores so that your activities may reach the poor and the low in the city. These are some of the suggestions which I make for your serious consideration and I do hope that the management of the Triplicane Urban Co-operative Society will lose no time to consider and implement them as far as possible. I would appeal to the management of the Triplicane Urban Co-operative Society to draw up a plan of development which will include expansion of its membership, its transactions and of the varied activities mentioned above. We are living in days of planning and I do hope that the Triplicane Urban Co-operative Society will also have a Five Year Plan before it and develop its business so as to extend its usefulness to the bulk of the citizens in the city in as large a measure as possible.

Marketing Service

7. As you are aware, schemes for the expansion of co-operative development are being drawn up for inclusion in the Five Year Plan. The Planning Commission has stated that Co-operative Stores societies should be utilised by the Government for the distribution of essential and scarce commodities. At the present moment, Central Stores and Primary Stores in the State are given the distribution of chemical fertilisers. There are 13 Central Stores in the State and several of them are languishing for want of business. Their main work at present consists in the distribution of chemical fertilisers. They act as stockists on behalf of Government and also undertake

the retail distribution in selected areas. It has therefore been considered necessary that these central institutions which have gained considerable experience in business during the war period should be switched over to undertake new activities and to serve the needs of the agriculturists in the districts. Hitherto they were functioning as consumer organisations and they were procuring foodgrains and distributing them to the primary stores and others. With the decline in this business, it has become necessary that these institutions should undertake a new role. It is therefore proposed that the District Central Stores should also function as marketing organisations. They will be styled as District Supply and Marketing Organisations and will undertake the export of surplus agricultural produce outside the district or even outside the State or even to foreign countries. As you know, the All India Rural Credit Survey Committee has made recommendations of a far reaching nature for the supply of increased agricultural credit and for the provision of marketing facilities. In this scheme, it is proposed that the agriculturists should be provided with timely and adequate finance and the supply of this credit should be linked with marketing. There are 120 Primary marketing societies in the State and 30 more are proposed to be formed. The activities of the marketing societies in the district will be co-ordinated by the District Central Stores which will undertake marketing functions. The Rural Credit Survey Committee has emphasized the need for strengthening these marketing organisations and the State will participate in their management and also take shares in these institutions. Under the Five Year Plan, it is expected that the State will take shares in the 15 District Supply and Marketing Societies to the value of Rs. 15 lakhs at Rs. one lakh in each society and they will be given financial assistance to construct godowns at a cost of Rs. one lakh each. The District Central Stores will, in that case, import the articles for supply to the primaries and also arrange for the marketing of the produce of the agriculturist. It is also envisaged under the Five Year Plan that a State Marketing Society will be organised with State assistance and State participation at the State level. The idea is that this society will arrange for the import of commodities and for the export of surplus agricultural produce to outside the State and foreign countries. The part that the Triplicane Urban Co-operative Society can play in the formation of the State Marketing Society is a matter which has to be examined. Its business

experience and its record of fine work in the past should be a useful guide in shaping the establishment and working of the State Organisation which will function as a supply and marketing organisation.

Men behind the Movement

8. Under the Second Five Year Plan, the development of the Co-operative movement in diverse ways is envisaged. There will be new and great opportunities for the co operative institutions to render service to the community. Government assistance will doubtless be forthcoming in a large measure for the organisation and working of the different types of societies. However much Government may extend the support to the movement, ultimately the success of the movement depends on the people themselves who run the movement. In this regard, the paid employees have as large a part to play as honorary office bearers. The movement is more and more dependent on paid employees and the stability of the institutions will depend on their honesty and efficiency. The management of the societies should also be in the hands of people who not only command the necessary leisure but who are imbued with a sense of service and have established reputation and integrity. Co-operative organisations are essentially business institutions and their success eventually depends upon the efficiency and integrity of the officers in charge of these organisations. The several lapses that we see here and there in the movement today are attributable to a lack of proper realisation of their duties and the absence of integrity on the part of office-bearers and paid employees of societies. Persons in the management of societies hold in a position of trust and if they should conduct themselves in a manner which will affect the working of the institutions adversely, the public will lose their confidence in co-operative organisations. What is most essential for the success of the societies therefore is honesty and good management.

Let this Branch Grow

9. Your branch was started recently ; but it has made a good beginning. A good branch is an advertisement for the entire institution. Unfortunately the converse is also true : the bad working of a single branch can damage the Head Office as well as the other branches. A great responsibility therefore rests on the branches. They have not only to safeguard their working but also safeguard the fair name of the other branches and the reputation of the institution

as a whole. I am sure that your branch will never give room for any complaint due to any lapse on the part of a salesman or due to charges of unfair prices. The branch can assist the Head Office by keeping the latter informed of the trend of price levels in the locality, demand for goods, local tastes and preferences for the respective commodities. I have no doubt that your branch will play a very prominent rôle and come to occupy a coveted place among the several branches of the Triplicane Urban Co-operative Society. The branches should so develop that they function as centres of social service. In addition to the Reading room, they can have a library, a radio, a small park and play ground etc., Funds can be raised by subscriptions. I am sure that your branch will not only widen its sphere of service to the residents of the locality but also practice such social virtues as will serve as a model to the rest, and that it will build a lasting edifice of consumers' co operation in the locality, which will go to enhance the credit of not only the Triplicane Urban Co-operative Society but of the Consumers Movement as a whole in the State.

**The Co-operative Central Bank Limited,
Vellore N. A. District.**

Estd : 1917.

Telephone No. : 52.

Authorised Capital	Rs. 5 lakhs
Working Capital	Rs. 52 lakhs

ALL KINDS OF DEPOSITS ACCEPTED

Rates of Interest :	Current deposits	$\frac{1}{4}\%$
	Savings deposits	$1\frac{1}{2}\%$
	Provident deposits	$8\frac{1}{2}\%$
	Fixed deposits from 3 to 4%	
	Recurring deposits	$3\frac{1}{8}\%$

ALL BANKING BUSINESS TRANSACTED

B. Bakthavatsulu Naidu M.L.A.,

President.

Proceedings of the Inauguration of the Long-Band Saw at the Tinnevely Co-op. Timber Workshop for Ex-Servicemen on 21st July, 55.

**GOVERNOR'S REVIEW OF THE WORKING OF
EX-SERVICEMEN'S SOCIETIES.**

"In spite of all facilities afforded by the Government, and great care taken to keep a strict watch on the working of institutions started for the rehabilitation of ex-soldiers, many of the institutions had come to grief, and at every meeting of the Ex-Soldiers's Fund, large amounts had to be written off."

This observation was made by Mr. Sri Prakasa, Governor of Madras, speaking at a meeting on 29th July 55, under the auspices of the Tirunelveli District Co-operative Timber Works for Ex-Servicemen at Thalayathu, six miles from here.

Mr. Sri Prakasa said that those in charge of affairs were conscious of their duties to ex-soldiers and had been implementing plans thinking that they would be helpful and attractive to ex-soldiers. But they had not been successful in this regard. He, therefore, called upon ex-soldiers themselves to tell the Government what work they could successfully do, so that after a specific period of assistance by the Government, they could settle in life, and stand on their own legs.

Two Principles

The Governor pointed out that for the successful functioning of an ex-Servicemen's institution, they should adopt two principles, namely strict adherence to co-operative methods and having only ex-soldiers as members.

The Governor was speaking on the occasion of the inauguration of a new long band-saw in the timber workshop, installed out of Rs. 28,000 got as loan from the Post-War Reconstruction Fund.

Mr. M. D. T. Kumaraswami Mudaliar, President, welcomed the Governor, and presented an address to him. He also read a report on the growth of the institution, which had 20 ex-Servicemen as members working as carpenters, and 12 ex-Servicemen in other capacities, on monthly salary. It manufactured all kinds of furniture worth about Rs. 7,000 a month. The Post-War Reconstruction Fund Committee had sanctioned a grant of Rs. 1,05,000. The Society had a turnover of Rs. 85,000 during the year.

THE MADRAS JOURNAL OF CO-OPERATION

The Report stated that though the Society had installed necessary machines, it was not able to make full use of them for want of qualified operatives from among ex-Servicemen. It has been decided to recruit civilians to handle machines.

Mr. Sri Prakasa said the Union Government had taken steps for the rehabilitation of ex-Servicemen in all States. Fund had been placed at the disposal of States, and Governors made responsible for their proper working.

Resettlement

Mr. Sri Prakasa said most of the ex-soldiers were villagers. After some years of regular and disciplined service in the Army, they found it difficult to go back to villages, and settle down.

Dwelling on the steps taken to settle ex-soldiers in civilian life, Mr. Sri Prakasa said most of the methods adopted had not brought the desired results. Ex-soldiers, who had been settled in the Wynaad in Malabar, were not very happy. They were also not successful in the field of transport.

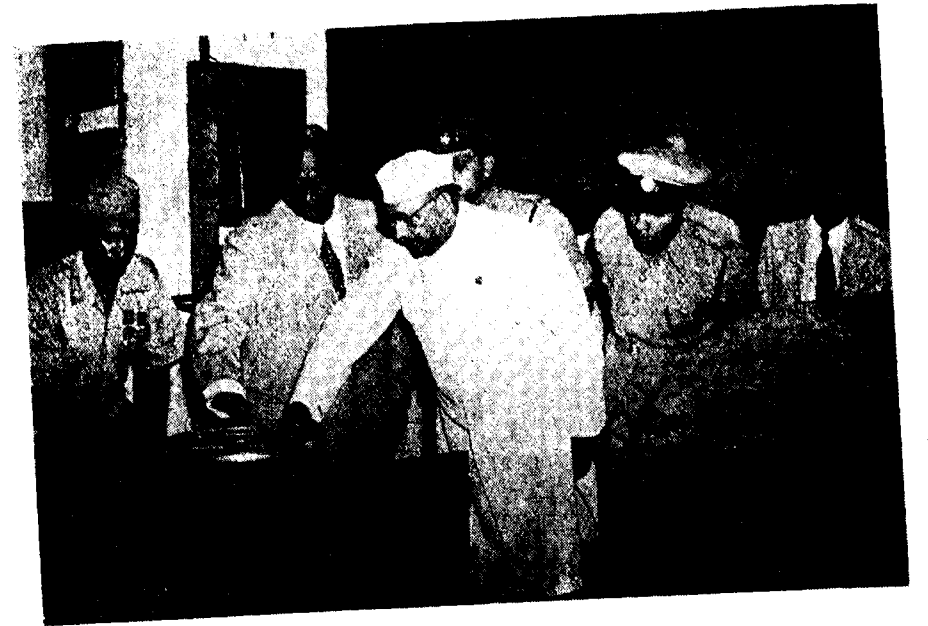
While congratulating the Talayathu Timber Works on its good performance, Mr. Sri Prakasa emphasised that it should have only ex-soldiers in every department. Ex-soldiers would thereby have the double advantage of earning wages and also dividend. Their Societies should not be made ordinary co-operative societies by enlisting outsiders as members. He strongly deprecated the practice of employing civilians for work in ex-Servicemen's Societies. Their societies should have only ex-soldiers from top to bottom. Only then could every ex-soldier find work for himself. He advised every ex-soldier to realise the dignity of labour.

Post-War Fund

Replying to the Society's demand for a long-term loan from the Post-War Reconstruction Fund, Mr. Sri Prakasa said he was afraid that the Fund might not last long, for it was being quickly depleted. The Fund was started 10 years ago with Rs. 2 crores in Madras. During the past 10 years, half the amount has been spent. After separation of Andhra, if the accounts were made up, Madras would probably be left with only Rs. 40 lakhs.

He wanted persons interested in the rehabilitation of ex-soldiers, not to depend upon this Fund to implement long-term projects. He assured that if their Society was run by ex-servicemen alone, he would not hesitate to recommend further financial help from the

Tinnevely Co-op. Ex-servicemen Timber Works.

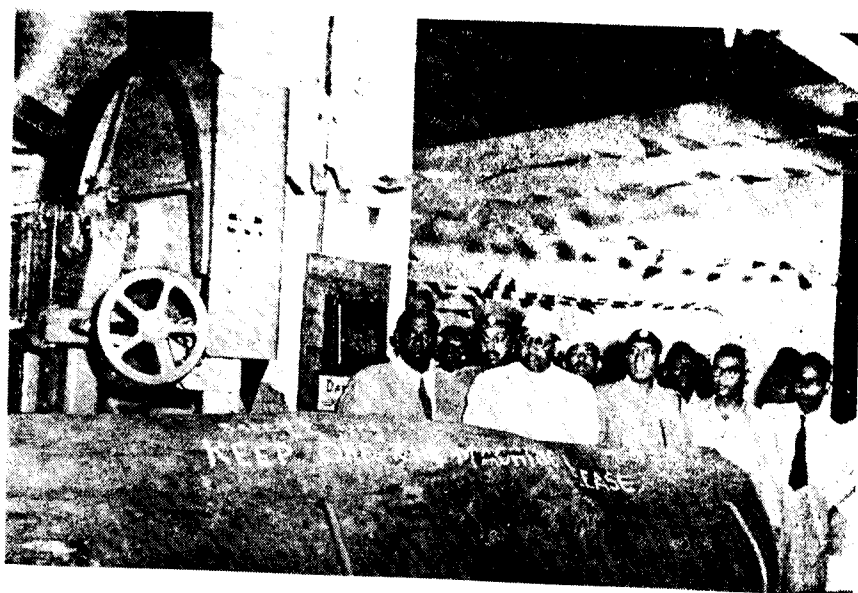


H. E. Shri Sri Prakasa, Governor of Madras, switching on the log band saw.



Governor enquires an ex-serviceman member about how he fares in the new avocation.

Tinnevely Co-op. Ex-servicemen Timber Works



Governor, Medai Dalavoi Kumaraswamy Mudaliar and others watch the machine in the process of cutting a huge log.

Kiningoly Rural Co-op. Bank, South Kanara Dt.



Sri K. Kamaraj, Chief Minister. inaugurated the Bank on 28-4-55. Sri A. B. Shetty, Sri A. Palaniappa Mudaliar and others are seen in the picture.

PROCEEDINGS OF THE INAUGURATION OF THE LOG-BAND SAW AT THE TINNEVELLY CO-OP. TIMBER WORKSHOP FOR EX-SERVICEMEN Fund. While he was not opposed to the use of machinery, he appealed to Ex-Servicemen Societies to see that human labour was engaged as far as possible.

He appealed to ex-soldiers, who had not yet settled down, to place before the Government their own schemes, which will place them well in life.

Mr. P. S. Subramania Pillai, a Director of the Timber Works, proposed a vote of thanks. The Borstal School Band was in attendance.

CO-OPERATIVES ARE OF THE EARTH, EARTHY

'Co-operation presents a unique aspect—that of being at the same time, idealistic and very practical. It keeps its eyes on the stars, but its feet on the ground.'

—CHARLES GIDE.

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THE CO-OPERATORS' BOOK DEPOT,
9, Bakehouse Lane, Fort, BOMBAY-1.

Proceedings of the inauguration of the Chinnamanur Rural Co-operative Bank, Madurai District.

The newly organised Rural Co-operative Bank at Chinnamanur was declared open today (23-6-1955) at a special function presided over by Sri A. Palaniappa Mudaliar, Registrar of Co-operative Societies, Madras. The Bank was inaugurated by Sri P. T. Rajan, M.L.A. At the outset, Sri M. Malaichamy, the Vice-President of the Bank, read the addresses of welcome to both the visitors on behalf of the directors of the Bank. Sri A. Palaniappa Mudaliar in his opening address recalled that preliminary steps for the Bank were taken at a meeting in January last in which he was also present and commended the untiring enthusiasm of the local public in the organisation of the Bank. He requested Sri P. T. Rajan to inaugurate the Bank. Sri P. T. Rajan, in his address, congratulated the organisers on the success of their efforts for the formation of the Bank. He paid a tribute to the efficiency of the Co-operative Department, and traced the growth of the movement to the loyal and able service of officers like the present Registrar of Co-operative Societies. As the success of the any institution depended upon the integrity and efficiency of the members, he exhorted the local public to patronise the Bank in large numbers and co-operate with the directors in developing the Bank on healthy lines. Making a passing reference to the fall in general standards, he stated that the country's prosperity depended upon the extent to which there is a rise in the level of public character, trust and integrity. He wished the Bank all success. In his concluding address, the Registrar explained the working of the rural banks, and stressed the role these banks are expected to play in the disbursement of medium term credit to the agriculturists. Announcing that a sum of Rs. 3,006 has been received as deposit on the spot, the Registrar was glad that this was a good augury for the successful working of the Bank. He urged the directors to work the Bank on sound lines as an example to others. Sri S. Sivachidambara Suryanarayana Pillai, Treasurer, proposed a vote of thanks.

The following gentlemen have been nominated as directors and office-bearers by the Registrar of Co-operative Societies for a period of three years :

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PROCEEDINGS OF THE INAUGURATION OF THE CHINNAMANUR RURAL CO-OP. BANK, MADURAI DISTRICT

Sri C. V. Muthuswamy Iyer, President.
 „ M. Malaichamy, B.A., Vice-President.
 „ S. Sivachidambara Suyanarayana Pillai, Treasurer.
 „ S. V. Veerappa Naicker, Director.
 „ M. R. Venkata Rao, Director.
 „ N. K. Ponnuchamy Thevar, Director.
 „ L. Muneeswaran Pillai, Director.
 „ Murthy Naidu, Director.
 „ Muthu Karu Muthiah Chettiar, Director.

Sri V. Kothandarama Iyer who has been posted as the Senior Inspector Secretary of the Bank by the Deputy Registrar, Dindigul has joined duty.

CONSUMER CO-OPERATION IS COMPLETE DEMOCRACY

Only Consumer Co-operation lays the economic basis for a complete democratic, social philosophy. It is the final step, that puts the common people of the world in the economic saddle and makes them masters of their own destiny.

DR. M. M. COADY.

The Madurai District Central Co-operative Bank Ltd., Madurai (South India)

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	Paid up Share Capital Rs.	11,38,000
	Reserve Fund Rs.	6,26,000
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V. ALAGAPPAN, B.A., B.L.,
Secretary.

165

Proceedings of the Inauguration of the Kilpennathur Co-operative Rural Bank, Tiruvannamalai

The Co-operative Rural Bank at Kilpennathur in the Community Development area, Tiruvannamalai, North Arcot District, was inaugurated on 14-7-1955 by Sri B. Bhakthavathsalu Naidu, Deputy Speaker, Madras Legislative Assembly and President, The North Arcot District, Co-operative Central Bank Ltd., Vellore. Sri B. D. Siromani, B.A., Deputy Registrar of Co-operative Societies, Vellore south circle, presided over the inauguration function. Messrs. T. V. Devaraja Mudaliar, M.L.C., Thangavelu Pillai, M.L.A., P. Raman Nair, B.A., Block Development Officer in Charge, Tiruvannamalai, M. S. Seshachala Iyer, Secretary, Co-operative Union, Tiruvannamalai and S. Gopal Reddiar and a large gathering of co-operators and the public were present. The meeting commenced with a prayer by Miss Savithiri Ammal, Woman organiser, Kilpennathur. Sri T. B. Narayanaswamy Reddiar, Member of the District Board, North Arcot District, hoisted the National Flag and the Co-operator's Flag. Sri A. T. K. Thirumalai Reddiar, chief promoter of the Bank presented a booklet and addresses of welcome to the distinguished guests and the gathering. The Bank was organised under the auspices of the Community Development Block, Tiruvannamalai. Share capital to the extent of Rs. 24,600 were collected through the efforts taken by Sri R. Kandaswamy, National Extension Officer, Co-operation and Panchayats, Thiruvannamalai, with the help of the Chief promoter, Sri A. T. K. Thirumalai Reddiar, and other leading villagers in the area. The Bank is intended to serve 14 villages of the Block. Sri B. D. Siromani, B.A., Deputy Registrar and Sri S. Viraswamy Pathar, M.A., L.T., Block Development Officer, Tiruvannamalai, toured the villages and exhorted the villagers to contribute share capital for the Bank in large numbers so as to reach the target of at least Rs. 20,000.

Sri B. D. Siromani's Address

In the course of presidential address, the Deputy Registrar explained the experimental scheme of Rural Banks sponsored by the Government and indicated the lines on which it was proposed to work the Bank at Kilpennathur. He was much pleased to express that the first Rural Bank in his circle was organised and started in the Community Development Block, Tiruvannamalai with the assistance

of the Block Development Officer and the National Extension Officer, Co-operation and Panchayats, Tiruvannamalai.

Bhakthavathsalu Naidu's Address

Inaugurating the Rural Bank, Sri B. Bhakthavathsalu Naidu hoped that the Bank would help the agriculturists to carry on planned Farming and that the villagers besides enjoying credit facilities from the Bank would also come forward to deposit all their savings in the Bank and to draw the amount when necessary and enjoy the banking facilities. He observed that the provision for jewel loans and produce loans should also be made use of by the villagers more effectively.

Messrs. T. V. Devaraja Mudaliar, M.L.C., Thangavelu Pillai, M.L.A., and M. S. Seshachala Iyer also spoke on the advantages of the Rural Bank and made special mention that the Co-operative organisations should be run on sound lines without allowing the party politics or selfish motives to creep in.

Sri R. Kandaswamy, National Extension Officer, Co-operation and Panchayats, Tiruvannamalai, who organised the Bank, spoke on the occasion about the important role which the Rural Bank has to play for the benefit of the villagers in meeting their credit requirements by way of medium term loan, jewel loan and produce loan. He appealed to the villagers to enjoy the banking facilities that would be provided by the Bank and to mobilise their savings. Shares to the extent of Rs. 24,600 were collected from 307 villagers in the area. More villagers are expected to join the Bank in due course. He thanked the villagers for the help rendered by them in finalising the organisation proposals and in getting the Bank inaugurated in such a short time.

Sri V. T. Parthasarathy, Senior Inspector, posted as Secretary of the Bank joined duty on the inauguration day.

The following Directors were nominated by the Registrar of Co-operative Societies, Madras.

Sri A. T. K. Thirumalai Reddiar, President, Sri T. Srinivasan, Vice-President, Sri M. Narayanaswamy Chettiar, Treasurer, Sri A. Ramachandra Reddiar, M.L.A., Director, Messrs. A. Ramu Reddiar, B. Rajamanickam, K. Ramachandran, K. Duraiswamy Reddiar and R. Lakshminarayana Reddiar, Directors.

After a vote of thanks by Sri B. Rajamanickam, the function came to a close with the singing of the National Anthem.

A Report on the Silver Jubilee Celebrations of the Papanasam Co-op. Supervising Union on 24-7-55.

The Silver Jubilee Celebrations of the Papanasam Co-operative Supervising Union with which 73 Rural Societies are affiliated were held at Papanasam on 24th July, 1955 at the Sri Vidya Padasala. The function was presided over by Sri N. S. Ramalingam, President of the Co-operative Central Bank, Kumbakonam.

Flag Hoisting

Sri N. Ramakrishnan, Revenue Divisional Officer, Kumbakonam hoisted the Co-operative Flag. He narrated in detail the unique nature of the Co-operative flag, which had all the colours in it. He said that the flag stood for harmony and peace. If one were to understand the true purpose for which it stood, he would find that it stood for the economic amelioration of the masses and for the equality of the various communities in the country. Sri P. Thiagaraja Kadavarayar, President of the Co-operative Supervising Union, Papanasam welcomed the leaders and the representatives of the societies. Sri R. Rajagopala Iyengar, Secretary of the Supervising Union read the SILVER JUBILEE REPORT.

Sri N. S. Ramalingam's Address

The President in his speech laid much stress on the democratic character of the Co-operative movement and its adaptability to all the ideologies existing in the world. He said that the State is at present giving a fillip to the Co-operative movement by placing large amount of funds at the disposal of the agriculturists. Since the Second Five Year Plan aims to improve economically the below average and poor villagers, i.e., the have-nots, the President requested all the representatives of the societies to make the Rural Co-operatives play an active part in providing loans for the agriculturists as it is the aim of the Plan to develop the loan transactions by three times. He also dwelt at length on the Capitalistic and Communistic pattern of society and said that in the Co-operative movement, one would find a happy blending of the two and that the evils of the two systems would be paralysed to the benefit of the partakers.

Sri V. Ramamurthi's Address

The Deputy Registrar of Co-operative Societies, Kumbakonam Sri V. Ramamurthi performed the inaugural function of the celebrations. He spoke at length about the functions of the Supervising

A REPORT OF THE S. JUBILEE CELEBRATION OF THE P. CO-OP. S. UNION

Union. He said that the Unions are at present conducting the supervision of the Rural Credit Societies alone and were acting as the guardians of the funds of the Central Bank. He said that the Unions were working with meagre subsidies from Central Bank and could not do effective work due to lack of income and insufficient funds. He said that it was high time that the supervision of non-credit societies were entrusted to the Unions in order to have an effective control over the working of these societies and also to supplement the income of the Unions by the collection of Supervision fund from the non-credit societies.

Sri B. Lakshmikantha Mudaliar, Marketing Officer, Madras State Handloom Weavers' Co-operative Society Ltd, Kumbakonam explained the benefits conferred on the Weavers by the Cess Fund Scheme.

Sri K. G. Karuppuswami, A. S. Kailaguru Pillai and R. Raja santhanam Pillai also spoke.

There was poor feeding to mark the celebrations and five hundred people were fed.

In the afternoon there was a musical performance by Kumar-Kantha of Kumbakonam who sang popular folk songs on the occasion which was largely attended by the public of the town and surrounding area.

TWO MAIN FACTS OF INDIA

There are two main facts about India: Religion and Poverty. It would be as foolish to ignore the one as the other. No endeavour that is great is likely to succeed in India, unless the springs of action are derived from the living fount of religious feeling. No aim of the State in India can be so great as the abolition of poverty. In the pursuit of this aim, everything will fall short of success, which gives only lip recognition to India's spiritual traditions and lip sympathy to India's poverty. There are signs to-day, that not only the political consciousness, but the much deeper and more abiding spiritual awareness of the country has been stirred into action by the distress and the inequality, which have resided so long in the village. Of extreme importance to India is the question, whether all forces of enlightenment, spiritual, religious and social, no less than political, administrative and technical will come together in a common pursuit, both informed and determined, of the economic good of the country.

— All India Rural Credit Survey Report.

G.O.'s AND CIRCULARS

G.O.'s and Circulars

REGISTRATION FEES—EXEMPTION TO HARIJANS

Copy of G. O. Ms. No. 1970, Department of Industries, Labour and Co-operation, dated the 1st June 1955.

ABSTRACT

Co-operative Societies—Registration fees—Payment by members belonging to Harijan Communities and by Harijan Societies—Exemption—continuance—granted.

READ AGAIN :

1. G. O. Ms. 1444 Development, dated 2-6-1939.
2. G. O. Ms. 3100 Development, dated 7-7-1951.
3. G. O. Ms. 2680, Development, dated 8-6-1953.

READ ALSO :

1. From the Registrar of Co-operative Societies, Rc. No. 165354/54-V, dated 25-3-1955.
2. From the Inspector General of Registration No. 141 Genl. dated 12-4-1955.

ORDER :

The Government accept the proposals of the Registrar of Co-operative Societies to continue for a further period of two years from 1-4-1955.

(i) the exemption granted to Harijan members of co-operative societies from fees payable for registering documents and obtaining encumbrance certificates ; and

(ii) the exemption granted to Co-operative Societies the majority of whose members are Harijans, from fees payable for registering documents executed by them in favour of Harijans and for obtaining encumbrance certificates.

2. The following notifications will be published in the Fort St. George Gazette.

NOTIFICATION-I

In exercise of the powers conferred by section 30 (2) (b) of the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932), the Governor of Madras hereby makes the following amendment to the late Development Department Notification No. 638, dated the 21st October 1943, published at page 924 of Part I of the *Fort St. George Gazette*, dated the 26th October 1943, as subsequently amended.

G.O.S. AND CIRCULARS

2. The Amendment hereby made shall be deemed to have come into force on the 1st April 1955.

AMENDMENT

In paragraph 2 of the said notification, for the words "for a period of twelve years" the words "for a period of fourteen years" shall be substituted.

NOTIFICATION—II

In exercise of the powers conferred by section 30 (2) (b) of the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932), the Governor of Madras hereby remits in full, all fees payable under the law of registration for the time being in force for the registration of documents executed in favour of Harijans and for obtaining encumbrance certificates therefor by any Co-operative Society for the time being registered or deemed to be registered under the Said Act, the majority of whose members are Harijans.

2. The Notifications I and II shall be deemed to have taken effect on and from the 1st April 1955, and shall remain in force for a period of two years from that date.

(By Order of the Governor).

M. BHAVANI SHANKAR RAO,
Deputy Secretary to Government.

True Copy

OFFICE OF THE

Endt. Rc. 165345/54-V

REGISTRAR OF CO-OPERATIVE SOCIETIES,
CHEPAUK, MADRAS DATED 14-6-1955.

Copy communicated to all Deputy Registrars and the Special Development Officer, Madras.

2. The Deputy Registrars are requested to submit proposals for the continuance or otherwise of the exemption before 15th January 1957 indicating the extent to which the concessions have been availed of the societies from 1-4-55 to 31-12-1956.

MD. ABDUL HAFEEZ
for Registrar.

CONSUMER STORES-EXEMPTION FROM SUPERVISION FEES

Copy of G. O. Ms. No. 2327. Department of Industries, Labour and Co-operation, dated the 9th July 1955.

ABSTRACT

Co-operative Societies—Stores societies—Levy of supervision fees—Exemption—Granted.

READ :

From the Registrar of Co-operative Societies, letter
Rc. No. 39280/55 S. I. dated 8-4-1955.

From the Registrar of Co-operative Societies, letter
Rc. No. 39280/55 S. I. dated 16-6-1955.

ORDER :

At a conference of the Representatives of Co-operative Wholesale Stores and select primary stores held at Madras on 6-2-1955, a resolution was passed that the Government might be requested to exempt Consumers' Stores Societies from payment of supervision fees and to make departmental supervision available to them free of cost. The Registrar of Co-operative Societies in forwarding that resolution to the Government has recommended that the exemption from the payment of supervision fees to Stores Societies may be granted for a period of 3 years beginning from the Co-operative year 1954-55.

2. The Government accept the proposal of the Registrar of Co-operative Societies subject to the modification that the exemption from payment of supervision fee will be limited to one year in the first instance.

(By Order of the Governor)

M. BHAVANI SHANKAR RAO,
Deputy Secretary to Government.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES
MADRAS. DATED 24-7-1955.

Copy communicated to the Deputy Registrars on general duty (in duplicate). They are informed that the exemption granted in the G. O. is applicable only to the levy and collection of supervision fees from stores societies for the co-operative year 1954-55.

A. HIRUDAYASAMY,
For Registrar.

TRAVELLING ALLOWANCE TO WITNESSES SOMMONED
UNDER SECTION 38.

Copy of G. O. Ms. No. 2435, Department of Industries, Labour and Co-operation dated 15-7-55.

Sub :—Allowances—Travelling Allowance—Payment to witnesses and parties sommoned under section 38 of the Madras Co-operative Societies Act, 1932—procedure—Orders passed.

READ ;—From the Registrar of Co-operative Societies No. Rc. 158282/54 D.3. dated 17-2-55.

ORDER :

The Government accept the suggestion of the Registrar of Co-operative Societies contained in his letter cited and direct that the following procedure be followed in the matter of payment of Travelling Allowance to persons summoned in connection with the enquiry under section 38 of the Madras Co-operative Societies Act, 1932 and its recovery from the Society. The Deputy Registrars in the circles will sanction travelling allowance to non-official witnesses in accordance with the rules. The expenditure on account of travelling allowance to the witnesses will be initially met by Government from the provision under "42—Co-operation b. Superintendence -A, General—Travelling Allowance" and recovered from the Society concerned along with the other cost of enquiry. If no other cost of enquiry is to be recovered from the society, the actual expenditure incurred for the payment of Travelling Allowance to witnesses will be recovered from the society and remitted to Government, as an item of Departmental revenue under "XXXI Co-operation—other miscellaneous receipts."

(True Copy)

Office of the
Registrar of Co-operative Societies,
Madras, dated 26-7-55.

Copy communicated to all the officers under the control of the Registrar for guidance (in duplicate).

T. M. KUTTIKRISHNAN,
for Registrar.

RURAL BANKS—LOAN OF SERVICES OF SUPERVISORS

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

SRI A. PALANIAPPA MUDALIAR, M.A.

Registrar.

R. C. No. 109892/55-A.

Dated 24-7-55

SUB:—Rural Co-operative Banks—Loan of services of supervisors of Central Co-operative Banks—Lending of.

Out of the 25 Rural Co-operative Banks proposed to be established now in the State, 18 banks have been registered so far and all of them have started their work. The remaining banks will be registered soon.

2. As the Central Co-operative Banks are aware, these rural co-operative banks are a new experiment in the co-operative financing system of the State. They are primarily designed to build up a sound medium-term credit machinery as also to obviate some of the weaknesses of the rural credit system, particularly the provision of modern banking facilities in the rural areas. Needless to say the success of this experiment depends on the capacity and experience of the paid personnel who are employed to manage the affairs of the banks. It is, therefore, imperative that apart from the Senior Inspector—Secretaries of those banks, whose services have been lent to them by Government, free of cost for a period of one year, they should have the services of qualified and experienced staff particularly to deal with the loan applications of members and to exercise supervision over the utilisation of the loans. The Registrar considers that in the initial stages, these items of work, may be attended to by the Supervisors of Central Banks. In the interests of safety of the funds that will be lent to the rural banks by the Central Banks also, it is necessary for the latter to post a separate supervisor to each of the rural co-operative banks in its jurisdiction, as the rural banks operate over a fairly large area and as the supervisors, in charge of the primary credit societies in the area with 18 to 20 credit societies assigned to them for supervision work, will not be able to devote much attention to the development and supervision of the loan transactions in the Rural Co-operative Banks as well. It will therefore, be of immense help to the rural co-operative banks and it will, also enable the Central Banks to have effective supervision over the funds lent by them to such banks, if they depute, free of cost, one of their experienced supervisors to work in

G.O.S. AND CIRCULARS

each of rural co-operative bank in its jurisdiction. As the Central Banks are aware, the rural banks, with their slender financial resources will not be able to meet any portion of the cost of the supervisor and as such it is necessary that they should lend the service of their supervisor to the rural bank *Free of cost* at least for a period of one year until the business of the rural bank is well established.

3. The Registrar trusts that all the Central Co-operative Banks in the State will appreciate the position indicated above and depute one of their supervisors, *Free of cost*, to each of rural co-operative banks started in their jurisdiction, atleast for a period of one year.

A. PALANIAPPAN,
Registrar.

SUPPLY OF AUDIT REPORTS OF PRIMARY SOCIETIES TO CENTRAL BANKS.

Copy of G. O. Ms. No. 2425, Department of Industries, Labour and Co-operation, Dated 14-7-1955.

Co-operative Societies—Audit Reports of Primary Societies—Supply of copies to Co-operative Central Banks—Ordered.

Read the following:—

G. O. Ms. No. 778 (Development) dated 28-4-1928.

G. O. Ms. No. 2112 (Development) dated 3-10-1942.

READ ALSO

From the Registrar of Co-operative Societies, Letter R. C. No. 134325/53-L dated 28-4-1955.

From the Registrar of Co-operative Societies, letter R. C. No. 134325/53-L dated 16-6-1955.

ORDER:

In the circumstances stated by the Registrar of Co-operative Societies in his letters cited, the Government approve his proposal to revive the supply of copies of full audit reports of primary societies to the District Co-operative Central Banks, collecting four annas per copy as ordered in G. O. Ms. No. 778 (Development) dated 28-4-1928.

(By Order of the Governor)

(True Copy)

THE MADRAS JOURNAL OF CO-OPERATION

Copy of G. O. No. Mis. 778, Development Department, dated 28-4-1928.

Co operative Societies' Audit reports—primary societies supply of copies to Central Banks etc., on payment of cost—accounts—maintenance—orders passed.

ORDER :

The Government approve the proposals of the Registrar of Co-operative Societies to supply co operative institutions with copies of audit reports of primary societies at 4 annas each, and to have such fees remitted into the Treasury and drawn whenever required for meeting the pay of the copyists employed on copying work and other charges. The Accountant General is requested to issue instructions to all Treasury Officers to open an account for the purpose. The Registrar should maintain a *proforma* account for watching expenditure, so that the cost of the copying establishment does not exceed the fees recovered for furnishing copies of the reports.

(True Copy)

Office of the
Endt. No. 134325/53-L. Registrar of Co-operative Societies,
Madras-5. dated 20-7-1955.

Copy communicated to all Deputy Registrars on general duty, Secretaries of Central Banks and Federations and Editor, Madras Journal of Co-operation for information with a copy of G. O. Ms. No. 778 (Development dated 28-4-1923).

MD. ABDUL HAFEEZ.
for Registrar.

WHAT ARE CO-OPERATIVES?

"Co-operatives are the economic foundation of World Peace."

"Co-operatives are the love principle applied to Industry."

KAGAWA.

"Co-operatives are Golden-Rule Price Yardsticks."

GEORGE TICHENOR.

"Co-operatives are places, where peace principles may find expression."

"The Co operation is an exercise in fellowship or it is nothing."

PROFESSOR HAROLD J. LASKI.

"Co-operation is an educational movement which makes use of economic action."

W. P. WATKINS.

Co-operatives are practical vocational schools.

"CO-OPERATIVE ACTION IN RURAL LIFE."

News and Notes

CO-OPERATIVE INSURER'S CONFERENCE.

Demand for Exemption from Income-tax for Insurance Co-ops.

The first All India Co-operative Insurance conference which concluded at New Delhi on 28-8-55 has urged the restoration to co-operative societies of the relief from income tax which has been taken away by the Finance Act, 1955.

A resolution embodying this request to the Union Government was adopted by the Conference.

The resolution said that the withdrawal of the concession was evidently based on the recommendations of the Taxation Enquiry Commission.

The resolution said that the findings of the Commission were based on "inadequate appreciation of facts." The Co-operative Insurance Societies, it said, were not offered an opportunity to state their case "on such a vital matter affecting the future of co-operative insurance enterprise in this country."

In a second resolution, the conference requested the Government of India to amend the Insurance Act to enable co operative societies to obtain licences and act as insurance agents of cooperative insurers.

The Conference appointed two sub-committees for drawing up workable schemes for the unification of existing co-operative life and general insurance societies respectively "to efficiently serve the needs of the small man and to strengthen the co-operative movement generally".

Prof. N. G. Ranga, M.P., will be the chairman of the two sub-committees.

A deputation headed by Mr. Syamnandan Sahaya, M.P., President of the All India Co-operative Union, consisting of the representatives of the Co-operatives Insurance Societies in the country, met Mr. M. C. Shah, Union Minister for Revenue and Civil Expenditure on 29-8-55.

The deputationists explained in detail the handicaps encountered by co-operative insurers as a result of the recent withdrawal of

THE MADRAS JOURNAL OF CO-OPERATION

income tax relief and pleaded for its restoration in pursuance of the policy of the Government to encourage co-operative enterprise for the advancement of the welfare of the country, it is stated.

(*Indian Express dated 29-8-1955.*)

T. U. C. S. and Sales Tax

The Triplicane Urban Co-operative Society has decided to re-impose Sales Tax on all transactions at its headquarters, branches and depots in the city and suburbs. The Society stopped the levy of the tax in 1953 and was paying the Government annually Rs. 90,000 as sales tax out of its profits. What it now proposes to collect from its members and the public will be distributed to the members on the basis of their purchases at the end of a year in the form of bonus of quarter of an anna per rupee.

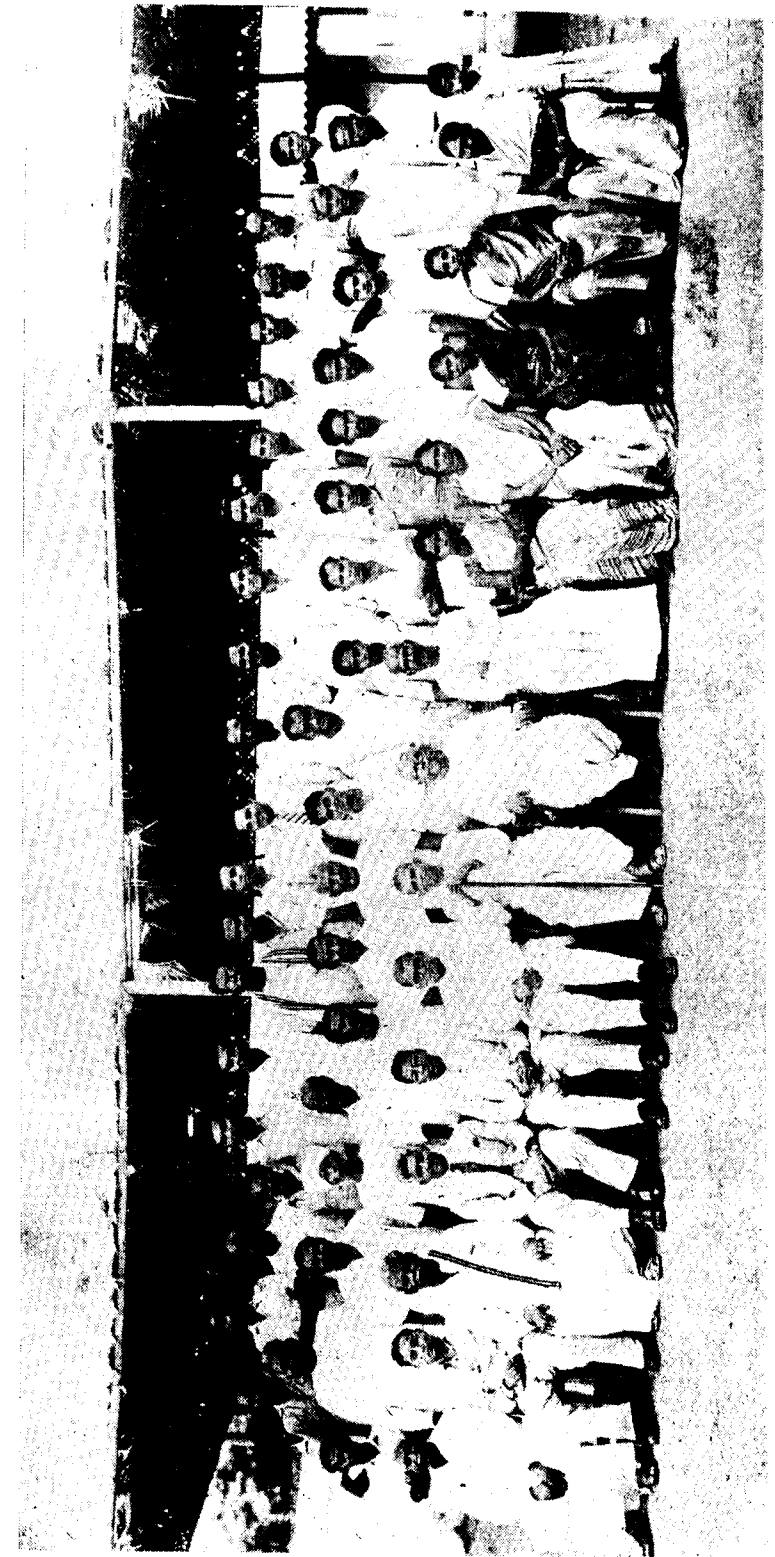
(*The Mail dated 27-6 55.*)

Sri B. Venkatapiah's Address at Tirupathi

Co-operative Movement had a bright future in India said Mr. B. Venkatapiah, Executive Director, Reserve Bank of India, while delivering the valedictory address of the Junior Inspector Trainee's Association of the Andhra Central Co-operative Training Institute, Tirupathi on 20-6-1955. Dr. T. A. Purushotham presided. Sri Venkatapiah said that the Co-operative Movement had an important place in the national life. The objects of the Co-operative Institutions were to increase wealth and distribute the same equitably. The trainees should bear this in mind and go out and work with a missionary zeal. He explained the various recommendations of the All India Rural Credit Survey Report. He referred to State-partnership with Co-operative Institutions and said that legislation in this regard was expected within a few months. He said that for the expansion of the Co-operative Movement more trained personnel were needed and that the Training Institutes had an important role to play.

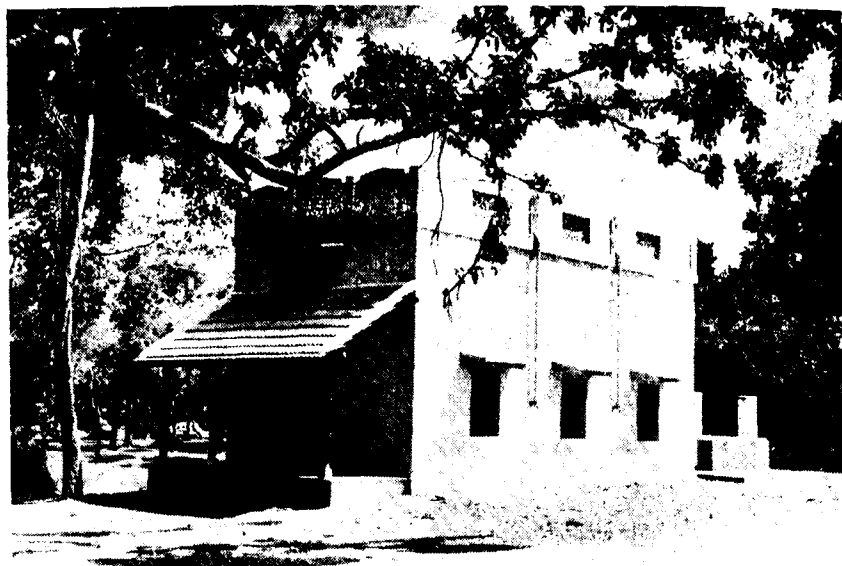
Sri M. Ananthasayanan Iyengar, Deputy Speaker, Lok Sabha stressed the need for Multi-purpose Co-operative Societies and said that each village should be served by a co-operative society. He requested Sri Venkatapiah to see that branch of the State Bank of India was opened at Tirupathi. He also distributed prizes to the winners in several competitions. Sri K. R. Rama Rao proposed a vote of thanks. The trainees enacted "Parivarthana", a Telugu drama.

Committee on Co-operation Visits Virudhunagar.



Group photo taken on the occasion of the visit of the Committee on Co-operation to Virudhunagar on 19th July 1955. Sri T. M. Narayanaswami Pillai, (Chairman), Sri B. Shiva Rao, Sri B. Venkatrathnam (Members) Sri V. K. Appandaranjan (Secretary), Sri Naguluswamy Naidu and Sri V. V. Ramaswamy, M.L.C. are seen in the picture.

Thaluthalai Co-operative's Achievement.



A fine view of the Community Hall built by the Thaluthalai Co-operative Society, Tiruchy Dt.

Chinnamanur Rural Bank, Madurai Dt.



Sri P. T. Rajan inaugurated the Chinnamanur Rural Bank on 23-6-55. Sri A. Palaniappa Mudaliar is seen in the picture.

NEWS AND NOTES

Committee to Report on Variation in Grain Prices

A high power five-man Committee, with Mr. M. V. Krishnappa as Chairman has been appointed by the Government of India on 8th June 1955 to investigate into the variations existing in the prices of foodgrains and other agricultural commodities. The Committee will report in six months. In its report, the Committee is expected to suggest ways and means of reducing price disparities and price movements as between different areas and different times. Other members of the Committee are: Dr. Ramsubhag Singh, M.P., Sri R. S. Krishnaswamy, Joint Secretary, Food and Agriculture Ministry Sri Patilal Gandhi and Sri Anand Mohan of the Railway Board.

(Hindu dated 8-6-55)

Rural Bank at Vellore

Sri M. A. Manickavelu, Minister for Revenue, declared opened a Rural Bank at Vellore on the 9th July 1955; Janab S. Kadar Sheriff President of the Bank, presided.

Sri S. Kannaiya Chettiar, Vice-President of the Rural Bank welcomed the gathering and also presented an address to the Minister

Janab S. Kadar Sheriff thanked the Government for taking the initiative in opening a Rural Bank at Vellore. He said that so far 10 villages had participated and about Rs. 23,000 had been collected. He requested the public to join the bank in larger numbers and strengthen it.

Sri M. A. Manickavelu, Minister for Revenue said that to create a healthy state of affairs, money and rain were necessary. The banks should make arrangements for sinking tube wells in rural areas, which could irrigate 100 to 200 acres in the absence of monsoon. He said that the rate of interest should be such that it could be borne by the poor peasants and small agriculturists.

Sri P. Sundaram, Deputy Registrar of Co-operative Societies said that this was the first bank for the District and requested the public to co-operate in this new venture.

(The Hindu dated 12-7-55)

Rice Milling Committee's Report

The Rice Milling Committee set up by the Government of India in October, 1954, with Sri C. P. Karunakara Menon as Chairman to examine the working of different types of rice-milling now in vogue in the country in all its aspects such as technical, nutritional, economic, consumer preference and employment, has concluded its

deliberations and has submitted its 246 page report to the Government of India. The replacement of rice mills in India by the hand pounding industry organised and developed on co-operative lines within a period of about five years is the main recommendation of the Committee; it further recommends a Cess of annas six on every maund of rice milled; it puts a ban on issuing licences for new rice mills or rice milling in combined mills; by way of direct incentive to hand-pounding industry the Committee suggests that the existing average subsidy of annas six per maund of hand pounded rice should be raised to eight annas.

(The Hindu dated 10-7-1955).

Dairy Equipment Gift from New Zealand

A first consignment of Rs. 2,60,000 worth essential dairy equipment gifted by the New Zealand Government under Colombo Plan for the dairy development of the Kaira District Co-operative Milk Producers Union in Anand arrived in Bombay on 8-7-1955 by sea. The New Zealand Government Trade Commissioner Mr. John B. McGuire, who formally handed over the manifest papers of the gift to the Union officials at a ceremony said that New Zealand was keenly interested in the dairy development of the under-developed countries. Sri D. N. Khurody, Milk Commissioner, Bombay, said that the arrival of gifts from New Zealand marked the beginning of international Co-operation in the development of Indian dairy industry.

Separate Finance Corporation for Weavers in Andhra

Sri Kala Venkata Rao, Minister for Planning and Industries told the Andhra Assembly on 19-7-1955 that the State Government were considering the question of establishing a separate financial Corporation for financing handloom industry in the State with the help of the Cess Fund.

(The Hindu dated 19-7-1955).

Vidarbha Co-operative Institute's Board Meeting

At a meeting of the Central Board of the Vidarbha Co-operative Institute, Amaravathi, a resolution was passed unanimously strongly recommending the introduction of the subject "Co-operation" in the secondary school and College curricula and towards this end, the Board had requested the Secondary High School Education Board and the Nagpur University to take suitable action.

Revenue Minister's Visit to Kodaikanal Co-operative Stores

Sri M. A. Manickavelu, Minister for Revenue visited Kodaikanal Co-operative Stores, Ltd., on 25th June 1955. He was received and garlanded by the President of the Stores, Sri A. S. Ibrahim and was introduced to the other Directors. The Minister was taken round the various sections of the Stores and he was impressed by the good working of the Stores. He was entertained to Tea by the Board of Directors.

Madras Committee on Co-operation at Virudhunagar

The members of the Committee on Co-operation headed by Sri T. M. Narayanaswamy Pillai, Chairman visited Virudhunagar on 19th July 1955. They were given a rousing reception at the Virudhunagar Railway Station. Sri V. V. Ramaswamy, M.L.C., the prominent Co-operator of Virudhunagar and Sri B. Achuthan Nambiar, Deputy Registrar were among those present.

The members of the Committee visited the local Co-operative Stores, Urban Bank and Milk Supply Society. The office bearers of all Co-operative Institutions were present at the premises of the Milk Supply Society, where a general discussion was held about the development of the Movement. While welcoming the Committee, Sri V. V. Ramaswamy, M.L.C., explained the various activities of the Co-operative Societies at Virudhunagar and thanked the Committee for coopting him as a local member for the District. The lady representatives of the Milk Supply Society and the Ladies Cottage Industry Society expressed some of the difficulties experienced by them and requested the Committee to find out methods for relief. The Chairman and members of the Committee gave them a sympathetic hearing. The members were the guests of Sri V. V. Ramaswamy during their stay at Virudhunagar.

Sri B. S. VIJAYAGOPAL GOES TO EUROPE ON AN I.L.O. FELLOWSHIP.

Mr. B. S. Vijayagopal, Secretary of the Madras District Co-operative Central Bank, Ltd. has been awarded a fellowship by the International Labour Organisation under the Expanded Programme of Technical Assistance for the study of Co-operation and Co-operative Banking in United Kingdom, Ireland and Germany. A study tour for four months in these places has been arranged by the International Labour Organisation for him. He is expected to start on his foreign study tour on the 14th September 1955.

Editor's Mail-Bag.

CZECH CO-OPERATIVE'S OFFER

Dear Co-operator :

I have the pleasure of informing you that the Central Co-operative Council of Czechoslovakia is anxious to establish trade relations with co-operatives in our country, under the trade conditions subsisting between the two countries, with a view to promote international trade among co-operatives. They are ready to buy from our co-operatives, all kinds of consumer goods and foodstuffs, suitable for distribution through their net-work of consumers' co-operatives, machines, tools and raw materials for their producers' co-operatives besides such other goods as our co-operatives can offer and in which they might be interested.

In exchange, they are ready to supply us with any products of their co-operatives such as machines, tools and implements, leather and textile goods, glass, imitation jewellery and beads, toys, chemical and cosmetic products, wooden products.

I shall be glad to know if either your organisation or any of your affiliated organisations are interested in such a trade programme. If so, I request you to please let me know the range of goods you require and/or you can supply.

Thanking you,

Yours co-operatively,

B. J. PATEL,
Honorary General Secretary.

CO-OPERATIVES CHANGE HUMAN RELATIONS

Co-operatives handle money, market and distribute goods, discharge many other economic tasks. We should not confuse these functions with the true object of the Co-operative Movement, which is to change human relations through the ever more skillful and far reaching applications of its principles.

—W. P. WATKINS.

Extract of the Sub-Editorial of "The Hindu" dated 20th August, '55.

CO-OPERATIVE CREDIT

CO-OPERATION in this country has always been regarded as the primary instrument of progress in the villages. The co-operative agricultural credit society was the earliest form of co-operative institution to be started here and such societies continue to form a predominant section of the movement, though in recent years it has spread to many different fields. Judging, however, by the volume of transactions, it would seem that the non-agricultural sector has already outstripped the activity of the agricultural co-operatives. The report of the Madras Registrar of Co-operative Societies for 1953-54 points out that in that year the number of agricultural credit societies increased from 10,151 to 10,295 and their membership from 929,695 to 980,857. There was, however, a fall in the amount of loans issued from Rs. 375.48 lakhs to Rs. 350.03 lakhs. Non-agricultural credit societies numbered 841 and they issued loans to the extent of Rs. 10.59 crores—nearly thrice as much as the agricultural credit societies. The urban societies, unlike their rural counterparts, depended largely on their deposits for making advances. During 1953-54, they had borrowed only Rs. 123.37 lakhs from the Central Banks, while their deposits amounted to Rs. 713.38 lakhs. The agricultural societies, on the other hand, borrowed as much as Rs. 367.65 lakhs from the Central Banks, while their loans amounted only to Rs. 350.03 lakhs. This would suggest that they hardly made any advances from their own deposits. The Registrar's report claims that five decades of co-operative credit has led to a decline in interest rates in the countryside; an analysis of the working of co-operative credit would suggest that there is room for a further reduction in interest rates. The State Co-operative Bank obtained in 1953-54 Rs. 2.51 crores from the Reserve Bank at the special concessional rate of $1\frac{1}{2}$ per cent. It lent funds to the Central Banks at $2\frac{1}{2}$ per cent. The Central Banks in their turn lent to the primary societies at $4\frac{1}{2}$ per cent, while the societies charged $6\frac{1}{2}$ per cent to their members. If the co-operative system is regarded as an intermediary between the Reserve Bank and the final agriculturist borrower, it would seem that middlemen's charges are quite high, even allowing for the fact that the State Co-operative Bank and the Central Bank pay higher rates to their depositors than the rates at which they are able to

borrow from the Reserve Bank or the State Co-operative Bank as the case may be. A difference of as much as 3½ per cent between the lending rate of the apex bank and the interest charged by the primary society seems hardly justified. It seems even less so when we remember that in the past year the rural societies did nothing more than borrow at 4½ per cent and lend at 6½ per cent, acting virtually as honest broker at a rather stiff price. If the margins are cut at the two or three stages between the primary source of agricultural credit and the ultimate recipient, it should be possible to make credit available to the agriculturist at less than 5 per cent. The Reserve Bank and the leaders of the co-operative movement should immediately explore the possibilities of bringing down the lending rates of co-operative societies. — *The Hindu* dated 20-8-55.

Knowledge and Union are power :
Power, dictated by knowledge, is Happiness ;
Happiness is the end of creation.

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R. Nagulasingam Naidu,
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ESTD: 1927

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AYANAVARAM : : MADRAS-23

SRI K. NACHCHINARKINIASIVAM,
President.

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served through depots & through cycle delivery boys.

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Daily Handling	...	33,000 lbs. of Milk
Annual turnover	...	Rs. 30.31 lakhs.

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TELEPHONE: 8230

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

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President:

SRI N. S. RAMALINGAM, B.A., D.P. POL. & PUB. ADMN.

Authorised Capital	...	Rs. 30,00,000.
Paid up Capital	...	Rs. 15,18,300.
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The Bank is the Apex Co-operative Bank for long-term agricultural credit and issues debentures on the security of first mortgages transferred to it by Primary Land Mortgage Banks and its assets.

The principal of and the interest on these debentures are guaranteed by the Government of Madras. The debentures are TRUST SECURITIES and are also Approved Securities under the Insurance Act, 1938. A REDEMPTION FUND (SINKING FUND) is constituted to pay off the debentures on maturity.

Summary of Balance Sheet as on 30-6-'54 **

Liabilities.		Assets	
	Rs.		Rs.
Paid up Share capital.	15,18,300	Cash on hand plus balance with Banks	8,82,671
Reserve and other Funds	... 19,54,956	Loans to Primary Banks	... 3,29,80,741
Debentures	... 8,89,89,300	Sinking Fund Investments	... 98,56,894
Deposits, Loans and Overdrafts	... 30,17,143	Other Investments	... 24,24,413
Sundry Liabilities	... 7,41,687	Sundry Assets	... 7,70,911
Overdue Interest not realised	... 1,726		
Net Profit for ten months.	... 1,42,518		
Total	... 4,63,65,630	Total	... 4,63,65,630

** N.B.—As the audit certificate for the period ending 31-8-53 has not been received the above balance sheet is subject to revision.

O. V. CHINNASWAMY.

Secretary.